MINCO CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED DECEMBER 31, 2019

This Management's Discussion and Analysis ("MD&A") of Minco Capital Corp., formerly Minco Gold Corporation ("we", "our", "us", "Minco Capital" or the "Company") has been prepared on the basis of available information up to March 17, 2020, and should be read in conjunction with the audited financial statements and notes thereto for the year ended December 31, 2019. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as noted, all financial amounts are expressed in Canadian dollars. All references to "$" and "dollars" are to Canadian dollars and all references to "US$" are United States dollars.

Additional information of the Company is available under the Company's profile on SEDAR at www.sedar.com. The Company's audit committee reviews the financial statements and the MD&A and recommends approval to the Company's board of directors.

Minco Capital was incorporated in 1982 under the laws of British Columbia, Canada. The Company changed its name from Minco Gold Corporation to Minco Capital Corp. on February 25, 2019.

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 August 14, 2018, the Company was informed by the OTC Markets that the Company's OTCQX bid price and market capitalization had closed below US$0.10 and US$5 million, respectively, for more than 30 consecutive calendar days. On this basis, the OTC Markets advised the Company that it no longer met the Standards for Continued Qualification for the OTCQX International tier as per the OTCQX Rules for International Companies section 3.2.b.1. A cure period of 180 calendar days, granted to regain compliance, expired on February 11, 2019. During this period, the Company did not meet the applicable criteria for 10 consecutive trading days but remained trading on the OTCQX. On June 4, 2019, the Company received notice from the OTC Markets that it was eligible to transition from the OTCQX to the OTCQB market tier - the Company completed the transition and commenced trading on the OTCQB market tier on June 25, 2019.

As at the date of this MD&A, the Company had 48,556,881 common shares outstanding, 200,000 common shares held in treasury pending for cancellation, and 6,928,334 stock options outstanding.

1. Highlights for the Period

During the year ended December 31, 2019, the Company:

(1) Acquired common shares of public companies for a total cost of $641,466.

(2) Disposed of common shares of public companies for proceeds of $2,688,275 and realized gain of $691,458.

(3) Earned investment income of $72,295 from dividends, fund distributions, and interest.

(4) On January 29, 2019, the Company initiated a normal course issuer bid 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 is scheduled to end on January 31, 2020 unless the maximum number of Common Shares is purchased before then or the Company provides earlier notice of termination.

 As at December 31, 2019, the Company acquired 1,890,500 common shares of the Company with an original cost of $1,564,203 for a total cost of $224,440. The difference in price paid and original cost was recorded as a credit to retained earnings. As at December 31, 2019 the Company has cancelled 708,500 of those shares and held a total of 1,182,000 shares in treasury stock for cancellation (2018 – nil).

(5) The Company received written notification of the warrant exercise from EL Olivar on February 28, 2019 (section 2.1), the Company elected not to exercise the 600,000 warrants on hands. As a result, these warrants expired.

(6) Wrote down the investment in EL Olivar to $nil as at December 31, 2019. Details are available in the section 2.1 (iii).

1.1. Subsequent events

Subsequent to the period ending December 31, 2019, the Company:

1) Acquired 486,000 of its own common shares under the NCIB program for a total cost of $51,953.

2) Cancelled a total of 1,468,000 of its own shares acquired under the NCIB between November 16, 2019 and January 29, 2020.

3) Received approval from the TSX Venture for a renewal of the NCIB for a term of one year ending February 9, 2021. Under the NCIB program, the Company may acquire up to 2,427,844 shares, representing 5% of the current issued and outstanding shares.

4) COVID-19 (the coronavirus) has threatened a slowdown in the global economy as well as caused volatility in the global financial markets. While the full impact of COVID-19 on the global economy is uncertain, rapid spread of COVID-19 may have an adverse effect on the Company's investments. The extent to which COVID-19 may impact the Company's business will depend on future developments such as the geographic spread of the disease, the duration of the outbreak, travel restrictions and social distancing, business closures or business disruptions, and the effectiveness of actions taken in Canada, the United States and other countries to contain and treat the disease. Although it is not possible to reliably estimate the length or severity of these developments and their financial impact to the date of approval of these financial statements, as at March 17, 2020, the Company's investment value has declined approximately of 50% since year-end. Should the stock prices remain at or below currently prevailing levels for an extended period, this could have a further significant adverse impact on the Company's financial position and results of operations for future periods.

2. Investments at Fair Value

2.1 Investments at Fair Value

The Company has the following investments as at December 31, 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	7,810,000
-Hudson Resources Inc.	2,142,857	471,429
-Continental Gold Inc.	70,025	374,632
-Labrador Iron Ore Royalty	10,000	246,200
-Amerigo Resources	309,000	182,310
-Amarillo Gold	715,000	150,150
-Aberdeen Stand Phy Platinum	1,200	141,829
-Neo Performance Materials Inc.	11,000	135,850
-Global X Lithium & Battery ETF	3,500	124,378
-Almaden Minerals Ltd.	100,000	76,688
Others	various	293,889
Equities of a private company (EL Olivar Imperial)	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100	95,137
Equity, total		10,102,492
Share warrants, various		53,800
Total		10,156,292

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

	December 31, 2018	Additions	Proceeds from Dispositions	Realized Gains	Unrealized gain (losses)	December 31, 2019
Investment in public entities:						
- Shares and partnership units (i)	8,760,539	641,466	(2,688,275)	691,458	2,460,338	9,865,526
- Share purchase warrants (ii)	246,330				(192,530)	53,800
Investment in share -EL Olivar Imperial (iii)	545,293	-	-	-	(545,293)	-
Investment in others: Platinum	123,084	-	-	-	18,745	141,829
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	99,000	-	-	-	(3,863)	95,137
Total	9,774,246	641,466	(2,688,275)	691,458	1,737,397	10,156,292

During the year ended December 31, 2019, the Company acquired equity position of public companies for a total cost of $641,466. The Company disposed of equity for proceeds of $2,688,275 and realized gain of $691,458.

(i) On December 31, 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).

Minco Silver holds a 90% interest in the Fuwan silver deposit, situated along the northeast margin of the prospective Fuwan Silver Belt in Guangdong, China and 51% interest in the Changkeng gold project, located contiguous to, and part of the same mineralized system. Further information with respect to Minco Silver may be found at Minco Silver's website, www.mincosilver.ca. The Company has held its investment in Minco Silver since the spin-off of Minco Silver from the Company in 2005.

At December 31, 2019, Minco Silver accounted for 77% of the Company's investment portfolio by fair value (2018: 51%). The change in share price of Minco Silver has a greater impact on the Company's performance than the balance of the portfolio. Of the $1.74 million in unrealized gain reported for the year ending December 31, 2019, $2.9 million is from the investment in Minco Silver.

(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 "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 was in the process of completing technical and engineering work for installation of the plant equipment.

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

The cost of the investment in EL Olivar was US$400,000, which approximated its fair value as at December 31, 2018. During the year ended December 31, 2019 the Company impaired its investment in El Olivar due to the fact the El Olivar needs raise significant financings complete its development of its project, there was a in decline in net assets value and the delay in permitting for the project. Accordingly, the investment was impaired by US$400,000 or $545,293 to $nil in accordance with Level 3 of the fair value hierarchy.

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

Year ended December 31, 2019	2019	2018
	$	$
Net realized gain on investments	201,967	162,774
Reversal of unrealized loss (gain) previously recorded	489,491	(64,134)
Realized gain	691,458	98,641
Change in unrealized gain (loss) on investments	2,282,690	(5,593,859)
Impairment of privately held shares	(545,293)	
Net gain (loss) from investments	2,428,855	(5,495,218)

3. Results of Operations

3.1 Selected Annual Information

Selected information for fiscal 2019, 2018, and 2017 is as follows:

	2019	**2018**	**2017**
	$	**$**	**$**
Income (loss) from investments at fair value	2,501,150	(5,399,782)	(1,813,194)
Total assets	13,333,449	11,698,382	17,744,904
Long term liabilities	-	-	-
Cash dividend	-	-	-
Net income (loss) for the year	1,682,336	(6,398,948)	(3,297,578)
Income (loss) per share – basic and diluted	0.03	(0.13)	(0.06)

3.2 Operating result for the year ended December 31, 2019 and 2018

Year ended December 31,	2019	2018	Year to year Change
	$	$	$
Dividend, fund distribution, and interest income	72,295	95,436	(23,141)
Realized gain from investments	691,458	98,641	592,817
Unrealized gain (loss) from investments	1,737,397	(5,593,859)	7,331,256
Operating expenses	(770,144)	(1,213,444)	443,300
Foreign exchange gain (loss)	(48,670)	162,646	(211,316)
Gain on write-off of accounts payable	-	51,632	(51,632)
Total	1,682,336	(6,398,948)	8,081,284

The amount of gain and loss of the investments depends on the performance of the entities the Company invests in and will fluctuate from time to time depending on many factors, including but not limited to the overall economy, foreign exchange rate, metal prices, which are not controlled by the Company.

The movement in connection with the operating expenses and foreign exchange gain (loss) are discussed in section 3.2.1 and 3.2.2 respectively.

3.2.1 Operating Expenses for the year ended December 31, 2019 and 2018

Year ended December 31,		**2019**	**2018**	**Change**
	ref	$	$	$
Accounting and audit		18,017	19,728	(1,711)
Amortization	a	44,982	5,048	39,934
Consulting		67,547	66,838	709
Directors' fees		56,500	55,500	1,000
Investor relations		9,519	10,717	(1,198)
Interest accredited	a	12,807	-	12,807
Legal and regulatory		61,766	84,296	(22,530)
Office and administration	a	48,995	132,720	(83,725)
Property and Investment evaluation		83,462	80,997	2,465
Salaries and benefits		267,471	266,680	791
Share-based compensation	b	84,841	466,440	(381,599)
Travel and transportation		14,237	24,480	(10,243)
		770,144	1,213,444	(443,300)

Significant changes are as follows:

(a) Commencing January 1, 2019, the Company adopted IFRS 16 and has reclassified the rent payment for the Vancouver office into interest accredited and amortization. As a result, amortization and interest accredited increased and office and administration (rent inclusive) decreased.

(b) Share-based compensation fluctuate from time to time depending on the timing and fair value of options vested in each period. The Company did not grant options in 2019 and granted 3,580,000 options in 2018. As a result, share-based compensation in 2019 was lower.

3.2.2 Other Income (Expense)

Other income (expense) mainly consisted of foreign exchange gain (loss) for the period.

The Company had foreign exchange loss of $48,670 in 2019 and a gain of $162,646 in 2018. The Company holds cash denominated in US dollar from time to time. The US dollar depreciated against the Canadian dollar by roughly 4.8 % in 2019 (2018 – appreciation of 8.0%).

3.3 Operating result for the three months ended December 31, 2019 and 2018

Three months ended December 31,	2019	2018	Quarter to quarter change
	$	$	$
Dividend, fund distribution, and interest income	17,705	25,467	(7,762)
Realized gain from investment	272,603	17,189	255,414
Net unrealized loss from investments	(249,622)	(1,915,145)	1,665,523
Operating expenses	(178,387)	(265,049)	86,662
Foreign exchange gain (loss)	(22,525)	66,576	(89,101)
Gain on write-off of accounts payable	-	51,632	(51,632)
Total	(160,226)	(2,019,330)	1,859,104

3.3.1 Operating Expenses for the three months ended December 31, 2019 and 2018

Three months ended December 31,	2019	2018	Quarter to quarter change
	$	$	$
Operating expenses			-
Accounting and audit	5,270	10,408	(5,138)
Amortization	11,086	2,778	8,308
Consulting	17,885	18,309	(424)
Directors' fees	14,500	12,000	2,500
Investor relations	718	818	(100)
Interest accredited	2,471	-	2,471
Legal and regulatory	11,961	12,519	(558)
Office and administration	11,932	37,618	(25,686)
Property and investment evaluation	23,750	23,055	695
Salaries and benefits	74,922	70,776	4,146
Share-based compensation	-	70,935	(70,935)
Travel	3,892	5,833	(1,941)
Total operating expenses	178,387	265,049	(86,662)

The movements of operating expenses and other income between the fourth quarter of 2019 and 2018 are similar to the annual movements between fiscal 2019 and 2018. Discussion of the movements are available in the sections 3.2.1 and 3

4. Summary of Quarterly Results

		Income (loss) per share	
Period ended	**Net income (loss)**	**Basic**	**Diluted**
12-31-2019	(160,226)	(0.00)	(0.00)
09-30-2019	(217,313)	(0.00)	(0.00)
06-30-2019	1,502,844	0.03	0.03
03-31-2019	557,031	0.01	0.01
12-31-2018	(2,019,330)	(0.04)	(0.04)
09-30-2018	(1,586,650)	(0.03)	(0.03)
06-30-2018	(69,945)	(0.00)	(0.00)
03-31-2018	(2,723,023)	(0.05)	(0.05)

Variations in quarterly performance among recent eight quarters were mainly a combined result of the gain (loss) from investments at fair values held by the Company, the amount of share-based compensation recognized in each period, the foreign exchange gain or loss earned by the Company. The Company's performance is not subject to seasonality.

5. Liquidity and Capital Resources

5.1 Cash flow

	2019	**2018**
	$	$
Operating activities	1,522,454	(2,171,437)
Financing activities	(253,460)	-
Investing activities	-	(37,064)

Operating activities

Main components of the operating activities are as follows:

	2019 $	2018 $
Purchase of short-term investment	(20,000)	(384,821)
Redemption of short-term investment	20,000	636,275
Purchase of investments	(641,466)	(3,434,708)
Disposition of investments	2,688,275	1,779,294

Financing activities

The Company used $224,440 to acquire its own common shares for cancellation under the NCIB program and used $29,020 to re-pay lease obligations in connection with the Company's shared office.

Investing activities

The Company did not use cash in investing activities during 2019.

5.2 Capital Resources and Liquidity Risk

As at December 31, 2019, the Company's working capital was $13,100,248 compared to $11,562,253 on December 31, 2018. The Company's operations were financed by its working capital. The increase in working capital is a result of net disposition of investments during 2019.

As at December 31, 2019, the Company believes there is sufficient working capital available to meet its current operational requirements in the next twelve months.

6. Off -Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

7. Related Party Transactions

Amount due from (to) related parties

- $19,153 due from Minco Silver (December 31, 2018 – $1,054), in relation to shared office expenses reimbursement.
- $17,375 due from MBM (December 31, 2018 - $2,403), in relation to shared office expenses reimbursement.
- $3,808 due from Hempnova (December 31 - $Nil), in relation to shared office expenses reimbursement.
- $8,000 due from Sinocan Capital Limited in relation to consulting fees charged by the Company's CEO.

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 years ended December 31, 2019 and 2018, compensation to key management is as follows:

	2019 $	2018 $
Cash remuneration	329,735	328,725
Share-based compensation	84,841	416,311
Total	414,576	745,036

8. New Accounting Standards

IFRS 16 Leases

The Company adopted IFRS 16 Leases ("IFRS 16") effective January 1, 2019. The following is the new accounting policy for leases under IFRS 16.

At inception, the Company assesses whether a contract contains an embedded lease. A contract contains a lease when the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company, as lessee, is required to recognize a right-of-use asset ("ROU asset"), representing its right to use the underlying asset, and a lease liability, representing its obligation to make lease payments.

The Company may elect to not apply IFRS 16 to leases with a term of less than 12 months or to low value assets, which is made on an asset by asset basis.

The Company recognizes a ROU asset and a lease liability at the commencement of the lease. The ROU asset is initially measured based on the present value of lease payments, plus initial direct cost, less any incentives received. It is subsequently measured at cost less accumulated amortization, impairment losses and adjusted for certain re-measurements of the lease liability. The ROU asset is amortized from the commencement date over the shorter of the lease term or the useful life of the underlying as set. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by the interest rate implicit in the lease, or if that rate cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is the rate which the operation would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability are comprised of:

- Fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and,
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or a rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Variable lease payments that do not depend on an index or a rate not included in the initial measurement of the ROU asset and lease liability are recognized as an expense in net income in the year in which they are incurred.

The ROU assets are presented within "Right-of-use assets" and the lease liabilities are presented in "Lease obligation" on the statements of financial position.

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective approach. The comparative figures for the 2018 reporting year have not been restated and are accounted for under IAS 17 Leases ("IAS 17"), and IFRIC 4 Determining Whether an Arrangement Contains a Lease, as permitted under the specific transitional provisions in the standard.

The Company applied the exemption not to recognize ROU asset and lease obligations for leases with less than 12 months of lease term and leases for low-value assets when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

The Company has a shared office lease for its headquarters in Vancouver, British Columbia and is classified as operating leases under IAS 17. Upon transition to IFRS 16, these lease obligations were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 8% as at the inception of the lease. As a result, the Company, as a lessee, has recognized $190,773 as a lease obligation, representing its obligation to make lease payments. A ROU asset of the same amount was recognized as a Right-of-use Asset, representing its right to use the underlying asset. As at January 1, 2019 the operating lease obligation had been reduced to $171,285 by lease payments, the ROU asset amortized to $165,337 with a corresponding reduction to deficit of $5,948.

The following table summarizes the difference between the operating lease commitments disclosed immediately preceding the date of initial application and lease liability recognized on the statement of financial position at the date of initial application:

Operating lease liability	$	230,468
Effect of discounting at incremental borrowing rate		(39,695)
Lease obligation upon recognition		**190,773**
Accredited interest up to December 31, 2018		10,175
Lease payments up to December 31, 2018		(29,663)
Lease obligation recognized as of January 1, 2019	**$**	**171,285**

The continuity of the ROU asset and Lease obligation for the year ended December 31, 2019 is as follows:

	$
Lease obligation recognized as at January 1, 2019	171,285
Change in 2019 *(i)*	(11,199)
Interest accredited	12,807
Lease payment made	(41,827)
Lease obligation, December 31, 2019	131,066
Current	38,234
Non-current	92,832

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 December 31, 2019, the Company's recognized right-of-use assets was comprised of a shared office lease in Vancouver, British Columbia.

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The change in accounting policy affected the following items in the statement of financial position on January 1, 2019:

Right-of-use assets, January 1, 2019	$	165,337
Lease obligation (current and non-current)		(171,285)
Deficit	$	(5,948)

The continuity from January 1, 2019 is as follow:

Right-of-use assets, January 1, 2019	$	165,337
Change in 2019 *(i)*		(11,199)
Amortization		(35,570)
Right-of-use assets, December 31, 2019	$	118,568

(i) Commencing January 1, 2019, an annual amount of $3,200 was shared by another sub-lessee

9. Financial Instruments

Following is a summary of the Company's financial assets and liabilities as at December 31, 2019 and 2018:

	December 31, 2019	**December 31, 2018**
	$	**$**
Fair value through profit and loss:		
Investments at fair value	10,156,292	9,774,246
Amortized cost:		
Cash	2,899,097	1,682,147
Short-term investment	20,000	20,000
Receivables	2,106	65,937
Due from related parties	48,336	1,349
Accounts payables and accrued liabilities	39,833	72,621

Fair value measurement

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).

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

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

December 31, 2019	Level 1	Level 2	Level 3
	$	$	$
Investments at fair value,	10,007,355	148,937	-

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

	December 31, 2018	Additions/ disposition	December 31, 2019	Unrealized gain (loss) recognized in profit or loss
	$	$	$	$
Share purchase warrants:	246,330	-	53,800	(192,530)
Convertible debenture:	99,000	-	95,137	(3,863)

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 Company's investment in EL Olivar as at December 31, 2019 was impaired by US$400,000 or $545,293 to a fair value of $Nil from December 31, 2018 (US$400,000 or $545,293).

Financial risk factors

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, foreign exchange risk, currency risk, interest rate risk, and price risk. Management reviews these risks monthly and when material, they are reviewed and monitored by the Board of Directors.

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty 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 includes the fair value contracts with individual counterparties which are recorded in the financial statements. The Company considers the following financial assets to be exposed to credit risk:

- Cash and cash equivalents– To manage credit and liquidity risk the Company places its cash with major financial institutions in two major financial institutions in Canada (subject to deposit insurance up to $100,000).
- Short-term investment – The Company places its short-term investment with a high creditworthy financial institution.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to the Company's cash and cash equivalent, marketable securities and investments that may be denominated in US dollars. The following tables present the impacts to the Company's operating results due to a change in relevant foreign currency exchange rate.

As at December 31, 2019, the Company had investments in fair value of $0.45 million and cash and cash equivalent of $1.21 million denominated in US dollars. A 10% change in the currency exchange rate (US$ to C$) will affect the Company's net income (loss) in a given period by approximately $0.17 million. The Company does not have currency hedge for its foreign exchange exposure.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and the debt instruments included in the Company's short-term investments that are subject to variable interest rate.

The Company holds short-term investments such as guaranteed investment certificates at fixed interest rates and has no debt.

Management has determined that the Company is not exposed to significant interest rate risk.

Price Risk

Price risk is the risk that the fair value of an investment in entities in public entities will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk).

The Company's investments in private entities are also subject to price risk as they are impacted by many general and specific market variables.

A 15% increase/decrease in the value of all investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately $1.5 million.

10. Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. 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, prior to filing.

11. Cautionary Statement on 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, assumptions, and beliefs of the Company as of the date of such information or statements. 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 certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

All such forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: but are not limited to, statements with respect to: the Company's future growth, results of operations, performance and business prospects, opportunities, the Company's investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. All the forward-looking information and statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.