

MINCO CAPITAL CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR YEAR ENDED DECEMBER 31, 2020

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 April 1, 2021, and should be read in conjunction with the audited financial statements and related notes thereto prepared by management for the year ended December 31, 2020. The Company’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Except as noted, all financial amounts are expressed in Canadian dollars. All references to “\$” and “dollars” are to Canadian dollars and all references to “US\$” are United States dollars. 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 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”.

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

As at the date of this MD&A, the Company had 48,056,881 common shares and 6,640,000 stock options outstanding.

Table of Contents

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

1. Highlights for the Year

During the year ended December 31, 2020, the Company:

- a) acquired common shares, warrants and trust units of public companies for a total cost of \$846,170.
- b) disposed of common shares of public companies for proceeds of \$1,012,958 with a realized gain of \$111,212.
- c) earned investment income of \$39,948 from dividends and interest.
- d) received approval from the TSX Venture for a renewal of the normal course issuer bid (“NCIB”) for a term of one year ending February 9, 2021. Under the NCIB program, the Company may acquire up to 2,427,844 shares, representing 5% of the current issued and outstanding shares.

During the year ended December 31, 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.

- e) reported the retirement of Robert Callander from the Board of Directors.
- f) engaged Durose Asset Management Inc. (“Durose”) to manage a gold and precious metals investment portfolio. Durose is controlled by a former director of the Company who stepped down as a director on June 30, 2020. A margin trading account was established in relation to this initiative with an investment strategy to provide the Company’s exposure to a basket of primarily growth-oriented junior and intermediate-stage gold and precious metal companies. The portfolio may include advanced-stage exploration companies, development-stage and growth-oriented producing precious metal companies, and precious-metal related ETFs. During the year ended December 31, 2020, \$1.5 million of the Company’s fund was managed by Durose. The investment portfolio as at December 31, 2020 was \$789,000 of cash and \$783,000 of the fair market value of investment resulting an unrealized gain of \$72,000.
- g) The coronavirus (“COVID-19”) has slowed down in the global economy as well as 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 taken and vaccine creation to contain and treat the disease. Although it is not possible to reliably estimate the financial impact to the date of this MD&A, the Company’s investment value declined \$1,378,706 during the year ended December 31, 2020.

- h) announced changes of management:

The Former Chief Financial Officer (“CFO”), Larry Tsang, retired, and Ms. Melinda Hsu was appointed as the new CFO, effective April 1, 2020.

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 Mr. Ken Leigh who had acted as the President of the Company since June 1, 2017. The Company’s Chief Executive Officer, Dr. Ken Cai, has acted as the President of the Company effective June 1, 2020.

- i) 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 April 28, 2020.

1.1. Subsequent events

Subsequent to the year ended December 31, 2020, the Company invested in additional equities of public companies at a total cost of \$314,241 and disposed of certain investments for total proceeds of \$175,384.

Subsequent to the year ended December 31, 2020, the Company further acquired 285,000 common shares of the Company with an original cost of \$236,550 for a total payment of \$22,038 under the NCIB program. Such common shares were returned to treasury and cancelled in March 2021.

On March 30, 2021, the Company renewed the NCIB for a term of one year ending March 31, 2022. Under the renewed NCIB program, the Company may repurchase for cancellation up to 2,388,594 or 5% of the Company’s issued and outstanding common shares.

1.2. Net asset value

As at December 31, 2020, the Company's net asset value was \$0.23 per share while the Company's common shares traded at \$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 fund to benefit all remaining shareholders by increasing their equity interest in the Company.

2. Investments at Fair Value

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	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 Imperial)	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

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

	December 31, 2019	Additions	Proceeds from dispositions	Realized Gains	Unrealized losses (iv)	December 31, 2020
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units (i)	9,865,526	685,698	(868,255)	108,338	(1,301,929)	8,489,378
- Share purchase warrants (ii)	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

	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

The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. During the year ended December 31, 2020, the Company acquired common shares and trust units of public companies for a total cost of \$846,170 (2019 - \$641,466) and disposed of common shares of public companies for proceeds of \$1,012,958 (2019 - \$2,688,275) with a realized gain of \$111,212 (2019 - \$691,458).

(i) As at December 31, 2020 and 2019, 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 December 31, 2020, the share price of Minco Silver closed at \$0.53 (2019: \$0.71) and the fair market value of Minco Silver's 11 million common shares was \$5,830,000 (2019: \$7,810,000), which accounted for 67% of the Company's investment portfolio by fair value (2019: 77%). Included in \$1,378,706 of unrealized loss reported for the year ended December 31, 2020, there was \$1,980,000 of unrealized loss from shares of Minco Silver, offset by \$601,294 of unrealized gain from the remainder of the investment holdings.

(ii) 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. As at December 31, 2019, in accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of US\$400,000 or \$545,293 in El Olivar due to the fact that the El Olivar needed to raise significant money to complete the development of its project and the uncertainty of its ability to raise these funds in a timely manner. During the year ended December 31, 2020, there was no change in management's assessment and this investment remains impaired.

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. As of December 31, 2020, El Olivar has approximately 7 million shares outstanding.

One Director of the Company is also a Director, Officer, and controlling shareholder of El Olivar.

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

	2020	2019
	\$	\$
Net realized gain on investments	275,690	201,967
Reversal of unrealized gain (loss) previously recorded	(164,478)	489,491
Realized gain	111,212	691,458
Change in unrealized gain (loss) on investment	(1,378,706)	2,282,690
Impairment of privately held shares	-	(545,293)
Net gain (loss) from investments	(1,267,494)	2,428,855

3. Results of Operations

3.1 Selected annual information

Selected information for the fiscal year 2020, 2019 and 2018 is as follows:

	2020	2019	2018
	\$	\$	\$
Income (loss) from investments at fair value	(1,227,546)	2,501,150	(5,399,782)
Total assets	11,408,642	13,333,449	11,698,382
Long – term liabilities	49,191	92,832	-
Cash dividend	-	-	-
Net income (loss) for the year	(1,964,735)	1,682,336	(6,398,948)
Income (loss) per share – basic and diluted	(0.04)	0.03	(0.13)

3.2 Operating result comparison for the three months ended December 31, 2020 and 2019

	2020	2019	Change
	\$	\$	\$
Dividend and interest income	6,129	17,705	(11,576)
Realized gain from investments	99,309	272,603	(173,294)
Unrealized gain (loss) from investments	991,485	(249,622)	1,241,107
	1,096,923	40,686	1,056,237
Operating expenses	(65,242)	(178,387)	113,145
Foreign exchange loss	(60,081)	(22,525)	(37,556)
Net income (loss)	971,600	(160,226)	1,131,826

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 December 31, 2020, \$991,000 of the unrealized gain from investments was mainly due to the market value of Minco Silver shares increasing by \$495,000 as at December 31, 2020 compared to its market value as at September 30, 2020. As at December 31, 2020, the market value of Minco Silver shares was \$5,830,000 at \$0.53 per share (September 30, 2020 - \$5,335,000 at \$0.69 per share). The remaining net unrealized gain of \$496,000 was from other investments.

For the three months ended December 31, 2019, \$250,000 of the unrealized loss from investments was mainly due to the market value of Hudson Resources shares dropping by \$311,000 from \$471,000 compared to their market values of \$782,000 as at September 30, 2019, which offset by \$61,000 of an unrealized gain from other investments.

The movement in connection with the operating expenses and other income (expenses) are discussed in section 3.2.1 and 3.2.2 respectively.

3.2.1 Operating Expenses for the three months ended December 31, 2020 and 2019

The Company's operating expenses for the three months ended December 31, 2020 and 2019 are as follows:

		2020	2019	Change
	ref	\$	\$	\$
Accounting and audit		5,246	5,270	(24)
Amortization		9,421	11,086	(1,665)
Consulting		15,548	17,885	(2,337)
Directors' fees	a	5,500	14,500	(9,000)
Interest expense		1,683	2,471	(788)
Investor relations		339	718	(379)
Legal and regulatory		8,765	11,961	(3,196)
Office and administration		9,127	11,932	(2,805)
Investment evaluation	b	12,879	23,750	(10,871)
Salaries and benefits	c	20,896	74,922	(54,026)
Share-based compensation	d	(26,141)	-	(26,141)
Travel and transportation		1,979	3,892	(1,913)
		65,242	178,387	(113,145)

The operating expenses decreased by \$113,000 during the three months ended December 31, 2020 compared to the prior year's same period. Some highlights are as follows:

- Director's compensation decreased due to the retirement of a director in January 2020 and another director stepped down on June 30, 2020.
- Investment evaluation expenses decreased mainly due to the management cost control and less operating activities during the three months ended December 31, 2020 as a result of COVID-19 compared to the prior year's same period.
- Salary and benefits expenses decreased by \$54,000 during the three months ended December 31, 2020 compared to the prior year's same period mainly due to the employment agreement with the Company's former president unrenewed in June 2020.
- Share-based compensation reversed by \$26,000 mainly due to the forfeit of granted stock options.

3.2.2 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 4.8% during the three months ended December 31, 2020 (2019 – 1.7%). As a result, the Company recorded \$60,081 of foreign exchange loss for the three months ended December 31, 2020 (2019 - \$22,525).

3.3 Operating result comparison for the years ended December 31, 2020 and 2019

	2020	2019	Change
	\$	\$	\$
Dividend and interest income	39,948	72,295	(32,347)
Realized gain from investments	111,212	691,458	(580,246)
Unrealized (loss) /gain from investments	(1,378,706)	1,737,397	(3,116,103)
	(1,227,546)	2,501,150	(3,728,696)
Operating expenses	(709,444)	(770,144)	60,700
Foreign exchange loss	(27,745)	(48,670)	20,925
	(1,964,735)	1,682,336	(3,647,071)

The change in share price of Minco Silver has a greater impact on the Company's performance than the balance of the portfolio.

For the year ended December 31, 2020, \$1,379,000 of the unrealized loss from investments was mainly due to the market value of Minco Silver shares dropped by \$1,980,000 as at December 31, 2020 compared to its market value as at December 31, 2019, offset by \$601,000 of the unrealized gain from other investments. As at December 31, 2020,

the market value of Minco Silver shares was \$5,830,000 at \$0.53 per share (December 31, 2019 - \$7,810,000 at \$0.71 per share).

For the year ended December 31, 2019, \$1,737,000 of the unrealized gain from investments was mainly due to the market value of Minco Silver shares increased by \$2,915,000 as at December, 2019 compared to its market values as at December 31, 2018, which offset by \$1,178,000 of unrealized loss from other investments.

The movement in connection with the operating expenses and other income (expenses) are discussed in section 3.3.1 and 3.3.2 respectively.

3.3.1 Operating Expenses for the year ended December 31, 2020 and 2019

The Company's operating expenses for the years ended December 31, 2020 and 2019 are as follows:

Year ended December 31,		2020	2019	Change
	ref	\$	\$	\$
Accounting and audit		24,680	18,017	6,663
Amortization		38,196	44,982	(6,786)
Consulting		65,367	67,547	(2,180)
Directors' fees	a	34,167	56,500	(22,333)
Investor relations		2,430	9,519	(7,089)
Interest expenses		7,633	12,807	(5,174)
Legal and regulatory		55,122	61,766	(6,644)
Office and administration		44,576	48,995	(4,419)
Investment evaluation	a	59,814	83,462	(23,648)
Salaries and benefits	a	231,022	267,471	(36,449)
Share-based compensation	b	137,045	84,841	52,204
Travel		9,392	14,237	(4,845)
		709,444	770,144	(60,700)

a) The analyses of the movement refer to the section 3.2.1, above.

b) Share-based compensation fluctuates from year to year depending on the timing and fair value of options vested in each year.

3.3.2 Foreign exchange gain (loss)

The US\$ depreciated 2.5% against the Canadian dollar during the year ended December 31, 2020 (2019 – 4.8%). As a result, the Company recorded a foreign exchange loss of \$28,000 for the year ended December 31, 2020 (2019 - \$49,000).

4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
	\$	\$	\$
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
03-31-2019	557,032	0.01	0.01

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

	Years ended December 31,	
	2020	2019
	\$	\$
Operating activities	(297,010)	1,483,217
Financing activities	(100,900)	(266,267)
Investing activities	500	-

Operating activities

During the year ended December 31, 2020, the Company generated cash of \$1,012,958 (2019 – \$2,688,275) from the disposition of investments and used cash of \$846,170 (2019 - \$641,466) in the purchase of investments. The Company used cash of \$463,798 (2019 – \$563,592) in other operating activities and working capital.

Financing activities

The Company used \$63,483 (2019 - \$224,440) in the purchase of the Company's common shares for cancellation and \$37,417 (2019 - \$41,827) in the payment of the lease obligation in connection with the Company's shared office.

Investing activities

The Company received \$500 from the disposition of equipment (2019 - \$Nil).

5.2 Capital Resources and Liquidity Risk

As at December 31, 2020, the Company's working capital was \$11,223,345 compared to \$13,100,248 at December 31, 2019. The Company's operations were financed 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. This compensation is included in operating expenses. For the years ended December 31, 2020 and 2019, compensation to key management are as follows:

	2020	2019
	\$	\$
Senior management remuneration	171,777	273,235
Severance ⁽¹⁾	65,025	-
Directors' fees ⁽²⁾	34,167	56,500
Share-based compensation	125,763	84,841
Total	396,732	414,576

(1) as part of measures to significantly 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 year ended December 31, 2020, the Company paid directors' fees of \$34,167 (2019 - \$56,500). During the year ended December 31, 2020, the Company also paid to a director for new project search fees of \$3,000 (2019 - \$8,000), which was recorded as property and investment evaluation expenses.

b) Investments

Refer to Note 7 of the Company's audited financial statements for the year ended December 31, 2020 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 December 31, 2020, the Company's due from related parties consists of:

- \$1,317 due from Minco Silver (2019 - \$19,153), in relation to shared office expenses reimbursement.
- \$346 due to MBM (2019 - \$17,375 due from MBM), in relation to shared office expenses reimbursement.
- \$32,879 due from HempNova (2019 - \$3,808), in relation to shared office expenses reimbursement.
- \$383 due to a company controlled by the Company's CEO (2019 - \$8,000 due from a company controlled by the Company's CEO), 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 December 31, 2020 and 2019:

	December 31, 2020	December 31, 2019
	\$	\$
Fair value through profit and loss:		
Investments at fair value	8,722,010	10,156,292
Amortized cost:		
Cash and cash equivalents	2,501,687	2,899,097
Short-term investment	20,000	20,000
Receivables	2,726	2,106
Due from related parties	34,196	48,336
Accounts payables and accrued liabilities	54,411	39,833
Due to related parties	729	-
Lease obligations	82,125	131,066

Fair value measurement

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at December 31, 2020 and 2019, 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, December 31, 2020	8,489,378	232,632	-
Investments at fair value, December 31, 2019	10,007,355	148,937	-

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

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

	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)

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 year ended December 31, 2020.

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.