

# **Minco Silver Corporation**

Condensed Consolidated Interim Financial Statements

**For the three and nine months ended September 30, 2022**

(Unaudited, expressed in Canadian dollars unless otherwise stated)

## **NOTICE TO READER**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Minco Silver Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Minco Silver Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai  
President and CEO

Renee Lin, CPA, CGA  
Chief Financial Officer

Vancouver, Canada

November 10, 2022

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# Minco Silver Corporation

## Condensed Consolidated Interim Statements of Financial Position

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

	September 30, 2022	December 31, 2021
<b>Assets</b>	\$	\$
<b>Current assets</b>		
Cash and cash equivalents (note 3)	5,745,482	5,020,671
Short-term investments (note 4)	2,056,050	4,987,531
Note receivable (note 6)	7,831,960	11,057,243
Financial assets at fair value through profit or loss (note 5)	22,769,042	23,132,528
Receivables (note 7)	6,118,515	2,112,919
Due from related parties (note 14)	182,684	162,988
Prepaid expenses and advances	252,506	355,960
	44,956,239	46,829,840
<b>Deposits</b>	69,299	69,407
<b>Investment accounted for using the equity method</b> (note 9)	386,912	738,638
<b>Right-of-use assets</b> (note 11)	676,134	686,956
<b>Property, plant and equipment</b> (note 10)	381,080	465,553
<b>Total assets</b>	46,469,664	48,790,394
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	232,341	215,620
Credit losses payable	1,380,559	1,213,678
Current tax liabilities	640,559	640,559
Due to minority shareholders (note 14)	341,410	354,195
Due to related parties (note 14)	194,525	43,602
Lease obligation, current (note 11)	154,493	172,603
	2,943,887	2,640,257
Deferred tax liabilities	400,668	400,668
Lease obligation, non-current (note 11)	583,140	566,988
	3,927,695	3,607,913
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital (note 13)	107,812,327	107,812,327
Contributed surplus	27,906,633	27,726,821
Accumulated other comprehensive income	2,825,160	4,132,698
Deficit	(94,702,909)	(93,206,998)
	43,841,211	46,464,848
<b>Non-controlling interest</b> (note 12)	(1,299,242)	(1,282,367)
<b>Total liabilities and equity</b>	46,469,664	48,790,394

Approved by the Board of Directors:

(signed) Maria Tang Director

(signed) George Lian Director

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

# Minco Silver Corporation

## Condensed Consolidated Interim Statements of Operations and Net Income (Loss)

### For the three and nine months ended September 30, 2022, and 2021

(Unaudited, expressed in Canadian dollars unless otherwise stated)

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Exploration and evaluation expenditures</b> (note 8)	341,582	-	341,582	-
<b>Administrative expenses</b>				
Audit, legal and regulatory	54,808	33,512	184,852	166,856
Amortization (notes 10 & 11)	76,344	73,913	232,744	176,192
Consulting	3,225	58,686	48,225	147,684
Directors' fees (note 14)	17,250	17,250	56,250	58,500
Interest expense (note 11)	14,854	15,437	48,592	48,312
Office administration expenses	61,245	28,555	165,075	109,290
Property investigation and permitting expenses (note 8)	109,811	111,071	460,236	451,139
Rent (note 11)	840	5,781	15,145	17,565
Salaries and benefits	14,452	121,332	155,783	301,378
Share-based compensation (note 13)	129,240	31,774	176,062	125,872
Travel and others	10,920	13,316	32,516	37,123
<b>Total administrative expenses</b>	<b>492,989</b>	<b>510,627</b>	<b>1,575,480</b>	<b>1,639,911</b>
<b>Operating loss</b>	<b>(834,571)</b>	<b>(510,627)</b>	<b>(1,917,062)</b>	<b>(1,639,911)</b>
<b>Finance and other income (expenses)</b>				
Credit loss (note 6)	(42,170)	(31,047)	(212,858)	(1,198,471)
Foreign exchange gain (loss)	574,159	85,499	688,143	(28,807)
Interest and dividend income	319,228	540,667	1,392,896	2,735,744
Gain on disposal of financial assets at fair value through profit or loss (note 5)	289,346	1,351,093	859,654	1,392,344
Unrealized gain (loss) on investment in financial assets at fair value through profit or loss (note 5)	(787,000)	72,586	(1,894,742)	28,244
<b>Income (loss) before share of loss from equity investment</b>	<b>(481,008)</b>	<b>1,508,171</b>	<b>(1,083,969)</b>	<b>1,289,143</b>
Share of loss from equity investment (note 9)	(47,784)	(463,078)	(430,420)	(874,806)
<b>Income (loss) before income taxes</b>	<b>(528,792)</b>	<b>1,045,093</b>	<b>(1,514,389)</b>	<b>414,337</b>
Income tax expenses, current	-	(275,843)	-	(275,843)
Income tax recovery, deferred	-	71,631	-	71,631
<b>Net income (loss)</b>	<b>(528,792)</b>	<b>840,881</b>	<b>(1,514,389)</b>	<b>210,125</b>
<b>Net income (loss) attributable to:</b>				
Shareholders of the Company	(523,259)	846,518	(1,495,911)	230,474
Non-controlling interest	(5,533)	(5,637)	(18,478)	(20,349)
	(528,792)	840,881	(1,514,389)	210,125
<b>Income (Loss) per share,</b>				
- basic and diluted	(0.01)	0.01	(0.02)	0.00
<b>Weighted average number of common shares outstanding,</b>				
- basic and diluted	61,025,083	61,025,083	61,025,083	61,025,083

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

# Minco Silver Corporation

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

**For the three and nine months ended September 30, 2022 and 2021**

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

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
<b>Net income (loss) for the period</b>	(528,792)	840,881	(1,514,389)	210,125
<b>Other comprehensive income (loss)</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences in translation from functional to presentation currency	(916,697)	924,993	(1,279,641)	386,663
Share of comprehensive income (loss) from equity investment (note 9)	92,451	45,044	(26,294)	(15,347)
<b>Comprehensive loss for the period</b>	<b>(1,353,038)</b>	<b>1,810,918</b>	<b>(2,820,324)</b>	<b>581,441</b>
Shareholders of the Company	(2,584,228)	1,818,002	(2,803,449)	602,587
Non-controlling interest	(10,748)	(7,084)	(16,875)	(21,146)
	<b>(2,594,976)</b>	<b>1,810,918</b>	<b>(2,820,324)</b>	<b>581,441</b>

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

# Minco Silver Corporation

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

### For the nine months ended September 30, 2022 and 2021

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

<b>Changes in Shareholders' Equity</b>								
	Number of Shares	Share capital	Contributed surplus	Accumulated other comprehen- sive income	Deficit	Subtotal	Non-controlling interest	Total equity
	#	\$	\$	\$	\$	\$	\$	\$
<b>Balance - January 1, 2021</b>	61,025,083	107,812,327	27,598,183	3,270,493	(91,662,359)	47,018,644	(1,253,369)	45,765,275
Net income (loss) for the period	-	-	-	-	230,474	230,474	(20,349)	210,125
Other comprehensive income (loss)	-	-	-	372,113	-	372,113	(797)	371,316
Share of reserve changes from equity investment (note 8)	-	-	1,471	-	-	1,471	-	1,471
Share-based compensation	-	-	125,872	-	-	125,872	-	125,872
<b>Balance – September 30, 2021</b>	61,025,083	107,812,327	27,725,526	3,642,606	(91,431,885)	47,748,574	(1,274,515)	46,474,059
<b>Balance - January 1, 2022</b>	61,025,083	107,812,327	27,726,821	4,132,698	(93,206,998)	46,464,848	(1,282,367)	45,182,481
Net loss for the period	-	-	-	-	(1,495,911)	(1,495,911)	(18,478)	(1,514,389)
Other comprehensive income (loss)	-	-	-	(1,307,538)	-	(1,307,538)	1,603	(1,305,935)
Share of reserve changes from equity investment (note 9)	-	-	3,750	-	-	3,750	-	3,750
Share-based compensation	-	-	176,062	-	-	176,062	-	176,062
<b>Balance – September 30, 2022</b>	61,025,083	107,812,327	27,906,633	2,825,160	(94,702,909)	43,841,211	(1,299,242)	42,541,969

The accompanying notes are an integral part of these consolidated financial statements.

**Minco Silver Corporation**  
**Condensed Consolidated Interim Statements of Cash Flows**  
**For the nine months ended September 30, 2022 and 2021**  
*(Unaudited, expressed in Canadian dollars, unless otherwise stated)*

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Operating activities</b>		
Net income (loss) for the period	(1,514,389)	210,125
Adjustments for:		
Amortization	232,745	176,192
Deferred income tax recovery	-	(71,631)
Income tax expense	-	275,843
Foreign exchange loss (gain)	(688,143)	28,807
Interest and dividend income	(1,392,896)	(2,735,744)
Credit losses	212,858	48,312
Interest expense	48,592	1,198,471
Gain on disposal of investments in financial assets at fair value through profit or loss	(859,654)	(1,392,344)
Unrealized loss on investments in financial assets at fair value through profit or loss	1,894,742	(28,244)
Share-based compensation	176,062	94,098
Share of loss of equity investment	430,420	874,806
Changes in items of working capital:		
Accounts payable and accrued liabilities	16,945	(173,624)
Due to/from related parties	129,572	93,977
Prepaid expenses and deposits	94,009	(200,218)
Receivables	(24,263)	(73,103)
<b>Net cash used in operating activities</b>	<b>(1,243,400)</b>	<b>(1,642,503)</b>
<b>Financing activities</b>		
Repayment of lease obligations	(205,061)	(163,318)
<b>Net cash used in financing activities</b>	<b>(205,061)</b>	<b>(163,318)</b>
<b>Investing activities</b>		
Acquisition of investments in financial assets at fair value through profit or loss	(17,584,720)	(9,815,570)
Proceeds from disposal of financial assets at fair value through profit or loss	16,523,125	7,818,365
Proceeds from (purchase of) property and equipment	3,171	(24,070)
Interest and dividend income received	148,007	363,300
Purchase of short-term investments	(2,056,050)	(30,123,781)
Redemption of short-term investments	4,855,087	28,950,559
<b>Net cash generated from (used in) investing activities</b>	<b>1,628,620</b>	<b>(2,831,197)</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>284,652</b>	<b>(12,204)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>724,811</b>	<b>(4,649,222)</b>
<b>Cash and cash equivalents - Beginning of period</b>	<b>5,020,671</b>	<b>15,431,583</b>
<b>Cash and cash equivalents - End of period</b>	<b>5,745,482</b>	<b>10,782,361</b>

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



# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

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#### 1. Nature of operations

Minco Silver Corporation (“Minco Silver” or the “Company”) is engaged in exploring, evaluating and developing precious metals mineral properties and projects. Minco Silver was incorporated on August 20, 2004, under the laws of British Columbia, Canada and its common shares are listed on the Toronto Stock Exchange (“TSX”) and traded under the symbol “MSV.” The Company’s registered office is 2060 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

#### 2. Basis of preparation

These condensed consolidated interim financial statements include the accounts of the Company and its subsidiaries, Minco Investment Holding HK Ltd. (“Minco HK”), Minco Resource Limited (“Minco Resources”), Guangdong Changfu Mining Co. Ltd. (“Changfu Minco”), Minco Mining (China) Co. Ltd. (“Minco China”), Tibet Minco Mining Co. Ltd. (“Tibet Minco”), and its 51% interest in Mingzhong Mining Co. Ltd. (“Mingzhong”). Changfu Minco is subject to a 10% net profit interest held by Guangdong Geological Bureau (“GGB”), a Chinese government department.

Information of the Company’s subsidiaries as of September 30, 2022, is as follows:

Name	Principal activities (ownership interest)	Country of Incorporation
Minco HK	Holding company (100%)	China
Changfu Minco	Exploring, evaluating and developing mineral properties (90%)	China
Minco Resources	Holding company (100%)	China
Minco China	Exploring and evaluating mineral properties (100%)	China
Tibet Minco	Exploring and evaluating mineral properties (100%)	China
Mingzhong	Exploring and evaluating mineral properties (51%)	China

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls a commodity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date it is transferred to the group. They are deconsolidated from the date that control ceases.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2021, which were prepared in accordance with IFRS as issued by the IASB.

These condensed consolidated interim financial statements were approved by the board of directors for issue on November 10, 2022.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 2. Basis of preparation (continued)

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

The Company's accounting policies and significant judgements and estimates applied in these condensed consolidated interim financial statements are consistent with those of the annual consolidated financial statements for the year ended December 31, 2021.

#### 3. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and term deposits with initial maturities of less than three months.

	As at September 30, 2022	As at December 31, 2021
	\$	\$
Cash	5,264,731	4,779,789
Cash equivalents	480,751	240,882
	5,745,482	5,020,671

As at September 30, 2022, cash and cash equivalents of \$4,111,776 (or RMB 21,382,056) (December 31, 2021 - \$1,348,196), (or RMB 6,757,834) resided in Mainland China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Remittance of these funds back to Canada requires approvals from the relevant government authorities, designated banks in China, or both.

#### 4. Short-term investments

As at September 30, 2022, short-term investments consisted of the following:

	Currency	Amount (\$)	Maturity date	Interest rate
Corporate bond (i)	USD	-	January 11, 2019	6.125%
Term deposit	USD	1,370,700	June 15, 2023	3.55%
Term deposit	USD	685,350	July 6, 2023	3.65%
		2,056,050		

As at December 31, 2021, short-term investments consisted of the following:

	Currency	Amount (\$)	Maturity date	Interest rate
Corporate bond (i)	USD	-	January 11, 2019	6.125%
Term deposit (ii)	RMB	4,987,531	March 24, 2022	2.8%
		4,987,531		

(i) The Company invested in a bond issued by China Energy Reserve & Chemicals Group Co. with a principal of USD 800,000 and a maturity date of January 15, 2019. This bond has been in default since September 30, 2018. As of September 30, 2022, and December 31, 2021, the Company still had the corporate bond but has entirely written off this holding to \$Nil, given the uncertainty of disposing of this bond through the open market.

(ii) Remittance of short-term investment kept in RMB from China to Canada requires approvals from the relevant government authorities, designated banks in China, or both.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 5. Financial assets at fair value through profit or loss

Below is a continuity schedule of the Company's investments during the nine months ended September 30, 2022:

	December 31, 2021	Additions	Proceeds from dispositions	Realized Gains	Unrealized losses	Foreign exchange	September 30, 2022
	\$	\$	\$	\$	\$	\$	\$
Investment in common shares and warrants	3,694,466	488,046	(1,272,115)	478,553	(1,583,861)	331,148	2,136,237
Investment in Floating return wealth management products ("WMPs") without principal protection	19,438,062	17,096,674	(15,251,010)	381,101	(310,881)	(721,141)	20,632,805
<b>Total</b>	<b>23,132,528</b>	<b>17,584,720</b>	<b>(16,523,125)</b>	<b>859,654</b>	<b>(1,894,742)</b>	<b>(389,993)</b>	<b>22,769,042</b>

#### (i) Common shares and warrants

The Company invested in certain common shares in the public market. These investments are classified as fair value-through-profit-or-loss (FVTPL) financial assets and valued at their fair value at inception and each subsequent reporting period. The investment does not alter the Company's business focus on the exploration and development of mineral properties.

A summary of the investments as at September 30, 2022, and December 31, 2021, is as follows:

Costs:	Common shares	Warrants	Total
	\$	\$	\$
Balance, at December 31, 2020	278,607	-	278,607
Additions	10,061,148	34,446	10,095,594
Proceeds from disposals	(8,500,220)	-	(8,500,220)
Realized gain	1,512,962	-	1,512,962
Balance, at December 31, 2021	3,352,497	34,446	3,386,943
Additions	488,046	-	488,046
Proceeds from disposals	(1,272,115)	-	(1,272,115)
Realized gain	478,553	-	478,553
Balance, at September 30, 2022	3,046,981	34,446	3,081,427

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 5. Financial assets at fair value through profit or loss (continued)

Fair Value:	Common shares	Warrants	Total
	\$	\$	\$
Balance, at December 31, 2020	303,603	-	303,603
Additions	10,061,148	34,446	10,095,594
Cost of disposals	(6,987,258)		(6,987,258)
Unrealized gain	280,907	1,620	282,527
Balance, at December 31, 2021	3,658,400	36,066	3,694,466
Additions	488,046	-	488,046
Cost of disposals	(793,562)	-	(793,562)
Changes in fair value adjustment <sup>(i)</sup>	(1,555,944)	(27,917)	(1,583,861)
Foreign exchange loss	329,910	1,238	331,148
Balance, at September 30, 2022	2,126,850	9,387	2,136,237

The changes in fair value adjustment include the current period's unrealized loss of \$1.6 million and the reversal of the prior year's unrealized gain of \$0.5 million upon the sale of the investments.

#### (ii). WMPs

In 2021, the Company started investing WMPs issued by China Merchant Bank.

A summary of the investments as at September 30, 2022, and December 31, 2021, is as follows:

	September 30, 2022	December 31, 2021
	\$	\$
Fair market value of WMPs – at December 31, 2021	19,438,062	-
Additions	17,096,674	19,251,870
Redemption	(15,251,010)	-
Realized gain	381,101	-
Unrealized gain (loss)	(310,881)	186,192
Foreign exchange loss	(721,141)	-
Fair market value of WMPs – at September 30, 2022	20,632,805	19,438,062

As at September 30, 2022, the Company invested \$20,383,831 (RMB 106,000,000) (December 31, 2021 - \$19,251,870, or RMB 96,500,000) in WMPs issued by China Merchant Bank. All of the investments can be redeemed in October 2022. As at September 30, 2022, the fair market value of WMPs was \$20,632,805 (December 31, 2021 - \$19,438,062).

Net gain (loss) for the three and nine months ended September 30, 2022, is as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Realized gains	289,346	1,351,093	859,654	1,392,344
Unrealized gain (loss) adjustment	(787,000)	72,586	(1,894,742)	28,244
Net gain (loss)	(497,654)	1,423,679	(1,035,088)	1,420,588

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

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#### 6. Note receivable

In 2018, the Company entered into a preliminary agreement (the "Proposed Acquisition") to acquire 70% of the equity interests in Changning Longxin Mining Co., Ltd. ("Longxin Mining"). This Chinese mining company holds a 100% interest in the Longwangshan Gold Mine.

In conjunction with the Proposed Acquisition, on August 6, 2018, Minco China entered into a loan agreement with Longxin Mining and its shareholders, under which Minco China provided the shareholders of Longxin Mining with a loan of \$14,630,621 (73.8 million RMB) (the "Note").

The Note was due and payable nine months from issuance, bore interest at the rate of 10% per annum, and is secured by 100% equity interest in Longxin Mining and all assets of the Longwangshan Gold Mine. In addition, the Note is guaranteed by both Longxin Mining's shareholders and a real estate company controlled by them, including land, real estate and cash security. The Note was meant to form part of the consideration for the Proposed Acquisition

On February 4, 2019, the Note's maturity was extended to September 30, 2019, with an increased interest rate of 12% per annum. The Note's maturity was further extended from September 30, 2019, to December 31, 2019, with no change in the interest rate (12% per annum).

On November 21, 2020, a supplemental agreement was signed with the note's maturity extended to June 30, 2021, and the interest rate remained at 12% per annum. Pursuant to this supplemental agreement, if the Company did not receive the outstanding principal and interests by June 30, 2021, the Company has the right to (i) retreat the amounts applied to principal repayment in the year 2020 shall be considered as interest payments; (ii) to charge the interest at 24% of an annum rate from January 1, 2020, until the principal and accrued interest are fully paid off; (iii) to revise the accrued interest and principal payment as it deems fit.

Since December 11, 2020, the Company has not received any payments from Longxin. In April 2021, Minco China entered into a legal service agreement (the "Anheli Service Agreement") with Beijing Anheli Law Firm ("Anheli") for a legal action to recover the outstanding Note principal and accrued interest. On May 11, 2021, the Company filed a lawsuit with the court to recover \$11,663,672 (RMB 55,424,433) of the outstanding Note principal plus \$625,998 (RMB 3,253,625) of interest accrued until April 1, 2021, at an annual interest rate of 24% for the period from January 1, 2020, to August 19, 2020, and an interest rate of 15.4% per annum after that.

On November 12, 2021, the Company received the court verdict on the lawsuit that Longxin and other related defendants should pay the Company above claimed amounts and the legal and court fees. As a result of the court verdict and the failure of the borrowers to pay the outstanding amounts, the Company seized specific collateral, including real estate and cash, and remains entitled to the remaining collateral. The borrowers filed an appeal against the verdict.

The Company responded to the appeal in April 2022.

On June 6, 2022, a final judgment was received, upholding the original decision.

On June 17, 2022, the Company formally submitted the enforcement request to the court. On June 27, 2022, the court officially accepted the proposal and arranged for the enforcement judge.

Between September 16, 2022, and September 23, 2022, the Court received \$5,946,826 (RMB 30,924,682) from Longxin Mining, including \$2,826,175 (RMB 14,696,673) in Note principal payment, and \$3,120,651 (RMB 16,228,009) for to the Note accrued interests' payment.

As at September 30, 2022, the amount of the outstanding Note principal was \$7,831,960 (RMB 40,727,760) (December 31, 2021: \$11,057,243 (RMB 55,424,433)), and the accrued interest included in the Company's receivable was \$26,803 (RMB 139,379) (December 31, 2021: \$1,949,863 (RMB 9,773,693)).

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 6. Note receivable (continued)

The Company received \$5,946,826 (RMB 30,924,682) from the court in October 2022. The Company will continue to collect the outstanding balance from Longxin Mining.

A summary of the note receivable for the nine months ended September 30, 2022, and the year ended December 31, 2021, is as follows:

	Note principal	Interest receivable	Total
	\$	\$	\$
<b>Balance – December 31, 2020</b>	9,589,148	283,880	9,873,028
Revised principal and interest payment	1,241,782	(1,241,782)	-
Accrued interest – 24% from January 1 to August 19, 2020, 15.4% to December 31, 2020	-	1,165,140	1,165,140
Accrued interest – 15.4% <sup>(i)</sup>	-	1,735,925	1,735,925
Revised principal and interest payment	226,313	6,700	233,013
<b>At December 31, 2021</b>	11,057,243	1,949,863	13,007,106
Principal and interest payment, held in the court	(2,826,175)	(3,120,651)	(5,946,826)
Accrued interest – 15.4% <sup>(i)</sup>	-	1,281,026	1,281,026
Foreign exchange loss	(399,108)	(83,435)	(482,543)
<b>At September 30, 2022</b>	7,831,960	26,803	7,858,763

(i) The interest was calculated by 24% before August 19, 2020, and after that by four times the annum loan market quotation rate announced by the National Interbank Lending Centre, which was supported by the court and legal

As per the terms of the Service Agreement with Anheli, the Company paid \$59,850 (RMB 300,000) of legal fees and is required to pay a success fee which equals 10% of the total principal and interests recovered by the Company from this legal action. The Company accrued such 10% as credit losses of \$1,181,871 (RMB 6,083,561) as at December 31, 2021. During the nine months ended September 30, 2022, the Company accrued an additional \$212,858 (RMB 1,095,621) of credit losses.

As at September 30, 2022, the Company recorded \$1,380,559 in credit losses payable (December 31, 2021 - \$1,213,678).

#### 7. Receivable

	September 30, 2022	December 31, 2021
	\$	\$
Interest receivable <sup>(i)</sup>	45,667	1,990,734
GST receivable	1,704	9,666
Loan receivable	5,946,826	-
Other receivable	124,318	112,519
	6,118,515	2,112,919

(i). Included in the interest receivable, \$26,803 was from note receivable (December 31, 2021 - \$ 1,949,863), and \$18,864 was from term deposit (December 31, 2021 - \$ 38,404).

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

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#### 8. Mineral interests

In the past, the Company experienced a delay in the renewal of exploration permits for both the Fuwan Silver Project and Changkeng Gold Project. As a result, in 2019, the Company impaired \$60,246,258 of exploration and evaluation costs incurred in the Fuwan Silver Project and Changkeng Gold Project.

A value-in-use calculation was not applicable as the Company had no expected cash flows from the mineral properties. In estimating the fair value less cost of disposal, management did not have observable or unobservable inputs to estimate the recoverable amount greater than \$Nil. As this valuation technique requires management's judgment and estimates of the recoverable amount, it is classified within Level 3 of the fair value hierarchy.

In 2020, the Changkeng Gold Project exploration permit was obtained, and the exploration permit for the Fuwan Silver Project was renewed in March 2021 and expires on March 8, 2026. As substantive expenditures on further exploration for and evaluation of mineral resources are not currently planned or budgeted, management determined that this was not an indicator of reversal of impairment for the nine months ended September 30, 2022.

##### Fuwan Silver Project

Minco Silver has a 90% interest in Changfu Minco, the Company's operating subsidiary in China, and Fuwan Silver Project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB until Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan Silver Project. The Exploration Permit for the Fuwan Silver Project is the Luoke-Jilinggang exploration permit which was renewed in March 2021 for five years with an expiry date of March 8, 2026.

##### Changkeng Gold Project

The Company holds a 51% interest in Mingzhong, which owns the Changkeng Gold Project. The Changkeng Gold Project immediately adjoins the Fuwan Silver Project. The Changkeng permit expires on November 21, 2022.

##### Property investigation and permitting expenses

During the nine months ended September 30, 2022, the Company incurred the expenditures for maintaining the exploration permits.

The Company is also focused on the acquisition of advanced high-quality mineral projects around the world. During the nine months ended September 30, 2022, the exploration team reviewed and evaluated various potential properties and travelled to Europe and South America, conducting due diligence.

During the nine months ended September 30, 2022, the total expenditures related to property investigation and permitting expenses such as salary, consulting fees, legal fees, travelling, licensing and other costs were \$460,236 (2021 - \$451,139).

##### Exploration and evaluation ("E&E") expenditures

##### Sagvoll and Sulitjelma Projects

On July 15, 2022, the Company entered into a share option to purchase agreement (the "Option Agreement") with VIAD Royalties AB ("VIAD"), a wholly owned subsidiary of EMX Royalty Corporation ("EMX") to acquire all of the issued and outstanding shares of VMS Exploration AS, a Norwegian corporation (the "Target Company"), free and clear of all encumbrances. The Target Company holds a 100% interest in the Sagvoll and Sulitjelma properties in Norway.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

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#### 8. Mineral interests (continued)

Under the terms of the Option Agreement, the Company can acquire up to 100% interest in the Sagvoll and Sulijelma Projects. In order to exercise the Option, the Company needs to:

1. Pay to VIAD:
  - a. \$60,000 (paid) on the signing of the Option Agreement;
  - b. \$200,000 (paid) minimum exploration expenditures by the first anniversary of the Effective Date;
  - c. \$35,000 by the first anniversary of the Effective Date (the “Option Expiry Date”); and
  - d. \$9,780 (NOK 75,000) by the first anniversary of the Effective Date as reimbursement for the establishment of the Target Company;
2. Issue VIAD 2% of the issued and outstanding shares of the Company, or up to a maximum of 2,000,000 shares by the first anniversary of the agreement
3. Deliver to VIAD a royalty agreement for a 2.5% net smelter returns royalty from any production of the properties (the “NSR”), subject to Minco Silver’s right to buy down one-fifth of the NSR to reduce it to 2.0%, upon payment to VIAD of \$1,000,000 on or before the 6th anniversary of the agreement.

After the exercise of the Option and the date of the transfer of the properties to the Company (the “Closing Date”), and to maintain the option, the Company is required to incur expenditures of:

1. \$400,000 by the second anniversary of the Effective Date;
2. \$1,400,000 by the third anniversary of the Effective Date;
3. Cumulative \$4,000,000 by the fifth anniversary of the Effective Date

In addition, the Company is also required:

1. issue to VIAD equal to 0.5% of the issued and outstanding shares of the Company, up to a maximum of 500,000 shares within nine months of the Closing Date.
2. make the milestone payment of \$250,000 on each retained project, a total of \$500,000, upon completion of a preliminary economic assessment (or “PEA”) and pay \$250,000 on each retained project, a total of \$500,000 upon completion of a positive feasibility study (“PFS”) to EMX. These milestone payments can be made in cash or shares of Minco Silver.
3. pay VIAD an advanced annual royalty of \$25,000 (the “Annual Advance Royalty”) on each of the Properties retained, until the commencement of commercial production on the third anniversary of the Effective Date. The amount of the Annual Advanced Royalty payment will increase by fifteen percent (15%) each year but will be capped at \$75,000 per year for each of the Properties.

The Company will be responsible to maintain the properties in good standing under applicable Norwegian mining laws, and reporting exploration expenditures, before and after the Closing Date.

E&E expenditures include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

During the three and nine months ended September 30, 2022, E&E expenditures were \$Nil (2021 - \$Nil), and \$341,582 (2021 - \$Nil), respectively.



# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 8. Mineral interests (continued)

E&E expenditures of the Company, by the property and by nature of the expense, for the three and nine months ended September 30, 2022, and 2021 were as follows:

	Sagvoll Project		Sulijelma Projects		Total	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Acquisition costs	30,000	-	30,000	-	60,000	-
Assays and analyses	4,172	-	2,766	-	6,938	-
Camp, utilities and supplies	14,572	-	5,187	-	19,759	-
Consulting	13,844	-	37,343	-	51,187	-
Equipment rentals	6,367	-	5,741	-	12,108	-
Geophysical and other surveys	346	-	1,471	-	1,817	-
Legal	25,613	-	25,611	-	51,224	-
Salaries	39,506	-	32,242	-	71,748	-
Travel	11,081	-	12,174	-	23,255	-
Others	21,773	-	21,773	-	43,546	-
Total	167,274	-	174,308	-	341,582	-

#### 9. Investment accounted for using the equity method

In May 2020, the Company participated in a private placement investment in Hempnova Lifetech Corporation (“Hempnova”) by purchasing 7,950,000 common shares for \$0.40 per share for a total investment of \$3,180,000. Hempnova is not traded on any exchange. The Company’s investment represented approximately 12.7% of the issued and outstanding common shares of Hempnova after the closing of the private placement.

Hempnova has been involved in industrial hemp-related services and products. It was incorporated in British Columbia and conducts its principal business through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp., included in the USA.

Management assessed and determined that the Company has significant influence over Hempnova despite its shareholding being below 20%. This is because the Company can influence decision-making. After all, the Company and Hempnova have certain directors and management in common; certain directors and management also, directly and indirectly, own Hempnova common shares. As a result, the Company accounts for this investment using the equity method.

Management assesses whether objective evidence is that its investment in Hempnova is impaired each reporting period. Management applies significant judgment in evaluating and determining whether impairment exists that would necessitate impairment testing. Impairment indicators may include loss events such as (i) significant financial difficulty of Hempno, (ii) significant changes with an adverse effect that have taken place in the market, economic or legal environment in which Hempnova operates and (iii) evidence of a significant or prolonged decline in fair value of Hempnova below its carrying value. As of December 31, 2021, the Company identified impairment indicators and impaired \$1,436,514 of the equity investment in Hempnova.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 9. Investment accounted for using the equity method (continued)

As at September 30, 2022, and December 31, 2021, the Company owned 12.7% of Hempnova. The continuity of this investment is as follows:

	Total
	\$
Carrying value, at December 31, 2020	3,333,695
Impairment of equity investment	(1,436,514)
Share of Hempnova's loss	(1,135,280)
Share of Hempnova changes in reserve and the equity portion of convertible debenture	944
Share of other comprehensive loss of Hempnova	(24,207)
Carrying value, at December 31, 2021	738,638
Share of Hempnova's loss	(430,420)
Share of Hempnova changes in reserve and the equity portion of convertible debenture	3,750
Share of other comprehensive loss of Hempnova	74,944
Carrying value, at September 30, 2022	386,912

A summary of Hempnova's balance sheet and a reconciliation of the carrying value of the Company's investment is as follows:

	September 30, 2022	December 31, 2021
Reconciliation to carrying amounts:	\$	\$
Net assets of Hempnova	1,738,154	4,507,656
Minco Silver's share in percentage	12.7%	12.7%
Minco Silver's share of net assets of Hempnova	220,746	572,472
Goodwill	166,166	166,166
Carrying value of investment in Hempnova	386,912	738,638

#### 10. Property, plant and equipment

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	\$	\$	\$	\$
Balance, at December 31, 2020	438,422	38,788	29,181	506,391
Additions	15,814	-	1,153	16,967
Depreciation	(67,701)	-	(421)	(68,122)
Exchange differences	8,723	915	679	10,317
Balance, at December 31, 2021	395,258	39,703	30,592	465,553
Disposition	(3,171)	-	-	(3,171)
Depreciation	(65,389)	-	(173)	(65,562)
Exchange differences	(13,242)	(1,433)	(1,065)	(15,740)
Balance, at September 30, 2022	313,456	38,270	29,354	381,080

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 10. Property, plant and equipment (continued)

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	\$	\$	\$	\$
At September 30, 2022				
Cost	821,119	668,792	463,115	1,953,026
Accumulated depreciation	(507,663)	(630,522)	(433,761)	(1,571,946)
Net book value	313,456	38,270	29,354	381,080
At December 31, 2021				
Cost	837,532	670,225	464,180	1,971,937
Accumulated depreciation	(442,274)	(630,522)	(433,588)	(1,506,384)
Net book value	395,258	39,703	30,592	465,553

#### 11. Leases

The Company's recognized right-of-use assets and liabilities are mainly comprised of the present values of all future lease payments of two leases for offices located in Vancouver, Canada and Beijing, China.

The Vancouver lease is for a shared office with other companies related to it by certain directors and management in common. The lease started in 2018 and will end on April 30, 2023. At each beginning of the year, a cost-sharing agreement was reviewed, and the sharing percentage was changed if necessary.

The Company also entered into a lease agreement with the Company's CEO for a shared office located in Beijing, China (note 15(b)). The lease started on April 1, 2019, and will end on August 31, 2026. Such leases were classified as operating leases under IAS 17. The right-of-use assets and lease obligations were measured at the present value of the lease payments and discounted using an incremental borrowing rate of 8%. Hemnova stopped sharing such a lease effective January 1, 2022 (2021 – 20%).

##### (a) Right-of-use assets

The continuity of the right-of-use assets as at September 30, 2022, and December 31, 2021, is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Right-of-use assets, January 1, 2021	72,879	82,137	155,016
Change to the lease terms	33,577	676,219	709,796
Amortization	(45,624)	(130,653)	(176,277)
Unrealized foreign exchange	-	(1,579)	(1,579)
Right-of-use assets, December 31, 2021	60,832	626,124	686,956
Change to the lease terms	15,292	(30,701)	(15,409)
Amortization	(42,820)	(124,362)	(167,182)
Unrealized foreign exchange	-	(21,332)	(21,332)
Others	-	193,101	193,101
Right-of-use assets, September 30, 2022	33,304	642,830	676,134

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 11. Leases (continued)

##### (b) Lease obligation

The continuity of the lease obligation as at September 30, 2022, and December 31, 2021 is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Lease liability recognized, January 1, 2021	76,040	109,695	185,735
Change to lease terms	33,577	676,219	709,796
Interest accretion	6,850	56,276	63,126
Lease payment made	(50,801)	(167,851)	(218,652)
Unrealized foreign exchange	-	(414)	(414)
Lease obligation, December 31, 2021	65,666	673,925	739,591
Change to lease terms	15,292	(30,701)	(15,409)
Interest accretion	3,377	45,215	48,592
Lease payments	(47,694)	(157,367)	(205,061)
Others	-	193,101	193,101
Unrealized foreign exchange	-	(23,181)	(23,181)
Lease obligation, September 30, 2022	36,641	700,992	737,633
Lease obligation, current	36,641	117,852	154,493
Lease obligation, non-current	-	583,140	583,140

The maturity analysis of the Company's contractual undiscounted lease liabilities as at September 30, 2022, is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Less than one year	37,375	207,684	245,059
One to two years	-	207,684	207,684
Two to three years	-	207,684	207,684
Three to four years	-	190,377	190,377
	37,375	813,429	850,804

##### (c) Amounts recognized in Statement of Loss

For the three months ended September 30, 2022	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	829	14,025	14,854
Rent expenses related to short-term and low-value (i)	-	840	840
Amortization	20,008	59,572	79,580
For the three months ended September 30, 2021	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	1,605	13,832	15,437
Rent expenses related to short-term and low-value (i)	194	5,587	5,781
Amortization	11,406	32,734	44,140

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 11. Leases (continued)

For the nine months ended September 30, 2022	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	3,377	45,215	48,592
Rent expenses related to short-term and low-value (i)	315	14,830	15,145
Amortization	42,820	124,362	167,182
For the nine months ended September, 2021	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	5,470	42,842	48,312
Rent expenses related to short-term and low-value (i)	637	16,928	17,565
Amortization	34,218	97,524	131,742

(i) Represent short-term rental for office and employees and low-value leases for parking and storage.

#### 12. Non-controlling interest (“NCI”)

Below is a summary of the financial information of Mingzhong:

##### Summary of financial positions:

	September 30, 2022	December 31, 2021
<b>NCI percentage</b>	49%	49%
	\$	\$
Current assets	72,626	116,208
Current liabilities	(983,190)	(1,022,145)
Net current liabilities	(910,564)	(905,937)
Non-current asset	6,668	6,918
Net liabilities	(903,895)	(899,019)
<b>Accumulated NCI</b>	<b>(1,299,242)</b>	<b>(1,282,367)</b>

##### Summary of income statements:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Net loss	11,292	11,504	37,710	41,529
<b>Loss allocated to NCI (49%)</b>	<b>5,533</b>	<b>5,637</b>	<b>18,478</b>	<b>20,349</b>

##### Summary of statements of cash flows:

	Nine months ended September 30,	
	2022	2021
	\$	\$
Cash outflows from operating activities	(39,502)	(80,691)

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 12. Non-controlling interest (“NCI”) (continued)

Mingzhong initiated equity financing in 2017 to raise capital to finance its operations from its minority shareholders. Equity financing requires remittance from its remaining minority shareholder to complete the transaction. As of December 31, 2018, two of the three minority shareholders paid \$351,968 for the subscription.

During the nine months ended September 30, 2022, and the year ended December 31, 2021, the Company received \$Nil from the minority shareholders. As of September 30, 2022, the amount of \$341,410 (December 31, 2021 - \$354,195) remained in Mingzhong’s payable account to minority shareholders.

#### 13. Share capital

##### (a) Common Shares

Authorized: Unlimited number of common shares without par value.

##### (b) Long-term Incentive Plan

The Company may grant up to 15% of its issued and outstanding shares as options, restricted share units, performance share units and deferred share units to its directors, officers, employees and consultants under its long-term incentive plan.

##### *Stock Options*

The Company’s long-term incentive plan allows the board of directors to grant options for up to ten years, with vesting periods determined at its sole discretion and prices equal to or greater than the closing market price on a date preceding the date of the options are granted. These options are equity-settled.

In 2021, the Company did not grant any stock options.

During the nine months ended September 30, 2022, the Company granted 3,000,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of \$0.23 per common share. These options vest over 18 months from the grant date and expire on May 27, 2027.

During the nine months ended September 30, 2022, the Company recorded \$176,062 of the stock option component as the share-based compensation (2021 - \$125,872).

Continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price
	#	\$
Balance, January 1, 2021	7,463,000	0.92
Forfeited	(130,000)	0.62
Balance, December 31, 2021	7,333,000	0.93
Granted	3,000,000	0.23
Expired	(2,900,000)	1.40
Forfeited	(794,000)	0.75
Balance, September 30, 2022	6,639,000	0.43

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 13. Share capital (continued)

As at September 30, 2022, there was \$338,220 (December 31, 2021 - \$Nil) of the total unrecognized compensation cost relating to unvested options.

Range of exercise prices	Options outstanding			Options exercisable		
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$	#		\$	#	\$	
0.23 – 0.44	2,930,000	4.65	0.23	-	-	
0.45 – 0.56	1,120,000	2.52	0.46	1,120,000	0.46	
0.57 – 0.60	1,181,000	1.34	0.57	1,181,000	0.57	
0.61 – 0.69	1,408,000	0.38	0.69	1,408,000	0.69	
	6,639,000	2.80	0.43	3,709,000	0.58	

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

	2022	2021
Risk-free interest rate	2.59%	-
Dividend yield	0%	-
Volatility	86%	-
Forfeiture rate	21%	-
Estimated expected lives	5 years	-

Option pricing models require 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.

#### 14. Related party transactions

##### (a) Key management compensation

Key management includes the Company's directors and senior management.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

#### 14. Related party transactions (continued)

During the three and nine months ended September 30, 2022, and 2021, the following compensation and benefits were paid to or accrued for the key management.

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Senior management remuneration and benefit <sup>(i)</sup>	146,013	133,096	427,544	427,423
Directors' fees	17,250	17,250	56,250	58,500
Share-based compensation	108,981	22,507	142,537	92,379
	272,244	172,853	626,331	578,302

(i) including living allowance and medical insurance for the CEO in China.

#### (b) Rental agreement with the CEO

On April 1, 2019, the Company's wholly-owned subsidiary, Minco China, entered into a lease agreement for the use of an office in Beijing, China, with the Company's CEO, the owner of the property, with an effective date of April 1, 2019, and expiry date on August 31, 2021. In March 2021, the lease term was extended to August 31, 2026. The monthly rent is \$17,485 (RMB 90,000).

#### (c) Shared office expenses

The Company, Minco Capital Corp. ("Minco Capital"), Hemnova and Minco Base Metals Corporation ("MBM") have certain directors and management in common. These four companies share certain offices and administrative expenses.

During the three months ended September 30, 2022, the Company paid or accrued \$15,688 (September 30, 2021 – \$13,415) in respect of rent and \$53,253 (September 30, 2021 – \$60,589) in shared head office expenses and administration costs to Minco Capital.

During the nine months ended September 30, 2022, the Company paid or accrued \$31,751 (September 30, 2021 – \$36,428) in respect of rent and \$134,744 (September 30, 2021 – \$179,512) in shared head office expenses and administration costs to Minco Capital.

#### (d) Due from (due to) related parties

	September 30, 2022	December 31, 2021
	\$	\$
Due to:		
CEO	(194,525)	(43,602)
Total	(194,525)	(43,602)
Due from:		
Hemnova - reimbursement of shared expenses	159,215	132,220
Minco Capital - reimbursement of shared expenses	-	6,420
MBM – reimbursement of shared expenses	23,469	24,348
Total	11,841	162,988



# Minco Silver Corporation

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### For the three and nine months ended September 30, 2022 and 2021

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

#### 14. Related party transactions (continued)

The amounts due from (to) are unsecured, non-interest bearing and payable on demand.

##### (e) Trust arrangement with MBM

In 2018, the Company disposed of two former subsidiaries (Minco Yinyuan Co. and Minco International Resources Limited) to MBM. After the disposition, Minco Yinyuan has a trust arrangement with Minco China, a wholly owned subsidiary of the Company, to continue holding particular cash and short-term investments for Minco China. As at September 30, 2022, the amount held by Minco Yinyuan in trust for Minco China was \$159,741 (December 31, 2021 - \$155,296).

##### (f) Investment in Hempnova

Refer to Note 9 above for investment accounted for using the equity method.

#### 15. Geographical information

The Company is considered to operate in one segment to explore and develop resource properties. The geographical division of the Company's assets is as follows:

As at September 30, 2022	Canada	China	Total
	\$	\$	\$
Current assets	5,895,652	39,060,587	44,956,239
Non-current assets	425,852	1,087,573	1,513,425

  

As at December 31, 2021	Canada	China	Total
	\$	\$	\$
Current assets	7,454,875	39,374,965	46,829,840
Non-current assets	811,340	1,149,214	1,960,554

#### 16. Financial instruments and fair value measurements

The Company measured its investments in common shares from the open market at their fair value at inception and each subsequent reporting period. Fair values of financial instruments not measured at fair value approximate their carrying value due to their short-term nature. The Company's financial instruments are as follows:

# Minco Silver Corporation

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### For the three and nine months ended September 30, 2022 and 2021

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

#### 16. Financial instruments and fair value measurements (continued)

	September 30, 2022	December 31, 2021
	\$	\$
<b>Financial assets at fair value through profit or loss</b>		
Marketable securities (level 1)	2,136,237	3,694,466
Non-principal-protected wealth management product (level 2)	20,632,805	19,438,062
<b>Amortized cost of financial assets</b>		
Cash and cash equivalents	5,745,482	5,020,671
Short-term investments	2,056,050	4,987,531
Note receivable	7,831,960	11,057,243
Deposit	69,299	69,407
Receivables	6,118,515	2,112,919
Due from related parties	182,684	162,988
<b>Amortized cost financial liabilities</b>		
	\$	\$
Due to related parties	194,525	43,602
Accounts payable and accrued liabilities	232,341	215,620
Credit losses payable	1,380,559	1,213,678
Due to minority shareholders of a subsidiary	341,410	354,195
Lease obligations, current	154,493	172,603
Lease obligations, non-current	583,140	566,988

Financial assets and liabilities recognized on the balance sheet at fair value can be classified in a hierarchy based on the significance of the inputs used in 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).

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

#### Financial risk factors

The company's activities expose it to financial risks: market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. Risk management activities are carried out by management, which identifies and evaluates the financial risks.

# Minco Silver Corporation

## Notes to the Condensed Consolidated Interim Financial Statements

### For the three and nine months ended September 30, 2022 and 2021

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

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#### 16. Financial instruments and fair value measurements (continued)

##### Credit risk

Counterparty credit risk is the financial benefits of contracts with a specific counterparty that 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 consolidated financial statements. The Company considers its Cash and cash equivalent, short-term investments, and note receivable to be exposed to credit risk.

To manage credit risk, the Company:

- limits its credit exposure on cash and cash equivalents by holding its deposits mainly with high-credit quality financial institutions in Canada, Hong Kong and China,
- Obtain adequate collateral to secure the recoverability of the note receivable (also refer to note 6).

##### Foreign exchange risk

The functional currency of Minco Silver is the Canadian dollar, and the functional currency of its Chinese subsidiaries is RMB. Most foreign currency risk is related to US dollar funds held by Minco Silver and its Chinese subsidiaries. Therefore, the Company's net loss is impacted by fluctuations in the valuation of the US dollar about the Canadian dollar and RMB.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US\$3.13 million monetary assets as at September 30, 2022. This sensitivity analysis shows that a change of +/- 10% in the US\$ foreign exchange rate would have a +/- US\$0.31 million impact on net loss.

##### Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments. The Company does not hold cash and cash equivalent, short-term investments and note receivable at variable rates. As a result, the Company is not exposed to significant interest rate risk.

##### Liquidity risk

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. The Company has a planning and budgeting process to help determine the funds required to support the Company's standard operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. As at September 30, 2022, the Company has positive working capital of approximately \$42.0 million. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.

#### 17. Subsequent events

##### (1) Repayment of loans

In October 2022, the Company received a \$5.9 million loan repayment from the court, including \$2.8 million (RMB 14.7 million) in principle and \$3.1 million (RMB 16.3 million) in interest payment from Longxin Mining. Please refer to note 6 for details.

# Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

**For the three and nine months ended September 30, 2022 and 2021**

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

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## **17. Subsequent events** (continued)

### (2) Purchase Stake in Sichuan Hexie Shuangma Cement Company (“Hexie”)

In October 2022, the Company through Minco China acquired an interest in the Tianjin Saikeshuan Enterprise Management Center Limited (the “Saikeshuan LP”) from Tianjin Huaxin Anneng Management Consulting Partnership LP (“Huaxin”) for \$23.04 million (RMB 119.8 million). The Company’s stake in the Saikeshuan LP gives it an indirect interest in approximately 7,480,937 shares of Hexie. In conjunction with the acquisition, Minco China also entered into a restructuring and distribution agreement with Saikeshuan LP and its general partner pursuant to which the parties will restructure the Saikeshuan LP to initiate Minco China as a direct holder of the Hexie Shares with the right to trade those shares directly on behalf of the Saikeshuan LP. Under the terms of this restructuring agreement, the Company will be entitled to recoup its entire purchase price from the proceeds of any sale of Hexie shares. Once the purchase price has been recouped in full, all remaining proceeds will be divided into 20% to the general partner, with the remaining 80% distributed to Minco China.