

Minco Silver Corporation

Condensed Consolidated Interim Financial Statements

For the three months end March 31, 2021

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Minco Silver Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Minco Silver Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai
President and CEO

Melinda Hsu, CPA, CGA
Chief Financial Officer

Vancouver, Canada

May 14, 2021

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Minco Silver Corporation

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	March 31, 2021	December 31, 2020
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	10,949,138	15,431,583
Short-term investments (note 4)	16,401,006	17,134,877
Financial assets at fair value through profit or loss (note 5)	4,285,512	303,603
Note receivable (note 6)	9,441,385	9,589,148
Receivables	717,997	402,660
Due from related parties (note 13)	20,654	22,042
Prepaid expenses and deposits	339,337	270,644
	42,155,029	43,154,557
Investment accounted for using the equity method (note 8)	3,166,911	3,333,695
Right-of-use assets (note 10)	794,104	155,016
Property and equipment (note 9)	520,399	506,391
Total assets	46,636,443	47,149,659
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	204,456	409,097
Current tax liabilities	318,415	318,415
Due to minority shareholders (note 11)	340,696	346,028
Due to related parties (note 13)	47,937	61,028
Lease obligation, current (note 10)	157,489	140,188
	1,068,993	1,274,756
Deferred tax liabilities	120,257	64,081
Lease obligation, non-current (note 10)	673,330	45,547
	1,862,580	1,384,384
Equity		
Equity attributable to owners of the parent		
Share capital (note 12)	107,812,327	107,812,327
Contributed surplus	27,669,432	27,598,183
Accumulated other comprehensive income	2,696,904	3,270,493
Deficit	(92,145,716)	(91,662,359)
Total equity	46,032,947	47,018,644
Non-controlling interest (note 11)	(1,259,084)	(1,253,369)
Total liabilities and equity	46,636,443	47,149,659

Approved by the Board of Directors:

(signed) Maria Tang Director

(signed) George Lian Director

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Operations and Net Income (Loss)

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31,	
	2021	2020
	\$	\$
Operating expenses		
Audit, legal and regulatory	56,469	39,947
Amortization	46,550	49,072
Consulting	43,561	49,391
Directors' fees	24,000	17,250
Field expenses (note 7)	149,175	114,158
Interest expense (note 10)	17,015	6,662
Office administration	41,058	39,027
Property investigation	90,945	93,844
Rent (note 10)	1,645	9,563
Salaries and benefits	70,429	60,438
Share-based compensation (note 12)	63,252	51,793
Travel and others	18,068	3,060
	622,167	534,205
Loss before finance and other income (expenses)	(622,167)	(534,205)
Finance and other income (expenses)		
Foreign exchange (loss) / gain	(44,078)	680,020
Gain on disposal of financial assets at fair value through profit or loss (note 5)	11,510	-
Unrealized loss on investment in financial assets at fair value through profit or loss (note 5)	(74,538)	-
Interest and dividend income	373,436	484,972
Net (loss) / income before share of income (loss) from equity investment	(355,837)	630,787
Share of loss of equity investment (note 8)	(133,937)	-
Net (loss) / income for the period	(489,774)	630,787
Net (loss) / income attributable to:		
Shareholders of the Company	(483,357)	643,125
Non-controlling interest	(6,417)	(12,338)
	(489,774)	630,787
(Loss) / income per share, basic and diluted	(0.01)	0.01
Weighted average number of common shares outstanding, basic and diluted	61,025,083	60,862,651

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31,	
	2021	2020
	\$	\$
Net (loss) / income for the period	(489,774)	630,787
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation from functional to presentation currency	(532,043)	2,375,993
Share of comprehensive loss from equity Investment (note 8)	(40,844)	-
Comprehensive (loss) / income for the period	(1,062,661)	3,006,780
Comprehensive income (loss) attributable to:		
Shareholders of the Company	(1,056,946)	3,016,750
Non-controlling interest	(5,715)	(9,970)
	(1,062,661)	3,006,780

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

Changes in Shareholders' Equity								
	Number of Shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Subtotal	Non-controlling interest	Total equity
	#	\$	\$	\$	\$	\$	\$	\$
Balance - January 1, 2020	60,845,750	107,650,215	27,172,197	1,922,388	(90,532,010)	46,212,790	(1,175,134)	45,037,656
Net income (loss) for the period	-	-	-	-	643,125	643,125	(12,338)	630,787
Other comprehensive income	-	-	-	2,373,625	-	2,373,625	2,368	2,375,993
Issuance of shares	27,333	25,782	(10,202)	-	-	15,580	-	15,580
Share-based compensation	-	-	51,793	-	-	51,793	-	51,793
Balance – March 31, 2020	60,873,083	107,675,997	27,213,788	4,296,013	(89,888,885)	49,296,913	(1,185,104)	48,111,809
Balance - January 1, 2021	61,025,083	107,812,327	27,598,183	3,270,493	(91,662,359)	47,018,644	(1,253,369)	45,765,275
Net loss for the period	-	-	-	-	(483,357)	(483,357)	(6,417)	(489,774)
Other comprehensive (loss) / income	-	-	-	(573,589)	-	(573,589)	702	(572,887)
Share of reserve changes from equity investment (note 8)	-	-	7,997	-	-	7,997	-	7,997
Share-based compensation	-	-	63,252	-	-	63,252	-	63,252
Balance – March 31, 2021	61,025,083	107,812,327	27,669,432	2,696,904	(92,145,716)	46,032,947	(1,259,084)	44,773,863

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended March 31,	
	2021	2020
	\$	\$
Operating activities		
Net (loss) / income for the period	(489,774)	630,787
Adjustments for:		
Amortization	46,550	49,072
Foreign exchange loss (gain)	44,078	(680,020)
Interest and dividend income	(373,436)	(484,972)
Interest expense	17,015	6,662
Gain on disposal of investment in financial assets at fair value through profit or loss	(11,510)	-
Unrealized loss on investment in financial assets at fair value through profit or loss	74,538	-
Share-based compensation	63,252	51,793
Share of loss of equity investment	133,937	-
Changes in items of working capital:		
Accounts payable and accrued liabilities	(146,886)	(89,455)
Due to / from related parties	(12,025)	(71,209)
Prepaid expenses and deposits	(71,767)	(120,963)
Receivables	(38,155)	(8,923)
Net cash used in from operating activities	(764,183)	(717,228)
Financing activities		
Repayment of lease obligations	(54,738)	(50,174)
Proceeds from stock option exercises	-	15,580
Net cash used in financing activities	(54,738)	(34,594)
Investing activities		
Acquisition of investments in financial assets at fair value through profit or loss	(4,131,672)	-
Proceeds from disposal of financial assets at fair value through profit or loss	86,735	-
Purchase of property and equipment	(24,246)	-
Interest and dividend income received	96,208	902,504
Proceeds from promissory note (note 5)	-	2,162,162
Purchase of short-term investments	(16,284,563)	(2,261,468)
Redemption of short-term investments	16,768,995	2,199,517
Net cash (used in) / generated from investing activities	(3,488,543)	3,002,715
Effect of exchange rates on cash and cash equivalents	(174,981)	564,426
(Decrease) / increase in cash and cash equivalents	(4,482,445)	2,815,319
Cash and cash equivalents - Beginning of period	15,431,583	12,643,996
Cash and cash equivalents - End of period	10,949,138	15,459,315

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

1. Nature of operations

Minco Silver Corporation (“Minco Silver” or the “Company”) is engaged in exploring, evaluating and developing precious metals mineral properties and projects. Minco Silver was incorporated on August 20, 2004 under the laws of British Columbia, Canada and its common shares are listed on the Toronto Stock Exchange (“TSX”) and trades under the symbol “MSV”. The Company’s registered office is 2060 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

Since February 2020, the coronavirus (“COVID-19”) has caused a slowdown in the global economy and caused volatility in the global financial markets. It has also limited the Company’s property investigation and acquisition activities. Continuing 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 (note 6).

2. Basis of preparation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, Minco Investment Holding HK Ltd. (“Minco HK”), Minco Resource Limited (“Minco Resources”), Changfu Minco Mining Co. Ltd., (“Changfu Minco”), Minco Mining (China) Co. Ltd. (“Minco China”), Tibet Minco Mining 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”), a Chinese government department.

Information of the Company’s subsidiaries as at March 31, 2021 is as follows:

Name	Principal activities (ownership interest)	Country of Incorporation
Minco HK	Holding company (100%)	China
Changfu Minco	Exploring, evaluating and developing mineral properties (90%)	China
Minco Resources	Holding company (100%)	China
Minco China	Exploring and evaluating mineral properties (100%)	China
Tibet Minco	Exploring and evaluating mineral properties (100%)	China
Mingzhong	Exploring and evaluating mineral properties (51%)	China

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2020, which were prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements were approved by the board of directors for issue on May 14, 2021.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

2. Basis of preparation (continued)

In preparing these condensed consolidated interim financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual amounts incurred by the Company may differ from these values.

The Company's accounting policies and significant judgements and estimates applied in these condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements for the year ended December 31, 2020.

3. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and term deposits with initial maturities of less than three months.

	As at March 31, 2021	As at December 31, 2020
	\$	\$
Cash	9,893,699	10,643,059
Cash equivalents	1,055,439	4,788,524
	10,949,138	15,431,583

As at March 31, 2021, cash and cash equivalents of \$6,090,033 (or RMB 31,735,770) (December 31, 2020 - \$7,967,515, (or RMB 40,879,726)) resided in the Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China or both.

4. Short-term investments

As at March 31, 2021, short-term investments consisted of the following:

	Currency	Amount (\$)	Maturity date	Interest rate
Term deposit	RMB	16,001,006	September 15, 2021	1.65% to 1.95%
Term deposit	CAD	400,000	May 1, 2021	0.95%
		16,401,006		

As at December 31, 2020, short-term investments consisted of the following:

	Currency	Amount (\$)	Maturity date	Interest rate
Term deposit	RMB	16,734,877	January 4, 2021 to December 20, 2021	1.65% to 2.10%
Term deposit	CAD	400,000	May 1, 2021	0.95%
		17,134,877		

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

5. Financial assets at fair value through profit or loss

The Company invested in certain common shares and warrants in the public market. These investments are classified as fair value-through-profit-or-loss (FVTPL) financial assets and valued at their fair value at inception and at each subsequent reporting period. A summary of such investment as at March 31, 2021 and December 31, 2020 is as the follows:

	Purchase Costs	Unrealized gain (loss)	Market value
	\$	\$	\$
Balance, at December 31, 2019	-	-	-
Acquisition	360,907	24,996	385,903
Disposal	(82,300)	-	(82,300)
Balance, at December 31, 2020	278,607	24,996	303,603
Acquisition	4,131,672	(74,538)	4,057,134
Disposal	(71,285)	(3,940)	(75,225)
Balance, at March 31, 2021	4,338,994	(53,482)	4,285,512

For three months ended March 31,	2021	2020
	\$	\$
Proceeds from disposal	86,735	-
Purchase costs	(71,285)	-
Realized gain on disposal	15,450	-
Reversal of unrealized gain recorded in prior period	(3,940)	-
Gain on disposal of financial assets at fair value	11,510	-
Unrealized loss on investment at fair value	74,538	-

6. Note receivable

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"), a Chinese mining company which holds a 100% interest in the Longwangshan Gold Mine. The estimated purchase price for the 70% equity interest in Longxin Mining under the preliminary agreement was a range of 147 to 168 million RMB (approximately \$28-32 million).

In conjunction with the Proposed Acquisition, on August 6, 2018, Minco China entered into a loan agreement with Longxin Mining and its shareholders pursuant to which Minco China provided the shareholders of Longxin Mining with a loan of \$14,630,621 (73.8 million RMB) (the "Note").

The Note was due and payable six months from issuance, bears interest at the rate of 10% per annum, and is secured by 100% equity interest in Longxin Mining and all assets of the Longwangshan Gold Mine. In addition, the Note is guaranteed by both Longxin Mining's shareholders and a real estate company controlled by them. The Note was meant to form part of the consideration for the Proposed Acquisition.

On February 4, 2019, the maturity of the Note was extended to June 30, 2019 with an increased interest rate of 12% per annum. The maturity of the Note was further extended to December 31, 2019 then March 31, 2021 with no change in the interest rate (12% per annum).

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

6. Note receivable (continued)

During 2020, Minco China received:

- \$3,965,067 (RMB 20.8 million) repayment of principal,
- a full interest payment of \$783,042 (RMB 4.2 million) for the interest accrued in 2019,
- \$975,857 (RMB 5 million) of partial interest accrued in 2020.

During the three months ended March 31, 2021, the Company did not receive any repayments.

As at March 31, 2021, the amount of the outstanding Note principal was \$9,441,385 (RMB 49,200,000) (December 31, 2020: \$9,589,148 (RMB 49,200,000)), and the accrued interest included in the Company's receivable was \$565,895 (RMB 2,948,933) (December 31, 2020: \$283,880 (RMB 1,456,533)).

This Note receivable was due on March 31, 2021. The Note continues to be secured by a 100% equity interest in Longxin Mining, all assets, including but not limited to lands and moveable assets, of the Longwangshan Gold Mine and personal guarantees provided by shareholders of Longxin Mining. In May 2021, the Company has started its legal collateral action to recover the outstanding Note principal and accrued interest.

7. Mineral interests

In the past, the Company experienced a delay in the renewal of exploration permits of both the Fuwan Silver Project and Changkeng Gold Project. As a result, during 2019, the Company impaired \$60,246,258 of exploration and evaluation costs incurred in the Fuwan Silver Project and Changkeng Gold Project.

A value in use calculation was 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.

In November 2020, the renewal for the Changkeng Gold Project exploration permit was obtained. In March 2021, the Company received the new exploration permit on the Fuwan Silver Project. Now that both exploration permits have been renewed, the Company plans to resume its permitting, obtaining a mining license and exploration activities on its Changkeng Gold Project and Fuwan Silver Projects.

Fuwan Silver Project

Minco Silver has a 90% interest in Changfu Minco, the Company's operating subsidiary in China and permit holder for the Fuwan Silver Project, subject to a 10% net profit interest held by GGB. There will be no distributions to, or participation by, GGB, until such time as Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan Silver Project. The Exploration Permit for the Fuwan Silver Project is the Luoke-Jilinggang exploration permit which was renewed in March 2021 for five years with an expiry date of March 8, 2026.

Changkeng Gold Project

The Company holds a 51% interest in Mingzhong which owns the Changkeng Gold Project. The Changkeng Gold Project immediately adjoins the Fuwan Silver Project. The Changkeng exploration permit was renewed in 2020 for two years with an expiry date of November 21, 2022.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

7. Mineral interests (continued)

During the three months ended March 31, 2021 the Company expensed \$149,175 (2020 - \$114,158) of field salary, consulting, insurance, permitting and general administration etc. expenses. \$Nil of expenses capitalized during the three months ended March 31, 2021 and 2020.

The Company is also focused on the acquisition of advanced high-quality mineral projects around the world. During the three months ended March 31, 2021, the Company spent \$90,945 (2020 - \$93,844) of salary, consulting and other expenses related to the property investigations.

8. Investment accounted for using the equity method

In May 2020, 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. Hempnova is not traded on any exchange. 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 industrial hemp related services and products and it was incorporated in British Columbia and conducts its principal business through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp. that was incorporated in the USA.

Management assessed and determined that the Company has significant influence over Hempnova despite its shareholding being below 20%. This is because the Company has the ability to influence decision making due to the fact that the Company and Hempnova have certain directors and management in common; in addition, certain directors and management also directly and/or indirectly own Hempnova common shares. As a result, the Company accounts for this investment using the equity method.

As at March 31, 2021 and December 31, 2020, the Company owned 12.7% of Hempnova. The continuity of this investment is as follows:

	Total
	\$
Carrying value, at January 1, 2020	-
Acquisition	3,180,000
Share of Hempnova’s income	152,177
Share of Hempnova changes in reserve and equity portion of convertible debenture	78,548
Share of other comprehensive loss of Hempnova	(77,030)
Carrying value, at December 31, 2020	3,333,695
Share of Hempnova’s loss	(133,937)
Share of Hempnova changes in reserve	7,997
Share of other comprehensive loss of Hempnova	(40,844)
Carrying value, at March 31, 2021	3,166,911

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021 and 2020

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

8. Investment accounted for using the equity method (continued)

A summary of Hempnova's balance sheets and a reconciliation to the carrying value of the Company's investment is as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Cash	841,471	828,146
Other current assets	9,191,093	9,612,309
Non-current assets	11,865,686	12,083,424
Current liabilities	(1,114,405)	(820,428)
Non-current liabilities	(8,467,064)	(8,073,411)
Shareholders' equity	12,316,781	13,630,040
Minco Silver's share in percentage	12.70%	12.70%
Minco Silver's share of net assets of Hempnova	1,564,231	1,731,015

Reconciliation to carrying amounts:

Minco Silver's share of net assets of Hempnova	1,564,231	1,731,015
Goodwill	1,602,680	1,602,680
Carrying value of investment in Hempnova	3,166,911	3,333,695

A summary of Hempnova's income statement for the three months ended March 31, 2021 is as follows:

	Hempnova	Minco Silver share
	\$	\$
Net loss	(1,054,620)	(133,937)
Other comprehensive loss	(321,608)	(40,844)
Comprehensive loss	(1,376,228)	(174,781)

Management assesses whether there is objective evidence that its investment in Hempnova is impaired. Management applies significant judgment in assessing whether indicators of impairment exist that would necessitate impairment testing. Impairment indicators may include loss events such as (i) significant financial difficulty of Hempnova (ii) significant changes with an adverse effect that have taken place in the market, economic or legal environment in which the Hempnova operates and (iii) evidence of significant or prolonged decline in fair value of the Associate below its carrying value. As at March 31, 2021 and December 31, 2020, there were no indicators of impairment for the investment in Hempnova.

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

9. Property and equipment

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	\$	\$	\$	\$
Balance, at December 31, 2019	26,938	67,645	32,240	126,823
Additions	414,798	-	-	414,798
Depreciation	(8,082)	(29,279)	(3,376)	(40,737)
Exchange differences	4,768	422	317	5,507
Balance, at December 31, 2020	438,422	38,788	29,181	506,391
Additions	24,246	-	-	24,246
Depreciation	(2,020)	(165)	(123)	(2,308)
Exchange differences	(6,182)	(922)	(826)	(7,930)
Balance, at March 31, 2021	454,466	37,701	28,232	520,399
At March 31, 2021				
Cost	831,059	668,388	461,522	1,960,969
Accumulated depreciation	(376,593)	(630,687)	(433,290)	(1,440,570)
Net book value	454,466	37,701	28,232	520,399
At December 31, 2020				
Cost	812,995	669,310	462,348	1,944,653
Accumulated depreciation	(374,573)	(630,522)	(433,167)	(1,438,262)
Net book value	438,422	38,788	29,181	506,391

10. Leases

The Company's recognized right-of-use assets and liabilities are mainly comprised of the present values of all future lease payments of two leases for offices located in Vancouver, Canada and Beijing, China.

The Vancouver lease is for a shared office with other companies related to it by virtue of certain directors and management in common. The lease started in 2018 and will end on April 30, 2023. Each beginning of the year, the cost sharing agreement was reviewed and the sharing percentage was changed if necessary.

The Company also entered into a lease agreement with the Company's CEO for an office located in Beijing, China (note 13(b)). The lease started on April 1, 2019 and will end on August 31, 2021. During the three months ended March 31, 2021, the lease term was extended to August 31, 2026.

Such leases were classified as operating leases under IAS 17. The right-of-use assets and lease obligations were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 8%.

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10. Leases (continued)

(a) Right-of-use assets

The continuity of the right-of-use assets as at March 31, 2021 and December 31, 2020 is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Right-of-use assets, January 1, 2020	109,054	202,085	311,139
Change to the lease terms	(4,941)	-	(4,941)
Amortization	(31,234)	(122,815)	(154,049)
Unrealized foreign exchange	-	2,867	2,867
Right-of-use assets, December 31, 2020	72,879	82,137	155,016
Change to the lease terms	33,577	650,448	684,025
Amortization	(11,406)	(32,836)	(44,242)
Unrealized foreign exchange	-	(695)	(695)
Right-of-use assets, March 31, 2021	95,050	699,054	794,104

(b) Lease obligation

The continuity of the lease obligation as at March 31, 2021 and December 31, 2020 is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Lease liability recognized, January 1, 2020	108,559	258,020	366,579
Change to lease terms	(4,941)	-	(4,941)
Interest accretion	7,067	14,362	21,429
Lease payment made	(34,645)	(167,863)	(202,508)
Unrealized foreign exchange	-	5,176	5,176
Lease obligation, December 31, 2020	76,040	109,695	185,735
Change to lease terms	33,577	650,448	684,025
Interest accretion	2,039	14,976	17,015
Lease payments	(12,554)	(42,184)	(54,738)
Unrealized foreign exchange	-	(1,218)	(1,218)
Lease obligation, March 31, 2021	99,102	731,717	830,819
Lease obligation, current	45,059	112,430	157,489
Lease obligation, non-current	54,043	619,287	673,330

The maturity analysis of the Company's contractual undiscounted lease liabilities as at March 31, 2021 is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Less than one year	51,020	165,800	216,820
One to two years	51,896	165,800	217,696
Two to three years	4,331	165,800	170,131
Three to four years	-	165,800	165,800
Five and beyond five years	-	234,883	234,883
	107,247	898,083	1,005,330

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10. Leases (continued)

(c) Amounts recognized in Statement of Loss

For the three months ended March 31, 2021	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	2,039	14,976	17,015
Rent expenses related to short-term and low-value (i)	443	1,202	1,645
Amortization	11,406	32,836	44,242
For the three months ended March 31, 2020	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	1,972	4,690	6,662
Rent expenses related to short-term and low-value (i)	526	9,037	9,563
Amortization	7,809	30,446	38,255

(i) Represent short-term rental for office and employees, and low-value leases for parking and storage.

11. Non-controlling interest (“NCI”)

Below is a summary of the financial information of Mingzhong:

Summary of financial positions:

	March 31, 2021	December 31, 2020
NCI percentage	49%	49%
	\$	\$
Current assets	154,000	207,656
Current liabilities	(983,203)	(1,036,860)
Net current liabilities	(829,203)	(829,204)
Non-current asset	6,730	6,928
Net liabilities	(822,473)	(822,276)
Accumulated NCI	(1,259,084)	(1,253,369)

Summary of income statements:

	Three months ended March 31,	
	2021	2020
	\$	\$
Net loss	13,096	25,180
Loss allocated to NCI (49%)	6,417	12,338

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11. Non-controlling interest (“NCI”) (continued)

Summary of statements of cash flows:

	Three months ended March 31,	
	2021	2020
	\$	\$
Cash outflows from operating activities	(51,350)	(28,290)

Mingzhong initiated equity financing in 2017 to raise capital to finance its operations from its minority shareholders. The equity financing requires the remittance from its remaining minority shareholder to complete the transaction. As at December 31, 2018, two of the three minority shareholders paid a total of \$351,968 for the subscription.

During the three months ended March 31, 2021 and the year ended December 31, 2020, the Company received \$Nil from the minority shareholders. As at March 31, 2021, the amount of \$340,696 (December 31, 2020 - \$346,028) was remaining in Mingzhong’s payable account.

12. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

The Company may grant up to 15% of its issued and outstanding shares as options, restricted share units, performance share units and deferred share units, to its directors, officers, employees and consultants under its long-term incentive plan.

Stock Options

The Company’s long-term incentive plan allows the board of directors to grant options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on a date preceding the date the options are granted. These options are equity settled.

During the three months ended March 31, 2021, there was no stock option granted.

During the year ended December 31, 2020, the Company granted 1,500,000 stock options to purchase common shares to 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 and expire on April 6, 2025.

During the three months ended March 31, 2021, the Company recorded \$63,252 of the stock option component as the share-based compensation (2020 - \$ 51,793).

Minco Silver Corporation

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12. Share capital (continued)

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price
	#	\$
Balance, January 1, 2020	7,120,335	0.98
Granted	1,500,000	0.46
Exercised	(179,333)	0.58
Expired	(563,335)	0.42
Forfeited	(414,667)	1.10
Balance, December 31, 2020	7,463,000	0.92
Forfeited	(130,000)	0.62
Balance, March 31, 2021	7,333,000	0.93

For the three months ended March 31, 2021, the weighted average share price on the date options exercised was \$Nil (2020 - \$0.66). As at March 31, 2021, there was \$46,929 (December 31, 2020 - \$153,447) of total unrecognized compensation cost relating to unvested options.

Range of exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$	#		\$	#	\$
0.455 – 0.50	1,440,000	4.02	0.46	479,996	0.46
0.51 – 0.69	2,768,000	2.31	0.64	2,768,000	0.64
0.70 – 1.40	3,125,000	0.89	1.40	3,125,000	1.40
	7,333,000	2.04	0.93	6,372,996	1.00

The Company used the Black-Scholes option pricing model to determine the fair value of the options.

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

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12. Share capital (continued)

Performance share units (“PSU”)

A summary of the PSUs outstanding is as follows:

	Number outstanding	Fair value per unit
	#	\$
Balance, January 1, 2020	950,000	1.40
Expired	(950,000)	1.40
Balance, December 31, 2020 and March 31, 2021	-	-

On February 20, 2017, the Company granted 1,000,000 PSUs to employees and consultants of the Company, whereby 50% of these PSU vest upon the receipt of the final approval for the Environmental Impact Assessment (EIA) report for the Fuwan Silver Project, the Changkeng Gold Project or the Combination of both. The remaining 50% vests upon the receipt of the mining license issued by Ministry of Land and Resources (“MOLAR”) for the Fuwan Silver Project, the Changkeng Gold Project, or the combination of both (collectively the “Performance Criteria”).

PSU are vested when each of the Performance Criteria is met on or before February 20, 2020, the end of the three-year performance cycle. Each PSU will become one common share of the Company when it is vested.

The fair value of the PSU’s was estimated as \$1.40 per unit at the grant date based on the share price on that date. The Company recognizes compensation expenses equal to the market value of the PSU granted over the vesting period using the Black-Scholes option pricing model taking into consideration forfeiture estimates made based on the Company’s history.

During 2019, the Company fully impaired the Fuwan Silver Project and Changkeng Gold Project. Management decided the performance criteria would not be met before the expiry. Consequently, the share-based compensation recorded to the Company’s statement of operation and to the share-based compensation capitalized to mineral interests from fiscal 2017 up to the September 30, 2019 had been reversed. These 950,000 PSU expired in February 2020.

13. Related party transactions

(a) Key management compensation

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

During the three months ended March 31, 2021 and 2020, the following compensation and benefits were paid to or accrued for the key management.

	Three months ended March 31,	
	2021	2020
	\$	\$
Senior management remuneration and benefits (i)	159,627	171,139
Directors’ fees	24,000	17,250
Share-based compensation	48,023	36,018
	231,650	224,407

(i) including living allowance, medical insurance, and apartment rental for the CEO in China.

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13. Related party transactions (continued)

(b) Rental agreement with the CEO

On April 1, 2019, the Company's wholly owned subsidiary, Minco China, entered into a lease agreement for the use of an office in Beijing, China with the Company's CEO, the owner of the property, with an effective date on April 1, 2019 and expiry date on August 31, 2021. During the three months ended March 31, 2021, the lease term had been extended to August 31, 2026. The monthly rent is \$17,576 (RMB 90,000), of which 20% was shared with and paid by Hempnova since January 1, 2020.

Pursuant to the lease agreement, the Company was required to pay lease improvement expenses. During the three months ended March 31, 2021, the Company paid an additional lease improvement of \$24,246 (RMB 124,147). During the year ended December 31, 2020, the Company capitalized the lease improvement in progress of \$414,798 (RMB 2,135,008).

(c) Shared office expenses

Minco Silver, Minco Capital Corp. ("Minco Capital") and HempNova have certain directors and management in common. These three companies share certain offices and administrative expenses. During the year ended December 31, 2020, Minco Base Metals Corporation ("MBM") shared certain expenses as well and the Company's CEO has a control interest in MBM.

During the three months ended March 31, 2021, the Company paid or accrued \$12,600 (March 31, 2020 – \$9,088) in respect of rent and \$61,826 (March 31, 2020 – \$65,276) in shared head office expenses and administration costs to Minco Capital.

(d) Due to and due from related parties

	March 31, 2021	December 31, 2020
	\$	\$
Due to:		
Companies owned by the CEO and the CFO for consulting fees	(47,937)	(59,711)
Minco Capital - reimbursement of shared expenses	-	(1,317)
Total	(47,937)	(61,028)
Due from:		
MBM – reimbursement of shared expenses	20,654	22,042

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 March 31, 2021, the amount held by Minco Yinyuan in trust for Minco China was \$154,572 (December 31, 2020 - \$156,559).

(f) Investment in Hempnova

Refer to Note 8 above for investment accounted for using the equity method.

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14. Geographical information

The Company's is considered operating in one segment for exploration and development of resource properties. The geographical division of the Company's assets is as follows:

As at March 31, 2021	Canada	China	Total
	\$	\$	\$
Current assets	7,718,273	34,436,756	42,155,029
Non-current assets	3,278,797	1,202,617	4,481,414

As at December 31, 2020	Canada	China	Total
	\$	\$	\$
Current assets	8,306,268	34,848,289	43,154,557
Non-current assets	3,425,431	569,671	3,995,102

15. Financial instruments and fair value measurements

The Company measured its investments in common shares from the open market at their fair value at inception and at each subsequent reporting period. Fair values of financial instruments not measured at fair value approximate their carrying value due to their short-term nature. The Company's financial instruments are as follows:

	March 31, 2021	December 31, 2020
	\$	\$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	4,285,512	303,603
Amortized cost of financial assets		
Cash and cash equivalents	10,949,138	15,431,583
Short-term investments	16,401,006	17,134,877
Note receivable	9,441,385	9,589,148
Receivables	717,997	402,660
Due from related parties	20,654	22,042
Amortized cost of financial liabilities		
	\$	\$
Due to related parties	47,937	61,028
Accounts payable and accrued liabilities	204,456	409,097
Current tax liabilities	318,415	318,415
Due to minority shareholders of a subsidiary	340,696	346,028
Lease obligations, current	157,489	140,188
Lease obligations, non-current	673,330	45,547
Deferred tax liabilities	120,257	64,081

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15. Financial instruments and fair value measurements (continued)

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalent, short-term investments, receivables, note receivable, due to and from related parties, account payable and accrued liabilities. 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 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.

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 consolidated financial statements. The Company considers its Cash and cash equivalent, short-term investments, and note receivable to be exposed to credit risk.

In order to manage credit risk, the Company:

- limits its credit exposure on cash and cash equivalents by holding its deposits mainly with high credit quality financial institutions in Canada, Hongkong and China,
- Obtain adequate collateral to secure the recoverability of the note receivable (also refer note 6).

Foreign exchange risk

The functional currency of Minco Silver 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 Minco Silver and its Chinese subsidiaries. Therefore, the Company's net loss is 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 loss of the Company, based on the Company's net US\$3.5 million monetary assets at March 31, 2021. This sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have a -/+ US\$0.35 million impact on net loss.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments. The Company does not hold cash and cash equivalent, short-term investments and note receivable at variable rates. As a result, the Company is not exposed to significant interest rate risk.

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15. Financial instruments and fair value measurements (continued)

Liquidity risk

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. As at March 31, 2021, the Company has a positive working capital of approximately \$41 million and non-current liabilities of \$0.8 million that need to be fulfilled. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.