

# **Minco Silver Corporation**

Condensed Consolidated Interim Financial Statements

**For the three and six months ended June 30, 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

August 11, 2023

# Index

	<b>Page</b>
<b>Condensed Consolidated Interim Financial Statements</b>	<b>4 - 8</b>
<hr/>	
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Operations and Net Loss	5
Condensed Consolidated Interim Statements of Comprehensive Loss	6
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	7
Condensed Consolidated Interim Statements of Cash Flows	8
<b>Notes to the Condensed Consolidated Interim Financial Statements</b>	<b>9 - 27</b>
<hr/>	
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	13
7 Receivable	14
8 Mineral interests	15
9 Investment accounted for using the equity method	16
10 Property, plant and equipment	18
11 Leases	18
12 Non-controlling interest	20
13 Share capital	21
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)

	June 30, 2023	December 31, 2022
<b>Assets</b>	\$	\$
<b>Current assets</b>		
Cash and cash equivalents (note 3)	7,973,733	7,533,518
Short-term investments (note 4)	2,515,600	3,994,617
Note receivable (note 6)	6,944,821	7,643,126
Financial assets at fair value through profit or loss (note 5)	24,411,617	30,959,898
Receivables (note 7)	463,338	143,283
Due from related parties (note 14)	41,983	168,055
Prepaid expenses and advances	238,781	348,038
	42,589,873	50,790,535
<b>Deposits</b>	66,438	70,468
<b>Investment accounted for using the equity method</b> (note 9)	292,797	348,093
<b>Right-of-use assets</b> (note 11)	760,636	909,365
<b>Property, plant and equipment</b> (note 10)	311,628	367,029
<b>Total assets</b>	44,021,372	52,485,490
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	149,932	210,477
Credit losses payable	754,446	792,546
Current tax liabilities	602,063	602,063
Due to minority shareholders (note 14)	324,014	348,514
Due to related parties (note 14)	324,628	1,909
Lease obligation, current (note 11)	210,539	213,857
	2,365,622	2,169,366
Deferred tax liabilities	1,360,763	1,360,763
Lease obligation, non-current (note 11)	639,214	780,567
	4,365,599	4,310,696
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital (note 13)	107,812,327	107,812,327
Contributed surplus	28,169,044	28,021,216
Accumulated other comprehensive income	860,446	3,715,136
Deficit	(95,868,103)	(90,066,542)
	40,973,714	49,482,137
<b>Non-controlling interest</b> (note 12)	(1,317,941)	(1,307,343)
<b>Total liabilities and equity</b>	44,021,372	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 Loss

### For the three and six months ended June 30, 2023 and 2022

(Unaudited, expressed in Canadian dollars unless otherwise stated)

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Exploration and evaluation expenditures</b> (note 8)	4,681	-	135,675	-
<b>Administrative expenses</b>				
Audit, legal and regulatory	38,648	65,885	84,556	130,044
Amortization	75,568	76,104	154,560	156,400
Consulting	18,000	22,500	18,000	45,000
Directors' fees	21,750	21,750	39,000	39,000
Interest expense (note 11)	17,743	16,085	36,931	33,738
Office administration expenses	57,040	59,819	102,824	103,830
Property investigation and permitting expenses (note 8)	433,269	243,244	630,171	350,425
Rent (note 11)	2,296	2,256	3,719	14,305
Salaries and benefits	78,826	94,637	156,723	141,331
Share-based compensation (note 13)	82,280	46,822	148,830	46,822
Travel and others	25,972	11,992	39,786	21,596
<b>Total administrative expenses</b>	<b>851,392</b>	<b>661,094</b>	<b>1,415,100</b>	<b>1,082,491</b>
<b>Operating loss</b>	<b>(856,073)</b>	<b>(661,094)</b>	<b>(1,550,775)</b>	<b>(1,082,491)</b>
<b>Finance and other income (expenses)</b>				
Credit losses (note 6)	7,231	(170,688)	(57,616)	(170,688)
Foreign exchange gain (loss)	(72,268)	181,935	(87,844)	113,984
Gain (loss) on disposal of financial assets at fair value through profit or loss (note 5)	(13,924)	769	105,384	570,308
Interest and dividend income	376,121	604,283	722,495	1,073,668
Unrealized loss on investment in financial assets at fair value through profit or loss (note 5)	(5,503,639)	(922,856)	(4,912,229)	(1,107,742)
<b>Loss before share of loss from equity investment</b>	<b>(6,062,552)</b>	<b>(967,651)</b>	<b>(5,780,585)</b>	<b>(602,961)</b>
Share of loss from equity investment (note 9)	(28,367)	(274,287)	(35,156)	(382,636)
<b>Net loss for the period</b>	<b>(6,090,919)</b>	<b>(1,241,938)</b>	<b>(5,815,741)</b>	<b>(985,597)</b>
<b>Net loss attributable to:</b>				
Shareholders of the Company	(6,082,399)	(1,234,756)	(5,801,561)	(972,652)
Non-controlling interest	(8,520)	(7,182)	(14,180)	(12,945)
<b>Net loss for the period</b>	<b>(6,090,919)</b>	<b>(1,241,938)</b>	<b>(5,815,741)</b>	<b>(985,597)</b>
<b>Loss per share - basic and diluted</b>	<b>(0.10)</b>	<b>(0.02)</b>	<b>(0.10)</b>	<b>(0.02)</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>61,025,083</b>	<b>61,025,083</b>	<b>61,025,083</b>	<b>61,025,083</b>

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

# Minco Silver Corporation

## Condensed Consolidated Interim Statements of Comprehensive Loss

### For the three and six months ended June 30, 2023 and 2022

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
<b>Net loss for the period</b>	(6,090,919)	(1,241,938)	(5,815,741)	(985,597)
<b>Other comprehensive income (loss)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences in translation from functional to presentation currency	(2,988,302)	(903,790)	(19,138)	(1,266,734)
Share of comprehensive income (loss) from equity investment (note 9)	(17,916)	35,169	(2,831,970)	(83,576)
<b>Comprehensive loss for the period</b>	<b>(9,097,137)</b>	<b>(2,110,559)</b>	<b>(8,666,849)</b>	<b>(2,335,907)</b>
Shareholders of the Company	(9,092,317)	(2,105,385)	(8,656,251)	(2,324,606)
Non-controlling interest	(4,820)	(5,174)	(10,598)	(11,301)
	(9,097,137)	(2,110,559)	(8,666,849)	(2,335,907)

*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 six months ended June 30, 2023

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

<b>Changes in Shareholders' Equity</b>								
	Number of Shares	Share capital	Contributed surplus	Accumulated other comprehen- sive income	Deficit	Subtotal	Non-controlling interest	Total equity
	#	\$	\$	\$	\$	\$	\$	\$
<b>Balance - January 1, 2022</b>	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 loss for the period	-	-	-	-	(972,652)	(972,652)	(12,945)	(985,597)
Other comprehensive income (loss)	-	-	-	(1,351,954)	-	(1,351,954)	1,644	(1,350,310)
Share of reserve changes from equity investment (note 9)	-	-	2,347	-	-	2,347	-	2,347
Share-based compensation	-	-	46,822	-	-	46,822	-	46,822
<b>Balance – June 30, 2022</b>	61,025,083	107,812,327	27,775,990	2,780,744	(94,179,650)	44,189,411	(1,293,668)	42,895,743
<b>Balance - January 1, 2023</b>	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 loss for the period	-	-	-	-	(5,801,561)	(5,801,561)	(14,180)	(5,815,741)
Other comprehensive income (loss)	-	-	-	(2,854,690)	-	(2,854,690)	3,582	(2,851,108)
Share of reserve changes from equity investment (note 9)	-	-	(1,002)	-	-	(1,002)	-	(1,002)
Share-based compensation	-	-	148,830	-	-	148,830	-	148,830
<b>Balance – June 30, 2023</b>	61,025,083	107,812,327	28,169,044	860,446	(95,868,103)	40,973,714	(1,317,941)	39,655,773

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

# Minco Silver Corporation

## Condensed Consolidated Interim Statements of Cash Flows

### For the six months ended June 30, 2023 and 2022

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

	2023	2022
	\$	\$
<b>Operating activities</b>		
Net loss for the period	(5,815,741)	(985,597)
Adjustments for:		
Amortization	154,560	156,400
Foreign exchange loss (gain)	87,844	(113,984)
Interest and dividend income	(722,495)	(1,071,913)
Credit losses	57,616	170,688
Interest expense	36,931	33,738
Gain on disposal of investments in financial assets at fair value through profit or loss	(105,384)	(570,308)
Unrealized loss on investments in financial assets at fair value through profit or loss	4,912,229	1,107,742
Share-based compensation	148,830	46,822
Share of loss of equity investment	35,156	382,636
Changes in items of working capital:		
Accounts payable and accrued liabilities	(91,576)	23,747
Due to/from related parties	445,616	86,392
Prepaid expenses and deposits	96,180	(5,705)
Receivables	227,249	123,487
<b>Net cash used in operating activities</b>	<b>(532,985)</b>	<b>(615,855)</b>
<b>Financing activities</b>		
Repayment of lease obligations	(138,981)	(137,604)
<b>Net cash used in financing activities</b>	<b>(138,981)</b>	<b>(137,604)</b>
<b>Investing activities</b>		
Received a promissory note	171,517	-
Acquisition of investments in financial assets at fair value through profit or loss	(1,435,928)	(7,373,490)
Proceeds from disposal of financial assets at fair value through profit or loss	1,388,142	8,779,186
Proceeds from disposal of property and equipment	3,060	3,201
Purchase of property and equipment	(15,371)	-
Interest and dividend income received	146,232	120,225
Purchase of short-term investments	(541,320)	(1,288,600)
Redemption of short-term investments	1,944,277	4,904,076
<b>Net cash generated from investing activities</b>	<b>1,660,609</b>	<b>5,144,598</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>(548,428)</b>	<b>(56,100)</b>
<b>Increase in cash and cash equivalents</b>	<b>440,215</b>	<b>4,335,039</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>7,533,518</b>	<b>5,020,671</b>
<b>Cash and cash equivalents - End of period</b>	<b>7,973,733</b>	<b>9,355,710</b>

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 and six months ended June 30, 2023 and 2022

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

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#### 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 June 30, 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 August 11, 2023.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 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 June 30, 2023	As of December 31, 2022
	\$	\$
Cash	4,323,698	3,411,183
Cash equivalents	3,650,035	4,122,335
	7,973,733	7,533,518

As of June 30, 2023, cash and cash equivalents of \$7,386,730 (or RMB 40,474,846) (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 June 30, 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	1,324,000	June 15, 2024	5.9%
Term deposit	USD	529,600	April 4, 2024	5.2%
Term deposit	USD	662,000	July 7, 2022	3.65%
		2,515,600		

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%
		3,994,617		

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 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 June 30, 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 six months ended June 30, 2023, is as follows:

	December 31, 2022	Additions	Proceeds from dispositions	Realized Gains	Unrealized gains	Foreign exchange	June 30, 2023
	\$	\$	\$	\$	\$	\$	\$
Investment in common shares and warrants (i)	1,586,831	1,435,928	(1,388,142)	105,384	(71,648)	(21,222)	1,647,131
Investment in common shares through a partnership (iii)	29,373,067	-	-	-	(4,840,581)	(1,768,000)	22,764,486
<b>Total</b>	<b>30,959,898</b>	<b>1,435,928</b>	<b>(1,388,142)</b>	<b>105,384</b>	<b>(4,912,229)</b>	<b>(1,789,222)</b>	<b>24,411,617</b>

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
<b>Total</b>	<b>23,132,528</b>	<b>24,169,326</b>	<b>(21,313,146)</b>	<b>1,126,016</b>	<b>4,304,496</b>	<b>(459,322)</b>	<b>30,959,898</b>

##### (i) Common shares and warrants

The Company utilized its surplus cash to make targeted equity investments 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 strategy does not deviate from the Company's core business focus, which remains centered on the exploration and development of mineral properties.

Below is a table summarizing the investment activities related to common shares and warrants in Canada for the three- and six-month periods ending on June 30, 2023, and June 30, 2022:

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Proceeds from disposals	608,791	55,159	1,388,142	1,070,567
Cost of disposals	(622,715)	(52,116)	(1,282,758)	(636,428)
Realized gains (loss)	(13,924)	3,043	105,384	434,139
Unrealized loss	(107,008)	(937,749)	(71,648)	(1,152,533)
Total gain (loss)	(120,932)	(934,706)	33,736	(718,394)

#### (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 six months ended June 30, 2023, the Company did not purchase any WMPs. As a result, the fair market value of WMPs was \$Nil (December 31, 2022 - \$Nil).

During the six months ended June 30, 2022, the net redemption of WMPs amounted to \$646,749. As a result of these redemptions, the Company recognized a gain of \$136,169. Additionally, the WMPs held by the Company also experienced an unrealized gain of \$44,791 during the same period.

#### (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 China's largest cement manufacturing companies. 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.

During the three months ended June 30, 2023, the Company recognized an unrealized loss of \$5,396,631 (RMB 27,709,390), reflecting the ongoing volatility in the investment's fair value. Furthermore, the Company incurred a foreign exchange loss of \$1,870,820 during the same three-month period.

As of June 30, 2023, the fair value of the investment was \$22,764,486 (RMB 124,735,723 after deducting the payable to the general partner (December 31, 2022 - \$29,373,067 (RMB 149,632,281))). Consequently, during the six months ended June 30, 2023, the Company recognized an unrealized loss of \$4,840,581 (RMB 24,896,558) (June 30, 2022 - \$Nil). Apart from the unrealized loss, the Company also incurred a foreign exchange loss of \$1,768,000 during the same six-month period.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

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#### 6. Note receivable

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

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

The Note was due and payable 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 maturity date of the Note was extended to September 30, 2019, with an increased interest rate of 12% per annum. Subsequently, the Note’s maturity was further extended from September 30, 2019, to December 31, 2019, with no change in the interest rate, which remained at 12% per annum.

On November 21, 2020, a supplemental agreement was executed, further extending the maturity of the Note to June 30, 2021, while maintaining the interest rate at 12% per annum. According to the term of this supplemental agreement, if the outstanding principal and interests were not received by June 30, 2021, the Company would have the following right to (i) Any amounts applied to principal repayment in the year 2020 would be treated as interest payments; (ii) The Company would have the authority to charge the interest at 24% per annum, starting from January 1, 2020, until the full repayment of both the principal and accrued interest. (iii) The Company could revise the calculation of accrued interest and principal payment as it deems appropriate.

Since December 11, 2020, the Company has not received any payments from Longxin. In April 2021, Minco China engaged in a legal service agreement (the “Anheli Service Agreement”) with Beijing Anheli Law Firm (“Anheli”) to initiate legal action and recover the outstanding Note principal and accrued interest.

Subsequently, on May 11, 2021, the Company filed a lawsuit with the court seeking to recover \$11,663,672 (RMB 55,424,433) of the outstanding Note principal, in addition to \$625,998 (RMB 3,253,625) representing the interest accrued until April 1, 2021. The interest was calculated at an annual rate of 24% for the period from January 1, 2020, to August 19, 2020, and an interest rate of 15.4% per annum thereafter.

On November 12, 2021, the Company received the court’s verdict on the lawsuit, in which Longxin and other related defendants were instructed to pay the claimed amounts to the Company, including the legal and court fees. Due to the borrowers’ failure to pay the outstanding amounts, the Company exercised its right to seize specific collateral, which included real estate and cash. The Company retains its entitlement to the remaining collateral.

Following the court verdict, the borrowers filed an appeal against the decision. The Company responded to the appeal in April 2022, adhering to the legal process and maintaining its position to recover the outstanding debt.

On June 6, 2022, the court issued a final judgment, which upheld the original decision.

Subsequently, On June 17, 2022, the Company formally submitted the enforcement request to the court. After due process, on June 27, 2022, the court officially accepted the proposal and appointed an enforcement judge to oversee the proceedings.

During the same year, in 2022, the Company received a total sum of \$6,555,707 (RMB 33,894,971) from Longxin Mining. This amount comprised \$3,189,141 (RMB 16,488,815) as the principal payment for the Note and \$3,366,566 (RMB 17,405,156) for the payment of accrued interests on the Note.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 6. Note receivable (continued)

Continuing the efforts to recover the remaining outstanding amounts from Longxin, the court issued an auction announcement for the first batch of 88 sealed properties on January 10, 2023. Additionally, the court has directed Longxin to repay the remaining loan balance within a limited timeframe, and Longxin has expressed its commitment to comply promptly. Considering the substantial assessed value of the seized assets, the Company has sought advice from its legal advisor and collaborated with the court to explore alternative means of disposing of seized assets.

During the six-month period ending on June 30, 2023, the Company received a total of \$388,486 (RMB 1,998,103) from Longxin Mining, which included \$171,517 (RMB 882,165) as the principal payment on the Note and \$216,969 (RMB 1,115,938) as the payment of accrued interest on the Note.

As of June 30, 2023, the amount of the outstanding Note principal amounted to \$6,944,821 (RMB 38,053,450) (December 31, 2022: \$7,643,126 (RMB 38,935,615)), and the accrued interest included in the Company's receivable stood at \$404,034 (RMB 2,213,865) (December 31, 2022: \$71,930 (RMB 366,427)).

Below is a summary of the note receivable for the six months ended June 30, 2023, and the year ended December 31, 2022:

	Note principal	Interest receivable	Total
	\$	\$	\$
<b>Balance – January 1, 2022</b>	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% <sup>(i)</sup>	-	1,547,084	1,547,084
Foreign exchange loss	(224,976)	(58,451)	(283,427)
<b>At December 31, 2022</b>	7,643,126	71,930	7,715,056
Principal and interest payment, held in the court	(171,517)	(216,969)	(388,486)
Accrued interest – 15.4% <sup>(i)</sup>	-	576,162	576,162
Foreign exchange loss	(526,788)	(27,089)	(553,877)
<b>At June 30, 2023</b>	6,944,821	404,034	7,348,855

(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 is obligated to pay a 10% success fee on the total principal and interest recovered by the Company from this legal action. During the six months ended June 30, 2023, the Company fulfilled its obligation by paying a success fee of \$38,849 (RMB 199,810) to Anheli. As of June 30, 2023, the Company recorded a success fee payable of \$754,446 (RMB 4,133,914) to Anheli (December 31, 2022 - \$792,546 (RMB 4,037,387)).

#### 7. Receivable

	June 30, 2023	December 31, 2022
	\$	\$
Interest receivable <sup>(i)</sup>	437,725	108,698
GST receivable	1,946	763
Other receivable	23,667	33,822
	463,338	143,283

(i). Included in the interest receivable, \$404,034 was from note receivable (December 31, 2022 - \$ 71,930), and \$33,691 was from term deposit (December 31, 2022 - \$ 36,768).

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

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#### 8. Mineral interests

In the past, the Company encountered delays in the renewal of exploration permits for both the Fuwan Silver Project and Changkeng Gold Project. Consequently, in 2019, the Company recorded an impairment of \$60,246,258 related to exploration and evaluation costs incurred for 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.

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 six months ended June 30, 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, a subsidiary of EMX Royalty Corporation, to acquire all issued and outstanding shares of VMS Exploration AS, a Norwegian corporation, which owns the Sagvoll and Sulitjelma properties in Norway ("Norway project").

The Company incurred the following expenditures under the Option Agreement:

1. \$60,000: Paid upon signing the Option Agreement.
2. \$200,000: Incurred as minimum exploration expenditures by the first anniversary of the Effective Date.
3. Exploration and evaluation ("E&E") expenditures: These expenses included costs for exploration rights, geological studies, drilling licenses, sampling, and directly attributable administrative costs. During the three and six months ended June 30, 2023, the Company incurred \$4,681 (2022 - \$Nil) and \$135,675 (2022 - \$Nil) E&E expenditures, respectively. The cumulative expenditure for the Norway project was \$604,602 as of June 30, 2023.

In July 2023, prior to the option closing date, the Company decided not to exercise the Option Agreement. Consequently, the Company opted not to proceed with the acquisition of the Norway project. This decision was carefully made, taking into account the presence of another promising investment opportunity and the importance of maximizing the utilization of available funds.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 8. Mineral interests (continued)

##### Field expenses and property investigation

During the six months ended June 30, 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 period of 2023.

During the three and six months ended June 30, 2023, the Company incurred a total of \$433,269 (2022 - \$243,244) and \$630,171 (2022 - \$350,425) in property investigation and permitting expenses, respectively. These expenses include salaries, consulting fees, legal fees, travel expenses, licensing costs, and other related expenses.

#### 9. Investment accounted for using the equity method

In May 2020, the Company made 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 private placement was concluded.

Hempnova is actively involved in providing industrial hemp-related services and products. It was incorporated in British Columbia, with its primary business conducted through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp., which operates in the USA.

Although the Company's shareholding in Hempnova is below the 20% threshold, management has determined that the Company possesses significant influence over Hempnova. This influence stems from the Company's ability to impact decision-making, as both companies share certain directors and management, with some of them owning Hempnova common shares as well. Due to this significant influence, the Company accounts for its investment in Hempnova 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. In 2021, the Company identified impairment indicators and impaired \$1,436,514 of the equity investment in Hempnova.

As of June 30, 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	(35,156)
Share of Hempnova changes in reserve and the equity portion of convertible debenture	(1,002)
Share of other comprehensive loss of Hempnova	(19,138)
Carrying value, at June 30, 2023	292,797



# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 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:

	June 30, 2023	December 31, 2022
	\$	\$
Cash	1,566,228	1,314,070
Other current assets	931,823	1,864,446
Non-current assets	4,604,791	5,128,824
Current liabilities	(2,527,799)	(2,787,508)
Non-current liabilities	(3,577,967)	(4,087,338)
Shareholders' equity	997,076	1,432,494
Minco Silver's share in percentage	12.7%	12.70%
Minco Silver's share of net assets of Hempnova	126,631	181,927

Reconciliation to carrying amounts:	June 30, 2023	December 31, 2022
	\$	\$
Minco Silver's share of net assets of Hempnova	126,631	181,927
Goodwill	166,166	166,166
Carrying value of investment in Hempnova	292,797	348,093

A summary of Hempnova's income statement for the six months ended June 30, 2023, and 2022, is as follows:

	June 30, 2023		June 30, 2022	
	Hempnova	Minco Silver share	Hempnova	Minco Silver share
	\$	\$	\$	\$
Revenue	1,791,681	227,543	767,566	97,481
Net loss	(223,365)	(28,367)	(855,776)	(108,684)
Share of reserve from equity investment	(14,783)	(1,876)	14,446	1,835
Other comprehensive loss	(141,071)	(17,916)	(135,218)	(17,173)
Comprehensive loss	(379,219)	(48,159)	(976,548)	(124,022)

During the six months ended June 30, 2023, management assessed that no impairment charge was required.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 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
Addition	15,371	-	-	15,371
Disposition	-	(3,060)	-	(3,060)
Depreciation	(43,813)	-	(115)	(43,928)
Exchange differences	(19,185)	(2,558)	(2,041)	(23,784)
Balance, at June 30, 2023	250,448	33,448	27,732	311,628

	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	29,888	367,029
At June 30, 2023				
Cost	823,175	663,970	461,666	1,948,811
Accumulated depreciation	(572,727)	(630,522)	(433,934)	(1,637,183)
Net book value	250,448	33,448	27,732	311,628

#### 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 ended 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 and six months ended June 30, 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 June 30, 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	(27,660)	(82,972)	(110,632)
Foreign exchange	-	(38,097)	(38,097)
Right-of-use assets, June 30, 2023	267,385	493,251	760,636

##### (b) Lease obligation

The continuity of the lease obligation as of June 30, 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	12,165	24,766	36,931
Lease payments	(33,990)	(104,991)	(138,981)
Foreign exchange	-	(42,621)	(42,621)
Lease obligation, June 30, 2023	296,326	553,427	849,753
Lease obligation, current	50,618	159,921	210,539
Lease obligation, non-current	245,708	393,506	639,214

The maturity analysis of the Company's contractual undiscounted lease liabilities as of June 30, 2023, is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Less than one year	71,927	197,102	269,029
One to two years	72,916	197,102	270,018
Two to three years	73,906	197,102	271,008
Three to four years	74,896	32,850	107,746
Five and beyond five years	62,353	-	62,353
	355,998	624,156	980,154

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 11. Leases (continued)

##### (c) Amounts recognized in Statement of Loss

For the three months ended June 30, 2023	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	5,974	11,769	17,743
Rent expenses related to short-term and low-value	-	2,296	2,296
Amortization	11,642	29,596	41,238
For the three months ended June 30, 2022	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	1,129	14,956	16,085
Rent expenses related to short-term and low-value	-	2,256	2,256
Amortization	14,274	41,157	55,431
For the six months ended June 30, 2023	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	12,165	24,766	36,931
Rent expenses related to short-term and low-value	664	3,055	3,719
Amortization	27,660	82,971	110,631
For the six months ended June 30, 2022	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	2,548	31,190	33,738
Rent expenses related to short-term and low-value	315	13,990	14,305
Amortization	28,547	83,712	112,259

#### 12. Non-controlling interest (“NCI”)

Below is a summary of the financial information of Mingzhong:

##### Summary of financial positions:

	June 30, 2023	December 31, 2022
<b>NCI percentage</b>	49%	49%
	\$	\$
Current assets	69,806	61,632
Current liabilities	(974,293)	(1,005,293)
Net current liabilities	(904,487)	(943,661)
Non-current asset	6,328	6,807
Net liabilities	(898,159)	(936,854)
<b>Accumulated NCI</b>	<b>(1,317,941)</b>	<b>(1,307,343)</b>

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 12. Non-controlling interest (“NCI”) (continued)

##### Summary of income statements:

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net loss	17,388	14,657	28,938	26,418
<b>Loss allocated to NCI (49%)</b>	<b>8,520</b>	<b>7,182</b>	<b>14,180</b>	<b>12,945</b>

##### Summary of statements of cash flows:

	Six months ended June 30,	
	2023	2022
	\$	\$
Cash outflows from operating activities	(40,475)	(27,689)

One of Mingzhong’s minority shareholders has a related party relationship with Minco Silver.

In 2017, Mingzhong embarked on an equity financing initiative to raise capital to finance its operations from its minority shareholders. As a result, in 2018, minority shareholders made contributions totaling \$351,968 through their subscriptions. However, the completion of the equity financing is subject to receiving remittance from the remaining minority shareholders. Unfortunately, as of December 31, 2022, the equity financing has not been fully completed due to one of the minority shareholders failing to fulfill its subscription obligation.

During the six months ended June 30, 2023, the Company did not receive any funds from the minority shareholder. As of June 30, 2023, the amount of \$324,014 (December 31, 2022 - \$348,514) remained in Mingzhong’s payable account to minority shareholders.

#### 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.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 13. Share capital (continued)

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 six months ended June 30, 2023, the Company granted 2,930,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of \$0.20 per common share. These options vest over 18 months from the grant date and expire on June 2, 2028.

During the three months ended June 30, 2023, the Company recorded \$82,280 of the stock option component as the share-based compensation (2022 - \$46,822).

During the six months ended June 30, 2023, the Company recorded \$148,830 of the stock option component as the share-based compensation (2022 - \$46,822).

The 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
Granted	2,930,000	0.20
Expired	(1,408,000)	0.69
Forfeited	(90,000)	0.29
Balance, June 30, 2023	8,071,000	0.30

As of June 30, 2023, there was \$328,539 (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
\$	#		\$	#	\$
0.20 – 0.22	2,930,000	4.93	0.20	-	-
0.23 – 0.44	2,860,000	3.91	0.23	1,906,662	0.23
0.57 – 0.60	1,181,000	1.16	0.51	2,281,000	0.51
	8,071,000	3.50	0.30	4,187,662	0.43

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 13. Share capital (continued)

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	3.46%	2.59%
Dividend yield	0%	0%
Volatility	86%	86%
Forfeiture rate	20%	21%
Estimated expected lives	5 years	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 and six months ended June 30, 2023, and 2022, the following compensation and benefits were paid to or accrued for the key management.

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Senior management remuneration and benefit <sup>(i)</sup>	307,619	140,754	542,683	281,531
Directors' fees	21,750	21,750	39,000	39,000
Share-based compensation	73,939	33,556	184,403	33,556
	403,308	196,060	766,086	354,087

(i) including living allowance and medical insurance for the CEO in China. During the six months ended June 30, 2023, the Company paid a bonus of \$264,899 to its senior management.

##### (b) Rental agreement with the CEO

On April 1, 2019, Minco China, a wholly-owned subsidiary of the Company, entered into a lease agreement to utilize an office in Beijing, China. The lessor of the property is the Company's CEO. The lease agreement became effective on April 1, 2019, and it is set to expire on August 31, 2026. The monthly rent for the office space amounts to \$17,498 (RMB 90,000). Additionally, the Company incurred the expenses for lease improvements as part of the agreement.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 14. Related party transactions (continued)

##### (c) Shared office expenses

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

During the three months ended June 30, 2023, the Company paid or accrued \$16,520 (2022 – \$15,688) in respect of rent and \$49,158 (2022 – \$53,253) in shared head office expenses and administration costs to Minco Capital.

During the six months ended June 30, 2023, the Company paid or accrued \$16,520 (2022 – \$31,751) in respect of rent and \$49,158 (2022 – \$134,744) in shared head office expenses and administration costs to Minco Capital.

##### (d) Due from (due to) related parties

	June 30, 2023	December 31, 2022
	\$	\$
Due to:		
Companies owned by the CEO		
CEO	324,628	-
Minco Capital - reimbursement of shared expenses	-	1,909
Total	324,628	1,909
Due from:		
CEO	-	7,287
Hempnova - reimbursement of shared expenses	19,710	136,811
MBM – reimbursement of shared expenses	22,273	23,957
Total	41,983	168,055

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 June 30, 2023, the amount held by Minco Yinyuan in trust for Minco China was \$150,847 (December 31, 2022 - \$158,673).

##### (f) Investment in Hempnova

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



# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

#### 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 June 30, 2023	Canada	China	Total
	\$	\$	\$
Current assets	4,863,537	37,726,336	42,589,873
Non-current assets	560,931	870,568	1,431,499
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:

	June 30, 2023	December 31, 2022
	\$	\$
<b>Financial assets at fair value through profit or loss</b>		
Marketable securities (level 1)	24,411,617	30,959,898
<b>Amortized cost of financial assets</b>		
Cash and cash equivalents	7,973,733	7,533,518
Short-term investments	2,515,600	3,994,617
Note receivable	6,944,821	7,643,126
Deposit	66,438	70,468
Receivables	463,338	143,283
Due from related parties	41,983	168,055
<b>Amortized cost financial liabilities</b>		
	\$	\$
Due to related parties	324,628	1,909
Accounts payable and accrued liabilities	149,932	210,477
Credit losses payable	754,446	792,546
Due to minority shareholders of a subsidiary	324,014	348,514
Lease obligations, current	210,539	213,857
Lease obligations, non-current	639,214	780,567

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and six months ended June 30, 2023 and 2022

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

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#### 16. Financial instruments and fair value measurements (continued)

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.

#### 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\$2.99 million monetary assets as of June 30, 2023. This sensitivity analysis shows that a change of +/- 10% in the US\$ foreign exchange rate would have a +/- US\$0.30 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.

# Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

**For the three and six months ended June 30, 2023 and 2022**

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

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## **16. Financial instruments and fair value measurements (continued)**

### **Liquidity risk**

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. The Company has 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 June 30, 2023, the Company has positive working capital of approximately \$40.2 million. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.