

Minco Capital Corp.
(Formerly Minco Gold Corporation)

Interim Financial Statements

For the three and nine months ended September 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 Corp. 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 Corp.'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
November 5, 2019

Minco Capital Corp. (formerly Minco Gold Corporation)

Condensed Interim Statements of Financial Position

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

	September 30, 2019	December 31, 2018
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	3,082,518	1,682,147
Short-term investment (note 4)	20,000	20,000
Investments at fair value (note 5)	10,309,373	9,774,246
Receivables	4,872	66,921
Due from related parties (note 7)	46,874	1,349
Prepaid expenses and deposits	52,599	90,211
	<hr/> 13,516,236	<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 (note 2)	137,434	-
Total assets	<hr/> 13,694,517	<hr/> 11,698,382
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	42,155	72,621
Lease obligation, current (note 2)	40,952	-
	<hr/> 83,107	<hr/> 72,621
Lease obligation, non-current (note 2)	107,622	-
	<hr/> 190,729	<hr/> 72,621
Shareholders' Equity		
Share capital (note 6)	41,933,581	41,976,886
Contributed surplus	10,182,186	10,097,345
Deficits	(38,611,979)	(40,448,470)
	<hr/> 13,503,788	<hr/> 11,625,761
Total liabilities and shareholders' equity	<hr/> 13,694,517	<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 Corp. (formerly Minco Gold Corporation)
Condensed Interim Statements of Loss and Comprehensive Loss
For the three and nine months ended September 30, 2019, and 2018

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Dividend, fund distribution, and interest income	15,702	27,160	54,590	69,969
Realized gain from investment (note 5)	195,841	31,322	418,855	81,452
Net unrealized gain (loss) from investments (note 5)	(270,584)	(1,331,848)	1,987,019	(3,678,714)
	(59,041)	(1,273,366)	2,460,464	(3,527,293)
Operating expenses				
Accounting and audit	5,744	6,539	12,747	9,320
Amortization	9,589	757	33,897	2,270
Consulting	16,722	15,786	49,662	48,529
Directors' fees	12,500	12,000	42,000	43,500
Investor relations	587	491	8,801	9,899
Interest accredited	3,445	-	10,336	-
Legal and regulatory	18,027	31,095	49,805	71,777
Office and administration	10,567	36,820	37,062	95,102
Property and investment evaluation	21,351	20,704	59,712	57,942
Salaries and benefits	59,641	58,049	192,549	195,904
Share-based compensation (note 7)	10,401	105,577	84,841	395,505
Travel	3,439	3,342	10,345	18,647
Total operating expenses	172,013	291,160	591,757	948,395
Operating income (loss)	(231,054)	(1,564,526)	1,868,707	(4,475,688)
Foreign exchange gain (loss)	13,741	(22,124)	(26,145)	96,070
Net income (loss) and comprehensive income (loss) for the period	(217,313)	(1,586,650)	1,842,562	(4,379,618)
Earnings (loss) per share				
Basic	(0.00)	(0.03)	0.04	(0.09)
Diluted	(0.00)	(0.03)	0.04	(0.09)
Weighted average number of common shares outstanding				
Basic	50,651,261	50,733,381	50,651,261	50,733,381
Diluted	50,651,261	50,733,381	50,651,261	50,733,381

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

Minco Capital Corp. (formerly Minco Gold Corporation)
Condensed Interim Statements of Changes in Shareholders' Equity
For the nine months ended September 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				(4,379,618)	(4,379,618)
Share-based compensation	-	-	395,505	-	395,505
Balance – September 30, 2018	50,733,381	41,976,886	10,026,410	(38,429,140)	13,574,156
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	-	-	-	1,842,562	1,842,562
Share repurchased for cancellation	(369,500)	(43,305)	-	-	(43,305)
Share-based compensation	-	-	84,841	-	84,841
Balance – September 30, 2019	50,363,881	41,933,581	10,182,186	(38,611,979)	13,503,788

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

Minco Capital Corp. (formerly Minco Gold Corporation)
Condensed Interim Statements of Cash Flow
For the nine months ended September 30, 2019, and 2018

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

	Nine months ended September 30,	
	2019	2018
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net income (loss) for the period	1,842,562	(4,379,618)
Items not affecting cash and cash equivalent:		
Amortization	33,897	2,270
Foreign exchange loss (gain)	26,145	(96,070)
Interest accredited	10,336	-
Net unrealized loss (gain) from investments	(1,987,019)	3,678,714
Realized gain from investments	(418,855)	(81,452)
Share-based compensation	84,841	395,505
Purchase of short-term investment	-	(384,821)
Redemption of short-term investment	-	636,275
Purchase of investments	(216,360)	(3,002,340)
Disposition of investments	2,087,107	1,188,599
Changes in items of working capital:		
Accounts payable and accrued liabilities	(30,467)	56,880
Due from related parties	(45,525)	(33,874)
Prepaid expenses and deposits	55,142	31,312
Receivables	62,049	(125,275)
Net cash generated from (used in) operating activities	1,503,853	(2,113,895)
Financing activities		
Purchase of shares for cancellation	(43,305)	-
Repayment of lease obligation	(34,032)	-
Net cash used in financing activities	(77,337)	-
Investing activities		
Purchase of property, plant and equipment	-	(35,760)
Net cash used in investing activities	-	(35,760)
Effect of exchange rate changes on cash and cash equivalents	(26,145)	96,070
Increase (decrease) in cash and cash equivalents	1,400,371	(2,053,585)
Cash and cash equivalents- Beginning of period	1,682,147	3,642,328
Cash and cash equivalents- End of period	3,082,518	1,588,743

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

Minco Capital Corp. (formerly Minco Gold Corporation)

Note to Condensed Interim Statements

For the three and nine months ended September 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-V and the OTCQB.

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 November 5, 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 Corp. (formerly Minco Gold Corporation)

Note to Condensed Interim Statements

For the three and nine months ended September 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 September 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:

Right-of-use assets, January 1, 2019	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	(28,765)
Right-of-use assets, September 30, 2019	137,434

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

2. Basis of preparation (continued)

	Non-current	Current	Total
	\$	\$	\$
Lease obligation, January 1, 2019	131,318	40,952	172,270
Interest accredited	10,336	-	10,336
Lease payment made	(34,032)	-	(34,032)
Lease obligation, September 30, 2019	107,622	40,952	148,574

3. Cash and cash equivalents

As at September 30, 2019, the Company had cash on hand of \$3,082,518 (December 31, 2018 - \$1,682,147) and did not hold any cash equivalents on September 30, 2019 and December 31, 2018.

4. Short-term investment

As at September 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%).

5. Investments at fair value

The Company has the following investments as at September 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	7,040,000
-Hudson Resources Inc.	2,142,857	782,143
-Continental Gold Inc.	85,025	312,892
-Equinox Gold Corp.	30,920	217,677
-Amerigo Resources	256,000	179,200
-Amarillo Gold	715,000	160,875
-Cobalt 27 Capital	35,000	140,000
-Neo Performance Materials Inc.	11,000	116,600
-Global X Lithium & Battery ETF	3,500	113,271
-Almaden Minerals Ltd.	100,000	87,012
Other resource companies and funds	various	221,373
Equities of public dividend-paying non-resource companies and funds	various	200,656
Equities of a private company (El Olivar Imperial)		529,674
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100	100,000
Subtotal		10,201,373

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

5. Investments at fair value (continued)

Warrants	Number held	\$
- Almaden Minerals Ltd.	50,000	10,000
- Amarillo Gold	357,500	20,000
- IBC Advanced Alloys	230,000	21,000
- Mexican Gold	335,000	15,000
- Hudson Resources Inc.	1,071,428	42,000
Subtotal		108,000
Total investments		10,309,373

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

	December 31, 2018	Additions	Proceeds from Dispositions	Realized Gains	Unrealized gain (losses)	September 30, 2019
Investment in public entities:						
- Shares and partnership units (i)	8,760,539	216,360	(2,087,107)	418,855	2,130,432	9,439,079
- Share purchase warrants (ii)	246,330				(138,330)	108,000
Investment in share -El Olivar Imperial (iii)	545,293	-	-	-	(15,619)	529,674
Investment in others:						
- Platinum	123,084	-	-	-	9,536	132,620
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	99,000	-	-	-	1,000	100,000
Total	9,774,246	216,360	(2,087,107)	418,855	1,987,019	10,309,373

During the three and nine month periods ended September 30, 2019, the Company acquired common shares of public companies for a total cost of \$48,345 and \$216,360, respectively and disposed of common shares of public companies for net proceeds of \$597,550 and \$2,087,107, respectively. The Company realized gains of \$195,841 for the three month period and \$418,855 for the nine month period.

(i) On September 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.

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

5. Investments at fair value (continued)

(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 "El 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\$60,000) 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 continued on the final plant design and completion of electrical engineering studies for connection of the plant to onsite solar power.

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

The cost of the investment in El Olivar was USD\$400,000, which approximated its fair value as at December 31, 2018 and September 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 fluctuation of the U.S. Dollar against the Canadian Dollar during the nine months ended September 30, 2019.

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

	Nine months ended September 30,	
	2019	2018
	\$	\$
Net realized gain on investments	195,624	145,586
Previously (unrealized gain) or reversal of Unrealized loss recorded on investments	223,231	(64,134)
Realized gain	418,855	81,452
Change in unrealized gain (loss) on investments	1,987,019	(3,678,714)
Net gain (loss) from investments	2,405,874	(3,597,262)

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

6. Share capital

a. Common shares and contributed surplus

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

During the nine months ended September 30, 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.

During the three and nine-month period ended September 30, 2019, the Company acquired 169,500 common shares (for a cost of \$19,397) and 369,500 common shares (for a cost of \$43,305), respectively.

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 nine months ended September 30, 2019, the Company did not grant stock options.

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	<u>7,773,334</u>	0.21
Expired	(845,000)	0.26
Balance, September 30, 2019	<u>6,928,334</u>	0.20

The Company charged \$84,841 and \$395,505 share-based compensation for the nine months ended September 30, 2019 and 2018, respectively. As at September 30, 2019, there was \$Nil (2018 - \$337,866) of unrecognized compensation cost relating to unvested stock options.

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

6. Share capital (continued)

<u>Options outstanding</u>				<u>Options exercisable</u>		
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	3.34	0.17	3,560,000	0.17	
0.20 – 0.24	475,000	2.66	0.19	475,000	0.19	
0.25 – 0.26	2,893,334	1.91	0.24	2,893,334	0.24	
	6,928,334	2.69	0.20	6,928,334	0.20	

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.

7. Related party transactions

Investments

Refer to Note 5 for description of the Company's relationship and transaction with its investees, El Olivar and Minco Silver.

Shared office expenses

The Company, Minco Silver, Minco Base Metals Corporation ("MBM"), and HempNova Lifetech Corporation ("HempNova") have some management and a director in common. All four companies share office rental and other administration expenditures.

Due from related parties

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

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

7. Related party transactions (continued)

- \$18,083 due from Minco Silver (December 31, 2018 – \$1,054), in relation to shared office expenses reimbursement.
- \$22,647 due from MBM (December 31, 2018 - \$2,403), in relation to shared office expenses reimbursement.
- \$6,144 due from HempNova (December 31 - \$Nil), 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 operating expenses.

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

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash remuneration	79,487	76,536	242,457	238,416
Share-based compensation	9,203	94,192	75,411	341,721
Total	88,690	170,728	317,868	580,137

8. Financial instruments and fair value measurements

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

	September 30, 2019	December 31, 2018
	\$	\$
Fair value through profit and loss :		
Investments at fair value	10,309,373	9,774,246
Amortized cost		
Cash	3,082,518	1,682,147
Short-term investment	20,000	20,000
Receivables	4,872	66,921
Due from related parties	46,874	1,349
Accounts payables and accrued liabilities	42,155	72,621

Minco Capital Corp. (formerly Minco Gold Corporation)

Notes to Condensed Interim Financial Statements

For the three and nine months ended September 30, 2019, and 2018

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

8. Financial instruments and fair value measurements (continued)

As at September 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:

September 30, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value,	9,571,699	208,000	529,674

Fair value of investments classified as level 3 are reconciled as follows:

	December 31, 2018	Additions/ disposition	September 30, 2019	Unrealized gain (loss) recognized in profit or loss
Share purchase warrants and convertible debentures:	\$ 345,330	\$ -	\$ 208,000	\$ (137,330)

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 September 30, 2019 was US\$400,000 (\$529,674), unchanged from December 2018 (US\$400,000 or \$545,293). The fair value of this investment on September 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.

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

9. Subsequent events.

Subsequent to the period ended September 30, 2019 the Company:

- 1) Acquired investments in the open market for total cost of \$34,450.
- 2) Acquired 225,000 of its own shares under the NCIB program for a total cost of \$25,912.