

Minco Capital Corp.

Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars unless otherwise stated)

Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the Board of Directors and management. The financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments on current information. In the opinion of management, the accounting practices utilized are appropriate in the circumstances, and the financial statements fairly reflect the financial position, changes in equity, results of operations, and cash flows of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors and meets with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

The financial statements have been audited by Smythe LLP, Chartered Professional Accountants, whom the shareholders appointed. The auditors' report outlines the scope of their examination and their opinion on the financial statements.

Dr. Ken Cai
President and CEO

Renee Lin, CPA, CGA
Chief Financial Officer

Vancouver, Canada
March 21, 2024

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MINCO CAPITAL CORP.

Opinion

We have audited the financial statements of Minco Capital Corp. (the "Company"), which comprise:

- ◆ the statements of financial position as at December 31, 2023 and 2022;
- ◆ the statements of loss and comprehensive loss for the years then ended;
- ◆ the statements of changes in shareholders' equity for the years then ended;
- ◆ the statements of cash flows for the years then ended; and
- ◆ the notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- ◆ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ◆ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 21, 2024

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Minco Capital Corp.

Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2023	December 31, 2022
Assets	\$	\$
Current assets		
Cash and cash equivalents	391,301	882,238
Short-term investment (note 5)	20,000	20,000
Investments at fair value (note 6)	5,127,293	6,003,194
Receivables	1,648	4,677
Due from related parties (note 9)	324	23,340
Prepaid expenses and deposits	23,175	19,051
	5,563,741	6,952,500
Non-current assets		
Long-term deposit	13,148	13,148
Property and equipment	554	3,336
Right-of-use assets (note 7)	158,186	191,491
Total assets	5,735,629	7,160,475
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	42,695	46,264
Due to related party (note 9)	4,844	339
Lease obligation, current (note 7)	36,183	32,376
	83,722	78,979
Lease obligation, non-current (note 7)	147,006	179,724
	230,728	258,703
Shareholders' Equity		
Share capital (note 8)	36,096,115	37,072,717
Contributed surplus (note 8)	10,469,089	10,386,171
Deficit	(41,060,303)	(40,557,116)
	5,504,901	6,901,772
Total liabilities and shareholders' equity	5,735,629	7,160,475

Approved by the Board of Directors

(signed) Malcolm Clay Director

(signed) Mike Doggett Director

The accompanying notes are an integral part of these financial statements.

Minco Capital Corp.

Statements of Loss and Comprehensive Loss

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

	2023	2022
	\$	\$
Dividend and interest income	60,518	58,788
Realized gain from investments (note 6)	140,302	389,998
Unrealized loss from investments (note 6)	(1,133,190)	(2,641,789)
	(932,370)	(2,193,003)
Operating expenses		
Accounting and audit	26,401	25,239
Amortization	39,286	44,162
Consulting	23,438	55,588
Directors' fees (note 9)	26,000	26,000
Interest expense (note 7)	15,814	17,775
Investment evaluation (note 9)	43,727	43,604
Legal and regulatory	59,384	33,259
Office and administration	44,923	39,996
Salaries and benefits (note 9)	100,881	95,242
Share-based compensation (notes 8 and 9)	82,918	-
Travel	2,756	4,850
	(465,528)	(385,715)
Operating loss	(1,397,898)	(2,578,718)
Foreign exchange gain (loss)	(5,893)	6,997
Net loss and comprehensive loss	(1,403,791)	(2,571,721)
Net loss per share (note 13)		
Basic and diluted	(0.03)	(0.06)
Weighted average number of common shares outstanding		
Basic and diluted	44,351,922	45,718,141

The accompanying notes are an integral part of these financial statements

Minco Capital Corp.

Statements of Changes in Shareholders' Equity

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

	Number of shares	Treasury shares	Share capital	Contributed surplus	Deficit	Total
	#	#	\$	\$	\$	\$
Balance - January 1, 2022	46,771,881	-	38,714,089	10,386,171	(39,491,671)	9,608,589
Net loss for the year	-	-	-	-	(2,571,721)	(2,571,721)
Shares cancelled (note 8)	(1,978,000)	-	(1,637,233)	-	1,502,602	(134,631)
Treasury shares	(5,000)	5,000	(4,139)	-	3,674	(465)
Balance - December 31, 2022	44,788,881	5,000	37,072,717	10,386,171	(40,557,116)	6,901,772
Balance - January 1, 2023	44,788,881	5,000	37,072,717	10,386,171	(40,557,116)	6,901,772
Net loss for the year					(1,403,791)	(1,403,791)
Share-based compensation				82,918		82,918
Shares cancelled (note 8)	(1,169,000)	(5,000)	(967,498)		892,580	(74,918)
Treasury shares	(11,000)	11,000	(9,104)		8,024	(1,080)
Balance - December 31, 2023	43,608,881	11,000	36,096,115	10,469,089	(41,060,303)	5,504,901

The accompanying notes are an integral part of these financial statements.

Minco Capital Corp.

Statements of Cash Flow

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

	2023	2022
Cash flows generated from (used in)	\$	\$
Operating activities		
Net loss for the year	(1,403,791)	(2,571,721)
Items not affecting cash:		
Amortization	39,286	44,162
Interest expense	15,814	17,775
Unrealized loss from investments	1,133,190	2,641,789
Realized gain from investments	(140,302)	(389,998)
Share-based compensation	82,918	-
Purchase of investments	(1,214,614)	(610,023)
Disposition of investments	1,097,627	1,397,630
Changes in items of working capital:		
Accounts payable and accrued liabilities	(3,569)	(49,632)
Due to/from related parties	27,522	190,530
Prepaid expenses and deposits	(4,124)	(900)
Receivables	3,029	2,200
Net cash generated from (used in) operating activities	(367,014)	671,812
Financing activities		
Purchase of shares for cancellation	(75,998)	(135,096)
Repayment of lease obligation	(47,925)	(42,474)
Net cash used in financing activities	(123,923)	(177,570)
(Decrease) Increase in cash	(490,937)	494,242
Cash - Beginning of year	882,238	387,996
Cash - End of year	391,301	882,238
Foreign exchange gain (loss) included in unrealized loss from investments	(13,055)	40,921
Taxes paid	-	-
Interest paid	-	-

The accompanying notes are an integral part of these financial statements.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

1. Nature of operations

Minco Capital Corp. (the “Company”) is an investment company that aims to generate income and achieve long-term capital appreciation by investing in public and private companies and assets.

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. The company’s registered office is 2060 - 1055 West Georgia Street, Vancouver, British Columbia, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol MMM and on the OTC Market in the USA (“OTCQB”) under the symbol MGHCF.

2. Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). The Company has determined that it meets the definition of an investment entity under IFRS 10 Consolidated Financial Statements (“IFRS 10”), and accordingly, all investments have been recorded as investments at fair value through profit or loss (“FVTPL”).

These financial statements were approved by the board of directors for issue on March 21, 2024.

The financial statements have been prepared under the historical cost convention, except for financial instruments carried out at FVTPL. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Summary of material accounting policies

Financial instruments

Financial assets

(a) Initial recognition and measurement

A financial asset is measured initially at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost using the effective interest rate method:

- The Company’s business model for the financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(a) Initial recognition and measurement (continued)

The Company's cash, short-term investments, receivables, deposits, and due from related parties are amortized cost financial assets.

(i) Financial assets measured at FVTPL

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company's investments at fair value are FVTPL financial instruments.

(ii) Fair value through other comprehensive income ("FVOCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each particular investment. Fair value changes are recognized in OCI, while dividends are recognized in profit or loss. The Company does not have any financial assets designated as FVOCI.

(b) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flow from the asset expire, or the Company transfers all the risks and rewards of ownership of the financial asset substantially. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable, accrued liabilities, due to related parties, and lease obligations are classified as amortized cost financial liabilities.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

(b) Classification of financial liabilities (continued)

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company has no liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled, or expired. Generally, the difference between the carrying amounts of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

(d) Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve months' expected credit losses. The Company shall recognize, as an impairment gain or loss, the amount of expected credit losses (or reversal) required to adjust the loss allowance at the reporting date to the amount required to be recognized.

Short-term investment

Short-term investment consists of term deposits with a maturity of date more than 90 days.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded using a straight-line basis over the shorter of their estimated useful lives and economic lives as follows:

Office furniture	5 years
Computer equipment	5 years
Leasehold improvements	5 years

The residual value, useful lives and methods of amortization of property and equipment are reviewed at each reporting date and adjusted prospectively if appropriate.

Foreign currency translation

(i) Functional and presentation currency

The functional currency and presentation currency of the Company is the Canadian dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss.

Share-based compensation

The Company grants stock options to directors, officers, employees, and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based compensation, and the fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees are determined based on the fair value of the goods/services received or options granted measured at the date on which the Company obtains such goods/services, if it is a more reliable measure of fair value.

Charges for options that are forfeited before vesting are reversed from contributed surplus. For options that expire or are forfeited after the vesting, the recorded value remains in contributed surplus.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Redemption of common shares

Shares purchased and cancelled are recorded as a reduction in share capital at the average original share purchase value on a pro-rata basis. The amount of any premium or discount on redemption of the common shares is recorded against the deficit.

Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company, and the revenue can be reliably measured. Security transactions are recorded on a trade date basis. Realized gains and losses on disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of loss and comprehensive loss. Interest and dividends income are recognized on an accrual basis.

Earnings (loss) per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated, giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted loss per share is the same.

Income taxes

The provision for income taxes consists of current and deferred tax expenses and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the period, adjusted for amendments to tax payable for previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Right-of-use asset and lease obligation

The Company assesses whether a contract is or contains a lease at the inception of a contract. The Company recognizes a right-of-use asset ("ROU asset") and a corresponding lease obligation with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

- The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months; or
- For leases of low value.

The payments for such leases are recognized in profit or loss over the lease term.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Right-of-use asset and lease obligation (continued)

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease obligation is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. Lease liabilities are measured at amortized cost using the effective interest rate method and are remeasured when there is a change in future lease payments arising from a modification of the lease.

A lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Future accounting standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. As a result, the Company has assessed that the impact of adopting these accounting standards on its financial statements would not be material.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable in the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, unless otherwise stated)

4. Critical accounting estimates and judgments (continued)

Determination of investment entity status

The Company considered all the available facts and concluded that the Company met all three criteria set forth in IFRS 10.27 to meet the definition of an investment entity as defined in IFRS 10 from time to time:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, management considers the Company to have all of the typical characteristics of an investment entity set forth in IFRS 10.28:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity.

The fair value of investments measured at FVTPL

The Company's investments are recorded in the statements of financial position at fair value. Management uses its judgment to select various methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required to the appropriate valuation methodology under this standard and subsequently determine the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity, and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required.

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 fair value of the other financial instruments is determined using the valuation techniques described in Note 11.

These estimates have been applied consistently, and there are no known trends, commitments, events, or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these financial statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these financial statements, and the differences may be material. In addition, the use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

Fair value of equity instruments

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model and other pricing models that incorporate market data and involve uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

4. Critical accounting estimates and judgments (continued)

Leases

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability specific to the asset, and geographic location. Management applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options.

5. Short-term investment

As of December 31, 2023, the short-term investment consists of a \$20,000 (December 31, 2022 - \$20,000) guaranteed investment certificate. The yield on this investment is 3.25% per annum (December 31, 2022 - 1.25%).

6. 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 to be 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 had the following investments as of December 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	1,980,000
- Asante Gold Corp	566,800	804,856
- Amerigo Resources Ltd	278,900	387,671
- Lithium South Development Corporation	579,500	182,543
- Global X Lithium & Battery Tech ETF	1,750	117,880
- Western Alaska Minerals Corp	109,069	104,706
- Azimut Exploration Inc	95,600	87,952
- Neo Performance Materials Inc	11,000	83,930
- Vaneck Gold Miners ETF	2,045	83,873
- Sherritt International Corporation	250,000	73,750
Others	various	1,137,794
Equities of a private company (EI Olivar)⁽ⁱⁱ⁾	400,000	-
Trust units		
- Sprott Physical Platinum & Palladium Trust	6,050	82,338
Total		5,127,293

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

6. Investments at fair value (continued)

The Continuity schedule of the Company's investments during the year ended December 31, 2023, is as follows:

	December 31, 2022	Additions	Proceeds from dispositions	Realized gain	Unrealized gain (loss)	December 31, 2023
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	5,420,458	1,214,614	(997,627)	140,302	(732,792)	5,044,955
- Share purchase warrants	384,000	-	-	-	(384,000)	-
Investment in trust units:	108,736	-	-	-	(26,398)	82,338
Convertible debenture:	90,000	-	(100,000)	-	10,000	-
Total	6,003,194	1,214,614	(1,097,627)	140,302	(1,133,190)	5,127,293

The Company has the following investments as of December 31, 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	2,200,000
- Asante Gold Corp.	333,400	456,758
- Amerigo Resources Ltd.	278,900	368,148
- Western Alaska Minerals Corp.	109,069	365,381
- Global X Lithium & Battery ETF	1,750	138,906
- Sherritt International Corporation	250,000	130,000
- Cobalt Blue Holdings Limited	200,000	108,379
- Neo Performance Materials Inc.	11,000	105,600
- Teck Resources Limited	1,500	76,755
- Rupert Resources Ltd	15,000	74,700
Others	various	1,395,831
Equities of a private company (El Olivar)⁽ⁱⁱ⁾	400,000	-
Debentures:		
- Convertible debenture: IBC Advanced Alloys 8.25%	100,000	90,000
Trust units:		
- Sprott physical platinum palladium	6,050	108,736
Equity, total		5,619,194
Share warrants, various		384,000
Total		6,003,194

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

6. Investments at fair value (continued)

The Continuity of the Company's investments during the year ended December 31, 2022, is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized gain	Unrealized gain (loss)	December 31, 2022
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	8,406,971	592,223	(1,397,630)	389,998	(2,571,104)	5,420,458
- Share purchase warrants	436,000	17,800	-	-	(69,800)	384,000
Investment in trust units:	104,621	-	-	-	4,115	108,736
Convertible debenture:	95,000	-	-	-	(5,000)	90,000
Total	9,042,592	610,023	(1,397,630)	389,998	(2,641,789)	6,003,194

⁽ⁱ⁾ As of December 31, 2023, 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, 2022 - 11,000,000 common shares approximately 18% ownership). As of December 31, 2023, the market price closed at \$0.18 per share (December 31, 2022 - \$0.20 per share).

⁽ⁱⁱⁱ⁾ 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.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$529,040 (US\$400,000) in El Olivar in 2019. During the year ended December 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.

7. Leases

The Company shares office space in Vancouver, British Columbia, with other related companies through certain common directors and management. In November 2022, the Company extended its lease commitment for an additional five years, set to conclude on April 30, 2028. As per the guidelines of IFRS 16 Leases, this specific lease arrangement was not accounted for as an independent lease entity. Instead, the right-of-use asset and lease obligation were evaluated at the present value of the adjusted lease payments. This valuation was computed using an incremental borrowing rate of 8% for discounting.

a) Right-of-use assets

During the years ended December 31, 2023 and 2022, there were alterations to the overall lease cost, which is reflected in the table below as a change to lease terms.

The continuity of the right-of-use assets for the years ended December 31, 2023 and December 31, 2022, is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Right-of-use asset, beginning of year	191,491	39,172
Change	3,200	188,224
Amortization	(36,505)	(35,905)
Right-of-use asset, end of year	158,186	191,491

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

7. Leases (continued)

b) Lease obligation

The continuity of the lease obligation as of December 31, 2023 and 2022, is as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Lease obligation recognized, beginning of year	212,100	48,575
Change	3,200	188,224
Interest accretion	15,814	17,775
Lease payments	(47,925)	(42,474)
Lease obligation, end of year	183,189	212,100
Current lease obligation	36,183	32,376
Non-current lease obligation	147,006	179,724
Lease obligation, end of year	183,189	212,100

The maturity analysis of the Company's contractual undiscounted lease liabilities as of December 31, 2023, is as follows:

	Total
	\$
Less than one year	49,254
One to two years	49,914
Two to three years	50,573
Three to four years	51,233
Five and beyond five years	15,178
	216,152

8. Share capital

(a) Common shares

Authorized: 100,000,000 common shares without par value

In 2022, the Company renewed the Normal Course Issuer Bid program ("NCIB") for one year ending March 31, 2023. Through the renewed NCIB program, the Company might repurchase for cancellation up to 2,300,000 or 5% of the Company's issued and outstanding common shares.

In 2022, the Company acquired 1,983,000 common shares with an average original cost of \$1,641,372 for a total payment of \$135,096. The difference of \$1,506,276 between the purchase price and original cost was recorded as a credit to deficit. 1,978,000 of these common shares were cancelled.

During the year ended December 31, 2023, the Company renewed the NCIB for one year ending March 31, 2024. Through the renewed NCIB program, the Company might repurchase for cancellation up to 3,410,425 common shares, equivalent to 10% of the Company's public float.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

(a) Common shares (continued)

During the year ended December 31, 2023, the Company acquired 1,180,000 common shares with an average original cost of \$976,602 for a total payment of \$75,998. The difference of \$900,604 between the purchase price and the original cost was recorded as a credit to the deficit. 1,174,000 of these common shares were cancelled.

(b) Stock option

The Company has implemented a fixed stock option plan whereby it has reserved 8,895,976 shares for issuance. The Company's board of directors may grant such options to its directors, officers, employees, and consultants for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options are granted. These options are equity-settled.

In 2022, the Company did not grant stock options.

During the year ended December 31, 2023, the Company 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 18 months from the issue date and will expire five years after issuance if unexercised.

The Company's outstanding option continuity is as follows:

	Number outstanding	Weighted average exercise price
	#	\$
Balance, December 31, 2021,	6,640,000	0.16
Expired	(1,360,000)	0.23
Forfeited	(890,000)	0.15
Balance, December 31, 2022,	4,390,000	0.14
Expired	(2,190,000)	0.17
Cancelled	(103,000)	0.12
Grant	2,700,000	0.06
Balance, December 31, 2023	4,797,000	0.08

During the year ended December 31, 2023, the Company recorded share-based compensation of \$82,918 (December 31, 2022 - \$Nil).

As of December 31, 2023, there was \$24,828 (December 31, 2022 - \$Nil) of the total unrecognized compensation cost relating to unvested options.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

(b) Stock option (continued)

A summary of the Company's outstanding options as of December 31, 2023, is as follows:

Options outstanding			Options exercisable		
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$	#		\$	#	\$
0.055	2,700,000	4.24	0.055	900,000	0.055
0.12	2,097,000	1.33	0.12	2,097,000	0.12
	4,797,000	2.96	0.08	2,997,000	0.10

A summary of the Company's outstanding options as of December 31, 2022, is as follows:

Options outstanding			Options exercisable		
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$			\$		\$
0.12	2,200,000	2.32	0.12	2,200,000	0.12
0.17	2,190,000	0.08	0.17	2,190,000	0.17
	4,390,000	1.21	0.14	4,390,000	0.14

The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions:

	2023	2022
Risk-free interest rate	2.94%	-
Dividend yield	0%	-
Volatility	104%	-
Forfeiture rate	17%	-
Estimated expected lives	5 years	-

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

9. 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; their compensation is included in the operating expenses. For the years ended December 31, 2023 and 2022, compensation to key management was as follows:

	2023	2022
	\$	\$
Senior management remuneration *	117,988	121,667
Directors' fees	26,000	26,000
Share-based compensation	82,918	-
Total	226,906	147,667

*Senior management remuneration includes salaries and benefits and investment evaluation fees on the statement of loss and comprehensive loss.

b) Investees

Refer to note 6 for the Company's relationships and transactions with its investees, EI 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 December 31, 2023, the Company's due to/from related parties consists of:

- \$150 due to Minco Silver (December 31, 2022 - due from Minco Silver \$1,909) in relation to shared office expense reimbursements.
- \$324 due from HempNova (December 31, 2022 - \$21,431) in relation to shared office expense reimbursements.
- \$4,694 due to companies controlled by the Company's CEO (December 31, 2022 - \$339) in relation to expense reimbursements.

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

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

10. Income tax

No income taxes were recorded due to sufficient accumulated tax losses.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss before income taxes. These differences result from the following items:

	2023	2022
	\$	\$
Loss before income taxes	(1,403,791)	(2,571,721)
	27%	27%
Income tax recovery at statutory rate	(379,024)	(694,365)
Non-deductible expenses	306,172	711,509
Under (over) provided in prior years	72,852	(17,144)
Provision for tax expense	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant tax-affected components of unrecognized deferred income tax assets and liabilities as of December 31, 2023 and 2022 are as follows:

	2023	2022
	\$	\$
Deferred income tax assets not recognized		
Non-capital loss	5,256,766	5,162,509
Resource expenditures	431,087	431,087
Capital assets	25,121	23,184
Investment	324,764	13,403
Capital loss	878,482	878,482
	6,916,220	6,508,665

No deferred income tax asset has been recognized as realization is not considered probable due to the uncertainty of future taxable income.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

10. Income tax (continued)

The Canadian non-capital loss carry-forwards expire as follows:

	\$
2026	1,406,104
2028	1,582,716
2029	1,270,045
2030	1,285,615
2031	1,933,078
2032	2,131,656
2033	1,535,838
2034	1,324,803
2035	1,201,864
2036	1,558,996
2037	1,422,850
2038	654,007
2039	856,064
2040	683,080
2041	324,012
	<u>19,170,728</u>

11. Financial instruments and fair value

The following table summarizes the carrying value of financial assets and liabilities on December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
	\$	\$
Fair value through profit and loss:		
Investments at fair value	5,127,293	6,003,194
Amortized cost:		
Cash and cash equivalents	391,301	882,238
Short-term investment	20,000	20,000
Receivables	1,648	4,677
Due from related parties	324	23,340
Deposits	13,148	13,148
Accounts payable and accrued liabilities	42,695	46,264
Due to related parties	4,844	339
Lease obligations	183,189	212,100

Fair value measurement

As of December 31, 2023 and 2022, financial instruments not measured at fair value on the statement of financial position are represented by cash and cash equivalents, short-term investment, receivables, due to and from related parties, accounts payable, and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

11. Financial instruments and fair value (continued)

Fair value measurement (continued)

Financial assets and liabilities recognized on the statement of financial position 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).

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

December 31, 2023	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	5,044,955	82,338	-

December 31, 2022	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	5,420,458	582,736	-

The fair value of investments classified as level 2 is reconciled as follows:

	December 31, 2022	Proceed	Unrealized gain (loss)	December 31, 2023
	\$	\$	\$	\$
Share purchase warrants:	384,000	-	(384,000)	-
Convertible debenture:	90,000	(100,000)	10,000	-
Trust units:	108,736	-	(26,398)	82,338
	582,736	(100,000)	(400,398)	82,338

	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

The Company uses the Black-Scholes option pricing model to determine the fair value of those share purchase warrants using assumptions detailed in Note 8(b).

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

11. Financial instruments and fair value (continued)

Financial risk factors

The Company's activities expose it to various financial risks, including market risk (price risk, currency risk, and interest rate risk), credit risk and liquidity risk. Risk evaluation, management, and mitigation activities are carried out by the Company's management.

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by these counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair value contracts with individual counterparties, which are recorded in the financial statements. The Company considers the following financial assets to be exposed to credit risk:

- Cash – In order to manage credit and liquidity risk, the Company places its cash in two major financial institutions in Canada (subject to deposit insurance up to \$100,000).
- Short-term investment – The Company places all of its short-term investment, mainly term deposits, with a major financial institution in Canada.

Market price risk

Price risk is the risk that the fair value of an investment measured at fair value will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk).

The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

A 15% (2022 - 15%) increase/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately \$0.8 million (2022 - \$0.9 million).

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to US dollar funds and investments denominated in US dollars held by the Company. Therefore, the Company's net loss and comprehensive loss are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

As of December 31, 2023, the Company had cash of \$0.4 million (2022 - \$0.8 million) and investments at the fair value of \$0.1 million (2022 - \$0.6 million) that were denominated in US dollars. A 10% (2022 - 10%) change in the currency exchange rate (US dollar to Canadian dollar) will affect the Company's net loss and comprehensive loss by approximately \$0.01 million (2022 - \$0.1 million). The Company does not have any currency hedges for its foreign exchange exposure.

Minco Capital Corp.

Notes to Financial Statements

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

11. Financial instruments and fair value (continued)

Financial risk factors (continued)

Interest rate risk

Financial instruments that expose the Company to interest rate risk have no significant exposure.

The Company holds short-term investments, such as guaranteed investment certificates, at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

12. Capital management

The Company's objectives in managing liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, contributed surplus, and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions.

As of December 31, 2023, the Company has sufficient funds to meet its current operating and development obligations. For the Company's long-term debt, please refer to the lease obligation in note 7.

There were no changes to the Company's capital management during the year ended December 31, 2023.

13. Net loss per share

For the year ended December 31, 2023, the Company's net loss of \$1,403,791 (2022 - \$2,571,721) resulted in the basic and diluted net loss per share of \$0.03 (2022 - \$0.06). For the years ended December 31, 2023 and 2022, the Company had no dilutive options and warrants.

14. Segment disclosure

The Company has one operating segment, being the acquisition and sale of investments in other companies.

15. Subsequent events

After the year ended December 31, 2023, the Company invested \$135,464 and sold certain investments, receiving total proceeds of \$260,974.

After the year ended December 31, 2023, the Company acquired 178,000 its common shares and cancelled 189,000 under the NCIB program.