Minco Capital Corp.

Financial Statements
Years ended December 31, 2022 and 2021
(Expressed in Canadian dollars, unless otherwise stated)

Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the Board of Directors and management. The financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments on current information. In the opinion of management, the accounting practices utilized are appropriate in the circumstances, and the financial statements fairly reflect the financial position, changes in equity, results of operations, and cash flow of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors and meets with management and the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting matters prior to submitting the financial statements to the Board of Directors for approval.

The financial statements have been audited by Smythe LLP, Chartered Professional Accountants, whom the shareholders appointed. The auditors' report outlines the scope of their examination and their opinion on the financial statements.

Dr. Ken Cai President and CEO	Renee Lin, CPA, CGA Chief Financial Officer

Vancouver, Canada
March 28, 2023

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF MINCO CAPITAL CORP.

Opinion

We have audited the financial statements of Minco Capital Corp. (the "Company"), which comprise:

- the statements of financial position as at December 31, 2022 and 2021;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in shareholders' equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our auditors' report.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

SMYTHE LLP | smythecpa.com

VANCOUVER
1700–475 Howe St
Vancouver, BC V6C 2B3
T: 604 687 1231
F: 604 688 4675

LANGLEY
600–19933 88 Ave
Langley, BC V2Y 4K5
T: 604 282 3600
F: 604 357 1376

NANAIMO
201–1825 Bowen Rd
Nanaimo, BC V9S 1H1
T: 250 755 2111
F: 250 984 0886

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Hervé Leong-Chung.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia

March 28, 2023

Minco Capital Corp.

Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2022	December 31, 2021
Assets	**$**	**$**
Current assets		
Cash	882,238	387,996
Short-term investment (note 5)	20,000	20,000
Investments at fair value (note 6)	6,003,194	9,042,592
Receivables	4,677	6,877
Due from related parties (note 9)	23,340	219,951
Prepaid expenses and deposits	19,051	18,151
	6,952,500	9,695,567
Non-current assets		
Long-term deposit	13,148	13,148
Property and equipment	3,336	11,593
Right-of-use asset (note 7)	191,491	39,172
Total assets	7,160,475	9,759,480
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	46,264	95,896
Due to related parties (note 9)	339	6,420
Lease obligation, current (note 7)	32,376	35,888
	78,979	138,204
Lease obligation, non-current (note 7)	179,724	12,687
	258,703	150,891
Shareholders' Equity		
Share capital (note 8)	37,072,717	38,714,089
Contributed surplus	10,386,171	10,386,171
Deficit	(40,557,116)	(39,491,671)
	6,901,772	9,608,589
Total liabilities and shareholders' equity	7,160,475	9,759,480

Approved by the Board of Directors

(signed) Malcolm Clay, Director (signed) Michael Doggett, Director

The accompanying notes are an integral part of these financial statements

Minco Capital Corp.

Statements of Loss and Comprehensive Loss

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, unless otherwise stated)

	2022 $	2021 $
Dividend and interest income	58,788	31,401
Realized gain from investments (note 6)	389,998	109,758
Unrealized loss from investments (note 6)	(2,641,789)	(1,250,001)
	(2,193,003)	(1,108,842)
Operating expenses		
Accounting and audit	25,239	23,268
Amortization	44,162	37,508
Consulting	55,588	60,938
Directors' fees (note 9)	26,000	23,000
Interest expense (note 7)	17,775	5,067
Investment evaluation (note 9)	43,604	97,081
Legal and regulatory	33,259	37,632
Office and administration	39,996	36,102
Salaries and benefits (note 9)	95,242	109,241
Share-based compensation (notes 8 and 9)	-	66,940
Travel	4,850	3,745
	(385,715)	(500,522)
Operating loss	(2,578,718)	(1,609,364)
Foreign exchange gain (loss)	6,997	(14,676)
Net loss and comprehensive loss	(2,571,721)	(1,624,040)
Net loss per share (note 13)		
Basic and diluted	(0.06)	(0.03)
Weighted average number of common shares outstanding		
Basic and diluted	45,718,141	47,683,525

The accompanying notes are an integral part of these financial statements

Minco Capital Corp.

Statements of Changes in Shareholders' Equity

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, unless otherwise stated)

	Number of shares	Treasury shares	Share capital	Contributed surplus	Deficit	Total
	#	#	$	$	$	$
Balance – December 31, 2020	48,056,881	-	39,777,711	10,319,231	(38,825,565)	11,271,377
Net loss for the year	-	-	-	-	(1,624,040)	(1,624,040)
Shares cancelled (note 8)	(1,285,000)	-	(1,063,622)	-	957,934	(105,688)
Share-based compensation	-		-	66,940	-	66,940
Balance – December 31, 2021	46,771,881	-	38,714,089	10,386,171	(39,491,671)	9,608,589
Net loss for the year	-	-	-	-	(2,571,721)	(2,571,721)
Shares cancelled (note 8)	(1,978,000)	-	(1,637,233)	-	1,502,602	(134,631)
Treasury shares	(5,000)	5,000	(4,139)	-	3,674	(465)
Balance – December 31, 2022	44,788,881	5,000	37,072,717	10,386,171	(40,557,116)	6,901,772

The accompanying notes are an integral part of these financial statements

Minco Capital Corp.

Statements of Cash Flows

Years ended December 31, 2022 and 2021

(Expressed in Canadian dollars, unless otherwise stated)

	2022	**2021**
Cash flows generated from (used in)	**$**	**$**
Operating activities		
Net loss for the year	(2,571,721)	(1,624,040)
Items not affecting cash:		
Amortization	44,162	37,508
Interest expense	17,775	5,067
Unrealized loss from investments	2,641,789	1,250,001
Realized gain from investments	(389,998)	(109,758)
Share-based compensation	-	66,940
Purchase of investments	(610,023)	(1,840,459)
Disposition of investments	1,397,630	379,634
Changes in items of working capital:		
Accounts payable and accrued liabilities	(49,632)	41,485
Due to/from related parties	190,530	(180,064)
Long-term deposit	-	(4,383)
Prepaid expenses and deposits	(900)	12,649
Receivables	2,200	(4,151)
Net cash generated from (used in) operating activities	671,812	(1,969,571)
Financing activities		
Purchase of shares for cancellation	(135,096)	(105,688)
Repayment of lease obligation	(42,474)	(37,579)
Net cash used in financing activities	(177,570)	(143,267)
Investing activity		
Purchase of property and equipment	-	(853)
Net cash used in investing activity	-	(853)
Increase (decrease) in cash	494,242	(2,113,691)
Cash - Beginning of year	387,996	2,501,687
Cash - End of year	882,238	387,996

Foreign exchange gain (loss) included in unrealized loss from investments	40,921	(8,832)
Taxes paid	-	-
Interest paid	-	-

The accompanying notes are an integral part of these financial statements

1. Nature of operations

Minco Capital Corp. (the "Company") is an investment company whose objective is to generate income and achieve long-term capital appreciation by investing in public and private companies and assets.

The Company was incorporated in 1982 under the laws of British Columbia, Canada, as Cap Rock Energy Ltd. The Company changed its name to Minco Capital Corp. on February 25, 2019. The registered office of the Company is 2060 - 1055 West Georgia Street, Vancouver, 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.

2. Basis of preparation

These financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The Company has determined that it meets the definition of an investment entity under IFRS 10 *Consolidated Financial Statements* ("IFRS 10"), and accordingly, all investments have been recorded as investments at fair value through profit or loss ("FVTPL").

These financial statements were approved by the board of directors for issue on March 28, 2023.

The financial statements have been prepared under the historical cost convention, except for financial instruments carried out at FVTPL. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

3. Summary of significant accounting policies

Financial instruments

<u>Financial assets</u>

(a) Initial recognition and measurement

A financial asset is measured initially at fair value less, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue. On initial recognition, a financial asset is classified as measured at amortized cost or fair value through profit or loss.

(i) Financial assets measured at amortized cost

A financial asset that meets both of the following conditions is classified as a financial asset measured at amortized cost:

- The Company's business model for the financial assets is to hold the assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(a) Initial recognition and measurement (continued)

The Company's cash, short-term investments, receivables, deposits and due from related parties are amortized cost financial instruments.

(ii) Financial assets measured at FVTPL

Financial assets measured at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value therein, recognized in profit or loss. The Company's investments are FVTPL financial instruments.

(iii) Fair value through other comprehensive income ("FVOCI")

For financial assets that are not held for trading, the Company can make an irrevocable election at initial recognition to classify the instruments at fair value through other comprehensive income ("FVOCI"), with all subsequent changes in fair value being recognized in other comprehensive income. This election is available for each particular investment. Fair value changes are recognized in OCI, while dividends are recognized in profit or loss. The Company does not have any financial assets designated as FVOCI.

(b) Derecognition of financial assets

The Company derecognizes a financial asset if the contractual rights to the cash flow from the asset expire, or the Company transfers all the risks and rewards of ownership of the financial asset substantially. Any interests in transferred financial assets that are created or retained by the Company are recognized as a separate asset or liability. Gains and losses on derecognition are generally recognized in profit or loss.

Financial liabilities

(a) Recognition and measurement of financial liabilities

The Company recognizes financial liabilities when it becomes a party to the contractual provisions of the instruments.

(b) Classification of financial liabilities

The Company classifies financial liabilities at initial recognition as financial liabilities: measured at amortized cost or measured at fair value through profit or loss.

(i) Financial liabilities measured at amortized cost

A financial liability at amortized cost is initially measured at fair value less transaction costs directly attributable to the issuance of the financial liability. Subsequently, the financial liability is measured at amortized cost based on the effective interest rate method.

The Company's accounts payable, accrued liabilities, due to related parties and lease obligations are classified as amortized cost financial liabilities.

3. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities (continued)

(b) Classification of financial liabilities (continued)

(ii) Financial liabilities measured at fair value through profit or loss

A financial liability measured at fair value through profit or loss is initially measured at fair value with any associated transaction costs being recognized in profit or loss when incurred. Subsequently, the financial liability is re-measured at fair value, and a gain or loss is recognized in profit or loss in the reporting period in which it arises.

The Company has no liabilities classified as financial liabilities measured at fair value through profit or loss.

(c) Derecognition of financial liabilities

The Company derecognizes a financial liability when the financial liability is discharged, cancelled or expired. Generally, the difference between the carrying amounts of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statements of loss and comprehensive loss.

(d) Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the statement of financial position only when the Company has a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(e) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to twelve months' expected credit losses. The Company shall recognize, as an impairment gain or loss, the amount of expected credit losses (or reversal) required to adjust the loss allowance at the reporting date to the amount required to be recognized.

Short-term investment

Short-term investment consists of term deposits with a maturity of date more than 90 days.

3. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Amortization is recorded using a straight-line basis over the shorter of their estimated useful lives and economic lives as follows:

Office furniture	5 years
Computer equipment	5 years
Leasehold improvements	5 years

The residual value, useful lives and methods of amortization of property and equipment are reviewed at each reporting date and adjusted prospectively if appropriate.

Foreign currency translation

(i) Functional and presentation currency

The functional currency and presentation currency of the Company is the Canadian dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss.

Share-based compensation

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based compensation, and the fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees are determined based on the fair value of the goods/services received or options granted measured at the date on which the Company obtains such goods/services.

Charges for options that are forfeited before vesting are reversed from the share-based payment reserve. For options that expire or are forfeited after the vesting, the recorded value remains in the share-based payment reserve.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

3. Summary of significant accounting policies (continued)

Redemption of common shares

Redemption of common shares is recorded as a reduction in share capital at the average original share purchase value on a pro-rata basis. The amount of any premium or discount on redemption of the common shares is recorded against the deficit.

Revenue recognition

Earnings (loss) per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated, giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted loss per share is the same.

Income taxes

The provision for income taxes consists of current and deferred tax expenses and is recorded in operations. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the end of the period, adjusted for amendments to tax payable for previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination, and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Right-of-use asset and lease obligation

The Company assesses whether a contract is or contains a lease at the inception of a contract. The Company recognizes a right-of-use asset (“ROU asset”) and a corresponding lease obligation with respect to all lease arrangements in which it is the lessee, at the commencement of the lease, with the following exceptions:

- The Company has elected not to recognize ROU assets and liabilities for leases where the total lease term is less than or equal to 12 months; or
- For leases of low value.

The payments for such leases are recognized in profit or loss over the lease term.

3. Summary of significant accounting policies (continued)

Right-of-use asset and lease obligation (continued)

The ROU asset is initially measured based on the present value of lease payments, lease payments made at or before the commencement day, and any initial direct costs. ROU assets are depreciated over the shorter of the lease term or the useful life of the underlying asset. The ROU asset is subject to testing for impairment if there is an indicator of impairment.

The lease obligation is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments. Lease liabilities are measured at amortized cost using the effective interest rate method and are remeasured when there is a change in future lease payments arising from a modification of the lease.

A lease modification is accounted for as a separate lease if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Company remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Company accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

Future accounting standards

The Company has performed an assessment of new standards issued by the IASB that are not yet effective. As a result, the Company has assessed that the impact of adopting these accounting standards on its financial statements would not be significant.

4. Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management’s experience and other factors, including expectations about future events that are believed to be reasonable in the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

4. Critical accounting estimates and judgments (continued)

Determination of investment entity status

The Company considered all the available facts and concluded that the Company met all three criteria set forth in IFRS 10.27 to meet the definition of an investment entity as defined in IFRS 10 from time to time:

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, management considers the Company has all of the typical characteristics of an investment entity set forth in IFRS 10.28:

- It has more than one investment;
- It has more than one investor;
- It has investors that are not related parties of the entity; and
- It has ownership interests in the form of equity.

The fair value of investments measured at FVTPL

The Company's investments are recorded in the statements of financial position at fair value. Management uses its judgment to select various methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required to the appropriate valuation methodology under this standard and subsequently determine the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity, and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied consistently, and there are no known trends, commitments, events, or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these financial statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these financial statements, and the differences may be material. In addition, the use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that is most representative of fair value and may include closing prices in exchange markets. The fair value of the other financial instruments is determined using the valuation techniques described in Note 11.

Fair value of equity instruments

The fair value of equity instruments is subject to the limitations of the Black-Scholes option pricing model and other pricing models that incorporate market data and involve uncertainty in estimates used by management in the assumptions. Because option pricing models require inputs of highly subjective assumptions, including the volatility of share prices, changes in subjective input assumptions can materially affect the fair value estimate.

(Expressed in Canadian dollars, unless otherwise stated)

4. Critical accounting estimates and judgments (continued)

Leases

Management uses estimation in determining the incremental borrowing rate used to measure the lease liability specific to the asset, underlying currency, and geographic location. Management applies judgment in determining whether the contract contains an identified asset, whether the Company has the right to control the asset, and the lease term. The lease term is based on considering facts and circumstances, both qualitative and quantitative, that can create an economic incentive to exercise renewal options.

5. Short-term investment

As of December 31, 2022, short-term investments consist of $20,000 (2021 - $20,000) of non-redeemable guaranteed investment certificates. The yields on this investment are 1.25% per annum (2021 - 0.15%).

6. Investments at fair value

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 companies' share purchase warrants at the reporting date. For convertible debentures, the Company reviews quoted bid and ask prices, if available. If such information is not available, the convertible debenture is measured at either its redemption value or conversion value depending on the Company's intent to exercise the instrument upon maturity.

The Company has the following investments as of December 31, 2022:

	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	2,200,000
-Asante Gold Corp.	333,400	456,758
-Amerigo Resources Ltd.	278,900	368,148
-Western Alaska Minerals Corp.	109,069	365,381
-Global X Lithium & Battery ETF	1,750	138,906
-Sherritt International Corporation	250,000	130,000
-Cobalt Blue Holdings Limited	200,000	108,379
-Neo Performance Materials Inc.	11,000	105,600
-Teck Resources Limited	1,500	76,755
-Rupert Resources Ltd	15,000	74,700
Others	various	1,395,831
Equities of a private company (El Olivar)(ii)	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	90,000
Trust units:		
-Sprott physical platinum palladium	6,050	108,736
Equity, total		5,619,194
Share warrants, various		384,000
Total		6,003,194

(Expressed in Canadian dollars, unless otherwise stated)

6. Investments at fair value (continued)

The Company has the following investments as of December 31, 2021:

	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	3,630,000
-Amerigo Resources Ltd.	309,000	451,140
-Asante Gold Corp.	333,334	406,748
-Neo Lithium Corp.	50,000	316,000
-Amarillo Gold Corp.	715,000	293,150
-Solaris Resources Inc.	16,230	274,936
-Neo Performance Materials Inc.	11,000	223,080
-Hudson Resources Inc.	2,117,857	190,607
-Rare Element Resources Ltd.	120,000	190,170
-Global X Lithium & Battery ETF	1,750	187,298
Others	various	2,243,842
Equities of a private company (El Olivar)(ii)	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	95,000
Trust units:		
-Sprott physical platinum palladium	6,050	104,621
Equity, total		8,606,592
Share warrants, various		436,000
Total		9,042,592

The continuity of the Company's investments during the year ended December 31, 2022 is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized gains	Unrealized gain (losses)	December 31, 2022
Investment in public entities:	$	$	$	$	$	$
- Shares and partnership units	8,406,971	592,223	(1,397,630)	389,998	(2,571,104)	5,420,458
- Share purchase warrants	436,000	17,800	-	-	(69,800)	384,000
Investment in trust units:	104,621	-	-	-	4,115	108,736
Convertible debenture:	95,000	-	-	-	(5,000)	90,000
Total	9,042,592	610,023	(1,397,630)	389,998	(2,641,789)	6,003,194

6. Investments at fair value (continued)

The Continuity of the Company's investments during the year ended December 31, 2021, is as follows:

	December 31, 2020	Additions	Proceeds from dispositions	Realized gains	Unrealized losses	December 31, 2021
Investment in public entities:	$	$	$	$	$	$
- Shares and partnership units	8,489,378	1,771,562	(379,634)	109,758	(1,584,093)	8,406,971
- Share purchase warrants	44,400	68,897	-	-	322,703	436,000
Investment in trust units:	113,232	-	-	-	(8,611)	104,621
Convertible debenture:	75,000	-	-	-	20,000	95,000
Total	8,722,010	1,840,459	(379,634)	109,758	(1,250,001)	9,042,592

(i) As of December 31, 2022, the Company held 11,000,000 common shares of Minco Silver Corporation ("Minco Silver"), which was approximately 18% of Minco Silver's number of outstanding shares (2021 - 11,000,000 common shares or approximately 18% of ownership). As of December 31, 2022, the market price closed at $0.20 per share (2021 - $0.33).

(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 warrants (the "EI Warrant"), with each full warrant entitling the holder to purchase one additional Class A voting share for 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 and payable starting on June 22, 2018. However, due to delays in project construction, dividends have yet to be paid. The Company has not accrued the dividend receivable, given that El Olivar has yet to start its operations, and the timing and structure of the initial dividend payment are uncertain.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of $541,760 (US$400,000) in El Olivar in 2019. During the year ended December 31, 2022, there was no change in management's assessment, and this investment remains impaired.

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

7. Leases

The Company has a shared office lease in Vancouver, British Columbia, with other companies related to it by certain directors and management in common. The original lease started in 2018 and was set to end on April 30, 2023. In November 2022, the Company renewed the lease agreement for another five years, which will end on April 30, 2028. In accordance with IFRS 16 *Leases*, this lease was not accounted for as a separate lease and the right-of-use asset and lease obligation were measured at the present value of the amended lease payments and discounted using an incremental borrowing rate of 8%.

a) Right-of-use asset

During the years ended December 31, 2022 and 2021, there were changes to the percentage of the total lease cost attributable to the Company and renewal of the lease agreement, which is reflected in the table below as a change to lease terms. The continuity of the right-of-use asset as of December 31, 2022 and 2021, is as follows:

(Expressed in Canadian dollars, unless otherwise stated)

7. Leases (continued)

a) Right-of-use asset (continued)

	December 31, 2022	December 31, 2021
	$	$
Right-of-use asset, beginning of year	39,172	69,588
Change to lease terms	188,224	(1,038)
Amortization	(35,905)	(29,378)
Right-of-use asset, end of year	191,491	39,172

b) Lease obligation

The continuity of the lease obligation as of December 31, 2022 and 2021, is as follows:

	December 31, 2022	December 31, 2021
	$	$
Lease obligation recognized, beginning of year	48,575	82,125
Change to lease terms	188,224	(1,038)
Interest accretion	17,775	5,067
Lease payments	(42,474)	(37,579)
Lease obligation, end of year	212,100	48,575
Current lease obligation	32,376	35,888
Non-current lease obligation	179,724	12,687
Lease obligation, end of year	212,100	48,575

The maturity analysis of the Company's contractual undiscounted lease liabilities as of December 31, 2022 is as follows:

	Total
	$
Less than one year	47,925
One to two years	48,311
Two to three years	48,971
Three to four years	49,631
Five and beyond five years	65,155
	259,993

8. Share capital

a) Common shares

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

In 2021, the Company renewed the normal course issuer bid program ("NCIB") for a term of one year ending March 31, 2022. Under the renewed NCIB program, the Company might repurchase for cancellation up to 2,388,594 or 5% of the Company's issued and outstanding common shares.

During the year ended December 31, 2022, the Company renewed the NCIB for one year ending March 31, 2023. Under the renewed NCIB program, the Company might repurchase for cancellation up to 2,300,000 or 5% of the Company's issued and outstanding common shares.

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

a) Common shares (continued)

In 2021, the Company acquired and cancelled 1,285,000 common shares of the Company with an average original cost of $1,063,622 for a total payment of $105,688. The difference of $957,934 between the purchase price paid and the original cost was recorded as a credit to the deficit.

During the year ended December 31, 2022, the Company acquired 1,983,000 common shares of the Company with an average original cost of $1,641,372 for a total payment of $135,096. The difference of $1,506,276 between the purchase price paid and the original cost was recorded as a credit to the deficit. 1,978,000 of these common shares were cancelled.

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 the years ended December 31, 2022 and 2021, the Company did not grant stock options.

The Company uses the Black-Scholes option pricing model to determine the fair value of options. 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 year ended December 31, 2022, the Company recorded $nil (2021 - $66,940) of share-based compensation due to the vesting of previously granted options.

The Company's outstanding option continuity is as follows:

	Number outstanding	Weighted average exercise price
	#	$
Balance, December 31, 2021 and 2020	6,640,000	0.16
Expired	(1,360,000)	0.23
Forfeited	(890,000)	0.15
Balance, December 31, 2022	4,390,000	0.14

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

b) Stock options (continued)

A summary of the Company's outstanding options as of December 31, 2022, is as follows:

Options outstanding				Options exercisable	
Exercise price	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$			$		$
0.12	2,200,000	2.32	0.12	2,200,000	0.12
0.17	2,190,000*	0.08	0.17	2,190,000	0.17
	4,390,000	1.21	0.14	4,390,000	0.14

*Subsequent to year-end, 2,190,000 options expired unexercised.

A summary of the Company's outstanding options as of December 31, 2021, 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	2,700,000	3.32	0.12	2,700,000	0.12
0.17 – 0.19	2,630,000	1.05	0.17	2,630,000	0.17
0.24	1,310,000	0.10	0.24	1,310,000	0.24
	6,640,000	1.79	0.16	6,640,000	0.16

9. 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 years ended December 31, 2022 and 2021, compensations to key management are as follows:

(Expressed in Canadian dollars, unless otherwise stated)

9. Related party transactions (continued)

a) Key management compensation (continued)

	2022	2021
	$	$
Senior management remuneration*	121,667	103,896
Directors' fees	26,000	23,000
Share-based compensation	-	47,354
Total	147,667	174,250

*Senior management remuneration is included salaries and benefits and investment evaluation on the statement of loss and comprehensive loss.

b) Investments

Refer to Note 6 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.

As of December 31, 2022, the Company's due from related parties consists of the following:

- $1,909 due from Minco Silver (2021 - due to Minco Silver of $6,420), in relation to shared office expenses reimbursement.
- $21,431 due from HempNova (2021 - $218,805), in relation to shared office expenses reimbursement.
- $339 due to companies controlled by the Company's CEO (2021 - due from CEO of $1,146), in relation to expenses reimbursement.

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

10. Income tax

No income taxes were recorded due to sufficient accumulated tax losses.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss before income taxes. These differences result from the following items:

	2022	2021
	$	$
Loss before income taxes	(2,571,721)	(1,624,040)
	27%	27%
Income tax expense at statutory rate	(694,365)	(438,491)
Non-taxable (deductible) expenses	711,509	359,635
Under (over) provided in prior years	(17,144)	78,856
Provision for tax expense	-	-

(Expressed in Canadian dollars, unless otherwise stated)

10. Income tax (continued)

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant tax-affected components of unrecognized deferred income tax assets and liabilities as of December 31, 2022 and 2021 are as follows:

	2022	2021
	$	$
Deferred income tax assets not recognized		
Non-capital loss	5,162,509	5,191,840
Resource expenditures	431,087	431,087
Capital assets	23,184	15,608
Investment	13,403	(347,240)
Capital loss	878,482	1,000,210
	6,508,665	6,291,505

No deferred income tax asset has been recognized as realization is not considered probable due to the uncertainty of future taxable income.

The Canadian non-capital loss carry-forwards expire as follows:

	$
2026	1,355,779
2028	1,582,716
2029	1,270,045
2030	1,285,615
2031	1,933,078
2032	2,131,656
2033	1,535,838
2034	1,324,803
2035	1,201,864
2036	1,558,996
2037	1,422,850
2038	654,007
2039	856,064
2040	683,080
2041	324,012
	19,120,403

(Expressed in Canadian dollars, unless otherwise stated)

11. Financial instruments and fair value

The following table summarizes the carrying value of financial assets and liabilities as of December 31, 2022 and 2021:

	December 31, 2022	December 31, 2021
	$	$
Fair value through profit and loss:		
Investments at fair value	6,003,194	9,042,592
Amortized cost:		
Cash	882,238	387,996
Short-term investment	20,000	20,000
Receivables	4,677	6,877
Due from related parties	23,340	219,951
Deposits	13,148	13,148
Accounts payable and accrued liabilities	46,264	95,896
Due to related parties	339	6,420
Lease obligations	212,100	48,575

Fair value measurement

As of December 31, 2022 and 2021, financial instruments that are not measured at fair value on the statement of financial position are represented by cash, 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 the carrying value due to their short-term nature.

Financial assets and liabilities that are recognized on the statement of financial position 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 value through profit or loss are as follows:

December 31, 2022	Level 1	Level 2	Level 3
	$	$	$
Investments at fair value	5,420,458	582,736	-

December 31, 2021	Level 1	Level 2	Level 3
	$	$	$
Investments at fair value	8,406,971	635,621	-

(Expressed in Canadian dollars, unless otherwise stated)

11. Financial instruments and fair value (continued)

Fair value measurement (continued)

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

	December 31, 2021	Additions	Unrealized gain (loss)	December 31, 2022
	$	$	$	$
Share purchase warrants:	436,000	17,800	(69,800)	384,000
Convertible debenture:	95,000	-	(5,000)	90,000
Trust units:	104,621	-	4,115	108,736
	635,621	17,800	(70,685)	582,736

	December 31, 2020	Additions/	Unrealized gain (loss)	December 31, 2021
	$	$	$	$
Share purchase warrants:	44,400	68,897	322,703	436,000
Convertible debenture:	75,000	-	20,000	95,000
Trust units:	113,232	-	(8,611)	104,621
	232,632	68,897	334,092	635,621

Financial risk factors

The Company’s activities expose it to various financial risks, including market risk (price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk evaluation, management and mitigation activities are carried out by the Company’s management.

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 also 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 – In order to manage credit and liquidity risk, the Company places its cash in two major financial institutions in Canada (subject to deposit insurance up to $100,000).
- Short-term investment – The Company places all of its short-term investment, mainly term deposits, with a major financial institution in Canada.

Market price risk

Price risk is the risk that the fair value of an investment measured at FVTPL 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 public entities are subject to price risk.

11. Financial instruments and fair value (continued)

Financial risk factors (continued)

Market price risk (continued)

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

A 15% (2021 - 15%) increase/decrease in the value of all public equity and private market 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 $0.9 million (2021 - $1.3 million).

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to US dollar funds and investments denominated in US dollars held in the entity. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

As of December 31, 2022, the Company had cash of $0.3 million (2021 - $0.1 million) and investments at the fair value of $0.6 million (2021 - $0.9 million) that were denominated in US dollars. A 10% (2021 - 10%) change in the currency exchange rate (US dollar to Canadian dollar) will affect the Company's result of operations by approximately $0.1 million (2021 - $0.1 million). The Company does not have any currency hedges for its foreign exchange exposure.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and short-term investments.

The Company holds short-term investments, such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

12. Capital management

The Company's objectives in managing liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, contributed surplus, accumulated and other comprehensive income and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions.

As of December 31, 2022, the Company has sufficient funds to meet its current operating and development obligations. For the Company's long-term debt, please refer to the lease obligation in note 7.

13. Net loss per share

For the year ended December 31, 2022, the Company's net loss of $2,571,721 (2021 - $1,624,000) resulted in the basic and diluted net loss per share of $0.06 (2021 - $0.03). For the years ended December 31, 2022 and 2021, the Company had no dilutive options and warrants.

14. Segment disclosure

The Company has one operating segment, being the acquisition and sale of investments in other companies.

15. Subsequent events

(a) Subsequent to the year ended December 31, 2022, the Company acquired additional equity of public companies for a total cost of $325,465 and disposed of certain investments for total proceeds of $280,497, and recorded a gain of $28,420.

(b) Subsequent to the year ended December 31, 2022, the Company acquired 309,000 common shares of the Company with an original cost of $255,766 for a total payment of $16,643 under the NCIB program. The difference between the price paid and the original cost was recorded as a credit to retained earnings. The Company has cancelled 309,000 of those shares.

(c) On March 23, 2023, the Company submitted the renewal application for the NCIB for a term of one year ending March 31, 2024. Under the renewed NCIB program, the Company may repurchase for cancellation up to 3,410,425 or 10% of the Company's public float, subject to a maximum of 2% of the 44,479,881 issued and outstanding shares as of March 23, 2023, during any 30-day period.