MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020

This Management's Discussion and Analysis ("MD&A") of Minco Silver Corporation ("we", "our", "us", "Minco Silver" or the "Company") has been prepared by management on the basis of available information up to August 14, 2020, and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes thereto prepared by management for the three and six months ended June 30, 2020. The Company's condensed consolidated 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 consolidated financial statements and related notes thereto for the year ended December 31, 2019.

Except as noted, all financial amounts are expressed in Canadian dollars. All references to "$" and "dollars" are to Canadian dollars, all references to "US$" are United States dollars and all references to "RMB" are Chinese Renminbi. Some dollar amounts are rounded in thousands ('000) for discussion purposes.

Additional information regarding the Company, including our continuous disclosure materials, the audited consolidated financial statements and the MD&A is available under the Company's profile on SEDAR at www.sedar.com. The Company's audit committee reviews the condensed consolidated interim financial statements and the MD&A, and recommends approval to the Company's board of directors.

Refer to Note 3 of the audited consolidated financial statements for the year ended December 31, 2019 for details of the Company's significant accounting policies.

Minco Silver (TSX: MSV) was incorporated under the laws of British Columbia, Canada on August 20, 2004. Minco Silver is engaged in the acquisition, exploration and development of precious metals mineral properties and projects.

As at June 30, 2020, the Company had the following Chinese subsidiaries: Minco Investment Holding HK Ltd. ("Minco HK"), Changfu Minco Mining Co. Ltd., formerly Foshan Minco Fuwan Mining Co. Ltd., ("Changfu Minco"), Minco Resource Limited ("Minco Resources"), Minco Mining (China) Corporation ("Minco China"), Tibet Miming Co. Ltd. ("Tibet Minco"), and its 51% interest in Mingzhong Mining Co. Ltd. ("Mingzhong"). Changfu Minco is subject to a 10% net profit interest held by Guangdong Geological Bureau ("GGB") and the Company.

At the date of this MD&A, the Company has 61,025,083 common shares and 8,026,335 stock options outstanding.

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1. Highlights for the Period

During the six months ended June 30, 2020,

(1) the coronavirus ("COVID-19") has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's financial position, results of operations and cash flows in future periods. In particular, there may be increased risk of the recoverability of the Company's outstanding note receivable.

(2) the Company received $4,010,000 (RMB 20.8 million) of repayment of a partial principal of the loan to Longxin Mining Co., Ltd. ("Note"), and $815,000 (RMB 4.2 million) of the payment of interest accrued up to December 31, 2019.

As at June 30, 2020, the amount of the outstanding Note principal was $9,486,000 (RMB 49.2 million) (December 31, 2019: $13,080,000 (RMB 70 million)), and the amount of accrued interest was $664,000 (RMB 3.4 million) (December 31, 2019: $798,000 (RMB 4.2 million)) which was included in the Company's receivable.

This Note receivable came due on December 31, 2019. The Company is working on an extension agreement of the Note with shareholders of Longxin Mining, which was delayed due to the impact of COVID-19. The Note continues to be secured by a 100% equity interest in Longxin Mining, all assets of the Longwangshan Gold Mine and personal guarantees provided by shareholders of Longxin Mining.

(3) 1,500,000 stock options were granted to the Company's employees, consultants and directors at an exercise price of $0.455 per common share. These options vest over an 18-month period from the grant date with an expiry date on April 6, 2025.

(4) the Company announced a change of management. The Former Chief Financial Officer ("CFO"), Larry Tsang, retired, and Ms. Melinda Hsu was appointed as the new CFO, effective April 1, 2020.

(5) the Company participated a private placement investment in HempNova Lifetech Corporation ("Hempnova") by purchasing 7,950,000 common shares at a price of $0.40 per share for a total investment amount of $3,180,000. The Company's investment represented approximately 12.7% of the issued and outstanding common shares of Hempnova after closing of the Hempnova private placement. Hempnova is involved in the business of hemp processing in Oregon, USA and has certain directors and management in common with the Company.

The Company acquired the Hempnova shares for investment purposes and funding for the investment in Hempnova was sourced from surplus cash held by the Company. The investment does not alter the Company's business focus on exploration and development of mineral properties.

(6) On June 15, 2020, the Company deregistered its subsidiary, Zhongjia Jingu Limited ("Zhongjia"). The Company indirectly through Changfu Minco and Tibet Minco invested RMB 8 million and RMB 2 million in Zhongjia, respectively. By the date of the deregistration, Zhongjia transferred $1,455,377 (RMB 7,548,604) of cash and $1,180 (RMB 6,101) of fixed assets to Changfu Minco, and $363,844 (RMB 1,887,151) of cash and $295 (RMB 1,525) of fixed assets to Tibet, respectively. The Company recognized an accumulated foreign exchange gain of $222,069 on the disposal.

2. Exploration and Project Development Activities

2.1 Impairment

The Company has experienced a delay in renewal of exploration permits of Fuwan Silver Project which expired in July 2017. The exploration permit of the Changkeng Gold Project expired in September 2019. The Company is applying for a renewal but based on experience and the current status of the renewal application for the Fuwan Silver Deposit, the Company expects the permit renewal application for the Changkeng Gold Project may be subject to similar delays. The delays in receipt of the renewed exploration permits has been considered as an impairment indicator by the Company leading to a test of the recoverable amount of the Fuwan Silver Project and Changkeng Gold Project, which has resulted in a full impairment of the carrying value of Fuwan Silver and Changkeng Gold Project. A value in use calculation is not applicable as the Company does not have any expected cash flows from using these mineral properties at this stage of operations. In estimating the fair value less cost of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than $nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

The Company uses its best efforts to renew these permits and intends to keep the Fuwan Silver Project and Changkeng Gold project in good standing.

2.2 Disclosure of Technical Information

Technical information or other scientific information of the Fuwan Silver Project are disclosed in two Technical Reports, which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under the Company's profile or on the Company's website at www.mincosilver.com.

The following is a summary:

A National Instrument 43-101 ("NI 43-101") compliant technical report entitled "Technical Report and Updated Resource Estimate on the Fuwan Property Guangdong Province, China", dated January 25, 2008, was prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters, and methods of the mineral resource estimates on the Fuwan Silver Project.

A NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") was prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B. Eng, MAusIMM, and Eugene Puritch, P.Eng.. These preparers are qualified persons for NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods used in determining the ore reserves on the Fuwan Silver Project.

The Company acquired Changkeng Gold Project from Minco Capital Corp. ("Minco Capital") on July 31, 2015. Technical Information of the Changkeng Gold Project is available from the NI 43-101 technical report prepared for Minco Capital entitled "Technical Report and Updated Resource Estimate on the Changkeng Gold Project Guangdong Province, China", dated effective February 21, 2009 and prepared by Tracy Armstrong, P. Geo Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P.Geo. Québec who are qualified persons for the purposes of NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters, and methods of the mineral resource estimates on the Changkeng Gold Project and is available at www.sedar.ca under the profile of Minco Capital.

All other disclosure of a scientific or technical nature in this MD&A was reviewed and approved by Wan Fang, a Member of the Association of Professional Engineers and Geoscientists of Ontario (P. Geo) and a "qualified person", as such term is defined in NI 43-101.

The Company has not updated the three technical reports or feasibility studies mentioned above since their initial publication. Readers are cautioned not to rely on the above mentioned technical reports / feasibility study for the assessment of the prospect of the Fuwan Silver Project and Changkeng Gold Project, and for the accuracy of certain numbers, including the mineral resources estimates, capital cost, development cost, preproduction cost and operating cost presented in this MD&A, which have been derived from the above mentioned technical reports.

2.3 Fuwan Silver Project

Prior to 2019, the Company, through Changfu Minco, had three reconnaissance survey exploration permits in the Fuwan area (Luoke-Jilinggan Permit, Hecun Permit, and the Guyegang-Sanyatang Property), having a total area of 125.74 sq. km, covering a major part of the northeast-trending Fuwan silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Silver Project and the Changkeng Gold Project.

Management let the Hecun Property and the Guyegang-Sanyatang Property expired on August 12, 2018 and March 17, 2019, respectively without renewal as management considered these are not the core mineral properties of the Fuwan Silver Project.

The Luoke-Jilinggang exploration permit covers an area located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with more than 14 million people and the capital city of Guangdong Province.

The Luoke- Jilinggang Permit expired on July 20, 2017 and is being renewed. The process is slow, but the Company uses its best efforts to renew this permit and intends to keep the property in good standing.

2.4 Changkeng Gold Project

The Changkeng Gold Project is adjoined to the Fuwan Silver Project and situated close to well-established water, power, and transportation infrastructure. The Company has 51% interest in the Changkeng Project through its subsidiary Mingzhong, which is a cooperative joint-venture established with three Chinese partners.

The Changkeng exploration permit expired on September 10, 2019 and has applied for renewal. This process is expected to be slow, but the Company uses its best efforts to renew this permit and intends to keep this property in good standing.

The Company's objective is to advance our properties, the Fuwan Project and the Changkeng Project, towards production. The Company is also focus on the acquisition of advanced high-quality mineral properties around the world with merit for exploration and development.

3. Results of Operations

3.1 Operating Result Comparison for the Three Months Ended June 30, 2020 and 2019

	2020	2019	Change
	$	$	$
Operating expenses	(1,028,656)	(679,639)	(349,017)
Other income	439,315	434,173	5,142
Share of loss from equity investment	(70,514)	-	(70,514)
	(659,855)	(245,466)	(414,389)

The movement in connection with the operating expenses and other income (expenses) are discussed in section 3.1.1 and 3.1.2 respectively, below.

3.1.1 Operating Expenses for the Three Months Ended June 30, 2020 and 2019

The Company maintains a field office in Gaoming and Gaoyao Counties, Guangdong province, an office in Beijing, China and an office in Vancouver, Canada. The Company's operating expenses includes overhead associated with administering and exploration activities. The following table is a summary of the Company's operating expenses for the three months ended June 30, 2020 and 2019:

Three months ended June 30,	ref	2020	2019	Change
		$	$	$
Audit, legal and regulatory	a	120,752	102,676	18,076
Amortization		49,621	66,571	(16,950)
Consulting		11,180	18,766	(7,586)
Directors' fees		27,750	16,500	11,250
Field and permitting expenses	b	406,622	128,212	278,410
Interest accredited		5,843	11,037	(5,194)
Investor relations		375	939	(564)
Office administration		39,205	40,023	(818)
Property investigation expenses		22,500	23,477	(977)
Rent		11,737	13,450	(1,713)
Salaries and benefit	c	187,794	55,917	131,877
Share-based compensation	d	140,522	189,692	(49,170)
Travel		4,755	12,379	(7,624)
Total		1,028,656	679,639	349,017

During the three months ended June 30, 2020, the Company's operating expenses increased by $349,000 compared to the prior year same period. The increase is primarily due to the following changes:

(a) During the three months ended June 30, 2020, the Company paid $10,681 legal fees regarding the investment in Hempnova private placement.

(b) As at September 30, 2019, the Company impaired mineral properties. Subsequently, expenditures directly related to mineral projects were no longer capitalized. During the three months ended June 30, 2020, the Company expensed $406,622 (2019: 128,218) of consulting, insurance and general administration expenses, and capitalized $Nil of mineral interests (2019: $175,483), of which $133,378 was special service fees paid by Minco China pursuant to an agreement entered with Beijing YuRen law firm (“YuRen”). YuRen is engaged to claim compensation from the local government for not issuing Luoke-Jilinggan permit and the Changkeng exploration permit.

(c) Salaries and benefit for the three months ended June 30, 2020 increased by $131,877 compared to the prior year same period mainly because the Company has hired new geologists to the property investigation team since the fourth quarter of 2019.

(d) Share-based compensation fluctuates from year to year depending on the timing and fair value of options vested in each year. Shared-based compensation decreased by $49,170 also due to the difference in the timing of the Company’s option vesting.

3.1.2 Other Income (Expenses) for the Three Months Ended June 30, 2020 and 2019

Three months ended June 30,	2020	2019	Change
	$	$	$
Foreign exchange gain (loss)	(228,466)	(139,195)	(89,271)
Unrealized gain on investment	26,260	-	26,260
Gain on disposal of subsidiary	222,069	-	222,069
Interest income	419,452	602,011	(182,559)
Other income (expenses)	-	(28,643)	28,643
Share of loss from equity investment	(70,514)	-	(70,514)
Total	368,801	434,173	(65,372)

Foreign exchange gain (loss)

The Company’s foreign exchange gain (loss) is a result of two components:

- The effect of the change of exchange rate between US dollar and Canadian dollar on the US dollar denominated cash and short-term investment held by the Company’s parent and Hong Kong subsidiaries. Canadian dollar is the functional currency of these entities.
- The effect of the change of exchange rate between US dollar and RMB on the US dollar denominated deposit and short-term investment held by the Company’s Chinese subsidiaries. RMB is the functional currency of the Company’s Chinese subsidiaries.

During the three months ended June 30, 2020, US dollar depreciated against Canadian dollars approximately 4% (2019-2.1%) and US dollar depreciated against RMB approximately 0.3% (2019 - appreciated approximately 2.3%). As a result, the net foreign exchange loss for the three months ended June 30, 2020 increased by $89,271 compared to the prior year same period.

Interest income

The interest income mainly came from the Note receivable which bears an interest rate of 12% per annum. It decreased for the three months ended June 30, 2020 compared to the prior year same period primarily due to the decreased Note principal.

Gain on disposition of subsidiary

During the three months ended June 30, 2020, the Company deregistered its subsidiary, Zhongjia and recognized an accumulated foreign exchange gain of $222,069 on the disposal.

Unrealized gain on investment

During the three months ended June 30, 2020, the Company invested $82,300 in certain common shares from the open market. As at June 30, 2020, the fair value of these investment was $108,560; as a result, the Company recorded an unrealized gain of $26,260 (2019 - $Nil).

Share of loss from equity investment

In May 2020, the Company purchased 7,950,000 common shares of Hempnova at a price of $0.40 per share for a total investment amount of $3,180,000. The Company's investment represented approximately 12.7% of the issued and outstanding common shares of Hempnova at an initial recognition and as at June 30, 2020, the Company's share of Hempnova loss was $70,514 from this equity investment.

3.2 Operating Result Comparison for the Six Months Ended June 30, 2020 and 2019

	2020	2019	Change
	$	$	$
Operating expenses	(1,562,861)	(927,012)	(635,849)
Other income	1,604,307	866,844	737,463
Share of loss from equity investment	(70,514)	-	(70,514)
	(29,068)	(60,168)	31,100

The movement in connection with the operating expenses and other income (expenses) are discussed in section 3.2.1 and 3.2.2 respectively, below.

3.2.1 Operating Expenses for the Six Months Ended June 30, 2020 and 2019

The Company maintains a field office in Gaoming and Gaoyao Counties, Guangdong province, an office in Beijing, China and an office in Vancouver, Canada. The Company's operating expenses includes overhead associated with administering and exploration activities.

The following table is a summary of the Company's operating expenses for the six months ended June 30, 2020 and 2019:

Six months ended June 30,	ref	2020	2019	Change
		$	$	$
Audit, legal and regulatory	a	160,699	135,570	25,129
Amortization		98,693	89,104	9,589
Consulting		30,555	38,606	(8,051)
Directors' fees		45,000	36,000	9,000
Field and permitting expenses	a	606,540	288,032	318,508
Interest accredited		12,505	15,631	(3,126)
Investor relations		3,165	4,709	(1,544)
Office administration		75,442	80,465	(5,023)
Property investigation expenses (recovery)	b	45,000	(365,094)	410,094
Rent		21,300	23,987	(2,687)
Salaries and benefit	a	263,832	122,683	141,149
Share-based compensation	a	192,315	344,112	(151,797)
Travel	c	7,815	113,207	(105,392)
Total		1,562,861	927,012	635,849

(a) The details of the period to period movement refer to the section 3.1.1, above.

(b) During 2018, the Company entered into a preliminary agreement (the "Proposed Acquisition") to acquire 70% of the equity interests in Changing Longxin Mining Co., Ltd. ("Longxin Mining"). The Company decided not to proceed with the Proposed Acquisition on February 4, 2019 and received a reimbursement of $388,571 (RMB 2 million) for the due diligence cost in accordance with the preliminary agreement. As a result, the Company recorded a net of $365,094 of property investigation expenses recovery during the six months ended June 30, 2019.

(c) Travel expenses decreased by $105,392 during the six months ended June 30, 2020 compared to the prior year same period mainly due to less travel as a result of COVID-19.

3.2.2 Other Income (Expenses) for the Six Months Ended June 30, 2020 and 2019

Six months ended June 30,	2020	2019	Change
	$	$	$
Foreign exchange gain (loss)	451,554	(294,794)	746,348
Unrealized gain on investment	26,260	-	26,260
Interest income	904,424	1,166,595	(262,171)
Gain on disposition of subsidiary	222,069	-	222,069
Other income (expenses)	-	(4,957)	4,957
Share of loss from equity investment	(70,514)	-	(70,514)
Total	1,533,793	866,844	666,949

During the six months ended June 30, 2020, US dollar appreciated against Canadian dollars approximately 5% (2019- depreciation of 4%) and US dollar appreciated against RMB approximately 1.5% (2019- appreciated against RMB approximately 0.15%). As a result, the net foreign exchange gain for the six months ended June 30, 2020 increased by $746,348 compared to the prior year same period.

The rest of analyses of the period to period movement refer to the section 3.1.2 above.

4. Summary of Quarterly Results

	Income (loss) attributable to shareholders	Earnings (loss) per share Basic	Diluted
	$	$	$
06-30-2020	(636,912)	(0.01)	(0.01)
03-31-2020	643,125	0.01	0.01
12-31-2019	(371,614)	(0.00)	(0.00)
09-30-2019	(48,304,796)	(0.80)	(0.80)
06-30-2019	(235,051)	(0.00)	(0.00)
03-31-2019	196,816	0.00	0.01
12-31-2018	1,943,068	0.03	0.03
09-30-2018	(283,451)	(0.00)	(0.00)

Variations in quarterly performance over the eight quarters were primarily due to variation in impairment charges recorded, change in foreign exchange rate and share-based compensation. Appreciation or depreciation of the US dollar can result in significant foreign exchange gains and losses due to the US dollar funds held by the Company.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Six months ended June 30, 2020	2019
	$	$
Operating activities, cash outflow	(1,058,908)	(137,920)
Financing activities, cash outflow	(43,463)	(77,460)
Investing activities, cash inflow	2,000,487	1,045,623

Operating activities

During the six months ended June 30, 2020 and 2019, there were no revenue generated from operation and cash used in the operating activities was mainly accounted for cash used in operations of $1,050,000 offset $9,000 of changes in working capital. During the comparative period of 2019, the cash of $478,000 used in the operating activities was partially offset by the recovery of property investigation costs offset $340,000 of changes in working capital.

Financing activities

During the six months ended June 30, 2020, the Company paid $101,008 in connection with the lease obligation (2019 - $77,046). The Company received $57,454 from stock options exercised (2019 - $Nil).

Investing activities

During the six months ended June 30, 2020, the cash generated from the investing activities was mainly from the receipt of principal repayment of $4,010,257 from the Note (2019 - $747,116) and $887,721 of the interest income (2019 - $1,481,197). The Company invested $3,180,000 in Hempnova (2019 - $Nil) and purchased $82,300 common shares in the open market (2019- $Nil). The Company also generated net redemption of $626,427 from other short-term investment (2019 - used net of $876,666 to purchase other short-term investment).

5.2 Capital Resources and Liquidity Risk

The Company uses the following key financial measurements to assess its financial condition and liquidity:

	June 30, 2020	December 31 2019
	$	$
Working capital	42,665,511	45,009,947
Cash and cash equivalents	13,902,302	12,643,996
Short-term investment	18,907,513	18,848,668

The Company does not generate revenues and relies on equity financing for its working capital requirements to fund exploration, development, permitting and administrative activities.

The Company believes the working capital on hand is sufficient to meet its current operational and development obligations in the next 12-month operating period, and the Company is not subject to external constraint in using its resources on hand.

The Company keeps a significant amount of its cash, cash equivalent, and short-term investment in China in order to meet the capital and operating expenditures in the future development of the Company's Fuwan-Changkeng project. For the cash denominated in RMB that is maintained in China, the remittance of funds to jurisdictions outside China is subject to government rules and regulations on foreign currency controls. Such remittance requires approval by the relevant government authorities or designated banks in China or both.

Most of the Company's China operating subsidiaries had accumulated losses. However, if these Chinese subsidiaries become profitable in the future and have extra cash that can pay to the parent company outside China, the repatriations of profits out of China are subject to restrictions. To repatriate profits from China, the Company must comply with Chinese regulations pertaining to repatriations. Minco China must provide the following documents to its Chinese bank: (i) a board resolution authorizing the distribution; (ii) a capital verification report and an audit report; (iii) a tax certificate, which shows that Minco China has paid the related tax in compliance with Chinese laws; and (iv) a foreign exchange registration certificate. Minco China will comply with these requirements when needed.

6. Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

7. Transactions with Related Parties

(a) Key management compensation

Key management includes the Company's directors and senior management.

During the three and six months ended June 30, 2020 and 2019, the following compensation and benefit were paid to or accrued for the key management.

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
	$	$	$	$
Senior management remuneration and benefit	168,515	129,702	339,654	278,472
Directors' fees	27,750	16,500	45,000	36,000
Share-based compensation	101,889	144,807	137,907	267,219
	298,154	291,009	522,561	581,691

(b) Rental agreement with the CEO

On April 1, 2019, the Company's wholly owned subsidiary, Minco China, entered into a lease agreement with the Company's CEO for the use of an office in Beijing, China with an effective date on April 1, 2019 and expiry date on August 31, 2021. The monthly rent is $17,340 (RMB 90,000), of which 20% was shared with and paid by Hempnova during the six months ended June 30, 2020.

Pursuant to the lease agreement, the Company has also paid lease improvement expenses. During the six months ended June 30, 2020, the Company recorded the lease improvement in progress of $261,619 (RMB 1,348,908), of which $113,202 (RMB 583,672) was paid during the six months ended June 30, 2020 and $148,417 (RMB 765,236) was prepaid during the year ended December 31, 2019. During the six months ended June 30, 2019, the Company paid the lease improvements of $31,654 (RMB 161,000) which was capitalized in mineral interests.

(c) Shared office expenses

The Company, Minco Capital Corp. ("Minco Capital"), Hempnova and Minco Base Metals Corporation ("MBM") have certain directors and management in common. These four companies share certain offices and administrative expenses.

During the three months ended June 30, 2020, the Company paid or accrued $8,499 (June 30, 2019 – $10,254) in respect of rent and $60,033 (June 30, 2019 – $56,947) in respect of shared head office expenses and administration costs to Minco Capital.

During the six months ended June 30, 2020, the Company paid or accrued $17,587 (June 30, 2019 – $21,052) in respect of rent and $125,309 (June 30, 2019 – $123,864) in respect of shared head office expenses and administration costs to Minco Capital.

(d) Due to and due from related parties

	June 30, 2020	December 31, 2019
	$	$
Due to:		
Companies owned by the CEO and the Director	(54,550)	(58,116)
Minco Capital - reimbursement of shared expenses	(32,212)	(19,153)
Total	(86,762)	(77,269)
Due from:		
MBM – reimbursement of shared expenses	16,236	6,079
Hempnova – reimbursement of shared expenses	125,406	-
Total	141,642	6,079

The amounts due from (to) are unsecured, non-interest bearing and payable on demand.

(e) Trust arrangement with MBM

During 2018, the Company disposed two former subsidiaries (Minco Yinyuan Co. and Minco International Resources Limited) to MBM. After the disposition, Minco Yinyuan has a trust arrangement with Minco China, a wholly owned subsidiary of the Company, to continue holding certain cash and short-term investments for Minco China. As at June 30, 2020, the amount held by Minco Yinyuan in trust for Minco China was $163,682 (December 31, 2019 - $177,535).

8. Critical Accounting Estimates and Judgments

Refer to the note 3 of the audited annual consolidated financial statements for the year ended December 31, 2019.

9. Significant Accounting Policies

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

The Company's significant accounting policies, applied judgements, and estimates are set out in the note 3 of the audited annual consolidated financial statements for the year ended December 31, 2019.

10. Financial Instruments

The following table shows the carrying values of assets and liabilities for each of these categories at June 30, 2020 and December 31, 2019.

	June 30, 2020	December 31, 2019
	$	$
Fair value through profit and loss		
Short-term investment at fair value (level 1)	108,560	-
Amortized cost financial assets		
Cash and cash equivalents	13,909,302	12,643,996
Short-term investments	18,798,953	18,848,668
Note receivable	9,485,800	13,079,993
Receivables	903,185	922,227
Due from related parties	141,642	6,079

Amortized cost financial liabilities	June 30, 2020	December 31, 2019
	$	$
Due to related party	86,762	77,269
Accounts payable and accrued liabilities	263,842	308,158
Due to minority shareholders of a subsidiary	342,299	331,746
Lease obligations, current	187,531	152,526
Lease obligations, non-current	88,870	214,053

The Company does not have financial instruments measured at fair values. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial risks.

Foreign exchange risk

The functional currency of the Company is the Canadian dollar and the functional currency of its Chinese subsidiaries is RMB. Most of the foreign currency risk is related to US dollar funds held by the Company and its Chinese subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar and RMB.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net gain or loss of the Company, based on the Company's net US $7.9 million monetary assets as at June 30, 2020. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a -/+ US$0.8 million impact.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments.

The Company mainly holds short-term investments such as guaranteed investment certificates at fixed interest rates. Significant interest rate changes may impact the Company's interest income.

11. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2019, which is available on SEDAR at www.sedar.com.

12. Disclosure Controls and Procedure and 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 control framework used to design the Company's ICFR is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Management has evaluated the effectiveness of the Company's disclosure controls and procedures and has concluded, based on its evaluation that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations and may not prevent or detect misstatements on a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

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.

12.1. Changes in Internal Controls over Financial Reporting

NI 52-109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls in the three months ended June 30, 2020.

13. Cautionary Statement of 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 regarding, among other things and without limitation, the Company's future growth, results of operations, performance and business prospects, opportunities, future price of minerals and the effects thereof, the estimation of mineral reserves and resources, the timing and amount of estimated capital expenditures, the realization of mineral reserves estimates, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, exploration and permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, the availability of future acquisition opportunities and use of the proceeds of from financing. 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”, “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

Forward looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company operates, including the price of silver and gold, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, silver and gold price volatility, mineral reserves and resources and metallurgical recoveries, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation and the change of environmental laws and regulations), currency fluctuations, the speculative nature of mineral exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property.

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward looking statements, there may be other factors that cause events or results not be as anticipated, estimated or intended.

Such forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by statements containing forward looking information. Such factors include, among others: results of exploration and development activities, management’s historical experience with development-stage mining operations, regulatory changes, possible variations in reserves, grades or recovery rates, availability of material and equipment, timeliness of governmental approvals, changes in commodity prices (particularly silver prices), general economic, market and business conditions, unanticipated environmental impacts on operations, the availability of capital of acceptable terms, and the other factors discussed in the section entitled “Risk and Uncertainties” in this MD&A.

Forward looking statements included or incorporated by reference in this MD&A are based on a number of assumptions including:

- The continued availability of equity and debt financing to fund the completion of the Fuwan Silver Project and Changkeng mine and other exploration and development activities.
- The Company uses of proceeds from the Company’s previous public offering as intended
- The continued ability of the Company to attract and retain key management personnel.
- The ability of the Company to evaluate precious metals project outside China for potential acquisition.
- The ability of the Company to renew the exploration permits, mining area permit before their expiry.
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.
- The Company is able to withdraw money from China when needed (e.g. to finance acquisition of new mineral properties at areas other than China).

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.

The Company undertakes no obligation to update forward looking information if circumstances or management's estimates or opinions should change except as required by law. Users of this MD&A are cautioned not to place undue reliance on forward looking statements.