

Minco Capital Corp.

Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020

(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 ("IASB") 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

Melinda Hsu, CPA, CGA
Chief Financial Officer

Vancouver, Canada
November 23, 2020

Minco Capital Corp.

Condensed Interim Statements of Financial Position

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

	September 30, 2020	December 31, 2019
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	2,518,622	2,899,097
Short-term investment (note 4)	20,000	20,000
Investments at fair value (note 5)	7,773,709	10,156,292
Receivables	2,549	2,106
Due from related parties (note 8)	-	48,336
Prepaid expenses and deposits	35,152	52,484
	10,350,032	13,178,315
Non-current assets		
Long-term deposit	8,765	8,765
Property and equipment	20,892	27,801
Right-of-use assets (note 6)	77,044	118,568
Total assets	10,456,733	13,333,449
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	40,965	39,833
Lease obligation, current (note 6)	32,122	38,234
	73,087	78,067
Lease obligation, non-current (note 6)	57,728	92,832
	130,815	170,899
Shareholders' Equity		
Share capital (note 7)	39,777,711	40,412,683
Contributed surplus	10,345,372	10,182,186
Deficits	(39,797,165)	(37,432,319)
	10,325,918	13,162,550
Total liabilities and shareholders' equity	10,456,733	13,333,449

Approved by the Board of Directors

(signed) Malcolm Clay, Director

(signed) Michael Doggett, Director

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

Minco Capital Corp.

Condensed Interim Statements of Loss and Comprehensive Loss

For the three and nine months ended September 30, 2020, and 2019

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

	Three months ended September 30,		Nine months ended September 30,	
	2020 \$	2019 \$	2020 \$	2019 \$
Dividend, fund distribution, and interest income	7,052	15,702	33,819	54,590
Realized gain from investments (note 5)	-	195,841	11,903	418,855
Net unrealized (loss) / gain from investments (note 5)	(395,736)	(270,584)	(2,370,191)	1,987,019
	(388,684)	(59,041)	(2,324,469)	2,460,464
Operating expenses				
Accounting and audit	5,758	5,744	19,434	12,747
Amortization	9,541	9,589	28,775	33,897
Consulting	13,125	16,722	49,819	49,662
Directors' fees (note 8)	5,500	12,500	28,667	42,000
Investor relations	783	587	2,091	8,801
Interest expense (note 6)	1,836	3,445	5,950	10,336
Legal and regulatory	15,465	18,027	46,357	49,805
Office and administration	8,838	10,567	35,449	37,062
Property and investment evaluation	10,964	21,351	46,935	59,712
Salaries and benefits	21,218	59,641	210,126	192,549
Share-based compensation (note 7)	99,507	10,401	163,186	84,841
Travel	2,222	3,439	7,413	10,345
	194,757	172,013	644,202	591,757
Operating (loss) / income	(583,441)	(231,054)	(2,968,671)	1,868,707
Foreign exchange (loss) / gain	(28,842)	13,741	32,336	(26,145)
Net (loss) / gain and comprehensive (loss) / gain for the period	(612,283)	(217,313)	(2,936,335)	1,842,562
Net (loss) / income per share				
Basic and diluted	(0.01)	(0.00)	(0.06)	0.04
Weighted average number of common shares outstanding				
Basic and diluted	48,056,881	50,651,261	48,451,071	50,651,261

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

Minco Capital Corp.

Condensed Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2020, and 2019

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

	Number of shares	Treasury shares	Share capital	Contributed surplus	Deficits	Subtotal
	#	#	\$	\$	\$	\$
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	-	-	-	-	(5,948)	(5,948)
Balance – January 1, 2019	50,733,381	-	41,976,886	10,097,345	(40,454,418)	11,619,813
Impact of adopting IFRS 16	-	-	-	-	(123)	(123)
Net income for the period	-	-	-	-	1,842,562	1,842,562
Shares cancelled (note 7)	(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
Balance - January 1, 2020	48,842,881	1,182,000	40,412,683	10,182,186	(37,432,319)	13,162,550
Net loss for the period	-	-	-	-	(2,936,335)	(2,936,335)
Shares cancelled (note 7)	(786,000)	(1,182,000)	(634,972)	-	571,489	(63,483)
Share-based compensation	-	-	-	163,186	-	163,186
Balance – September 30, 2020	48,056,881	-	39,777,711	10,345,372	(39,797,165)	10,325,918

Minco Capital Corp.

Condensed Interim Statements of Cash Flow

For the nine months ended September 30, 2020, and 2019

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

	Nine months ended September 30,	
	2020	2019
Cash flow provided by (used in)	\$	\$
Operating activities		
Net (loss) / income for the period	(2,936,335)	1,842,562
Items not affecting cash and cash equivalent:		
Amortization	28,775	33,897
Foreign exchange (gain) / loss	(32,336)	26,145
Interest expense	5,950	10,336
Net unrealized loss / (gain) from investments	2,370,191	(1,987,019)
Realized gain from investments	(11,903)	(418,855)
Share-based compensation	163,186	84,841
Purchase of investments	(642,756)	(216,360)
Disposition of investments	667,051	2,087,107
Changes in items of working capital:		
Accounts payable and accrued liabilities	1,133	(30,467)
Due from related parties	48,336	(45,525)
Prepaid expenses and deposits	17,332	55,142
Receivables	(443)	62,049
Net cash (used in) / generated from operating activities	(321,819)	1,503,853
Financing activities		
Purchase of shares for cancellation	(63,483)	(43,305)
Repayment of lease obligation	(28,009)	(34,032)
Net cash used in financing activities	(91,492)	(77,337)
Investing activities		
Disposition of equipment	500	-
Net cash generate from investing activities	500	-
Effect of exchange rate changes on cash and cash equivalents	32,336	(26,145)
(Decrease) / Increase in cash and cash equivalents	(380,475)	1,400,371
Cash and cash equivalents - Beginning of period	2,899,097	1,682,147
Cash and cash equivalents - End of period	2,518,622	3,082,518
Cash and cash equivalents consist of the following:		
Cash	286,250	379,892
Cash equivalents	2,232,372	2,702,626
	2,518,622	3,082,518
Supplemental information:		
Foreign exchange gain (loss) included in unrealized losses from investment	9,473	(29,359)
Non-cash share capital adjustment related to purchase of shares for cancellation	571,489	-

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

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

1. Nature of operations

Minco Capital Corp. ("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 Corporation 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.

Since February 2020, the coronavirus ("COVID-19") has slowed down in the global economy as well as caused volatility in the global financial markets. Rapid spread of COVID-19 has had an adverse effect on the Company's investments. The extent to which COVID-19 may impact the Company's business will depend on the duration of the outbreak, travel restrictions, the effectiveness of actions taken and vaccine creation to contain and treat the disease. Although it is not possible to reliably estimate the financial impact, the Company's investment value declined \$2,370,191 during the nine months ended September 30, 2020. 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. 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, 2019, 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 23, 2020.

The condensed interim financial statements have been prepared under the historical cost convention, except for financial instruments carried at fair value through profit or loss ("FVTPL").

In preparing these condensed interim financial statements, management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

The Company's accounting policies and significant judgements and estimates applied in these condensed interim financial statements are consistent with those of the annual financial statements for the year ended December 31, 2019.

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

3. Cash and cash equivalents

As at September 30, 2020, the Company had cash on hand of \$286,250 (December 31, 2019 - \$48,995) and cash equivalents of \$2,232,372 (December 31, 2019 - \$2,850,102).

4. Short-term investment

As at September 30, 2020, short-term investments consist of \$20,000 (December 31, 2019 - \$20,000) cashable guaranteed investment certificates. The yields on this investment are 1.45% per annum (2019 – 1.45%).

5. Investments at fair value

The Company has the following investments as at September 30, 2020:

	Number of Shares/Units Held	Fair value
	#	\$
Equities of public resource companies:		
Top ten resource companies by fair value		
-Minco Silver Corporation	11,000,000	5,335,000
-Hudson Resources Inc.	2,142,857	310,714
-Labrador Iron Ore Royalty	10,000	256,900
-Amarillo Gold	715,000	232,375
-Global X Lithium & Battery ETF	3,500	187,213
-Amerigo Resources	309,000	169,950
-High Gold Mining Inc.	42,500	123,250
-Neo Performance Materials Inc.	11,000	118,141
-Almaden Minerals Ltd.	100,000	114,075
-Rise Gold Corp.	75,000	76,500
Others	various	607,896
Equities of a private company (EL Olivar Imperial)	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	62,063
Trust units		
-Sprott physical platinum palladium	6,050	125,732
Equity, total		7,719,809
Share warrants, various		53,900
Total		7,773,709

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

5. Investments at fair value (continued)

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 Corporation	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%	100,000	95,137
Equity, total		10,102,492
Share warrants, various		53,800
Total		10,156,292

The continuity of the Company's investments during the nine months ended September 30, 2020 is as follows:

	December 31, 2019	Additions	Proceeds from dispositions	Realized Gains (iv)	Unrealized losses (iv)	September 30, 2020
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units (i)	9,865,526	482,284	(522,348)	9,029	(2,302,476)	7,532,015
- Share purchase warrants (ii)	53,800	25,500	-	-	(25,400)	53,900
Investment in others: Platinum	141,829	-	(144,703)	2,874	-	-
Investment in trust units:	-	134,972	-	-	(9,240)	125,732
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	95,137	-	-	-	(33,075)	62,062
Total	10,156,292	642,756	(667,051)	11,903	(2,370,191)	7,773,709

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

5. Investments at fair value (continued)

The Continuity of the Company's investments during the year ended December 31, 2019 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 nine months ended September 30, 2020, the Company acquired common shares and trust units of public companies for a total cost of \$642,756. The Company disposed of common shares of public companies for proceeds of \$667,051 and resulted in a realized gain of \$11,903.

(i) As at September 30, 2020, 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, 2019 - 11,000,000 common shares or approximately 18% ownership). As at September 30, 2020, the market price closed at \$0.485 per share (December 31, 2019 - \$0.71 per share).

(ii) The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets. 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 5.90% or 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 consists 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. Such warrants expired in 2019.

As part of the consideration for the investment in EL Olivar, the Company 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 project construction, no dividends have been paid. The Company has not accrued the dividend receivable 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's project development activities had been suspended temporarily due to the on-going COVID-19 crisis.

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

As at December 31, 2019, in accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$545,293 (US\$400,000) in El Olivar due to the fact that El Olivar needs to raise significant money to complete the development of its project with uncertainty of its ability to raise these funds in a timely manner.

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

5. Investments at fair value (continued)

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

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Net realized gain on investments	-	97,776	189,368	195,624
Reversal of unrealized gain (loss) previously recorded	-	98,065	(177,465)	223,231
Realized gain	-	195,841	11,903	418,855
Change in unrealized (loss) / gain on investment	(395,736)	(270,584)	(2,370,191)	1,987,019
Net (loss) / gain from investments	(395,736)	(74,743)	(2,358,288)	2,405,874

6. Leases

The Company has a shared office lease in Vancouver, British Columbia with other companies related to it by virtue of certain directors and management in common. Such lease was classified as an operating lease under IAS 17 and the right-of-use asset and lease obligation were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 8%.

a) Right-of-use assets

During the nine months ended September 30, 2020 and the year ended December 31, 2019, there were changes to the cost attributable to the Company, which is reflected in the table below as change to lease terms. The continuity of the right-of-use assets as at September 30, 2020 and December 31, 2019 is as follows:

	September 30, 2020	December 31, 2019
	\$	\$
Right-of-use assets, beginning of period	118,568	165,337
Change to lease terms	(19,157)	(11,199)
Amortization	(22,367)	(35,570)
Right-of-use assets, end of period	77,044	118,568

b) Lease obligation

The continuity of the lease obligation as at September 30, 2020 and December 31, 2019 is as follows:

	September 30, 2020	December 31, 2019
	\$	\$
Lease obligation recognized, beginning of period	131,066	171,285
Change to lease terms	(19,157)	(11,199)
Interest accretion	5,950	12,807
Lease payments	(28,009)	(41,827)
Lease obligation, end of period	89,850	131,066
Current lease obligation	32,122	38,234
Non-current lease obligation	57,728	92,832
Lease obligation, end of period	89,850	131,066

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

6. Leases (continued)

b) Lease obligation (continued)

The maturity analysis of the Company's contractual undiscounted lease liabilities as at September 30, 2020 is as follows:

	< = 1 year	1 to 3 years	Total
Lease liabilities (Undiscounted - Lease payments)	37,903	61,259	99,162

c) Amounts recognized in Statement of Loss

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
Interest on lease obligation	\$ 1,836	\$ 3,445	\$ 5,950	\$ 10,336
Expenses relating to low-value leases	441	1,100	1,450	2,049
Amortization	7,455	9,589	22,367	28,765

7. Share capital

a) Common shares

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

During the year ended December 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 then issued and outstanding common shares of the Company. The program ended on January 31, 2020.

During the year ended 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 payment of \$224,440. \$1,339,763 of the difference between the purchase price paid and the original cost was recorded as a credit to retained earnings.

As at December 31, 2019, the Company cancelled 708,500 of common shares and held 1,182,000 shares in treasury stock, which were cancelled during the nine months ended September 30, 2020.

During the nine months ended September 30, 2020, the Company renewed the NCIB for a term of one year ending February 9, 2021. Under the renewed NCIB program, the Company may acquire up to 2,427,844 shares, representing 5% of the current issued and outstanding shares.

During the three months ended September 30, 2020, the Company did not acquire any of its common shares. During the nine months ended September 30, 2020, the Company acquired 786,000 common shares of the Company with an original cost of \$634,972 for a total payment of \$63,483. \$571,489 of the difference between the purchase price paid and the original cost was recorded as a credit to retained earnings.

Minco Capital Corp.

Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

7. Share capital (continued)

b) 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 2019, the Company did not grant stock options.

On April 28, 2020, the Company granted 3,600,000 stock options to its officers, directors, employees and consultants at an exercise price of \$0.12 per common share for a term of five years. These options vest over 18 months from the grant date.

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

	2020	2019
Risk-free interest rate	0.42%	2.07%
Dividend yield	0%	0%
Volatility	108%	97%
Forfeiture rate	17%	19%
Estimated expected lives	5 years	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.

During the nine months ended September 30, 2020, the Company recorded \$163,186 (2019 - \$84,841) of the stock option component as the share-based compensation.

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

	Number outstanding	Weighted average exercise price
	#	\$
January 1, 2019	7,773,334	0.21
Expired	(845,000)	0.26
Balance, December 31, 2019	6,928,334	0.20
Granted	3,600,000	0.12
Expired	(753,334)	0.24
Forfeited	(1,160,000)	0.20
Balance, September 30, 2020	8,615,000	0.16

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Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2020, and 2019

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

7. Share capital (continued)

b) Stock options (continued)

A summary of the Company's outstanding options as at September 30, 2020 is as follows:

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	
\$			\$			\$
0.12 – 0.16	3,600,000	4.57	0.12	-	-	-
0.17 – 0.19	3,405,000	2.24	0.17	3,405,000	0.17	0.17
0.20 – 0.24	1,610,000	1.35	0.24	1,610,000	0.24	0.24
	8,615,000	3.05	0.16	5,015,000	0.19	0.19

8. Related party transactions

The following related party transactions were conducted in the normal course of business:

a) 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 months ended September 30, 2020 and 2019, compensation to key management are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2020	2019	2020	2019
	\$	\$	\$	\$
Senior management remuneration	20,413	66,987	147,799	200,457
Severance ⁽¹⁾	-	-	65,025	-
Directors' fees ⁽²⁾	5,500	16,500	31,667	50,000
Share-based compensation	52,794	9,203	100,730	75,411
Total	78,707	92,690	345,221	325,868

(1) as part of measures to reduce the Company's operating costs in light of the current economic and market conditions, the Company decided not to renew the employment agreement with the Company's President and paid \$65,025 of severance benefits.

(2) During the three and nine months ended September 30, 2020, the Company paid directors' fees of \$5,500 (2019 - \$12,500) and \$28,667 (2019 - \$42,000), respectively. During the three and nine months ended September 30, 2020, the Company also paid to a director for new project search fees of \$Nil (2019 - \$4,000) and \$3,000 (2019 - \$8,000), respectively, which was recorded as property and investment evaluation expenses.

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For the three and nine months ended September 30, 2020, and 2019

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

8. Related party transactions (continued)

b) Investments

Refer to Note 5 for the Company's relationships and transactions with its investees, El Olivar and Minco Silver.

c) Other transactions with related parties

The Company, Minco Silver, Minco Base Metals Corporation ("MBM") and HempNova Lifetech Corporation ("HempNova") have certain directors and management in common. These four companies shared certain office rental and administration expenditures.

As at September 30, 2020, the Company's due from related parties consists of:

- \$Nil due from Minco Silver (December 31, 2019 – \$19,153), in relation to shared office expenses reimbursement.
- \$Nil due from MBM (December 31, 2019 - \$17,375), in relation to shared office expenses reimbursement.
- \$Nil due from HempNova (December 31, 2019 - \$3,808), in relation to shared office expenses reimbursement.
- \$Nil due from Sinocan Capital Limited (December 31, 2019 –\$8,000), in relation to expenses reimbursement.

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

9. Financial instruments and fair value

The following table summarizes the carrying value of financial assets and liabilities at September 30, 2020 and December 31, 2019:

	September 30, 2020	December 31, 2019
	\$	\$
Fair value through profit and loss:		
Investments at fair value	7,773,709	10,156,292
Amortized cost:		
Cash and cash equivalents	2,518,622	2,899,097
Short-term investment	20,000	20,000
Receivables	2,549	2,106
Due from related parties	-	48,336
Accounts payables and accrued liabilities	40,965	39,833
Lease obligations, current	32,122	38,234
Lease obligations, non-current	57,728	92,832

Fair value measurement

As at September 30, 2020 and December 31, 2019, 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.

Minco Capital Corp.

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9. Financial instruments and fair value (continued)

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, 2020	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value	7,532,014	241,695	-

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, 2019	Additions/ dispositions	September 30, 2020	Unrealized loss recognized in profit or loss
	\$	\$	\$	\$
Share purchase warrants:	53,800	25,500	53,900	(25,400)
Convertible debenture:	95,137	-	62,063	(33,074)
Trust units:	-	134,972	125,732	(9,240)
	148,937	160,472	241,695	(67,714)

	December 31, 2018	Additions/ dispositions	December 31, 2019	Unrealized loss recognized in profit or loss
	\$	\$	\$	\$
Share purchase warrants:	246,330	-	53,800	(192,530)
Convertible debenture:	99,000	-	95,137	(3,863)
	345,330	-	148,937	(196,393)

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

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10. Subsequent events

Subsequent to the nine months ended September 30, 2020:

- a) the Company acquired additional investments in the open market for a total cost of \$108,370.
- b) 1,975,000 stock options were forfeited with the weighted average exercise price of \$0.16.