

Minco Capital Corporation
(Formerly Minco Gold Corporation)

Interim Financial Statements

For the three and six months ended June 30, 2019 and 2018

(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 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 interim financial statements of Minco Capital Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed 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 Capital Corporation's independent auditor has not performed a review of these condensed interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed interim financial statements by an entity's auditor.

Dr. Ken Cai
Chief Executive Officer

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada
August 15, 2019

Minco Capital Corporation (formerly Minco Gold Corporation)

Condensed Interim Statements of Financial Position

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

	June 30, 2019	December 31, 2018
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 4)	2,697,451	1,682,147
Short-term investment (note 5)	20,000	20,000
Investments at fair value (note 6)	10,951,321	9,774,246
Receivables	3,306	66,921
Due from related parties (note 8)	14,173	1,349
Prepaid expenses and deposits	55,260	90,211
	<hr/> 13,741,511	<hr/> 11,634,874
Non-current assets		
Long-term deposit	8,765	26,295
Property and equipment	32,082	37,213
Right-of-use assets	147,022	-
Total assets	<hr/> 13,929,380	<hr/> 11,698,382
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	42,810	72,621
Lease obligation, current	40,952	-
	<hr/> 83,762	<hr/> 72,621
Lease obligation, non-current	115,521	-
	<hr/> 199,283	<hr/> 72,621
Shareholders' Equity		
Share capital (note 7)	41,952,978	41,976,886
Contributed surplus	10,171,785	10,097,345
Deficits	(38,394,666)	(40,448,470)
	<hr/> 13,730,097	<hr/> 11,625,761
Total liabilities and shareholders' equity	<hr/> 13,929,380	<hr/> 11,698,382

Approved by the Board of Directors

(signed) Malcolm Clay Director

(signed) Robert Callander Director

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

Minco Capital Corporation (formerly Minco Gold Corporation)

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2019, and 2018

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

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$		
Dividend, fund distribution, and interest income	13,413	23,009	38,888	42,809
Realized gain from investment (note 6)	114,037	32,396	223,014	52,236
Net unrealized gain (loss) from investments (note 6)	1,588,516	161,517	2,257,603	(2,348,972)
	<u>1,715,966</u>	<u>216,922</u>	<u>2,519,505</u>	<u>(2,253,927)</u>
Operating expenses				
Accounting and audit	1,901	(11,553)	7,003	2,781
Amortization	11,942	756	24,308	1,513
Consulting	15,426	15,582	32,940	32,743
Directors' fees	13,500	14,000	29,500	31,500
Investor relations	2,820	433	8,214	9,408
Interest accreted	2,297	-	6,891	-
Legal and regulatory	14,270	24,982	31,778	40,682
Office and administration	9,415	25,146	26,495	58,282
Property and investment evaluation	17,180	20,550	38,361	37,238
Salaries and benefits	65,930	63,600	132,908	137,855
Share-based compensation (note 7)	29,865	160,960	74,440	289,928
Travel	4,111	3,506	6,906	15,305
Total operating expenses	<u>188,657</u>	<u>317,962</u>	<u>419,744</u>	<u>657,235</u>
Operating income (loss)	1,527,309	(101,040)	2,099,761	(2,911,162)
Foreign exchange gain (loss)	(24,465)	31,095	(39,886)	118,194
Net income (loss) and comprehensive income (loss) for the period	<u>1,502,844</u>	<u>(69,945)</u>	<u>2,059,875</u>	<u>(2,792,968)</u>
Earnings (loss) per share				
Basic	0.03	(0.00)	0.04	(0.06)
Diluted	0.03	(0.00)	0.04	(0.06)
Weighted average number of common shares outstanding				
Basic	50,532,881	50,733,381	50,610,201	50,733,381
Diluted	50,532,881	50,733,381	50,610,201	50,733,381

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

Minco Capital Corporation (formerly Minco Gold Corporation)
Condensed Interim Statements of Changes in Shareholders' Equity
For the six months ended June 30, 2019, and 2018

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

	Number of shares	Share capital	Contributed surplus	Deficits	Subtotal
		\$	\$	\$	\$
Balance - January 1, 2018	50,733,381	41,976,886	9,630,905	(34,049,522)	17,558,269
Net loss for the period				(2,792,968)	(2,792,968)
Share-based compensation	-	-	289,928	-	289,928
Balance – June 30, 2018	50,733,381	41,976,886	9,920,833	(36,842,490)	15,055,229
Balance – December 31, 2018	50,733,381	41,976,886	10,097,345	(40,448,470)	11,625,761
Impact of adopting IFRS 16 on January 1, 2019				(6,071)	(6,071)
Balance – January 1, 2019	50,733,381	41,976,886	10,097,345	(40,454,541)	11,619,690
Net income for the period	-	-	-	2,059,875	2,059,875
Share repurchased for cancellation	(200,000)	(23,908)	-	-	(23,908)
Share-based compensation	-	-	74,440	-	74,440
Balance – June 30, 2019	50,533,381	41,952,978	10,171,785	(38,394,666)	13,730,097

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

Minco Capital Corporation (formerly Minco Gold Corporation)

Condensed Interim Statements of Cash Flow

For the six months ended June 30, 2019, and 2018

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

	Six months ended June 30,	
	2019	2018
Cash flow provided by (used in)	\$	\$
Operating activities		
Net income (loss) for the period	2,059,875	(2,792,968)
Items not affecting cash and cash equivalent:		
Amortization	24,308	1,513
Foreign exchange loss (gain)	39,886	(118,194)
Interest accredited	6,891	-
Net unrealized loss (gain) from investments	(2,257,421)	2,348,972
Realized gain from investments	(223,196)	(52,236)
Share-based compensation	74,440	289,928
Purchase of short-term investment	-	(384,821)
Redemption of short-term investment	-	636,276
Purchase of investments	(186,015)	(2,945,806)
Disposition of investments	1,489,557	945,559
Changes in items of working capital:		
Accounts payable and accrued liabilities	(29,811)	(88,648)
Due from (to) related parties	(12,824)	(30,296)
Prepaid expenses and deposits	52,481	26,657
Receivables	63,615	(27,642)
Net cash generated from (used in) operating activities	1,101,786	(2,191,706)
Financing activities		
Purchase of shares for cancellation	(23,908)	-
Repayment of lease obligation	(22,688)	-
Net cash used in financing activities	(46,596)	-
Investing activities		
Purchase of property, plant and equipment	-	(13,940)
Net cash used in investing activities	-	(13,940)
Effect of exchange rate changes on cash and cash equivalents	(39,886)	118,189
Increase (decrease) in cash and cash equivalents	1,015,304	(2,087,457)
Cash and cash equivalents- Beginning of period	1,682,147	3,642,328
Cash and cash equivalents- End of period	2,697,451	1,554,871

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

Minco Capital Corporation (formerly Minco Gold Corporation)

Note to Condensed Interim Statements

For the three and six months ended June 30, 2019, and 2018

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

1. General information

Minco Capital Corp., formerly Minco Gold Corporation, (“Minco Capital” or the “Company”) is an investment Company whose objective is to generate income and achieve long term capital appreciation by investing in public and private companies and assets.

The Company was incorporated in 1982 under the laws of British Columbia, Canada as Cap Rock Energy Ltd. The Company changed its name to Minco Capital Corp on February 25, 2019. The registered office of the Company is 2060 - 1055 West Georgia Street, British Columbia, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol MMM, and on the OTC Market in the USA (“OTCQB”) under the symbol MGHCF.

On October 16, 2018 the Company announced its intention to voluntarily file a Form 15 with the United States Securities and Exchange Commission (the "SEC") to terminate the registration of its common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Form 15 was filed with the SEC on October 19, 2018, which immediately suspended the Company’s reporting requirements under the Exchange Act. Termination became effective 90 days after the date of filing. The Company’s common shares continue to trade on the TSX Venture Exchange and the OTCQB Market: MGHCF.

2. Basis of preparation

These condensed 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 interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2018, which were prepared in accordance with IFRS as issued by the IASB.

These condensed interim financial statements were approved by the board of directors for issue on August 15, 2019.

Certain financial information of prior periods has been reclassified to conform to the presentation in the current period.

The accounting policies applied in these condensed interim financial statements are consistent with those applied in the preparation of the annual financial statements for the recent year ended December 31, 2018 except the adoption of IFRS 16-Leases. Details are as follows:

IFRS 16, "Leases" ("**IFRS 16**"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees, thereby removing the distinction between operating and finance leases. IFRS 16 requires a lessee to recognize an asset (right-to-use the leased item) and a financial liability to pay rentals on the consolidated balance sheets with terms of more than 12-months, unless the underlying asset is of low value.

The Company adopted IFRS 16 retroactively from January 1, 2019, but has not restated comparative information, as permitted under the specific transitional provisions in the standard in accordance with the modified retrospective approach for adoption. The reclassifications and the adjustments arising from the new leasing standard are therefore recognized in the opening balance sheet on January 1, 2019.

Minco Capital Corporation (formerly Minco Gold Corporation)

Note to Condensed Interim Statements

For the three and six months ended June 30, 2019, and 2018

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

2. Basis of preparation (continued)

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard: [i] The transition application practical expedient allowing the standard to only be applied to contracts that were previously identified as leases applying IAS 17, [ii] the transition application practical expedient to elect to not apply IFRS 16 to leases that expired within 12 months following the adoption date of January 1, 2019; [iii] the recognition exemption to not apply IFRS 16 to lease contracts for which the underlying asset is of low value, and [iv] the recognition exemption to not apply IFRS 16 to lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17, “Leases”. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of January 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.00%.

	\$
Operating lease commitments as at December 31, 2018	205,594
Lease liability recognized as at January 1, 2019 being the operating lease commitments discounted using the Company's incremental borrowing rate on January 1, 2019	172,270
Lease obligation, current	40,952
Lease obligation, non-current	131,318
Total	172,270

The associated right-of-use assets for all leases were measured on a retrospective basis as if the new rules had always been applied. As at June 30, 2019, the Company’s recognized right-of-use assets was comprised of a shared office lease in Vancouver, Canada.

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019:

	Increase
	\$
Right-of-use-asset	166,199
Lease obligation (current and non-current)	172,270
Deficit	6,071

The continuity from January 1, 2019 is as follow:

Right-of-use assets, January 1, 2019	166,199
Amortization	(19,177)
Right-of-use assets, June 30, 2019	147,022

	Non-current	Current	Total
	\$	\$	\$
Lease obligation, January 1, 2019	131,318	40,952	172,270
Interest accredited	6,891	-	6,891
Lease payment made	(22,688)	-	(22,688)
Lease obligation, June 30, 2019	115,521	40,952	156,473

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

4. Cash and cash equivalents

As at June 30, 2019, the Company had cash on hand of \$2,697,451 (December 31, 2018 - \$1,682,147) and did not hold any cash equivalents on June 30, 2019 and December 31, 2018.

5. Short-term investment

As at June 30, 2019, short-term investments consisted of \$20,000 (December 31, 2018 - \$20,000) cashable guaranteed investment certificates. The yield on this investment is 0.9% per annum (2018 - 0.9%).

6. Investments at fair value

The Company has the following investments as at June 30, 2019:

	Number of Shares/Units Held	Fair value
Equities of public resource companies:		\$
Top ten resource companies by fair value		
-Minco Silver Corp.	11,000,000	6,930,000
-Hudson Resources Inc.	2,142,857	964,285
-Continental Gold Inc.	120,025	454,895
-RoxGold Inc.	306,800	331,344
-Equinox Gold Corp.	224,600	267,274
-Amerigo Resources	209,000	150,480
-Cobalt 27 Capital	35,000	148,050
-Amarillo Gold	715,000	146,575
-Neo Performance Materials Inc.	11,000	137,610
- Global X Lithium & Battery ETF	3,500	119,574
Other resource companies and funds	various	294,567
Equities of public dividend-paying non-resource companies and funds	various	185,846
Equities of a private company (EL Olivar Imperial)		523,821
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100	100,000
Subtotal		10,754,321
Warrants	Number held	\$
- Almaden Minerals Ltd.	50,000	8,500
- Amarillo Gold	357,500	23,000
- IBC Advanced Alloys	230,000	32,000
- Mexican Gold	335,000	23,000
- Hudson Resources Inc.	1,071,428	110,500
Subtotal		197,000
Total investments		10,951,321

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

6. Investments at fair value (continued)

The Continuity of the Company's investments is as follows:

	December 31, 2018	Additions	Proceeds from Dispositions	Realized Gains	Unrealized gain (losses)	June 30, 2019
Investment in public entities:						
- Shares and partnership units (i)	8,760,539	186,015	(1,489,557)	223,014	2,326,563	10,006,574
- Share purchase warrants (ii)	246,330				(49,330)	197,000
Investment in share -EL Olivar Imperial (iii)	545,293	-	-	-	(21,472)	523,821
Investment in others:						
- Platinum	123,084	-	-	-	842	123,926
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	99,000	-	-	-	1,000	100,000
Total	9,774,246	186,015	(1,489,557)	223,014	2,257,603	10,951,321

During the six months ended June 30, 2019, the Company acquired common shares of public companies for a total cost of \$186,015. The Company disposed of common shares of public companies for proceeds of \$1,489,557 and a realized gain of \$223,014.

(i) On June 30, 2019, the Company held 11,000,000 common shares of Minco Silver Corporation ("Minco Silver"), which was approximately 18% of Minco Silver number of outstanding shares (December 31, 2018 : 11,000,000 common shares or approximately 18% ownership).

(ii). The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. The Company applies the Black Scholes option pricing model to value public company's share purchase warrants at the reporting date.

(iii). On December 22, 2016, the Company acquired 400,000 units ("Unit") of El Olivar Imperial SAC ("El Olivar"), a privately held Peruvian corporation, at US\$1.00 per unit through a private placement. Each Unit consisted of one Class A voting preferred share and 1.5 Class A share purchase warrants (the "EI Warrant"), with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US\$1.00. The Company received written notification of the warrant exercise from EL Olivar on February 28, 2019. After completing a review, the Company elected not to exercise the warrants and the warrants expired.

As part of the consideration for the investment in EL Olivar, Minco Capital was entitled to receive an annual cash dividend in U.S. dollars equal to 6% of the total invested amount, calculated from the closing date of investment (December 22, 2016) and payable starting on June 22, 2018. However, due to delays in permitting and project construction, no dividends have been paid. The Company has not accrued the dividend receivable (US\$36,000) given that EL Olivar has not started its operations and the timing and structure of the initial dividend payment is uncertain. As of the date of this report, EL Olivar was in the process of completing technical and engineering work for installation of the plant equipment and had hired a project management team to oversee detailed engineering, civil works and plant construction.

One director of the Company is also a director, an officer, and a significant shareholder of EL Olivar.

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

6. Investments at fair value (continued)

The cost of the investment in EL Olivar was USD\$400,000, which approximated its fair value as at December 31, 2018 and June 30, 2019. In spite of the delays, EL Olivar continues to develop in accordance with its business plan. The carrying value has changed due only to the appreciation of the U.S. Dollar against the Canadian Dollar during the six months ended June 30, 2019.

(iv) Details of the Company's net gain (loss) on investment are as follows:

	Six months ended June 30,	
	2019	2018
	\$	\$
Net realized gain on investments	97,848	116,370
Previously recorded unrealized gain (loss) on investments	125,166	(64,134)
Realized gain	223,014	52,236
Change in unrealized gain (loss) on investments	2,257,603	(2,348,972)
Net gain (loss) from investments	2,480,617	(2,296,736)

7. Share capital

a. Common shares and contributed surplus

Authorized: 100,000,000 common shares without par value

During three months ended March 31, 2019, the Company commenced a normal course issuer bid ("NCIB") to purchase the common shares of the Company for cancellation, during the 12-month period starting February 1, 2019, up to 2,538,244 or 5% of the current issued and outstanding common shares of the Company. The program will end on January 31, 2020 unless the maximum amount of common shares is purchased before then or the Company provides earlier notice of termination.

As at June 30, 2019, the Company has acquired 200,000 common shares of the Company for a total cost of \$23,908.

Stock options

The Company has implemented a fixed stock option plan whereby it has reserved 10,152,976 shares for issuance. The Company's board of directors may grant such options to its directors, officers, employees and consultants for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options are granted. These options are equity-settled.

During the six months ended June 30, 2019, the Company did not grant stock options.

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

7. Share capital (continued)

The Company's outstanding option's continuity is as follow:

	Number outstanding	Weighted average exercise price \$
January 1, 2018	5,378,334	0.28
Granted	3,580,000	0.17
Forfeited	(95,000)	0.23
Expired	(1,090,000)	0.46
Balance, December 31, 2018	7,773,334	0.21
Expired	(845,000)	0.26
Balance, June 30, 2019	6,928,334	0.20

The Company charged \$74,440 and \$289,928 share-based compensation for the six months ended June 30, 2019 and 2018, respectively. As at June 30, 2019, there was \$8,039 (2018 - \$337,866) of unrecognized compensation cost relating to unvested stock options.

Options outstanding			Options exercisable		
Range of exercise prices \$	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
0.17 – 0.19	3,560,000	3.59	0.17	2,373,332	0.17
0.20 – 0.24	475,000	2.91	0.19	475,000	0.19
0.25 – 0.26	2,893,334	2.16	0.24	2,893,334	0.24
	6,928,334	2.95	0.20	5,741,666	0.21

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

Risk-free interest rate	2.07%
Dividend yield	0%
Volatility	97%
Forfeiture rate	19%
Estimated expected lives	5 years

Option pricing models require the use of 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.

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

8. Related party transactions

Investments

Refer to Note 6 for description of the Company's relationship and transaction with its investees, El Olivar and Minco Silver.

Shared office expenses

The Company, Minco Silver, and Minco Base Metals Corporation ("MBM") have common directors and management. All three companies shared office rental and other administration expenditures.

Due from related parties

As at June 30, 2019, the Company had the following amounts due from related parties:

- \$9,919 due to Minco Silver (December 31, 2018 – \$1,054), in relation to shared office expenses reimbursement.
- \$24,092 due from MBM (December 31, 2018 - \$2,403), in relation to shared office expenses reimbursement.

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

Key management compensation

Key management includes the Company's directors and senior management. This compensation is included in exploration costs and administrative expenses.

For the three and six month ended June 30, 2019 and 2018, compensation to key management are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash remuneration	79,191	78,332	162,970	161,880
Share-based compensation	26,426	132,808	66,208	247,529
Total	105,617	211,140	229,178	409,409

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

9. Financial instruments and fair value measurements

The following table summarizes the carrying value of financial assets and liabilities at June 30, 2019 and December 31, 2018:

	June 30, 2019	December 31, 2018
	\$	\$
Fair value through profit and loss :		
Investments at fair value	10,951,321	9,774,246
Amortized cost		
Cash	2,697,451	1,682,147
Short-term investment	20,000	20,000
Receivables	3,306	66,921
Due from related parties	14,173	1,349
Accounts payables and accrued liabilities	42,810	72,621

As at June 30, 2019 and December 31, 2018, financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, short-term investment, receivables, due from related parties, account payable and accrued liabilities. The fair values of these financial instruments approximate the carrying value due to their short-term nature.

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

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

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

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

The Company's financial assets measured at fair values through profit or loss are as follows:

June 30, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value,	10,130,500	297,000	523,821

Minco Capital Corporation (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and six months ended June 30, 2019, and 2018

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

9. Financial instruments and fair value measurements (continued)

Fair value of investments classified as level 2 are reconciled as follows:

	December 31, 2018	Additions/ disposition	June 30, 2019	Unrealized gain (loss) recognized in profit or loss
	\$	\$	\$	\$
Share purchase warrants and convertible debentures:	345,330	-	297,000	(48,330)

The Company uses the Black-Scholes option pricing model to determine the fair value of those shares purchase warrants with the use of assumptions.

Level 3 financial instrument solely consisted of the investment in EL Olivar. The fair value of the investment in EL Olivar on June 30, 2019 was US\$400,000 (\$523,821), unchanged from December 2018 (US\$400,000 or \$545,293). The fair value of this investment on June 30, 2019 only changed as a result of movements in foreign exchange rates. There were no significant events identified during the period that resulted in a change in fair value of EL Olivar.

The principal business of EL Olivar is to construct and operate a processing manufacturing plant of gold mining ores and tailings in Peru. A change in the strength of Peru's currency relative to the Canadian dollar, a change in the price of gold, and the completion of construction and operation of the processing plant will impact the fair value of this investment. The project is fully permitted and construction is underway.

10. Subsequent events.

Subsequent to the period ended June 30, 2019, the Company disposed of investments at fair value in the open market for net proceeds of \$456,322.