

Minco Silver Corporation

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023

(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 Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai
President and CEO

Renee Lin, CPA, CGA
Chief Financial Officer

Vancouver, Canada

May 11, 2023

Index

| | Page |
|--|---------------|
| Condensed Consolidated Interim Financial Statements | 4 - 8 |
| Condensed Consolidated Interim Statements of Financial Position | 4 |
| Condensed Consolidated Interim Statements of Operations and Net Income | 5 |
| Condensed Consolidated Interim Statements of Comprehensive Income (Loss) | 6 |
| Condensed Consolidated Interim Statements of Changes in Shareholders' Equity | 7 |
| Condensed Consolidated Interim Statements of Cash Flows | 8 |
| Notes to the Condensed Consolidated Interim Financial Statements | 9 - 27 |
| 1 Nature of operations | 9 |
| 2 Basis of preparation | 9 |
| 3 Cash and cash equivalents | 10 |
| 4 Short-term investments | 10 |
| 5 Financial assets at fair value through profit or loss | 11 |
| 6 Note receivable | 12 |
| 7 Receivable | 14 |
| 8 Mineral interests | 14 |
| 9 Investment accounted for using the equity method | 17 |
| 10 Property, plant and equipment | 19 |
| 11 Leases | 19 |
| 12 Non-controlling interest | 21 |
| 13 Share capital | 22 |
| 14 Related party transactions | 23 |
| 15 Geographical information | 25 |
| 16 Financial instruments and fair value measurements | 25 |

Minco Silver Corporation

Condensed Consolidated Interim Statements of Financial Position

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

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| Assets | \$ | \$ |
| Current assets | | |
| Cash and cash equivalents (note 3) | 7,320,178 | 7,533,518 |
| Short-term investments (note 4) | 3,999,966 | 3,994,617 |
| Note receivable (note 6) | 7,496,592 | 7,643,126 |
| Financial assets at fair value through profit or loss (note 5) | 31,964,690 | 30,959,898 |
| Receivables (note 7) | 230,648 | 143,283 |
| Due from related parties (note 14) | 55,319 | 168,055 |
| Prepaid expenses and advances | 305,911 | 348,038 |
| | 51,373,304 | 50,790,535 |
| Deposits | 70,672 | 70,468 |
| Investment accounted for using the equity method (note 9) | 340,955 | 348,093 |
| Right-of-use assets (note 11) | 855,691 | 909,365 |
| Property, plant and equipment (note 10) | 345,416 | 367,029 |
| Total assets | 52,986,038 | 52,485,490 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable and accrued liabilities | 175,036 | 210,477 |
| Credit losses payable | 820,632 | 792,546 |
| Current tax liabilities | 602,063 | 602,063 |
| Due to minority shareholders (note 14) | 349,757 | 348,514 |
| Due to related parties (note 14) | 58,512 | 1,909 |
| Lease obligation, current (note 11) | 221,732 | 213,857 |
| | 2,227,732 | 2,169,366 |
| Deferred tax liabilities | 1,360,763 | 1,360,763 |
| Lease obligation, non-current (note 11) | 725,038 | 780,567 |
| | 4,313,533 | 4,310,696 |
| Equity | | |
| Equity attributable to owners of the parent | | |
| Share capital (note 13) | 107,812,327 | 107,812,327 |
| Contributed surplus | 28,088,639 | 28,021,216 |
| Accumulated other comprehensive income | 3,870,364 | 3,715,136 |
| Deficit | (89,785,704) | (90,066,542) |
| | 49,985,626 | 49,482,137 |
| Non-controlling interest (note 12) | (1,313,121) | (1,307,343) |
| Total liabilities and equity | 52,986,038 | 52,485,490 |

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

For the three months ended March 31, 2023 and 2022

(Unaudited, expressed in Canadian dollars unless otherwise stated)

| | Three months ended March 31, | |
|---|------------------------------|------------|
| | 2023 | 2022 |
| | \$ | \$ |
| Exploration and evaluation expenditures (note 8) | 130,994 | - |
| Administrative expenses | | |
| Audit, legal and regulatory | 45,908 | 64,159 |
| Amortization (notes 10 & 11) | 78,992 | 80,296 |
| Directors' fees (note 14) | 17,250 | 17,250 |
| Employee compensation | 77,897 | 69,194 |
| Interest expense (note 11) | 19,188 | 17,653 |
| Office administration expenses | 47,207 | 56,060 |
| Property investigation and permitting expenses (note 8) | 196,902 | 107,181 |
| Share-based compensation (note 13) | 66,550 | - |
| Travel and others | 13,814 | 9,604 |
| Total administrative expenses | 563,708 | 421,397 |
| Operating loss | (694,702) | (421,397) |
| Finance and other income (expenses) | | |
| Credit loss (note 6) | (64,847) | - |
| Foreign exchange loss | (15,576) | (67,951) |
| Interest and dividend income | 346,374 | 469,385 |
| Gain on disposal of financial assets at fair value through profit or loss (note 5) | 119,308 | 569,539 |
| Unrealized gain (loss) on investments in financial assets at fair value through profit or loss (note 5) | 591,410 | (184,886) |
| Income before share of loss from equity investment | 281,967 | 364,690 |
| Share of loss from equity investment (note 9) | (6,789) | (108,349) |
| Income for the period | 275,178 | 256,341 |
| Net income attributable to: | | |
| Shareholders of the Company | 280,838 | 262,104 |
| Non-controlling interest | (5,660) | (5,763) |
| | 275,178 | 256,341 |
| Income per share, | | |
| - basic and diluted | 0.00 | 0.00 |
| Weighted average number of common shares outstanding, | | |
| - basic and diluted | 61,025,083 | 61,025,083 |

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, 2023 and 2022

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

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Net income for the period | 275,178 | 256,341 |
| Other comprehensive income (loss) | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | |
| Exchange differences in translation from functional to presentation currency | 156,332 | (362,944) |
| Share of comprehensive loss from equity investment (note 9) | (1,222) | (118,745) |
| Comprehensive income (loss) for the period | 430,288 | (225,348) |
| Shareholders of the Company | 436,066 | (219,221) |
| Non-controlling interest | (5,778) | (6,127) |
| | 430,288 | (225,348) |

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, 2023

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

| Changes in Shareholders' Equity | | | | | | | | |
|---|---------------------|------------------|------------------------|---|--------------|------------|-----------------------------|--------------|
| | Number of Shares | Share capital | Contributed surplus | Accumulated other comprehen- sive income | Deficit | Subtotal | Non-controlling interest | Total equity |
| | # | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance - January 1, 2022 | 61,025,083 | 107,812,327 | 27,726,821 | 4,132,698 | (93,206,998) | 46,464,848 | (1,282,367) | 45,182,481 |
| Net income (loss) for the period | - | - | - | - | 262,104 | 262,104 | (5,763) | 256,341 |
| Other comprehensive income (loss) | - | - | - | (482,229) | - | (482,229) | 540 | (481,689) |
| Share of reserve changes from equity investment (note 8) | - | - | 1,835 | - | - | 1,835 | - | 1,835 |
| Balance – March 31, 2022 | 61,025,083 | 107,812,327 | 27,728,656 | 3,650,469 | (92,944,894) | 46,246,558 | (1,287,590) | 44,958,968 |
| Balance - January 1, 2023 | 61,025,083 | 107,812,327 | 28,021,216 | 3,715,136 | (90,066,542) | 49,482,137 | (1,307,343) | 48,174,794 |
| Net income (loss) for the period | - | - | - | - | 280,838 | 280,838 | (5,660) | 275,178 |
| Other comprehensive income (loss) | - | - | - | 155,228 | - | 155,228 | (118) | 155,110 |
| Share of reserve changes from equity investment (note 9) | - | - | 873 | - | - | 873 | - | 873 |
| Share-based compensation | - | - | 66,550 | - | - | 66,550 | - | 66,550 |
| Balance – March 31, 2023 | 61,025,083 | 107,812,327 | 28,088,639 | 3,870,364 | (89,785,704) | 49,985,626 | (1,313,121) | 48,672,505 |

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, 2023 and 2022
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

| | 2023 | 2022 |
|--|------------------|-------------------|
| | \$ | \$ |
| Operating activities | | |
| Net income for the period | 275,178 | 256,341 |
| Adjustments for: | | |
| Amortization | 78,992 | 80,296 |
| Foreign exchange loss | 15,576 | 67,951 |
| Interest and dividend income | (346,374) | (469,384) |
| Credit losses | 25,347 | - |
| Interest expense | 19,188 | 17,653 |
| Gain on disposal of investments in financial assets at fair value through profit or loss | (119,308) | (569,539) |
| Unrealized loss (gain) on investments in financial assets at fair value through profit or loss | (591,410) | 184,886 |
| Share-based compensation | 66,550 | - |
| Share of loss of equity investment | 6,789 | 108,349 |
| Changes in items of working capital: | | |
| Accounts payable and accrued liabilities | (36,043) | (25,061) |
| Due to/from related parties | 179,501 | 54,101 |
| Prepaid expenses and deposits | 43,409 | (43,876) |
| Receivables | 57,595 | (252,434) |
| Net cash used in operating activities | (325,010) | (590,717) |
| Financing activities | | |
| Repayment of lease obligations | (69,393) | (69,596) |
| Net cash used in financing activities | (69,393) | (69,596) |
| Investing activities | | |
| Received a promissory note | 174,389 | - |
| Acquisition of investments in financial assets at fair value through profit or loss | (968,071) | (160,489) |
| Proceeds from disposal of financial assets at fair value through profit or loss | 779,351 | 8,991,149 |
| Proceeds from (purchase of) property and equipment | - | 3,255 |
| Interest and dividend income received | 201,566 | 213,483 |
| Purchase of short-term investments | - | - |
| Redemption of short-term investments | - | 4,985,940 |
| Net cash generated from investing activities | 187,235 | 14,033,338 |
| Effect of exchange rates on cash and cash equivalents | (6,172) | (217,750) |
| (Decrease) increase in cash and cash equivalents | (213,340) | 13,155,275 |
| Cash and cash equivalents - Beginning of period | 7,533,518 | 5,020,671 |
| Cash and cash equivalents - End of period | 7,320,178 | 18,175,946 |

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, 2023 and 2022

(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 traded under the symbol “MSV.” The Company’s registered office is 2060 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

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”), Guangdong Changfu 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 of March 31, 2023, 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 a commodity when it is exposed to or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date it 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, 2022, 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 11, 2023.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

(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 charges incurred by the Company may differ from these values.

The Company's accounting policies and significant judgments 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, 2022.

3. Cash and cash equivalents

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

| | As of March 31, 2023 | As of December 31, 2022 |
|------------------|----------------------|-------------------------|
| | \$ | \$ |
| Cash | 3,380,145 | 3,411,183 |
| Cash equivalents | 3,940,033 | 4,122,335 |
| | <u>7,320,178</u> | <u>7,533,518</u> |

As of March 31, 2023, cash and cash equivalents of \$6,154,627 (or RMB 31,241,504) (December 31, 2022 - \$5,909,597), (or RMB 30,104,669) resided in 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 from the relevant government authorities, designated banks in China, or both.

4. Short-term investments

As of March 31, 2023, short-term investments consisted of the following:

| | Currency | Amount (\$) | Maturity date | Interest rate |
|--------------------|----------|------------------|------------------|---------------|
| Corporate bond (i) | USD | - | January 11, 2019 | 6.125% |
| Term deposit | USD | 1,353,300 | June 15, 2023 | 3.55% |
| Term deposit | USD | 676,650 | July 6, 2023 | 3.65% |
| Term deposit (ii) | RMB | 1,970,016 | May 2, 2023 | 1.7% |
| | | <u>3,999,966</u> | | |

As of December 31, 2022, short-term investments consisted of the following:

| | Currency | Amount (\$) | Maturity date | Interest rate |
|--------------------|----------|------------------|------------------|---------------|
| Corporate bond (i) | USD | - | January 11, 2019 | 6.125% |
| Term deposit | USD | 1,354,400 | June 15, 2023 | 3.55% |
| Term deposit | USD | 677,200 | July 6, 2023 | 3.65% |
| Term deposit (ii) | RMB | 1,963,017 | May 2, 2023 | 1.7% |
| | | <u>3,994,617</u> | | |

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

4. Short-term investments (continued)

- (i) The Company invested in a bond issued by China Energy Reserve & Chemicals Group Co. with a principal of USD 800,000 and a maturity date of January 15, 2019. This bond has been in default since September 30, 2018. As of March 31, 2023, and December 31, 2022, the Company still had the corporate bond but has entirely written off this holding to \$Nil, given the uncertainty of disposing of this bond through the open market.
- (ii) Remittance of short-term investment kept in RMB from China to Canada requires approvals from the relevant government authorities, designated banks in China, or both.

5. Financial assets at fair value through profit or loss

The continuity schedule of the Company's financial assets at fair value through profit or loss during the three months ended March 31, 2023, is as follows:

| | December 31, 2022 | Additions | Proceeds from dispositions | Realized Gains | Unrealized gains | Foreign exchange | March 31, 2023 |
|---|----------------------|----------------|----------------------------------|-------------------|---------------------|---------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Investment in common shares and warrants (i) | 1,586,831 | 968,071 | (779,351) | 119,308 | 35,360 | 2,534 | 1,932,753 |
| Investment in common shares through a partnership (iii) | 29,373,067 | - | - | - | 556,050 | 102,820 | 30,031,937 |
| Total | 30,959,898 | 968,071 | (779,351) | 119,308 | 591,410 | 105,354 | 31,964,690 |

The continuity schedule of the Company's financial assets at fair value through profit or loss during the year ended December 31, 2022, is as follows:

| | December 31, 2021 | Additions | Proceeds from dispositions | Realized Gains | Unrealized gain (losses) | Foreign exchange | December 31, 2022 |
|---|----------------------|-------------------|----------------------------------|-------------------|-----------------------------|---------------------|----------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Investment in common shares and warrants (i) | 3,694,466 | 659,707 | (2,032,725) | 509,889 | (1,292,141) | 47,635 | 1,586,831 |
| Investment in Floating return wealth management products ("WMPs") without principal protection (ii) | 19,438,062 | - | (19,280,421) | 616,127 | (180,510) | (593,258) | - |
| Investment in common shares through a partnership (iii) | - | 23,509,619 | - | - | 5,777,147 | 86,301 | 29,373,067 |
| Total | 23,132,528 | 24,169,326 | (21,313,146) | 1,126,016 | 4,304,496 | (459,322) | 30,959,898 |

(i) Common shares and warrants

The Company invested in certain common shares 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 each subsequent reporting period. The investment does not alter the Company's business focus on the exploration and development of mineral properties.

During the three months ended March 31, 2023, the Company purchased \$968,071 common shares (2022 - \$160,489), disposed of \$779,351 common shares (2022 - \$1,015,408), recorded an unrealized gain of \$591,410 (2022 - unrealized loss of \$214,784), and recognized a gain of \$119,308 (2022 - \$431,096). As of March 31, 2023, the fair value of the investment was \$1,932,753 (December 31, 2022 - \$1,586,831).

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

5. Financial assets at fair value through profit or loss (continued)

(ii). WMPs

In 2021, the Company invested \$19,251,870 (RMB 96,500,000) in WMPs issued by China Merchant Bank. As a result, \$5,486,284 (RMB 27,500,000) can be redeemed anytime, and \$13,765,586 (RMB 69,000,000) can be redeemed at six months or seven months' open period from the date the Company initially invested. In 2022, the Company fully redeemed the WMPs. During the three months ended March 31, 2023, the Company did not purchase any WMPs. As a result, the fair market value of WMPs was \$Nil (December 31, 2022 - \$Nil).

(iii). Investment in common shares through a partnership

In October 2022, the Company, through Minco China, acquired an interest in the Tianjin Saikehuan Enterprise Management Center Limited (the "Saikehuan LP") from Tianjin Huaxin Anneng Management Consulting Partnership LP ("Huaxin") for \$23,509,619 (RMB 119.8 million), which represents 9.54% interest in the limited partnership. The Company's stake in the Saikehuan LP gives it an indirect interest in approximately 7,480,937 shares of Sichuan Hexie Shuangma Co. Ltd. ("Hexie"), one of the largest cement manufacturing companies in China. In conjunction with the acquisition, Minco China also entered into a restructuring and distribution agreement with Saikehuan LP and its general partner, pursuant to which the parties will restructure the Saikehuan LP to initiate Minco China as a direct holder of the Hexie Shares with the right to trade those shares directly on behalf of the Saikehuan LP. Under the terms of this restructuring agreement, the Company will be entitled to recoup its entire purchase price from the proceeds of any sale of Hexie shares. Once the purchase price has been recouped, all remaining proceeds will be distributed 20% to the general partner, with the remaining 80% to Minco China.

As of March 31, 2023, the fair value of the investment was \$30,031,937 (RMB 152,445,114), net of the payable to the general partner (December 31, 2022 - \$29,373,067 (RMB 149,632,281)). As a result, during the three months ended March 31, 2023, the Company recorded an unrealized gain of \$556,050 (RMB 2,812,832) (March 31, 2022 - \$Nil).

6. Note receivable

In 2018, the Company entered into a preliminary agreement (the "Proposed Acquisition") to acquire 70% of the equity interests in Changning Longxin Mining Co., Ltd. ("Longxin Mining"). This Chinese mining company holds a 100% interest in the Longwangshan Gold Mine.

In conjunction with the Proposed Acquisition, on August 6, 2018, Minco China entered into a loan agreement with Longxin Mining and its shareholders, under 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 nine months from issuance, bore 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, including land, real estate and cash security. The Note was meant to form part of the consideration for the Proposed Acquisition

On February 4, 2019, the Note's maturity was extended to September 30, 2019, with an increased interest rate of 12% per annum. The Note's maturity was further extended from September 30, 2019, to December 31, 2019, 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, 2023 and 2022

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

6. Note receivable (continued)

On November 21, 2020, a supplemental agreement was signed with the note's maturity extended to June 30, 2021, and the interest rate remained at 12% per annum. Pursuant to this supplemental agreement, if the Company did not receive the outstanding principal and interests by June 30, 2021, the Company has the right to (i) retreat the amounts applied to principal repayment in the year 2020 shall be considered as interest payments; (ii) to charge the interest at 24% of an annum rate from January 1, 2020, until the principal and accrued interest are fully paid off; (iii) to revise the accrued interest and principal payment as it deems fit.

Since December 11, 2020, the Company has not received any payments from Longxin. 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 with the court to recover \$11,663,672 (RMB 55,424,433) of the outstanding Note principal plus \$625,998 (RMB 3,253,625) of interest accrued until April 1, 2021, at an annual interest rate of 24% for the period from January 1, 2020, to August 19, 2020, and an interest rate of 15.4% per annum after that.

On November 12, 2021, the Company received the court verdict on the lawsuit that Longxin and other related defendants should pay the Company above claimed amounts and the legal and court fees. As a result of the court verdict and the failure of the borrowers to pay the outstanding amounts, the Company seized specific collateral, including real estate and cash, and remains entitled to the remaining collateral. The borrowers filed an appeal against the verdict. The Company responded to the appeal in April 2022.

On June 6, 2022, a final judgment was received, upholding the original decision.

On June 17, 2022, the Company formally submitted the enforcement request to the court. On June 27, 2022, the court officially accepted the proposal and arranged for the enforcement judge.

In 2022, the Company received \$6,555,707 (RMB 33,894,971) from Longxin Mining, including \$3,189,141 (RMB 16,488,815) in Note principal payment, and \$3,366,566 (RMB 17,405,156) for to the Note accrued interests' payment.

On January 10, 2023, the court released an auction announcement for the first batch of 88 sealed properties. Additionally, the court has ordered Longxin to repay the remaining loan balance within a limited timeframe, which Longxin has committed to do soon. Given the high assessed value of the seized assets, the Company has also sought advice from its legal advisor and consulted with the court to explore alternative means of disposing of seized assets.

During the three months ended March 31, 2023, the Company received \$394,991 (RMB 1,998,103) from Longxin Mining, including \$174,389 (RMB 882,165) in Note principal payment, and \$220,602 (RMB 1,115,938) for to the Note accrued interests' payment.

As of March 31, 2023, the amount of the outstanding Note principal was \$7,496,592 (RMB 38,053,450) (December 31, 2022: \$7,643,126 (RMB 38,935,615)), and the accrued interest included in the Company's receivable was \$144,309 (RMB 732,529) (December 31, 2022: \$71,930 (RMB 366,427)).

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

6. Note receivable (continued)

A summary of the note receivable for the three months ended March 31, 2023, and the year ended December 31, 2022, is as follows:

| | Note principal | Interest receivable | Total |
|---|----------------|---------------------|-------------|
| | \$ | \$ | \$ |
| Balance – January 1, 2022 | 11,057,243 | 1,949,863 | 13,007,106 |
| Principal and interest payment | (3,189,141) | (3,366,566) | (6,555,707) |
| Accrued interest – 15.4% ⁽ⁱ⁾ | - | 1,547,084 | 1,547,084 |
| Foreign exchange loss | (224,976) | (58,451) | (283,427) |
| At December 31, 2022 | 7,643,126 | 71,930 | 7,715,056 |
| Principal and interest payment, held in the court | (174,389) | (220,602) | (394,991) |
| Accrued interest – 15.4% ⁽ⁱ⁾ | - | 292,974 | 292,974 |
| Foreign exchange loss | 27,855 | 7 | 27,862 |
| At March 31, 2023 | 7,496,592 | 144,309 | 7,640,901 |

(i) The interest was calculated by 24% before August 19, 2020, and after that by four times the annum loan market quotation rate announced by the National Interbank Lending Centre, which was supported by the court and legal

As per the terms of the Service Agreement with Anheli, the Company should pay a 10% success fee, total principal and interest recovered by the Company from this legal action. During the three months ended March 31, 2023, the Company paid a \$39,499 (RMB 199,810) success fee to Anheli. As of March 31, 2023, the Company recorded a success fee payable of \$820,632 (RMB 4,165,610) to Anheli (December 31, 2022 - \$792,546 (RMB 4,037,387)).

7. Receivable

| | March 31, 2023 | December 31, 2022 |
|------------------------------------|-------------------|----------------------|
| | \$ | \$ |
| Interest receivable ⁽ⁱ⁾ | 199,002 | 108,698 |
| GST receivable | 4,605 | 763 |
| Other receivable | 27,041 | 33,822 |
| | 230,648 | 143,283 |

(i). Included in the interest receivable, \$144,309 was from note receivable (December 31, 2022 - \$ 71,930), and \$18,864 was from term deposit (December 31, 2022 - \$ 36,768).

8. Mineral interests

In the past, the Company experienced a delay in the renewal of exploration permits for both the Fuwan Silver Project and Changkeng Gold Project. As a result, in 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 had no expected cash flows from the mineral properties. 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.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

8. Mineral interests (continued)

In 2022, the Changkeng Gold Project exploration permit was renewed and expires on November 21, 2027. In addition, the exploration permit for the Fuwan Silver Project was renewed in March 2021 and expires on March 8, 2026. However, as substantive expenditures on further exploration and evaluation of mineral resources have yet to be planned or budgeted, management determined that this was not an indicator of impairment reversal for the three months ended March 31, 2023.

Fuwan Silver Project

Minco Silver has a 90% interest in Changfu Minco, the Company's operating subsidiary in China, and Fuwan Silver Project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB until 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 permit was renewed in November 2022 for five years with an expiry date of November 21, 2027.

Sagvoll and Sulitjelma Projects

On July 15, 2022, the Company entered into a share option to purchase agreement (the "Option Agreement") with VIAD Royalties AB ("VIAD"), a wholly owned subsidiary of EMX Royalty Corporation ("EMX") to acquire all of the issued and outstanding shares of VMS Exploration AS, a Norwegian corporation (the "Target Company"), free and clear of all encumbrances. The Target Company holds a 100% interest in the Sagvoll and Sulitjelma properties in Norway.

Under the terms of the Option Agreement, the Company can acquire up to 100% interest in the Sagvoll and Sulitjelma Projects. In order to exercise the Option, the Company needs to:

1. Pay to VIAD:
 - a. \$60,000 (paid) on the signing of the Option Agreement;
 - b. \$200,000 (paid) minimum exploration expenditures by the first anniversary of the Effective Date;
 - c. \$35,000 by the first anniversary of the Effective Date (the "Option Expiry Date"); and
 - d. \$9,780 (NOK 75,000) by the first anniversary of the Effective Date as reimbursement for the establishment of the Target Company;
2. Issue VIAD 2% of the issued and outstanding shares of the Company, or up to a maximum of 2,000,000 shares by the first anniversary of the agreement
3. Deliver to VIAD a royalty agreement for a 2.5% net smelter returns royalty from any production of the properties (the "NSR"), subject to Minco Silver's right to buy down one-fifth of the NSR to reduce it to 2.0%, upon payment to VIAD of \$1,000,000 on or before the 6th anniversary of the agreement.

After the exercise of the Option and the date of the transfer of the properties to the Company (the "Closing Date"), and to maintain the option, the Company is required to incur expenditures of:

1. \$400,000 by the second anniversary of the Effective Date;
2. \$1,400,000 by the third anniversary of the Effective Date;
3. Cumulative \$4,000,000 by the fifth anniversary of the Effective Date

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

8. Mineral interests (continued)

In addition, the Company is also required:

1. issue to VIAD equal to 0.5% of the issued and outstanding shares of the Company, up to a maximum of 500,000 shares within nine months of the Closing Date.
2. make the milestone payment of \$250,000 on each retained project, a total of \$500,000, upon completion of a preliminary economic assessment (or “PEA”) and pay \$250,000 on each retained project, a total of \$500,000 upon completion of a positive feasibility study (“PFS”) to EMX. These milestone payments can be made in cash or shares of Minco Silver.
3. pay VIAD an advanced annual royalty of \$25,000 (the “Annual Advance Royalty”) on each of the Properties retained, until the commencement of commercial production on the third anniversary of the Effective Date. The amount of the Annual Advanced Royalty payment will increase by fifteen percent (15%) each year but will be capped at \$75,000 per year for each of the Properties.

The Company will be responsible for maintaining the properties in good standing under applicable Norwegian mining laws and reporting exploration expenditures, before and after the Closing Date.

Exploration and evaluation (“E&E”) expenditures

E&E expenditures include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

During the three months ended March 31, 2023, the Company successfully renewed 13 license blocks in Sulitjelma and 8 license blocks in Sagvoll. E&E expenditures amounted to a total of \$130,994 (2022 - \$Nil).

E&E expenditures of the Company, by the property and by nature of the expense, for the three months ended March 31, 2023, and 2022 were as follows:

| | Sagvoll Project | | Sulitjelma Projects | | Total | |
|-------------------------------|-----------------|----------|---------------------|----------|----------------|----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| Assays and analyses | \$ - | \$ - | \$ 2,306 | \$ - | \$ 2,306 | \$ - |
| Consulting | 5,298 | - | 8,538 | - | 13,836 | - |
| Field office expenses | 4,158 | - | 3,838 | - | 7,996 | - |
| Geophysical and other surveys | 408 | - | 699 | - | 1,107 | - |
| License fee | 47,858 | - | 55,142 | - | 103,000 | - |
| Salaries | 2,749 | - | - | - | 2,749 | - |
| Total | 60,471 | - | 70,523 | - | 130,994 | - |

Field expenses and property investigation

During the three months ended March 31, 2023, the Company incurred expenses related to maintaining the exploration permits. The Company remains committed to its objective of acquiring advanced, high-quality mineral projects globally. To achieve this objective, the exploration team conducted a thorough review and evaluation of various prospective properties during the first quarter of 2023.

During the three months ended March 31, 2023, the Company incurred a total of \$196,902 in expenses related to property investigation and permitting. These expenses include salaries, consulting fees, legal fees, travel expenses, licensing costs, and other related expenses. (2022 - \$107,181).

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

9. Investment accounted for using the equity method

In May 2020, the Company participated in a private placement investment in Hempnova Lifetech Corporation (“Hempnova”) by purchasing 7,950,000 common shares for \$0.40 per share for a total investment 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 the closing of the private placement.

Hempnova has been involved in industrial hemp-related services and products. It was incorporated in British Columbia and conducted its principal business through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp., included 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 can influence decision-making. After all, the Company and Hempnova have certain directors and management in common; certain directors and management also, directly and indirectly, own Hempnova common shares. As a result, the Company accounts for this investment using the equity method.

Management assesses whether objective evidence is that its investment in Hempnova is impaired each reporting period. Management applies significant judgment in evaluating and determining whether impairment exists that would necessitate impairment testing. Impairment indicators may include loss events such as (i) significant financial difficulty of Hempno, (ii) significant changes with an adverse effect that have taken place in the market, economic or legal environment in which Hempnova operates and (iii) evidence of a significant or prolonged decline in fair value of Hempnova below its carrying value. As of March 31, 2023, the Company identified impairment indicators and impaired \$1,436,514 of the equity investment in Hempnova.

As of March 31, 2023, and December 31, 2022, the Company owned 12.7% of Hempnova. The continuity of this investment is as follows:

| | Total |
|--|-----------|
| | \$ |
| Carrying value, at January 1, 2022 | 738,638 |
| Share of Hempnova’s loss | (461,191) |
| Share of Hempnova changes in reserve and the equity portion of convertible debenture | 5,102 |
| Share of other comprehensive loss of Hempnova | 65,544 |
| Carrying value, at December 31, 2022 | 348,093 |
| Share of Hempnova’s loss | (6,789) |
| Share of Hempnova changes in reserve and the equity portion of convertible debenture | 873 |
| Share of other comprehensive loss of Hempnova | (1,222) |
| Carrying value, at March 31, 2023 | 340,955 |

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

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

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

| | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| | \$ | \$ |
| Cash | 1,998,005 | 1,314,070 |
| Other current assets | 1,124,761 | 1,864,446 |
| Non-current assets | 5,051,224 | 5,128,824 |
| Current liabilities | (2,549,479) | (2,787,508) |
| Non-current liabilities | (4,248,216) | (4,087,338) |
| Shareholders' equity | 1,376,295 | 1,432,494 |
| Minco Silver's share in percentage | 12.7% | 12.70% |
| Minco Silver's share of net assets of Hempnova | 174,789 | 181,927 |

| Reconciliation to carrying amounts: | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| | \$ | \$ |
| Minco Silver's share of net assets of Hempnova | 174,789 | 181,927 |
| Goodwill | 166,166 | 166,166 |
| Carrying value of investment in Hempnova | 340,955 | 348,093 |

A summary of Hempnova's income statement for the three months ended March 31, 2023, and 2022, is as follows:

| | March 31, 2023 | | March 31, 2022 | |
|---|----------------|--------------------|----------------|--------------------|
| | Hempnova | Minco Silver share | Hempnova | Minco Silver share |
| | \$ | \$ | \$ | \$ |
| Revenue | 2,410,995 | 306,196 | 767,566 | 97,481 |
| Net loss | (53,457) | (6,789) | (855,776) | (108,684) |
| Share of reserve from equity investment | 6,877 | 873 | 14,446 | 1,835 |
| Other comprehensive loss | (9,619) | (1,222) | (135,218) | (17,173) |
| Comprehensive (loss) / income | (56,199) | (7,138) | (976,548) | (124,022) |

As of March 31, 2023, management access \$Nil impairment charge was required.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

10. Property, plant and equipment

| | Leasehold improvement | Motor vehicles | Office equipment and furniture | Total |
|-------------------------------|--------------------------|----------------|--------------------------------------|----------|
| | \$ | \$ | \$ | \$ |
| Balance, at January 1, 2022 | 395,258 | 39,703 | 30,592 | 465,553 |
| Disposition | (3,156) | - | - | (3,156) |
| Depreciation | (86,640) | - | (231) | (86,871) |
| Exchange differences | (7,387) | (637) | (473) | (8,497) |
| Balance, at December 31, 2022 | 298,075 | 39,066 | 29,888 | 367,029 |
| Depreciation | (22,924) | - | (58) | (22,982) |
| Exchange differences | 1,126 | 140 | 103 | 1,369 |
| Balance, at March 31, 2023 | 276,277 | 39,206 | 29,933 | 345,416 |

| | Leasehold improvement | Motor vehicles | Office equipment and furniture | Total |
|--------------------------|--------------------------|----------------|--------------------------------------|-------------|
| | \$ | \$ | \$ | \$ |
| At December 31, 2022 | | | | |
| Cost | 826,989 | 669,588 | 463,707 | 1,960,284 |
| Accumulated depreciation | (528,914) | (630,522) | (433,819) | (1,593,255) |
| Net book value | 298,075 | 39,066 | 29,887 | 367,029 |
| At March 31, 2023 | | | | |
| Cost | 828,115 | 669,728 | 463,810 | 1,961,653 |
| Accumulated depreciation | (551,838) | (630,522) | (433,877) | (1,616,237) |
| Net book value | 276,277 | 39,206 | 29,933 | 345,416 |

11. 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 original lease started in 2018 and will end on April 30, 2023. In November 2022, the Company renewed the lease agreement for another five years, which will end on April 30, 2028.

The Company also entered into a lease agreement with the Company's CEO for a shared office located in Beijing, China (note 15(b)). The lease started on April 1, 2019, and will end on 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%.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

11. Leases (continued)

(a) Right-of-use assets

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

| | Vancouver | Beijing | Total |
|--|-----------|-----------|-----------|
| | \$ | \$ | \$ |
| Right-of-use assets, January 1, 2022 | 60,832 | 626,124 | 686,956 |
| Change to the lease terms | 289,534 | 165,779 | 455,313 |
| Amortization | (55,321) | (165,076) | (220,397) |
| Foreign exchange | - | (12,507) | (12,507) |
| Right-of-use assets, December 31, 2022 | 295,045 | 614,320 | 909,365 |
| Amortization | (13,830) | (42,180) | (56,010) |
| Foreign exchange | - | 2,336 | 2,336 |
| Right-of-use assets, March 31, 2023 | 281,215 | 574,476 | 855,691 |

(b) Lease obligation

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

| | Vancouver | Beijing | Total |
|---|-----------|-----------|-----------|
| | \$ | \$ | \$ |
| Lease liability recognized, January 1, 2022 | 65,666 | 673,925 | 739,591 |
| Change to lease terms | 289,534 | 165,779 | 455,313 |
| Interest accretion | 26,662 | 58,509 | 85,171 |
| Lease payment made | (63,711) | (208,885) | (272,596) |
| Foreign exchange | - | (13,055) | (13,055) |
| Lease obligation, December 31, 2022 | 318,151 | 676,273 | 994,424 |
| Interest accretion | 6,191 | 12,997 | 19,188 |
| Lease payments | (16,018) | (53,375) | (69,393) |
| Foreign exchange | - | 2,551 | 2,551 |
| Lease obligation, March 31, 2023 | 308,324 | 638,446 | 946,770 |
| Lease obligation, current | 52,512 | 169,220 | 221,732 |
| Lease obligation, non-current | 255,812 | 469,226 | 725,038 |

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

| | Vancouver | Beijing | Total |
|----------------------------|-----------|---------|-----------|
| | \$ | \$ | \$ |
| Less than one year | 74,818 | 212,762 | 287,580 |
| One to two years | 72,736 | 212,762 | 285,498 |
| Two to three years | 73,726 | 212,762 | 286,488 |
| Three to four years | 74,716 | 88,651 | 163,367 |
| Five and beyond five years | 77,973 | - | 77,973 |
| | 373,969 | 726,937 | 1,100,906 |

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

12. Non-controlling interest (“NCI”)

Below is a summary of the financial information of Mingzhong:

Summary of financial positions:

| | March 31, 2023 | December 31, 2022 |
|-------------------------|--------------------|--------------------|
| NCI percentage | 49% | 49% |
| | \$ | \$ |
| Current assets | 67,915 | 61,632 |
| Current liabilities | (1,026,453) | (1,005,293) |
| Net current liabilities | (958,538) | (943,661) |
| Non-current asset | 6,831 | 6,807 |
| Net liabilities | (951,707) | (936,854) |
| Accumulated NCI | (1,313,121) | (1,307,343) |

Summary of income statements:

| | Three months ended March 31, 2023 | 2022 |
|------------------------------------|--------------------------------------|--------------|
| | \$ | \$ |
| Net loss | 11,551 | 11,762 |
| Loss allocated to NCI (49%) | 5,660 | 5,763 |

Summary of statements of cash flows:

| | Three months ended March 31, 2023 | 2022 |
|---|--------------------------------------|----------|
| | \$ | \$ |
| Cash outflows from operating activities | (46,986) | (13,235) |

Mingzhong initiated equity financing in 2017 to raise capital to finance its operations from its minority shareholders. Equity financing requires remittance from its remaining minority shareholder to complete the transaction. In 2018, minority shareholders paid a total of \$351,968 for the subscriptions.

During the three months ended March 31, 2023, and the year ended December 31, 2022, the Company received \$Nil from the minority shareholders. As of March 31, 2023, the amount of \$349,757 (December 31, 2022 - \$348,514) remained in Mingzhong’s payable account to minority shareholders.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

13. 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 up to ten years, with vesting periods determined at its sole discretion and prices equal to or greater than the closing market price on a date preceding the date of the options is granted. These options are equity-settled.

In 2022, the Company granted 3,000,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of \$0.23 per common share. These options vest over 18 months from the grant date and expire on May 27, 2027.

During the three months ended March 31, 2023, the Company did not grant any stock options.

During the three months ended March 31, 2023, the Company recorded \$66,550 of the stock option component as the share-based compensation (2022 - \$Nil).

Continuity of the outstanding options is as follows:

| | Number outstanding | Weighted average exercise price |
|----------------------------|-----------------------|---------------------------------------|
| | # | \$ |
| Balance, January 1, 2022 | 7,333,000 | 0.93 |
| Granted | 3,000,000 | 0.23 |
| Expired | (2,900,000) | 1.40 |
| Forfeited | (794,000) | 0.75 |
| Balance, December 31, 2022 | 6,639,000 | 0.43 |
| Expired | (1,408,000) | 0.69 |
| Balance, March 31, 2023 | 5,231,000 | 0.35 |

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

13. Share capital (continued)

As of March 31, 2023, there was \$81,209 (December 31, 2022 - \$132,106) of the 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 | |
| \$ | # | | \$ | # | \$ | |
| 0.23 – 0.44 | 2,930,000 | 4.16 | 0.23 | 976,662 | 0.23 | |
| 0.45 – 0.56 | 1,120,000 | 2.02 | 0.46 | 1,120,000 | 0.46 | |
| 0.57 – 0.60 | 1,181,000 | 0.84 | 0.57 | 1,181,000 | 0.57 | |
| | 5,231,000 | 2.95 | 0.35 | 3,277,662 | 0.43 | |

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

| | 2023 | 2022 |
|--------------------------|------|---------|
| Risk-free interest rate | - | 2.59% |
| Dividend yield | - | 0% |
| Volatility | - | 86% |
| Forfeiture rate | - | 21% |
| Estimated expected lives | - | 5 years |

Option pricing models require 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.

14. Related party transactions

(a) Key management compensation

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

During the three months ended March 31, 2023, and 2022, the following compensation and benefits were paid to or accrued for the key management.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

14. Related party transactions (continued)

| | Three months ended March 31, | |
|--|------------------------------|---------|
| | 2023 | 2022 |
| | \$ | \$ |
| Senior management remuneration and benefit | 235,064 | 140,777 |
| Directors' fees | 17,250 | 17,250 |
| Share-based compensation | 110,464 | - |
| | 362,778 | 158,027 |

(i) including living allowance and medical insurance 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, 2026. The monthly rent is \$17,696 (RMB 90,000). The Company also paid the lease improvement expenses.

(c) Shared office expenses

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

During the three months ended March 31, 2023, the Company paid or accrued \$16,520 (2022 – \$16,063) in respect of rent and \$49,158 (2022 – \$81,491) in shared head office expenses and administration costs to Minco Capital.

(d) Due from (due to) related parties

| | March 31, 2023 | December 31, 2022 |
|--|-------------------|----------------------|
| | \$ | \$ |
| Due to: | | |
| Companies owned by the CEO | 58,512 | - |
| Minco Capital - reimbursement of shared expenses | - | 1,909 |
| Total | 58,512 | 1,909 |
| Due from: | | |
| CEO | - | 7,287 |
| Hempnova - reimbursement of shared expenses | 31,276 | 136,811 |
| MBM – reimbursement of shared expenses | 24,043 | 23,957 |
| Total | 55,319 | 168,055 |

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

14. Related party transactions (continued)

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

(e) Trust arrangement with MBM

In 2018, the Company disposed of 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 particular cash and short-term investments for Minco China. As of March 31, 2023, the amount held by Minco Yinyuan in trust for Minco China was \$159,239 (December 31, 2022 - \$158,673).

(f) Investment in Hempnova

Refer to Note 9 above for investment accounted for using the equity method.

15. Geographical information

The Company is considered to operate in one segment to explore and develop resource properties. The geographical division of the Company's assets is as follows:

| As of March 31, 2023 | Canada | China | Total |
|-------------------------|-----------|------------|------------|
| | \$ | \$ | \$ |
| Current assets | 5,313,910 | 46,059,394 | 51,373,304 |
| Non-current assets | 623,650 | 989,084 | 1,612,734 |
| As of December 31, 2022 | Canada | China | Total |
| | \$ | \$ | \$ |
| Current assets | 5,357,513 | 45,433,022 | 50,790,535 |
| Non-current assets | 646,696 | 1,048,259 | 1,694,955 |

16. 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 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:

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

16. Financial instruments and fair value measurements (continued)

| | March 31, 2023 | December 31, 2022 |
|--|----------------|-------------------|
| | \$ | \$ |
| Financial assets at fair value through profit or loss | | |
| Marketable securities (level 1) | 31,964,690 | 30,959,898 |
| Amortized cost of financial assets | | |
| Cash and cash equivalents | 7,320,178 | 7,533,518 |
| Short-term investments | 3,999,966 | 3,994,617 |
| Note receivable | 7,496,592 | 7,643,126 |
| Deposit | 70,672 | 70,468 |
| Receivables | 230,648 | 143,283 |
| Due from related parties | 55,319 | 168,055 |
| Amortized cost financial liabilities | | |
| | \$ | \$ |
| Due to related parties | 58,512 | 1,909 |
| Accounts payable and accrued liabilities | 175,036 | 210,477 |
| Credit losses payable | 820,632 | 792,546 |
| Due to minority shareholders of a subsidiary | 349,757 | 348,514 |
| Lease obligations, current | 221,732 | 213,857 |
| Lease obligations, non-current | 725,038 | 780,567 |

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

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

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

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

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 financial risks: market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. Risk management activities are carried out by management, which identifies and evaluates the financial risks.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2023 and 2022

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

16. Financial instruments and fair value measurements (continued)

Credit risk

Counterparty credit risk is the financial benefits of contracts with a specific counterparty that 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.

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, Hong Kong and China,
- Obtain adequate collateral to secure the recoverability of the note receivable (also refer to 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 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 about 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\$2.87 million monetary assets as of March 31, 2023. This sensitivity analysis shows that a change of +/- 10% in the US\$ foreign exchange rate would have a -/+ US\$0.29 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 a planning and budgeting process to help determine the funds required to support the Company's standard operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. As of March 31, 2023, the Company has positive working capital of approximately \$49.1 million. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.