MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021

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 16, 2021, 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, 2021. 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, 2020.

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, MD&A and Annual Information Form ("AIF"), which contain extensive disclosure of the history and properties of the Company, are available under the Company's profile on SEDAR at www.sedar.com.

This MD&A contains forward-looking information that is subject to risk factors set out in a cautionary note contained in the Company's MD&A. The Company's audit committee reviewed the consolidated financial statements and MD&A, and recommended approval to the Company's Board of Directors.

Refer to Note 3 of the audited consolidated financial statements for the year ended December 31, 2020 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, 2021, the Company had the following Chinese subsidiaries: Minco Investment Holding HK Ltd. ("Minco HK"), Minco Resource Limited ("Minco Resources"), Minco Mining (China) Co. Ltd. ("Minco China"), Changfu Minco Mining Co. Ltd., ("Changfu Minco"), 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") and the Company.

At the date of this MD&A, the Company has 61,025,083 common shares and 7,333,000 stock options outstanding.

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1. Highlights for the Period

During the six months ended June 30, 2021:

(a) The Exploration Permit for the Fuwan Silver Project, the Luoke-Jilinggang exploration permit, was renewed in March 2021 for five years with an expiry date of March 8, 2026.

(b) The Note receivable from Longxin Mining Co., Ltd. (“Longxin Mining”) was due on March 31, 2021. In April 2021, Minco China entered into a legal service agreement (the “Anheli Service Agreement”) with Beijing Anheli Law Firm (“Anheli”) for a legal action to recover the outstanding Note principal and accrued interest. On May 11, 2021, the Company filed a lawsuit to the court for legally freezing the Note collaterals and recovering $10,635,841 (RMB 55,424,433) of the outstanding Note principal plus $626,900 (RMB 3,253,625) of interests accrued up to April 1, 2021 at an annum interest rate of 24% for the period between January 1, 2020 and August 19, 2020 then at 15.4% of an annum interest rate thereafter.

As at June 30, 2021, the outstanding Note principal was $10,635,841 (RMB 55,424,433) ($9,589,148 (RMB 49,200,000) was recorded as at December 31, 2020) and the accrued interest receivable was $1,038,394 (RMB 5,411,175) ($283,880 (RMB 1,456,533) was recorded as at December 31, 2020), as a result of RMB 6,224,433 payments received by the Company in 2020 now offset the accrued interest first instead of the principal first. In addition, the annum interest rate was changed from 12% to 24% for the period between January 1, 2020 and August 19, 2020 then at 15.4% of annum rate thereafter as claimed in the Company’s court filing.

Pursuant to Anheli Service Agreement, the Company paid $57,803 (RMB 300,000) of legal fees and will pay to Anheli a success fee which equals to 10% of the total principal and interests recovered by the Company from this legal action. The Company accrued such 10% as a provision for legal fees of $1,167,424 (RMB 6,083,561) as at June 30, 2021.

Refer to Note 6, *Note receivable,* of the condensed consolidated interim financial statements for the three and six months ended June 30, 2021 and 2020 for more details.

(c) The Company invested in certain equity through the public market using the Company’s surplus cash held. The investment does not alter the Company’s business focus on exploration and development of mineral properties.

During the six months ended June 30, 2021, the Company invested a total of $6,341,559 in various companies’ common shares and warrants, received $199,305 from disposal of investments with a realized gain of $41,251, and recorded $44,342 of unrealized loss on the investment. As at June 30, 2021, a total of the fair market value of such investments was $6,442,766.

(d) The Company had a lease agreement with the Company’s CEO for an office located in Beijing, China. The lease started on April 1, 2019 and would end on August 31, 2021. During the six months ended June 30, 2021, the lease term was extended to August 31, 2026.

Subsequent to June 30, 2021:

(a) The Company acquired additional common shares of public companies for a total cost of $108,154 and realized a total gain of $791,920 from disposal of certain investments.

(b) The Company has legally seized certain Note collaterals to secure the recovery of the outstanding balance of the Note principal and accrued interests.

2. Exploration and Project Development Activities

2.1 Mineral interests

In the past, the Company experienced significant delays in the renewal of exploration permits of both the Fuwan Silver Deposit and Changkeng Gold Project. As a result, during 2019, the Company impaired $60 million of exploration and evaluation costs incurred in the Fuwan Silver Project 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.

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.

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.

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.

2.3 Fuwan Silver Project

The Company, through Changfu Minco, had reconnaissance survey exploration permit, Luoke-Jilinggan Permit, in the Fuwan area, covering 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, but in March 2021 the Company received the new exploration permit on the Fuwan Silver Project for five years with an expiry date of March 8, 2026.

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 in September 2019. In late November 2020, the Company received the new exploration permit on the ChangKeng Gold Project for two years with expiry date on November 21, 2022.

2.5 Field expenses and property investigation

During the six months ended June 30, 2021, the Company expensed $170,000 (2020 - $435,000) of field salary, consulting, insurance, permitting and general administration etc. expenses. $Nil of expenses capitalized during the six months ended June 30, 2021 and 2020.

The Company is also focused on the acquisition of advanced high-quality mineral projects around the world. During the six months ended June 30, 2021, the Company spent $170,000 (2020 - $190,000) of salary, consulting and other expenses related to the property investigations.

3. Results of Operations

3.1 Operating result comparison for the three months ended June 30, 2021 and 2020

	2021	2020	Change
	$	$	$
Operating expenses	(507,117)	(1,028,656)	521,539
Other income	1,811,350	439,315	1,372,035
Share of loss from equity investment	(277,791)	(70,514)	(207,277)
Contingency	(1,167,424)	-	(1,167,424)
	(140,982)	(659,855)	518,873

Net loss for the three months ended June 30, 2021 was $141,000 compared to $660,000 in the prior year's same period. The decreased loss of $519,000 was mainly due to the interest and other income increased by $1,372,000 and operation expenses decreased by $522,000, offset by $1,167,000 of the Contingency and $207,000 of the increased share of loss from equity investment.

Share of loss of equity investment

In May 2020, the Company purchased 7,950,000 common shares of Hempnova representing approximately 12.7% of the issued and outstanding common shares of Hempnova. During the three months ended June 30, 2021, the Company's share of Hempnova loss was $278,000 by using the equity method for this investment.

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

Contingency

Pursuant to Anheli Service Agreement, the Company would need to pay Anheli a success fee which equals to 10% of the total principal and interests recovered by the Company from the legal action. The Company accrued such 10% as estimated contingency fees of $1,167,424 (RMB 6,083,561) as at June 30, 2021.

3.1.1 Operating Expenses

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, field expenses and property investigation activities.

The following table is a summary of the Company's operating expenses for the three months ended June 30, 2021 and 2020:

Three months ended June 30,	ref	2021	2020	Change
		$	$	$
Audit, legal and regulatory	a	76,875	120,752	(43,877)
Amortization		55,729	49,621	6,108
Consulting		45,437	41,194	4,243
Directors' fees		17,250	27,750	(10,500)
Field and permitting expenses	b	20,916	320,867	(299,951)
Interest expenses		15,860	5,843	10,017
Office administration		39,677	39,580	97
Property investigation	c	79,033	95,241	(16,208)
Rent		10,139	11,737	(1,598)
Salaries and benefits	d	109,617	170,794	(61,177)
Share-based compensation	e	30,846	140,522	(109,676)
Travel and others		5,738	4,755	983
Total operating expenses		507,117	1,028,656	(521,539)

Certain reclassifications have been made to the prior year to conform to the current year's presentation. During the three months ended June 30, 2021, the Company's operating expenses decreased by $522,000 compared to the prior year's same period and the major changes in the operating expenses are listed as follows:

(a) During the quarter ended June 30, 2020, the Company paid additional legal and regulatory fees regarding the investment in Hempnova private placement.

(b) During the quarter ended June 30, 2021, the field expenses decreased by $300,000 compared to the prior year's same period. During the quarter ended June 30, 2020, Minco China paid $133,378 to Beijing Yuren Law Firm to claim the compensation from the local government for not issuing Luoke-Jilinggan permit and the Changkeng exploration permit, and spent $122,450 for permit application related activities.

(c) During the quarter ended June 30, 2021, the property investigation expenses decreased by $16,000 mainly due to less consulting fees paid for the property investigation.

(d) During the quarter ended June 30, 2021, salaries and benefits decreased by $61,000 mainly because the Company had paid less salaries and benefit in China.

(e) Share-based compensation fluctuates from year to year depending on the timing and fair value of options vested in each period.

3.1.2 Other Income (Expenses)

Three months ended June 30,	2021	2020	Change
	$	$	$
Foreign exchange loss	(70,228)	(228,466)	158,238
Interest and dividend income	1,821,641	419,452	1,402,189
Gain on disposal of subsidiary	-	222,069	(222,069)
Realized gain on disposal of investment in financial assets	25,801	-	25,801
Unrealized gain on investment in financial assets at fair value	34,136	26,260	7,876
Total	1,811,350	439,315	1,372,035

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 in cash and cash equivalent 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, 2021, US dollar depreciated against Canadian dollars approximately 1.4% (2020 - 4%) and US dollar depreciated against RMB approximately 1.4% (2020 – 0.3%). As a result, the net foreign exchange loss was $70,000 for the three months ended June 30, 2021 compared to $228,000 for the same period in prior year.

<u>Investment in marketable security</u>

The Company, through open market, invested in certain common shares and warrants of public companies. The fair value is designated as fair-value-through-profit-or-loss (FVTPL) financial asset and is measured at its fair value at inception and at each subsequent reporting period.

During the three months ended June 30, 2021, the Company recorded a net realized gain of $26,000 (2020 - $Nil) and an unrealized gain of $34,000 (2020 - $26,000) based on the fair value at the period-end.

<u>Interest and dividend income</u>

The interest and dividend income increased by $1,402,000 for the three months ended June 30, 2021 compared to the prior year same period. $1,651,000 of the interest income came from the Note receivable accrued during the three months ended June 30, 2021. Refer to the section 1 (b), above, for the interest rate adjustments during the period.

In addition, the Company recorded $171,000 of other interest and dividend income from its investments during the three months ended June 30, 2021 (2020 - $107,000).

<u>Gain on disposition of subsidiary</u>

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.

3.2 Operating result comparison for the six months ended June 30, 2021 and 2020

Six months ended June 30,	2021	2020	Change
	$	$	$
Operating expenses	(1,129,284)	(1,562,861)	433,577
Other income	2,077,680	1,604,307	473,373
Share of loss from equity investment	(411,728)	(70,514)	(341,214)
Contingency	(1,167,424)	-	(1,167,424)
	(630,756)	(29,068)	(601,688)

Net loss for the six months ended June 30, 2021 was $631,000 compared to $29,000 in the prior year's same period. The increased loss of $602,000 was mainly due to $1,167,000 of contingency accrued during the six months ended June 30, 2021 plus the increased $341,000 of the share of loss from equity investment, offset by $434,000 of decreased operating expenses and $473,000 of increased other income.

Share of loss of equity investment and contingency fees were discussed in the section 3.1, above.

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

3.2.1 Operating Expenses

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, field expenses and property investigation activities.

The following table is a summary of the Company's operating expenses for the six months ended June 30, 2021 and 2020:

Six months ended June 30	ref	2021	2020	Change
		$	$	$
Audit, legal and regulatory	a	133,344	160,699	27,355
Amortization		102,279	98,693	3,586
Consulting		88,998	90,584	(1,586)
Directors' fees		41,250	45,000	(3,750)
Field expenses	a	170,090	435,030	(264,940)
Interest expenses	b	32,875	12,505	20,370
Office administration		80,735	78,607	2,128
Property investigation	a	169,978	190,481	(20,503)
Rent		11,784	21,300	(9,516)
Salaries and benefits	a	180,046	229,832	(49,786)
Share-based compensation	a	94,098	192,315	(98,217)
Travel and others	c	23,807	7,815	15,992
Total operating expenses		1,129,284	1,562,861	(433,577)

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

(b) The interest expenses increased by $20,000 during the six months ended June 30, 2021 compared to the prior year's same period due to the increased lease obligation as a result of the lease term changed during the six months ended June 30, 2021.

(c) Travel and other expenses increased by $16,000 during the six months ended June 30, 2021 compared to the prior year's same period mainly due to limited travels in 2020 due to the outbreak of COVID-19.

3.2.2 Other Income (Expenses)

Six months ended June 30,	2021	2020	Change
	$	$	$
Foreign exchange (loss) / gain	(114,306)	451,554	(565,860)
Gain on disposal of subsidiary	-	222,069	(222,069)
Gain on disposal of financial assets at fair value	41,251	-	41,251
Net fair value (loss) / gain on financial assets at fair value	(44,342)	26,260	(70,602)
Interest and dividend income	2,195,077	904,424	1,290,653
Total	2,077,680	1,604,307	473,373

<u>Foreign exchange gain (loss)</u>

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 in cash and cash equivalent 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 six months ended June 30, 2021, US dollar depreciated against Canadian dollars approximately 2.7% (2020 appreciated - 5%) and US dollar depreciated against RMB approximately 1.1% (2020 - appreciated 0.2%). As a result, the net foreign exchange loss was $114,000 for the six months ended June 30, 2021 compared to a gain of $452,000 for the same period in the prior year.

Investment in marketable security

The Company, through open market, invested in certain common shares of public companies. The fair value is designated as fair-value-through-profit-or-loss (FVTPL) financial asset and is measured at its fair value at inception and at each subsequent reporting period.

During the six months ended June 30, 2021, the Company recorded a realized gain of $41,000 (2020 - $Nil) and an unrealized loss of $44,000 (2020 – a gain of $26,000) based on the fair value at the period-end.

Interest and dividend income

The details discussion refer to the section 3.1.1, above.

Gain on disposition of subsidiary

The details discussion refer to the section 3.1.1, above.

4. Summary of Quarterly Results

	Income (loss) attributable to shareholders	Earnings (loss) per share Basic	Diluted
	$	$	$
06-30-2021	(132,687)	(0.00)	(0.00)
03-31-2021	(489,774)	(0.01)	(0.01)
12-31-2020	(218,637)	(0.00)	(0.00)
09-30-2020	(695,856)	(0.01)	(0.01)
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)

The Company has not generated revenue yet. Variations in quarterly performance over the years and 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 and RMB can result in significant foreign exchange gains and losses due to the US dollar and RMB funds held by the Company.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Six months ended June 30, 2021	2020
	$	$
Operating activities, cash outflow	(1,289,766)	(1,058,908)
Financing activities, cash outflow	(108,491)	(43,463)
Investing activities, cash inflow (outflow)	(5,172,003)	2,000,487

Operating activities

During the six months ended June 30, 2021 and 2020, there were no revenue generated from operation. Cash used in the operating activities in 2021 was mainly accounted for cash used in operations of $923,000 and $367,000 from changes in working capital. During the comparative period of 2020, $1,259,000 cash was used in the operating activities and $200,000 cash was generated from changes in working capital.

Financing activities

During the six months ended June 30, 2021, the Company paid $108,000 in connection with the lease obligation (2020 - $101,000). During 2020, the Company received $58,000 from stock options exercised.

Investing activities

During the six months ended June 30, 2021, the Company disposed $199,000 (2020 - $Nil) and purchased $6,342,000 of various companies' common shares (2020 - $82,000) through open market. The Company also capitalized $24,000 as the lease improvement for the office in China (2020 - $262,000), received $117,000 of interest and dividend income (2020 - $888,000) and realized a net redemption of short-term investment of $878,000 (2020 – $626,000). During the six months ended June 30, 2020, the Company invested $3,180,000 in Hempnova and received of principle repayment of $4,010,000 from the Note.

5.2 Capital Resources and Liquidity Risk

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

	June 30, 2021	December 31, 2020
	$	$
Working capital	41,261,465	41,879,801
Cash and cash equivalents	8,706,495	15,431,583
Financial assets at fair value	6,442,766	303,603
Short-term investment	16,001,006	17,134,877

The Company has not generated revenues yet and currently relies on cash on hand 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 has a significant amount of its cash, cash equivalent, and short-term investment in China. 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.

During 2020, the Company applied to reduce the registered capital of Minco China by US $20 million from US $60 million to US $40 million. After a long working process, the application was approved by various Chinese government agencies. The Company plans to wire the funds once sufficient RMB term-deposits have matured and/or the outstanding Note principal repayment received for funding potential acquisition of properties outside of China.

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, 2021 and 2020, the following compensation and benefit were paid to or accrued for the key management.

	Three months ended June 30,		Six months ended June 30,	
	2021	2020	2021	2020
	$	$	$	$
Senior management remuneration and benefit (i)	134,700	168,515	294,327	339,654
Directors' fees	17,250	27,750	41,250	45,000
Share-based compensation	21,850	101,889	69,872	137,907
	173,800	298,154	405,449	522,561

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

(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 six months ended June 30, 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 Lifetech Corporation ("Hempnova") since January 1, 2020.

Pursuant to the lease agreement, the Company was required to pay lease improvement expenses. During the six months ended June 30, 2021, the Company paid an additional lease improvement of $5,595 (RMB 29,038). 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 June 30, 2021, the Company paid or accrued $10,413 (June 30, 2020 – $8,499) in respect of rent and $58,213 (June 30, 2020 – $60,033) in shared head office expenses and administration costs to Minco Capital.

During the six months ended June 30, 2021, the Company paid or accrued $23,013 (June 30, 2020 – $17,587) in respect of rent and $118,923 (June 30, 2020 – $125,309) in shared head office expenses and administration costs to Minco Capital.

(d) 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, 2021, the amount held by Minco Yinyuan in trust for Minco China was $153,112 (December 31, 2020 - $156,559).

(e) Due to and due from related parties

	June 30, 2021	December 31, 2020
	$	$
Due to:		
Companies owned by the CEO and the CFO for consulting fees	(71,214)	(59,711)
Minco Capital - reimbursement of shared expenses	(19,866)	(1,317)
Total	(91,080)	(61,028)
Due from:		
Hemonova – reimbursement of shared expenses	25,565	-
MBM – reimbursement of shared expenses	20,654	22,042
Total	46,219	22,042

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

(f) Investment in Hempnova

In May 2020, the Company participated a private placement investment in 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.

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.

8. Critical Accounting Estimates and Judgments

Refer to the note 3 of the audited annual consolidated financial statements for the year ended December 31, 2020.

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, 2020.

10. Financial Instruments

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.

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.

The Company's financial instruments are as follows:

	June 30, 2021	December 31, 2020
	$	$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	6,442,766	303,603
Amortized cost of financial assets		
Cash and cash equivalents	8,706,495	15,431,583
Short-term investments	16,001,006	17,134,877
Note receivable	10,635,841	9,589,148
Receivables	1,228,157	402,660
Due from related parties	46,219	22,042

Amortized cost of financial liabilities	June 30, 2021	December 31, 2020
	$	$
Due to related parties	91,080	61,028
Accounts payable and accrued liabilities	1,342,956	409,097
Current tax liabilities	318,415	318,415
Due to minority shareholders of a subsidiary	340,696	346,028
Lease obligations, current	160,881	140,188
Lease obligations, non-current	631,790	45,547
Deferred tax liabilities	120,257	64,081

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.

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$3.4 million monetary assets at June 30, 2021. This sensitivity analysis shows that a change of +/-10% in US$ foreign exchange rate would have a -/+ US$0.34 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.

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 June 30, 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.

11. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2020, 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 CEO and the CFO, with the assistance of management, conducted an evaluation of the effectiveness of the Company's ICFR as at June 30, 2021. Based on the evaluation, the CEO and the CFO have concluded that as at June 30, 2021, the Company's internal control over financial reporting is effective.

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 six months ended June 30, 2021

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.