MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2024

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 based on available information up to May 10, 2024, and should be read in conjunction with the Company's condensed consolidated interim financial statements and related notes to it prepared by management for the three months ended March 31, 2024. 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 for the year ended December 31, 2023.

Except as noted, all financial amounts are expressed in Canadian dollars. All references to "$" and "dollars" are Canadian dollars, all references to "US$" are United States dollars and all references to "RMB" are Chinese Renminbi. Some dollar amounts are rounded to 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 company's history and properties, is available under the Company's profile on SEDAR at www.sedarplus.ca.

This MD&A contains forward-looking information subject to risk factors, as described in a cautionary note 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.

For details of the company's material accounting policies, refer to Note 3 of the audited consolidated financial statements for the year ended December 31, 2023.

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

As of March 31, 2024, 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"), Guang Dong Changfu 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 6,870,000 stock options outstanding.

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1. Highlights for Quarter

(1) During the three months ending March 31, 2024, the Company incurred expenses for maintaining the exploration permits. The Company remains committed to acquiring advanced, high-quality mineral projects globally. To achieve this objective, the exploration team thoroughly reviewed and evaluated various prospective properties during the first quarter of 2024.

(2) During the three months ending March 31, 2024, the Company petitioned the court to appraise the seized Longwangshan Gold Mine and hired a valuation firm for this purpose. Through the court proceedings, Longxin Mining expressed its willingness to settle the outstanding balances currently being negotiated

As of March 31, 2024, the outstanding Note principal was $7,135,000 (RMB 38,053,000) (December 31, 2023: $7,089,000 (RMB 38,053,000)), and the accrued interest included in the Company's receivable was $1,254,000 (RMB 6,690,000) (December 31, 2023: $970,000 (RMB 5,209,000).

(3) The Company invested in specific equity through the public market using the Company's surplus cash held. The investment does not alter the Company's business focus on exploring and developing mineral properties.

During the three months ending March 31, 2024, the Company purchased $215,000 common shares (2023 - $968,000), disposed of $301,000 common shares (2023 - $779,000), recorded an unrealized loss of $70,000 (2023 – unrealized loss of $215,000), and recognized a gain of $17,000 (2023 - $119,000). As of March 31, 2023, the fair value of the investment was $1,398,000.

The Company also invested in common shares through a partnership in China.

As of March 31, 2024, the fair value of the investment amounted to $21,806,000 (RMB 116,297,000), which was net of the payable to the general partner. This represents an increase compared to the fair value of $24,442,000 (RMB 131,199,000) as of December 31, 2023. Consequently, during the three months ending March 31, 2024, the Company recorded an unrealized loss of $2,796,000 (RMB 14,902,000) (March 31, 2023 – an unrealized gain of $556,000 (RMB 2,813,000)).

2. Exploration and Project Development Activities

2.1 Mineral interests

In the past, the Company faced significant delays in renewing exploration permits for the Fuwan Silver Deposit and Changkeng Gold Project. Consequently, in 2019, the Company recorded an impairment of $60,246,258 related to exploration and evaluation costs incurred for these projects.

Although the Company had fully impaired the Fuwan Silver and Changkeng Gold projects, renewal applications for exploration permits were still ongoing. In March 2021, the Company renewed the exploration permit on the Fuwan Silver Project for five years with an expiry date of March 8, 2026. In November 2022, the Company also renewed the exploration permit on the Changkeng Project for five years, with an expiry date of November 21, 2027. With both renewal exploration permits, the Company intends to obtain mining licenses for its Changkeng Gold and Fuwan Silver Projects.

A value-in-use calculation is not applicable as the Company has no 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. This valuation technique requires management's judgment and estimates of the recoverable amount, so it is classified within Level 3 of the fair value hierarchy.

2.2 Disclosure of Technical Information

The Fuwan Silver Project and the Changkeng Gold Project are located in a significant part of the northeast-trending Fuwan silver belt, which hosts the known gold and silver occurrences in the Sanzhou basin. Technical information or other scientific information about the Fuwan Silver Project is disclosed in two Technical Reports, which are available on the System for

Electronic Document Analysis and Retrieval ("SEDAR") at www.sedarplus.ca 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 on 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 is the qualified person for NI 43-101. This technical report includes relevant information regarding the data, data validation, and assumptions, parameters, and methods of the mineral resource estimates for the Changkeng Gold Project. It is available at www.sedarplus.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. Therefore, 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 specific numbers, including the mineral resources estimates, capital cost, development cost, preproduction cost and operating cost presented in this MD&A, which have been derived from the above-mentioned technical reports.

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

The Company is evaluating the Fuwan and Changkeng projects for further exploration and development or sale.

2.3 Fuwan Silver Project

The Company, through Changfu Minco, has Luoke-Jilinggang Permit on the Fuwan area covering a total area of 21.75 km^2 located in Gaoming County, approximately 45 km southwest of Guangzhou, the fourth largest city in China and the capital city of Guangdong Province.

The Luoke- Jilinggang Permit was renewed in early March 2021 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 is close to well-established water, power, and transportation infrastructure. The Company has a 51% interest in the Changkeng Project through its subsidiary Mingzhong, a joint venture established with three Chinese partners.

The Changkeng exploration permit was renewed and expires on November 21, 2027.

2.5 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, a subsidiary of EMX Royalty Corporation, to potentially acquire all issued and outstanding shares of VMS Exploration AS, a Norwegian corporation. VMS Exploration AS owned the Sagvoll and Sulitjelma properties in Norway, collectively called the “Norway Project.” The Option Agreement established various financial and operational requirements, including setting the option expiry date by the first anniversary of signing the agreement. Furthermore, if exercised, the Company would have been obligated to incur additional expenditures on the Norway Project, issue more shares, and make payments to VIAD as detailed in the agreement.

In July 2023, just before the option closing date, the Company decided not to exercise the Option Agreement. Consequently, the Company opted not to proceed with acquiring the Norway Project. This choice was made after careful consideration of the presence of another promising investment opportunity and the importance of maximizing the utilization of available funds.

Up to December 31, 2023, the Company had accrued $599,056 in exploration and evaluation ("E&E") expenses, which included the initial $60,000 payment made upon signing the Option Agreement. These E&E expenses covered a range of costs, such as exploration rights, geological studies, drilling licenses, sampling, and directly attributable administrative expenses. During the three months ended March 31, 2024, the Company accrued $Nil in E&E expenses (compared to $130,994 in 2023).

2.6 Property investigation and permitting expenses

In 2019, the Company impaired $60 million of capitalized exploration and evaluation costs incurred on the Fuwan Silver Project and Changkeng Gold Project due to the delay and uncertainty in the renewal of exploration permits. Since then, the Company has expensed all permitting, exploration and evaluation costs until further review of the potential of the projects.

During the three months ended March 31, 2024, the Company incurred expenses related to maintaining the exploration permits. The Company remains committed to acquiring advanced, high-quality mineral projects globally. To achieve this objective, the exploration team thoroughly reviewed and evaluated various prospective properties during the first quarter 2024.

During the three months ending March 31, 2024, the Company incurred $194,375 in property investigation and permitting expenses. These expenses include salaries, consulting fees, legal fees, travel expenses, licensing costs, and other related expenses. (2023 - $196,902).

3. Results of Operations

3.1 Operating Result Comparison for the Three Months Ended March 31, 2024, and 2023

The company maintains offices in Zhaoqin City, Guangdong Province, Beijing, China, and Vancouver, Canada. Its operating expenses include E&E expenditures, the overhead expenses associated with administering, and property investigation and permitting fees.

Three months ended March 31,	2024	2023	Change
	$	$	$
E&E expenditures	-	(130,994)	130,994
Administrative expenses	(545,296)	(563,708)	18,412
Other income (expenses)	(2,459,899)	976,669	(3,436,568)
Share of gain (loss) from equity investment	289,853	(6,789)	296,642
Net income (loss)	(2,715,342)	275,178	(2,990,520)

The net loss increased by $3.0 million for the three months ending March 31, 2024, compared to the same period in 2023. This increase was primarily due to an unrealized loss of $2.8 million related to the investment in China.

E&E expenditures

The E&E expenditures pertain to expenses associated with the Sagvoll and Sulijelma Projects under the option agreement signed in the third quarter of 2022. The Company terminated the option agreement in early July 2023. Consequently, no expenditures were incurred during the three months ending March 31, 2024. In the corresponding period in 2023, the Company incurred $131,000 in expenditures related to license renewal fees.

Share of gain (loss) from equity investment

The Company owns 12.7% of the issued and outstanding common shares of Hempnova Lifetech Corp. ("Hempnova"). In the first quarter ended March 31, 2024, the Company shared Hempnova's gain of $290,000 (2023 - shared a loss of $7,000).

3.1.1 Administrative Expenses

The table below summarizes the Company's operating expenses for the three months ended March 31, 2024, and 2023:

Three months ended March 31,	ref	2024	2023	Change
		$	$	$
Audit, legal and regulatory		47,436	45,908	1,528
Amortization		76,707	78,992	(2,285)
Directors' fees		17,250	17,250	-
Employee compensation		77,810	77,897	(87)
Interest expenses		14,428	19,188	(4,760)
Office administration expenses		42,995	45,784	(2,789)
Rent	a	11,026	1,423	9,603
Property investigation and permitting expenses		194,375	196,902	(2,527)
Share-based compensation	b	56,679	66,550	(9,871)
Travel and others		6,590	13,814	(7,224)
Total operating expenses		545,296	563,708	(18,412)

During the three months ending March 31, 2024, the Company's operating expenses aligned with those of the same period in 2023.

(a) Rent increased by $10,000 for the three months ending March 31, 2024, compared to the same period in 2023, due to miscellaneous property management fees.

(b) Share-based compensation fluctuates annually depending on the timing and fair value of options vested in each period.

3.1.2 Other Income (Expenses)

Three months ended March 31,	2024	2023	Change
	$	$	$
Credit loss	(27,792)	(64,847)	37,055
Foreign exchange gain (loss)	77,507	(15,576)	93,083
Gain on disposal of financial assets at fair value through profit or loss	16,856	119,308	(102,452)
Unrealized gain (loss) on investment in financial assets at fair value through profit or loss	(2,865,707)	591,410	(3,457,117)
Interest and dividend income	339,237	346,374	(7,137)
Total	(2,459,899)	976,669	(3,436,568)

Credit losses

In April 2021, Minco China engaged Beijing Anheli Law Firm ("Anheli") under a legal service agreement (the "Anheli Service Agreement") to assist with legal action to recover the outstanding principal and accrued interest on a Note. The agreement stipulates that the Company must pay a success fee of 10% of the total principal and interests recovered by the legal action.

During the three months ending March 31, 2024, the Company accrued an additional legal fee payable to Anheli and an increase in interest receivable from Longxin. As of March 31, 2024, the legal fees payable to Anheli were $839,000 (December 31, 2023 - $806,000).

Foreign exchange gain (loss)

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

- The effect of the exchange rate change between the US dollar and the 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. The Canadian dollar is the functional currency of these entities.
- The exchange rate change between the US dollar and RMB affects 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 ending March 31, 2024, the US dollar appreciated against the Canadian dollar by approximately 2.39% (compared to a depreciation of 0.08% in the same period of 2023) and against the RMB by about 1.8% (compared to a depreciation of 0.5% in 2023). Consequently, the net foreign exchange gain for the three months ending March 31, 2024, was $78,000, in contrast to a loss of $16,000 during the same period in the previous year.

Gain and unrealized gain (loss) on disposal of and net fair value change on financial assets at fair value through profit or loss

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

During the three months ending March 31, 2024, the Company purchased $215,000 common shares (2023 - $968,000), disposed of $301,000 common shares (2023 - $779,000), recorded an unrealized loss of $70,000 (2023 – unrealized loss of $215,000), and recognized a gain of $17,000 (2023 - $119,000). As of March 31, 2023, the fair value of the investment was $1,398,000.

The Company also invested in common shares through a partnership in China.

As of March 31, 2024, the fair value of the investment amounted to $21,806,000 (RMB 116,297,000), which was net of the payable to the general partner. This represents an increase compared to the fair value of $24,442,000 (RMB 131,199,000) as of December 31, 2023. Consequently, during the three months ending March 31, 2024, the Company recorded an unrealized loss of $2,796,000 (RMB 14,902,000) (March 31, 2023 – an unrealized gain of $556,000 (RMB 2,813,000)).

Interest and dividend income

The Company's interest and dividend income primarily consisted of the interest accrued on Longxin's loan and the term deposit. During the three months ending March 31, 2024, the interest and dividend income remained consistent with the same period in 2023.

4. Summary of Quarterly Results

	Income (loss) attributable to shareholders	Earnings (loss) per share Basic	Diluted
	$	$	$
03-31-2024*	(2,704,293)	(0.04)	(0.04)
12-31-2023*	3,272,089	0.05	0.05
09-30-2023*	(1,489,357)	(0.02)	(0.02)
06-30-2023*	(6,082,399)	(0.10)	(0.10)
03-31-2023	280,838	0.00	0.00
12-31-2022*	4,636,367	0.08	0.08
09-30-2022	(523,259)	(0.01)	(0.01)
06-30-2022*	(1,234,756)	(0.02)	(0.02)

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

*The net loss of $1.2 million for the quarter ending June 30, 2022, was largely attributed to an unrealized loss of $0.9 million from investments in financial assets at fair value through profit or loss.

*The quarter-ending December 31, 2022, net income of $4.6 million was primarily driven by an unrealized gain of $5.9 million on financial assets at fair value through profit or loss.

*The net loss of $6.1 million for the quarter ending June 30, 2023, was primarily due to an unrealized loss of $4.9 million on financial assets at fair value through profit or loss.

*The net loss of $1.5 million for the quarter ending September 30, 2023, was mainly attributed to an unrealized loss of $1.3 million on financial assets at fair value through profit or loss.

*The net income of $3.2 million for the quarter ending December 31, 2023, was mainly attributed to an unrealized gain of $2.6 million on financial assets at fair value through profit or low. Other differences were due to the tax recovery.

*The net loss of $2.7 million for the quarter ending March 31, 2024, was mainly due to an unrealized loss of $2.7 million on financial assets at fair value through profit or loss.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Three months ended March 31, 2024	2023
	$	$
Operating activities, cash outflow	(489,000)	(325,000)
Financing activities, cash outflow	(70,000)	(69,000)
Investing activities, cash inflow	113,000	187,000

operating activities

During the three months ending March 31, 2024, and 2023, the Company did not generate any revenue from its operations. In 2024, Cash used in operating activities primarily consisted of $397,000 used in operations (2023 - $569,000) and $92,000 of cash used in working capital (2023—cash generated from working capital $244,000).

Financing activities

During the three months ending March 31, 2024, the Company made a lease payment of $70,000 (2023 - $69,000).

Investing activities

During the three months ending March 31, 2024, the Company received $Nil from the Note (2023 - $174,000). The Company disposed of $215,000 (2023 - $968,000) and purchased $301,000 of financial assets (2023 - $779,000). The Company also received $33,000 of the interest and dividend income (2023 - $202,000).

5.2 Capital Resources and Liquidity Risk

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

	March 31, 2024	December 31, 2023
	$	$
Working capital	39,684,843	42,36,087
Cash and cash equivalents	7,429,371	7,755,942
Short-term investment	1,897,000	1,851,640
Financial assets at fair value through profit or loss	23,203,835	23,557,494

The Company has not generated any revenue to date. Currently, it relies on its available cash to fulfill its working capital needs, which support activities such as exploration, development, permitting, and administrative functions.

The Company is confident that its working capital is adequate to meet its current operational and developmental commitments for the upcoming 12 months. It is not subject to any external constraints regarding the utilization of its available resources.

The Company holds significant cash, cash equivalents, and investments in China. For funds denominated in RMB held in China, remitting funds from jurisdictions outside China is subject to government regulations governing foreign currency controls. Such remittances necessitate approval from the relevant government authorities, designated banks in China, or both.

While most of the Company’s operating subsidiaries in China have incurred losses, it’s important to note that if these Chinese subsidiaries turn profitable and possess surplus cash for remittance to the parent company outside China, the repatriation of profits from China will be subject to certain restrictions. To repatriate profits from China, the Company must adhere to Chinese regulations on repatriation. 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 demonstrating compliance with Chinese tax laws; and (iv) a foreign exchange registration certificate. Minco China will comply with these requirements as necessary.

In 2020, the Company initiated the process of reducing the registered capital of Minco China from US $60 million to US $40 million, representing a reduction of US $20 million. After a comprehensive and time-consuming process, this application received approval from various Chinese government agencies. The Company intends to transfer the funds once sufficient RMB term deposits mature and the outstanding Note principal repayment is received, enabling it to finance potential property acquisitions 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 months ended March 31, 2024, and 2023, the following compensation and benefits were paid to or accrued for the key management.

	Three months ended March 31, 2024	2023
	$	$
Senior management remuneration and benefit	139,263	140,361
Directors' fees	17,250	17,250
Share-based compensation	47,394	110,464
	203,907	268,075

(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 with the property owner, the Company's CEO, to use an office in Beijing, China. The agreement is effective April 1, 2019, and expires August 31, 2026. The monthly rent is $16,885 (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, 2024, the Company paid or accrued $19,303 (2023 – $16,520) in respect of rent and $47,959 (2023 – $49,158) in shared head office expenses and administration costs to Minco Capital.

(d) Due from (due to) related parties

	March 31, 2024	December 31, 2023
Due to:	$	$
Companies owned by the CEO	147,141	99,176
Total	147,141	99,176
Due from:		
Hempnova - reimbursement of shared expenses	-	20,120
Minco Capital - reimbursement of shared expenses	134	150
MBM – reimbursement of shared expenses	22,883	22,737
Total	23,017	43,007

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

(e) Trust arrangement with MBM

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, 2024, the amount held by Minco Yinyuan in trust for Minco China was $150,881 (December 31, 2023 - $149,914).

(f) Investment in Hempnova

The Company significantly influences Hempnova as the Company and Hempnova have certain directors and management in common; in addition, certain directors and management also, directly and indirectly, own Hempnova common shares.

8. Critical Accounting Estimates and Judgments

Refer to note 3 of the audited annual consolidated financial statements for the year ended December 31, 2023.

9. Material 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 expenses. Actual charges incurred by the Company may differ from these values.

Note 3 of the audited annual consolidated financial statements for the year ended December 31, 2023, sets out the company's material accounting policies, applied judgements, and estimates.

10. Financial Instruments expenses

The Company measured its investments in common shares from the open market at their fair value at inception and each subsequent reporting period. Due to their short-term nature, the fair values of financial instruments not measured at fair value approximate their carrying value.

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 (unobservable inputs).

Financial instruments not measured at fair value on the balance sheet are represented by cash and cash equivalent, short-term investments, receivables, notes receivable, due to and from related parties, accounts 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:

	March 31, 2024	December 31, 2023
	$	$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	23,203,835	25,965,950
Amortized cost of financial assets		
Cash and cash equivalents	7,429,371	7,755,942
Short-term investments	1,897,000	1,851,640
Note receivable	7,135,066	7,089,340
Deposit	66,023	65,684
Receivables	1,379,065	1,065,316
Due from related parties	23,017	43,007

Amortized cost financial liabilities	March 31, 2024	December 31, 2023
	$	$
Due to related parties	147,141	99,176
Accounts payable and accrued liabilities	143,447	234,543
Credit losses payable	838,953	805,979
Due to minority shareholders of a subsidiary	332,890	330,756
Lease obligations, current	230,069	224,164
Lease obligations, non-current	477,284	535,566

Financial risk factors

The Company’s activities expose it to various financial risks: market risk (including price risk, currency risk, and interest rate risk), credit risk, and liquidity risk. Management identifies and evaluates these risks.

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.

Foreign exchange risk

The Company’s functional currency 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 the Company and its Chinese subsidiaries. Therefore, the Company’s net earnings are impacted by fluctuations in the valuation of the US dollar compared 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$2.64 million monetary assets as of March 31, 2024. This sensitivity analysis shows that a change of +/- 10% in the US$ foreign exchange rate would have a net loss of -/+ US$0.26 million.

Interest rate risk

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

The Company does not hold cash and cash equivalents, short-term investments, or note receivables at variable rates, so it 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 become due. The Company has a planning and budgeting process to help determine the funds required to support its standard operating requirements and exploration and development plans. The Company's board approves the annual budget of directors. As of March 31, 2024, the Company had positive working capital of approximately $39.7 million. 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, 2023, which is available on SEDAR at www.sedarplus.ca

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 preparing 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. Based on its evaluation, it has concluded 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 time. 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 evaluated the effectiveness of the Company's ICFR as of March 31, 2024. Based on the evaluation, they concluded that the Company's internal control over financial reporting is effective as of March 31, 2024.

The Board of Directors approves the financial statements and MD&A and ensures 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 before 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 have materially affected or are reasonably likely to affect ICFR. No material changes were made to internal controls in the three months ended March 31, 2024.

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, the 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 specific 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 Company's actual results, performances or achievements to materially differ 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 company's environment, including the price of silver and gold, anticipated costs and the 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 operations and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation and the evolution 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, other factors may cause events or results not to 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, effects 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 Factor 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, but not limited to:

- The collection of the note and accrued interest.
- The continued availability of equity and debt financing to fund the Fuwan Silver and Changkeng Projects-related exploration and development activities
- The continued ability of the Company to attract and retain key management personnel.
- The ability of the Company to evaluate precious metals projects outside China for potential acquisition.
- The ability of the Company to renew the exploration and mining area permits before their expiry.
- The ability of the Company to pursue an alternative strategy in finding a large mining group as a business partner in China or outside China.
- The Company can withdraw sufficient money from China when needed (e.g., to finance the acquisition of new mineral properties in areas other than China).

Although the Company has attempted to identify important factors that could cause actual results to differ materially, other factors may cause results not to be as anticipated, estimated, or intended. Statements containing forward-looking information cannot be guaranteed accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not rely on messages containing forward-looking information.

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