MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2023

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 August 11, 2023, 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 six months ended June 30, 2023. 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, 2022.

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 history and properties of the Company, are available under the Company's profile on SEDAR at www.sedar.com.

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

Refer to Note 3 of the audited consolidated financial statements for the year ended December 31, 2022, for details of the Company's significant accounting policies.

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

As of June 30, 2023, 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 8,071,000 stock options outstanding.

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1. Highlights for Quarter

(1) During the six months ended June 30, 2023, the Company sustained expenses associated with the maintenance of exploration permits. Despite these costs, the Company maintains unwavering dedication to its objective of acquiring advanced, high-quality mineral projects globally. In pursuit of this objective, the exploration team conducted a thorough review and evaluation of various prospective properties during the same period in 2023.

(2) During the six months ending on June 30, 2023, the Company successfully renewed 13 license blocks in Sulitjelma and 8 license blocks in Sagvoll. Throughout this period, the Company allocated a total of $136,000 for exploration and evaluation ("E&E") expenditures on the Sagvoll and Sultijelma properties. However, in light of another promising investment opportunity and to ensure the optimal utilization of available funds, the board of directors has decided to discontinue the Sulitjelma and Sagvoll Projects.

(3) 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 $389,000 (RMB 1,998,103) from Longxin Mining, which included $172,000 (RMB 882,165) as the principal payment on the Note and $217,000 (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 $6,945,000 (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 $404,0000 (RMB 2,213,865) (December 31, 2022: $71,930 (RMB 366,427).

(4) The Company utilized its surplus cash to make targeted equity investments in the public market in Canada. Importantly, this investment strategy does not deviate from the Company's core business focus, which remains centered on the exploration and development of mineral properties.

During the six months ended June 30, 2023, the Company purchased $1,436,000 common shares (2022 - $660,000), disposed of $1,388,000 common shares (2022 - $2,033,000), recorded an unrealized loss of $72,000 (2022 – $1,292,000), and recognized a gain of $105,000 (2022 - $510,000). As of June 30, 2023, the fair value of the investment was $1,647,000 (December 31, 2022 - $1,587,000).

In 2022, the Company also invested in common shares through a partnership in China. As of June 30, 2023, the fair value of the investment was $22,764,000 (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 $4,841,000 (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.

(5) 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.

2. Exploration and Project Development Activities

2.1 Mineral interests

In the past, the Company faced significant delays in the renewal of 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. 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.

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.sedar.com under the Company's profile or on the Company's website at www.mincosilver.com.

The following is a summary:

A National Instrument 43-101 ("NI 43-101") compliant technical report entitled "Technical Report and Updated Resource Estimate on the Fuwan Property Guangdong Province, China," dated January 25, 2008, was prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters, and methods of the mineral resource estimates on the Fuwan Silver Project.

A NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") was prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B. Eng, MAusIMM, and Eugene Puritch, P.Eng. These preparers are qualified persons for NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods used in determining the ore reserves on the Fuwan Silver Project.

The Company acquired Changkeng Gold Project from Minco Capital Corp. ("Minco Capital") on July 31, 2015. Technical Information 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 the assumptions, parameters, and methods of the mineral resource estimates on the Changkeng Gold Project. It is available at www.sedar.ca under the profile of Minco Capital.

The Company has not updated the three technical reports or feasibility studies mentioned above since their initial publication. 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 mk^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 situated close to well-established water, power, and transportation infrastructure. The Company has a 51% interest in the Changkeng Project through its subsidiary Mingzhong, a cooperative 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 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.

2.7 Property investigation and permitting expenses

In 2019, the Company recorded an impairment of $60 million on capitalized exploration and evaluation costs incurred for the Fuwan Silver Project and Changkeng Gold Project. This impairment was necessary due to delays and uncertainties in renewing exploration permits. Since then, the Company has been expensing all permitting, exploration, and evaluation costs until a thorough review of the project’s potential is conducted.

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.

3. Results of Operations

3.1 Operating Result Comparison for the Three Months Ended June 30, 2023, and 2022

	2023	2022	Change
	$	$	$
Operating expenses	(856,073)	(661,094)	(194,979)
Other expenses	(5,206,479)	(306,557)	(4,899,922)
Share of loss from equity investment	(28,367)	(274,287)	245,920
Net loss	(6,090,919)	(1,241,938)	(4,848,981)

The net loss for the three months ended June 30, 2023 was $6.1 million, while the net loss for the same period in 2022 was $1.2 million. The increase in net loss was primarily due to the decrease of fair value investment in China through the partnership.

Share of loss from equity investment

The Company owns 12.7% of issued and outstanding common shares of Hempnova Lifetech Corp. ("Hempnova")'s. In the second quarter ended June 30, 2023, the Company shared Hempnova's loss of $28,000 (2022 - $274,000).

The details regarding the movement in E&E expenditures, administrative expenses and other income (expenses) are discussed in sections 3.1.1 and 3.1.2 below.

3.1.1 Operating Expenses

The Company maintains offices in Gaoyao County, Zhaoqin City, Guangdong Province, as well as in Beijing, China and Vancouver, Canada. The Company's operating expenses include E&E expenditures, the overhead expenses associated with administering and fees related to property investigation and permitting. The table below summarizes the Company's operating expenses for the three months ended June 30, 2023, and 2022:

Three months ended June 30,	ref	2023	2022	Change
		$	$	$
E&E expenditures		4,681	-	4,681
Audit, legal and regulatory	a	38,648	65,885	(27,237)
Amortization		75,568	76,104	(536)
Consulting		18,000	22,500	(4,500)
Directors' fees		21,750	21,750	-
Interest expenses		17,743	16,085	1,658
Office administration expenses		57,040	59,819	(2,779)
Property investigation and permitting expenses	b	433,269	243,244	190,025
Rent		2,296	2,256	40
Salaries and benefits	c	78,826	94,637	(15,811)
Share-based compensation	d	82,280	46,822	35,458
Travel and others	e	25,972	11,992	13,980
Total operating expenses		856,073	661,094	194,979

During the three months ended June 30, 2023 ("Q2 2023"), the Company's operating expenses increased by $195,000 compared to the same period in the prior year. The significant changes in operating expenses are as follows:

(a) During Q2 2023, expenditures related to audit, legal, and regulatory fees decreased by $27,000. This decrease can be attributed to a reduction in audit fees.

(b) Property investigation and permitting expenses increased by $190,000 during Q2 2023 compared to the same period in 2022. The rise was primarily due to a bonus payment of $250,000 made during Q2 2023.

(c) In Q2 2023, salaries and benefits expenses decreased by $16,000 compared to the same period in 2022, as the company experienced a reduction in personnel.

(d) Share-based compensation tends to fluctuate annually, depending on the timing and fair value of options vested in each period. During Q2 2023, the Company granted new options to its consultants and employees, resulting in a larger amount of unamortized stock options compared to the same period in 2022. This led to higher expenditures during the period.

(e) Travel expenses increased by $14,000 during Q2 2023 compared to the same period in 2022. The increase was the result of the lifting of travel restrictions in China, leading to more travel expenses being incurred.

3.1.2 Other Income (Expenses)

Three months ended June 30,	2023	2022	Change
	$	$	$
Credit loss	7,231	(170,688)	177,919
Foreign exchange loss	(72,268)	181,935	(254,203)
Gain on disposal of financial assets at fair value through profit or loss	(13,924)	769	(14,693)
Unrealized gain on investment in financial assets at fair value through profit or loss	(5,503,639)	(922,856)	(4,580,783)
Interest and dividend income	376,121	604,283	(228,162)
Total	(5,206,479)	(306,557)	(4,899,922)

<u>Credit losses</u>

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 first quarter of 2023, the Company recovered a total of $388,000 (RMB 1,198,103) from Longxin Mining, and as a result, the Company paid a success fee of 39,000 (RMB 199,810) to Anheli. As of June 30, 2023, the legal fee payable to Anheli was $754,000.

Moving on to the second quarter of 2023, the Company did not receive any further recovery from Longxin.

Additionally, $7,231 of credit loss during the second quarter was, in fact, attributed to the foreign exchange difference between the first two quarters.

<u>Foreign exchange loss</u>

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 effect of the exchange rate change between the US dollar and RMB on the US dollar-denominated deposit and short-term investment held by the Company’s Chinese subsidiaries. RMB is the functional currency of the Company’s Chinese subsidiaries.

During Q2 2023, the US dollar depreciated against Canadian dollars by approximately 2.17% (2022 – appreciated 3.1%), and the US dollar depreciated against RMB by about 7.36% (2022 – appreciated 5.6%). As a result, the net foreign exchange loss was $72,000 for Q2 2023, compared to a foreign exchange gain of $182,000 for the same period in the prior year.

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

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.

During Q2 2023, the Company recorded an unrealized loss of $663,000 (2022 –$938,000), and recognized a loss of $14,000 (2022 – a gain of $3,000). As of June 30, 2023, the fair value of the investment was $1,647,000 (December 31, 2022 - $1,587,000).

In 2022, the Company invested in common shares through a partnership in China.

As of June 30, 2023, the fair value of the investment was $22,764,000 (RMB 124,735,723 after deducting the payable to the general partner (December 31, 2022 - $29,373,067 (RMB 149,632,281)). During Q2 2023, the Company recognized an unrealized loss of $5,397,000 (RMB 27,709,390), reflecting the ongoing volatility in the investment's fair value. furthermore, the Company incurred a foreign exchange loss of $1,871,000 during the same three-month period.

Interest and dividend income

During Q2 2023, the Company's interest and dividend income primarily consisted of the interest accrued on Longxin's loan. However, the interest income decreased by $228,000 compared to the same period in the prior year. This reduction was primarily due to the repayment of the loan.

3.2 Operating Result Comparison for the Six Months Ended June 30, 2023, and 2022

	2023	2022	Change
	$	$	$
Operating expenses	(1,550,775)	(1,082,491)	(468,284)
Other income (expenses)	(4,229,810)	479,530	(4,709,340)
Share of loss from equity investment	(35,156)	(382,636)	347,480
	(5,815,741)	(985,597)	(4,830,144)

Net loss for the six months ended June 30, 2022, was $5.8 million compared to $1.0 million in the prior year.
The increase of loss of $4.8 million was mainly due to an increase in unrealized loss of on investment of financial assets.

Share of loss from equity investment was discussed in section 3.1 above.

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

3.2.1 Operating Expenses

The Company maintains an office in Gaoyao County, Zhaoqin City, Guangdong province, an office in Beijing, China and Vancouver, Canada. The Company's operating expenses include overhead associated with administering and property investigation and permitting fees.

The following table is a summary of the Company's operating expenses for the six months ended June 30, 2023, and 2022:

Six months ended June 30	ref	2023	2022	Change
		$	$	$
E&E expenditures	a	135,675	-	135,675
Audit, legal and regulatory	b	84,556	130,044	(45,488)
Amortization		154,560	156,400	(1,840)
Consulting	c	18,000	45,000	(27,000)
Directors' fees		39,000	39,000	-
Interest expenses		36,931	33,738	3,193
Office administration		102,824	103,830	(1,006)
Property investigation and permitting expenses	b	630,171	350,425	279,746
Rent		3,719	14,305	(10,586)
Salaries and benefits		156,723	141,331	15,392
Share-based compensation	b	148,830	46,822	102,008
Travel and others		39,786	21,596	18,190
Total operating expenses		1,550,775	1,082,491	468,284

(a). The E&E expenditures represent expenses related to Sagvoll and Sulijelma Projects under the option agreement signed in the third quarter of 2022. During the six months ended June 30, 2023, the expenses mainly included license renewals for these two projects, amounting to $131,000. No such expenses were incurred for the same period in 2022.

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

(c). Consulting fees decreased by $27,000 due to the reallocation of consulting fees.

3.2.2 Other Income (Expenses)

Six months ended June 30,	2023	2022	Change
	$	$	$
Credit losses	(57,616)	(170,688)	113,072
Foreign exchange gain (loss)	(87,844)	113,984	(201,828)
Gain on disposal of financial assets at fair value through profit or loss	105,384	570,308	(464,924)
Unrealized loss on investment in financial assets at fair value through profit or loss	(4,912,229)	(1,107,742)	(3,804,487)
Interest and dividend income	722,495	1,073,668	(351,173)
Total	(4,229,810)	479,530	(4,709,340)

Foreign exchange gain (loss)

The Company's foreign exchange gain (loss) is a result of two components, as discussed in Section 3.1.2.

During the six months ended June 30, 2022, the US dollar experienced a depreciation of approximately 2.3% against the Canadian dollar (2022 – appreciated 1.6%), and the US dollar depreciated against RMB by about 7.6% (2022 – appreciated 5.4%). As a result, the Company incurred a net foreign exchange loss of $88,000 for the six months ended June 30, 2023, in contrast to a gain of $114,000 in the same period in the prior year.

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

During the six months ended June 30, 2023, the Company realized $105,000 of capital gain from the disposal of shares purchased through the public stock market (2022 - $434,000).

During the six months ended June 30, 2023, the Company also recorded an unrealized loss of $4,900,000 in the common share padfolio. The unrealized loss was primarily attributed to fluctuations in the stock prices of investments in China. in contrast, during the same period in 2022, the Company recorded an unrealized loss of $1,153,000 in the common share padfolio but also recorded an unrealized gain of $45,000 from WMPs, resulting in a net unrealized loss of $1,110,000.

Credit losses

The details discussion refers to section 3.1.2 above.

Interest and dividend income

The details discussion refers to section 3.1.2 above.

4. Summary of Quarterly Results

	Income (loss) attributable to shareholders	Earnings (loss) per share Basic	Diluted
	$	$	$
06-30-2023*	(6,082,399)	(0.10)	(0.10)
03-31-2023	275,178	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)
03-31-2022	262,104	0.00	0.00
12-31-2021*	(1,775,113)	(0.03)	(0.03)
09-30-2021*	846,518	0.01	0.01

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.

*Net income of $0.9 for the quarter ended September 30, 2021, was mainly due to the realized gain from investment in financial assets at fair value through profit or loss.

*Net loss of $1.8 million for the quarter ended December 31, 2021, was mainly due to a $1.4 million impairment on the equity investment in Hempnova.

*Net loss of 1.2 million for the quarter ended June 30, 2022, was mainly due to an unrealized loss of $0.9 from investment in financial assets at fair value through profit or loss.

*Net income of $4.6 million for the quarter ended December 31, 2022, was mainly due to an unrealized gain of $5.9 million on financial assets at fair value through profit or loss.

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

5. Liquidity and Capital Resources

5.1 Cash Flows

	Six months ended June 30, 2023	2022
	$	$
Operating activities, cash outflow	(533,000)	(616,000)
Financing activities, cash outflow	(139,000)	(138,000)
Investing activities, cash inflow	1,661,000	5,145,000

operating activities

During both six months ended June 30, 2023, and 2022, the Company did not generate any revenue from its operation. In 2023, Cash used in the operating activities primarily consisted of $1,210,000 used in operations (2022 - $844,000) and $677,000 of cash generated from working capital (2022 – $228,000).

Financing activities

During the six months ended June 30, 2023, the Company made a lease payment of $139,000 (2022 - $138,000).

Investing activities

During the six months ended June 30, 2023, the Company received $172,000 from the Note (2022 - $Nil). The Company disposed of $1,388,000 (2022 - $8,779,000) and purchased $1,436,000 of financial assets (2022 - $7,373,000). The Company also received $146,000 of the interest and dividend income (2022 - $120,000). Additionally, in the first quarter of 2022, the company had a net redemption of short-term investments of $1,403,000 (2022 - $3,615,000).

5.2 Capital Resources and Liquidity Risk

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

	June 30, 2023	December 31, 2022
	$	$
Working capital	40,224,251	48,621,169
Cash and cash equivalents	7,973,733	7,533,518
Short-term investment	2,515,600	3,994,617
Financial assets at fair value through profit or loss	24,411,617	30,959,898

The Company has not generated revenues yet and currently relies on cash on hand for its working capital requirements to fund exploration, development, permitting and administrative activities.

The Company believes the working capital is sufficient to meet its current operational and development obligations in the 12-month operating period. The Company is not subject to external constraints in using its resources on hand.

The Company has a significant amount of cash, cash equivalents, and short-term investment in China. For the money denominated in RMB maintained in China, the remittance of funds from jurisdictions outside China is subject to government rules and regulations on foreign currency controls. Such remittance requires approval by the relevant government authorities, designated banks in China, or both.

Most of the Company's China operating subsidiaries had accumulated losses. However, suppose these Chinese subsidiaries become profitable in the future and have extra cash to pay to the parent company outside China. In that case, the repatriation of profits out of China is subject to restrictions. To repatriate profits from China, the Company must comply with Chinese regulations about repatriations. Minco China must provide the following documents to its Chinese bank: (i) a board resolution authorizing the distribution; (ii) a capital verification report and an audit report; (iii) a tax certificate, which shows that Minco China has paid the related tax in compliance with Chinese laws; and (iv) a foreign exchange registration certificate. Minco China will comply with these requirements when needed.

In 2020, the Company applied to reduce the registered capital of Minco China from US $60 million the US $40 million, a reduction of US $20 million. After a lengthy process, the application was approved by various Chinese government agencies. The Company intends to wire the funds once sufficient RMB term deposits mature and the outstanding Note principal repayment is received to fund the potential acquisition of properties outside of China.

6. Off-Balance Sheet Arrangements

The Company does not have off-balance sheet arrangements.

7. Transactions with Related Parties

(a) Key management compensation

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

During the three and six months ended June 30, 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 (i)	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.

(c) Shared office 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:	$	$
Minco Capital – reimbursement of shared expenses	-	1,909
CEO	324,628	-
Total	324,628	1,909
Due from:		
Hempnova - reimbursement of shared expenses	19,710	136,811
CEO	-	7,287
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

The Company has a significant influence on 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, 2022.

9. Significant Accounting Policies

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. The Company's management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual charges incurred by the Company may differ from these values.

The Company's significant accounting policies, applied judgements, and estimates are set out in note 3 of the audited annual consolidated financial statements for the year ended December 31, 2022.

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. Fair values of financial instruments not measured at fair value approximate their carrying value due to their short-term nature.

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.

The Company's financial instruments are as follows:

	June 30, 2023	December 31, 2022
	$	$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	24,411,617	30,959,898
Amortized cost of financial assets		
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

Amortized cost financial liabilities	June 30, 2023	December 31, 2022
	$	$
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

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. 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.

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 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, short-term investments and note receivable.

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

Liquidity risk

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's standard operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. As of 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.

11. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2022, which is available on SEDAR at www.sedar.com.

12. Disclosure Controls and Procedure and Internal Controls over Financial Reporting

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and 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 a timely basis. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The CEO and the CFO evaluated the effectiveness of the Company's ICFR as of June 30, 2023. Based on the evaluation, the CEO and the CFO have concluded that as of June 30, 2023, the Company's internal control over financial reporting is effective.

The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports 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 June 30, 2023.

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 be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the 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. There can be no assurance that statements containing forward-looking information will be 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.