

MINCO CAPITAL CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2021

This Management’s Discussion and Analysis (“MD&A”) of Minco Capital Corp. (“we”, “our”, “us”, “Minco Capital” or the “Company”) has been prepared by management on the basis of available information up to May 27, 2021, and should be read in conjunction with the condensed interim financial statement and related notes thereto prepared by management for the three months ended March 31, 2021. The Company’s condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Certain information and notes usually provided in the annual financial statements have been omitted or condensed. Therefore, this MD&A should be read in conjunction with the audited financial statements and related notes thereto for the year ended December 31, 2020.

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. Some dollar amounts are rounded to thousands (‘000) for discussion purposes.

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 condensed interim 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. Our corporate office is in Vancouver, British Columbia. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “MMM” and on the OTCQB Market tier in the USA (“OTCQB”) under the symbol “MGHCF”.

As at the date of this MD&A, the Company had 47,771,881 common shares and 6,640,000 stock options outstanding.

Table of Contents

1. HIGHLIGHTS FOR THE PERIOD	2
2. INVESTMENTS AT FAIR VALUE	2
3. RESULTS OF OPERATIONS.....	5
4. SUMMARY OF QUARTERLY RESULTS	7
5. LIQUIDITY AND CAPITAL RESOURCES	7
6. OFF -BALANCE SHEET ARRANGEMENTS	7
7. RELATED PARTY TRANSACTIONS	7
8. SIGNIFICANT ACCOUNTING POLICIES	8
9. FINANCIAL INSTRUMENTS.....	8
10. INTERNAL CONTROLS OVER FINANCIAL REPORTING	10
11. CAUTIONARY STATEMENT ON FORWARD-LOOKING INFORMATION	10

1. Highlights for the period

During the three months ended March 31, 2021, the Company:

- a) acquired common shares of public companies for a total cost of \$330,251 and disposed common shares of public companies for proceeds of \$175,119 resulting in a realized gain of \$23,465.
- b) earned \$3,407 of dividend and interest income.
- c) received approval from the TSX Venture for a renewal of the normal course issuer bid (“NCIB”) for a term of one year ending March 31, 2022. Under the NCIB program, the Company may acquire up to 2,388,594 shares or 5% of the Company’s issued and outstanding shares.

During the three months ended March 31, 2021, the Company acquired and cancelled 285,000 common shares of the Company with an original cost of \$235,901 for a total payment of \$22,038. \$213,863 of the difference between the purchase price paid and the original cost was recorded as a credit to retained earnings.

- d) The coronavirus (“COVID-19”) has slowed down in the global economy and caused volatility in the global financial markets. The outbreak of COVID-19 and its impact on the global financial markets 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 and vaccine taken to contain and treat the disease. Although it is not possible to reliably estimate the financial impact, the Company’s investment value declined \$673,759 during the three months ended March 31, 2021.

1.1. Subsequent events

Subsequent to the three months ended March 31, 2021, the Company invested in additional equities of public companies at a total cost of \$641,948 and disposed of certain investments for a total proceed of \$42,575.

1.2. Net asset value

As at March 31, 2021, the Company’s net asset value was \$0.22 per share (December 31, 2020 - \$0.23 per share) while the Company’s common shares traded at \$0.085 per share (December 31, 2020 - \$0.07 per share). The Company believes that the market price of its common shares may not reflect their underlying value. Pursuant to the NCIB program, the Company has been repurchasing and cancelling its common shares and believes it is an appropriate use of the Company’s funds to benefit all remaining shareholders by increasing their equity interest in the Company.

2. Investments at Fair Value

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 considers the closing share price of investments issued by public entities at each reporting date as the fair value. Also, the Company applies the Black Scholes option pricing model to value public companies’ share purchase warrants at the reporting date.

The Company has the following investments as at March 31, 2021:

	Number of Shares/Units Held	Fair value
	#	\$
Equities of public resource companies:		
Top ten resource companies by fair value		
-Minco Silver Corporation ⁽¹⁾	11,000,000	5,225,000
-Hudson Resources Inc.	2,117,857	444,750
-Amerigo Resources	309,000	281,190
-Neo Performance Materials Inc.	11,000	221,320
-Amarillo Gold Corp.	715,000	193,050
-NEO Lithium Corp.	50,000	148,000
-Solaris Resources Inc.	16,230	145,745
-Sherritt International Corp.	250,000	130,000
-Global Lithium EFT	1,750	128,539
-Asante Gold Corp.	33,334	80,000
Others	various	971,267
Equities of a private company (El Olivar) ⁽ⁱⁱ⁾	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	85,000
Trust units		
-Sprott physical platinum palladium	6,050	141,887
Equity, total		8,195,748
Share warrants, various		31,100
Total		8,226,848

The Company has the following investments as at December 31, 2020:

	Number of Shares/Units Held	Fair value
	#	\$
Equities of public resource companies:		
Top ten resource companies by fair value		
-Minco Silver Corporation ⁽ⁱ⁾	11,000,000	5,830,000
-Hudson Resources Inc.	2,142,857	589,286
-Global X Lithium & Battery ETF	3,500	275,349
-Amerigo Resources	309,000	247,200
-Amarillo Gold	715,000	221,650
-Neo Performance Materials Inc.	11,000	151,580
-Sherritt International Corp.	250,000	102,500
-Solaris Resources Inc.	16,230	98,678
-High Gold Mining Inc.	42,500	95,200
-Orca Gold Inc.	100,000	90,000
Others	various	787,935
Equities of a private company (El Olivar) ⁽ⁱⁱ⁾	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	75,000
Trust units		
-Sprott physical platinum palladium	6,050	113,232
Equity, total		8,677,610
Share warrants, various		44,400
Total		8,722,010

(i) As at March 31, 2021 and December 31, 2020, the Company's Investment in public entities includes 11,000,000 common shares of Minco Silver Corporation ("Minco Silver"), which was approximately 18% of Minco Silver's outstanding shares.

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.

The change in share price of Minco Silver has a greater impact on the Company's performance than the balance of the portfolio. As at March 31, 2021, the share price of Minco Silver closed at \$0.475 per share (December 31, 2020: \$0.53 per share) and the fair market value of Minco Silver's 11 million common shares was \$5,225,000 (December 31, 2020: \$5,830,000), which accounted for 64% of the Company's investment portfolio by the fair value (December 31, 2020: 67%).

(ii) 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 warrant (the "EI Warrant"), with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US\$1.00. Such warrants expired in 2019.

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

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 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.

During 2020, El Olivar restarted design work and initial construction of a tailings processing plant. Due to Covid-19 travel restrictions, plant construction began in Canada with the intention of shipping it to Peru during 2021 or as soon as possible under COVID-19 protocols. El Olivar intends to raise additional funds in 2021 to complete civil works and installation of the plant.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$545,293 (US\$400,000) in El Olivar as at December 31, 2019. During the three months ended March 31, 2021, there was no change in management's assessment and this investment remains impaired. As of March 31, 2021, El Olivar has approximately 7 million shares outstanding.

The continuity of the Company's investments during the three months ended March 31, 2021 is as follows:

	December 31, 2020	Additions	Proceeds from dispositions	Realized Gains	Unrealized gain (losses)	March 31, 2021
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	8,489,378	330,251	(175,119)	23,465	(699,114)	7,868,861
- Share purchase warrants	44,400	-	-	-	(13,300)	31,100
Investment in trust units	113,232	-	-	-	28,655	141,887
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	75,000	-	-	-	10,000	85,000
Total	8,722,010	330,251	(175,119)	23,465	(673,759)	8,226,848

The continuity of the Company's investments during the year ended December 31, 2020 is as follows:

	December 31, 2019	Additions	Proceeds from dispositions	Realized Gains	Unrealized losses	December 31, 2020
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	9,865,526	685,698	(868,255)	108,338	(1,301,929)	8,489,378
- Share purchase warrants	53,800	25,500	-	-	(34,900)	44,400
Investment in others: Platinum	141,829	-	(144,703)	2,874	-	-
Investment in trust units	-	134,972	-	-	(21,740)	113,232
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	95,137	-	-	-	(20,137)	75,000
Total	10,156,292	846,170	(1,012,958)	111,212	(1,378,706)	8,722,010

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

	Three months ended March 31,	
	2021	2020
	\$	\$
Net realized gain on investments	175,119	667,051
Adjusted cost base	(94,274)	(477,683)
Net realized gain on investments	80,845	189,368
Reversal of unrealized gain previously recorded	(57,380)	(177,465)
Realized gain	23,465	11,903
Change in unrealized loss on investment	(673,759)	(3,762,781)
Net loss from investments	(650,294)	(3,750,878)

3. Results of Operations

3.1 Operating result comparison for the three months ended March 31, 2021 and 2020

	2021	2020	Change
	\$	\$	\$
Dividend and interest income	3,407	20,221	(16,814)
Realized gain from investments	23,465	11,903	11,562
Unrealized loss from investments	(673,759)	(3,762,781)	3,089,022
	(646,887)	(3,730,657)	3,083,770
Operating expenses	(121,821)	(172,399)	50,578
Foreign exchange gain (loss)	(8,728)	116,544	(125,272)
Net loss	(777,436)	(3,786,512)	3,009,076

The amount of gain and loss of the investments depends on the performance of the entities that 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.

For the three months ended March 31, 2021, \$674,000 of the unrealized loss from investments was mainly due to the market value of Minco Silver shares decreased by \$605,000 and Hudson Resources shares decreased by \$145,000 compared to their market values as at December 31, 2020, offset by \$76,000 of the net unrealized gain from other investments.

For the three months ended March 31, 2020, \$3,763,000 of the unrealized loss from investments was mainly due to the market value of Minco Silver shares decreased by \$2,915,000, Hudson Resources shares decreased by \$332,000 compared to their market values as at December 31, 2019. The remaining net unrealized loss of \$516,000 was from other investments.

The movement in connection with the operating expenses and foreign exchange gain (loss) is discussed in section 3.1.1 and 3.1.2, respectively.

3.1.1 Operating Expenses for the three months ended March 31, 2021 and 2020

The Company's operating expenses for the three months ended March 31, 2021 and 2020 are as follows:

		2021	2020	Change
	ref	\$	\$	\$
Accounting and audit		4,478	7,032	(2,554)
Amortization		9,367	9,597	(230)
Consulting	a	13,125	23,569	(10,444)
Directors' fees	b	5,000	10,667	(5,667)
Interest expense		1,508	2,129	(621)
Investment evaluation and management	c	8,884	20,720	(11,836)
Legal and regulatory	d	8,785	17,311	(8,526)
Office and administration		8,453	9,636	(1,183)
Salaries and benefits	e	31,308	69,526	(38,218)
Share-based compensation	f	30,167	-	30,167
Travel and transportation		746	2,212	(1,466)
		121,821	172,399	(50,578)

The operating expenses decreased by \$51,000 during the three months ended March 31, 2021 compared to the prior year's same period mainly due to the management cost control and less operating activities. Some highlights are as follows:

- a) Consulting fees decreased by \$10,000 during the three months ended March 31, 2021 compared to the prior year same period mainly due to the reduced fees charged by the CEO and the current CFO.
- b) Director's compensation decreased due to the retirement of a director in January 2020 and another director stepped down on June 30, 2020.
- c) Investment evaluation and management expenses decreased by \$12,000 mainly due to less operating activities during the three months ended March 31, 2021 as a result of COVID-19 compared to the prior year's same period.
- d) Legal and regulatory fees decreased by \$9,000 mainly due to the management cost control and less operating activities.
- e) Salary and benefits decreased by \$38,000 during the three months ended March 31, 2021 compared to the prior year's same period mainly due to the employment agreement with the Company's former president unrenewed in June 2020.
- f) Share-based compensation fluctuate from year to year depending on the timing and fair value of options vested each year. \$Nil of share-based compensation expenses was recorded during the three months ended March 31, 2020 as no new options were granted during the period and the existing options were fully amortized. In April 2020, the Company granted 3,600,000 stock option to its director, consultants and employees.

3.1.2 Foreign exchange gain (loss)

The Company holds cash and investments denominated in US dollar from time to time. US dollar depreciated against Canadian dollars of 1.3% during the three months ended March 31, 2021 (2020 - appreciated 9%). As a result, the Company recorded \$9,000 of foreign exchange loss for the three months ended March 31, 2021 (2020 - a gain of \$117,000).

4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
	\$	\$	\$
03-31-2021	(777,436)	(0.02)	(0.02)
12-31-2020	971,600	0.02	0.02
09-30-2020	(612,283)	(0.01)	(0.01)
06-30-2020	1,462,460	0.03	0.03
03-31-2020	(3,786,512)	(0.08)	(0.08)
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

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, and the foreign exchange gain or loss. The Company's performance is not subject to seasonality.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Three months ended March 31,	
	2021	2020
	\$	\$
Operating activities	(243,569)	465,110
Financing activities	(31,325)	(72,730)

Operating activities

During the three months ended March 31, 2021, the Company generated cash of \$175,000 (2020 – \$667,000) from the disposition of investments and used cash of \$330,000 (2020 - \$135,000) in the purchase of investments. The Company used cash of \$89,000 (2020 – \$68,000) in other operating activities and working capital.

Financing activities

The Company used \$22,000 (2020 - \$63,000) in the purchase of the Company's common shares for cancellation and \$9,000 (2020 - \$9,000) in the payment of the lease obligation in connection with the Company's shared office.

5.2 Capital Resources and Liquidity Risk

As at March 31, 2021, the Company's working capital was \$10,455,229 compared to \$11,223,345 as at December 31, 2020. The Company's operations were funded by its working capital during the current year. 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

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. The compensation is included in operating expenses. For the three months ended March 31, 2021 and 2020, compensations to the key management are as follows:

	2021	2020
	\$	\$
Senior management remuneration	24,290	74,511
Directors' fees	5,000	10,667
Share-based compensation	21,340	-
Total	50,630	85,178

b) Investments

Refer to Item 2. Investments at Fair Value, above 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 and Hempnova Lifetech Corporation ("Hempnova") have certain directors and management in common. These three companies shared certain office rental and administration expenditures. During the year ended December 31, 2020, Minco Base Metals Corporation ("MBM") shared certain expenses as well and the Company's CEO has a control interest in MBM.

As at March 31, 2021, the Company's due from / to related parties consists of:

- \$Nil due from Minco Silver (December 31, 2020 - \$1,317), in relation to shared office expenses reimbursement.
- \$Nil due to MBM (December 31, 2020 - \$346), in relation to shared office expenses reimbursement.
- \$44,004 due from Hempnova (December 31, 2020 - \$32,879), in relation to shared office expenses reimbursement.
- \$562 due to a company controlled by the Company's CEO (December 31, 2020 -\$729), in relation to expenses reimbursement.

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

8. Significant Accounting Policies

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

The Company's significant accounting policies, applied judgements and estimates are set out in the note 3 and note 4 of the audited annual financial statements for the year ended December 31, 2020.

9. Financial Instruments

Following is a summary of the Company's financial assets and liabilities as at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
	\$	\$
Fair value through profit and loss:		
Investments at fair value	8,226,848	8,722,010
Amortized cost:		
Cash and cash equivalents	2,226,793	2,899,097
Short-term investment	20,000	20,000
Receivables	6,196	2,106
Due from related parties	44,004	48,336
Accounts payable and accrued liabilities	64,976	64,976
Due to related parties	562	562
Lease obligations	73,308	82,125

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 March 31, 2021 and December 31, 2020, financial instruments that are not measured at fair value on the statement of financial position are represented by cash and cash equivalents, short-term investment, receivables, due from related parties, accounts payable and accrued liabilities, due to related parties and lease obligations. 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:

	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value, March 31, 2021	7,968,861	257,987	-
Investments at fair value, December 31, 2020	8,489,378	232,632	-

The Company uses the Black-Scholes option pricing model to determine the fair value of those shares purchase warrants with the use of assumptions. Fair value of investments classified at level 2 is reconciled as follows:

	December 31, 2020	Additions/ dispositions	Unrealized loss recognized in profit or loss	March 31, 2021
	\$	\$	\$	\$
Share purchase warrants:	44,400	-	(13,300)	31,100
Convertible debenture:	75,000	-	10,000	85,000
Trust units:	113,232	-	28,655	141,887
	232,632	-	25,355	257,987

	December 31, 2019	Additions/ dispositions	Unrealized loss recognized in profit or loss	December 31, 2020
	\$	\$	\$	\$
Share purchase warrants:	53,800	25,500	(34,900)	44,400
Convertible debenture:	95,137	-	(20,137)	75,000
Trust units:	-	134,972	(21,740)	113,232
	148,937	160,472	(76,777)	232,632

10. Internal Controls over Financial Reporting

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and 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. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed, they may not prevent or detect misstatements on a timely basis.

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.

10.1. Changes in Internal Controls over Financial Reporting

NI 52 - 109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls during the three months ended March 31, 2021.

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.