Minco Silver Corporation

Consolidated Financial Statements
For the year ended December 31, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise stated)

Management's Responsibility for Financial Reporting

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

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

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

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

Vancouver, Canada
March 26, 2024

MSLL CPA LLP

2110 - 1177 West Hastings Street
Vancouver, B.C. Canada
V6E 2K3

Tel: 604 688 5671
Fax: 604 688 8479
msllcpa.com

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Minco Silver Corporation.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated statements of Minco Silver Corporation. and its subsidiaries (the "Company") which comprise the consolidated statement of financial position as at December 31, 2023 and 2022, the consolidated statements of operations and net income (loss), the consolidated statements of comprehensive income (loss), consolidated statement of changes in shareholders' equity, and consolidated statements of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as issued by the International accounting Standards Board.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Expected Credit Losses Associated with the Note Receivable.

Description of the matter

We draw attention to Note 3 – Summary of significant accounting policies and Note 7 – Note receivable to the consolidated financial statements. The Company has a note receivable from Changing Longxin Mining Co.Ltd ("Longxin Mining") in the amount of $7,089,340 resulting from a proposed acquisition in 2018. The Company initiated court proceedings during the year ended December 31, 2021 because Longxin Mining failed to repay the outstanding amounts. As a result of the court verdict, the Company seized some of the collateral and remains entitled to the remaining collateral. Longxin Mining filed an appeal to the verdict and the Company received a final ruling from the court, upholding the original decision during the year ended December 31, 2022. As a result, the court officially accepted the proposal and arranged for the enforcement judge. Up till December 31, 2023, the Company has received $6,686,869 (RMB 35,893,074) from Longxin Mining.

During the year ended December 31, 2023, Longxin made a repayment towards the principal and interest of $380,823 (RMB 1,998,103).

As at December 31, 2023, the amount of the outstanding principal was $7,089,340 (RMB 38,053,450) and the accrued interest was $970,452 (RMB 5,209,095), which is accounted for at amortized cost. The note receivable is secured by a variety of assets including: real estate properties, land use rights, mining permits, equipment owned by the entity controlled by Longxin Mining and other related defendants (the borrowers and guarantors).

The estimated liquidation value of real estate properties is $17 million (RMB 93 million) based on the following assumptions: 1) average price of RMB 4,000 per square meter for residential properties and RMB 6,000 per square meter for commercial properties and 2) 44% liquidation discount on selling price. If the liquidation discount increases from 44% to 70%, the liquidation value will decrease by $8 million (RMB 43 million) to $9 million (RMB 50 million), which is above the carrying amount of the principal and interest of the note receivable as of December 31, 2023. Legal counsel for the Company has corroborated this assessment.

No incremental expected credit loss was recorded beyond the success fee payable to counsel as the liquidation value of the collateral exceeds the carrying value of the principal and interest of the note receivable.

Why the matter is a key audit matter

Management applied significant judgment in estimating the valuation of the collateral as part of their expected credit loss assessment related to the note receivable. To estimate expected credit losses, management considered the valuation of the security of the note receivable, the success fee and the probability that the real estate properties are able to be successfully sold in the market.

We considered this a key audit matter due to (i) the significance of the note receivable balance and (ii) the significant judgment made by management in assessing the valuation of the security. This in turn resulted in significant audit effort and subjectivity in performing audit procedures to test the expected credit losses determined by management.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- Agreed the securities collateralized in favour of the Company to the court verdict.
- Evaluated management’s assessment of liquidation value of the seized real estate by comparing it to an average of historical prices for similar properties in the areas.
- Perform sensitivity analysis on the key assumptions used by management and assessed whether the liquidation value of the seized real estate along with other collaterals exceeds the carrying value of the note receivable and interest receivable as at December 31, 2023.
- Inquired with legal counsel responsible for the matter and obtained legal opinion as to the likelihood of whether the Company is able to fully recover the note receivable and interest receivable from the liquidation of the seized assets.
- Assessed the reasonability of the estimated collection costs by agreeing the estimate to the terms of the legal contract.
- Evaluated the adequacy of the financial statement disclosures.

Other Information

Management is responsible for the other information. The other information comprises the Management’s Discussion and Analysis.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other

information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ying Xu, CPA, CA.

MSLL CPA LLP

Chartered Professional Accountants

Vancouver, Canada

March 26, 2024

Index

Minco Silver Corporation

Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2023	December 31, 2022
Assets	$	$
Current assets		
Cash and cash equivalents (note 4)	7,755,942	7,533,518
Short-term investments (note 5)	1,851,640	3,994,617
Note receivable (note 7)	7,089,340	7,643,126
Financial assets at fair value through profit or loss (note 6)	25,965,950	30,959,898
Other receivables (note 8)	1,065,316	143,283
Due from related parties (note 15)	43,007	168,055
Prepaid expenses and advances	283,510	348,038
	44,054,705	50,790,535
Deposits	65,684	70,468
Investment accounted for using the equity method (note 10)	660,591	348,093
Right-of-use assets (note 12)	667,637	909,365
Property, plant and equipment (note 11)	258,435	367,029
Total assets	45,707,052	52,485,490
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	234,543	210,477
Credit losses payable (note 7)	805,979	792,546
Current tax liabilities	-	602,063
Due to minority shareholders (note 13)	330,756	348,514
Due to related parties (note 15)	99,176	1,909
Lease obligation, current (note 12)	224,164	213,857
	1,694,618	2,169,366
Deferred tax liabilities	1,153,888	1,360,763
Lease obligation, non-current (note 12)	535,566	780,567
	3,384,072	4,310,696
Equity		
Equity attributable to owners of the parent		
Share capital (note 14)	107,812,327	107,812,327
Contributed surplus	28,431,150	28,021,216
Accumulated other comprehensive income	1,512,044	3,715,136
Deficit	(94,085,371)	(90,066,542)
	43,670,150	49,482,137
Non-controlling interest (note 13)	(1,347,170)	(1,307,343)
Total liabilities and equity	45,707,052	52,485,490

Subsequent event (note 20)

Approved by the Board of Directors:

(signed) *Maria Tang* Director

(signed) *George Lian* Director

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

	2023	2022
	$	$
Exploration and evaluation expenditures (note 9)	130,129	468,927
Administrative expenses		
Audit, legal and regulatory (note 7)	192,270	253,554
Amortization	320,483	307,268
Consulting	18,000	64,779
Directors' fees	75,750	75,750
Interest expense (note 12)	69,077	85,171
Office administration expenses	200,039	221,902
Property investigation and permitting expenses	1,097,653	729,451
Rent (note 12)	20,067	21,122
Salaries and benefits	333,954	262,553
Share-based compensation (note 14)	410,937	289,293
Travel and transportation	92,335	48,535
	2,830,565	2,359,378
Loss before the following	(2,960,694)	(2,828,305)
Finance and other income (expenses)		
Foreign exchange gain (loss)	(96,181)	332,326
Gain on disposal of financial assets at fair value through profit or loss (note 8)	171,858	1,126,016
Unrealized gain (loss) on financial assets at fair value through profit or loss	(3,674,802)	4,304,496
Interest and dividend income	1,421,365	1,802,570
Credit losses (note 7)	(78,077)	(239,085)
Gain (loss) before share of loss from equity investment	(5,216,531)	4,498,018
Share of gain (loss) of equity investment (note 9)	346,008	(461,191)
Income (loss) before income taxes	(4,870,523)	4,036,827
Income tax recovery, current (note 16)	602,063	38,496
Income tax recovery (expenses), deferred (note 16)	206,875	(960,095)
Net income (loss) for the year	(4,061,585)	3,115,228
Net income (loss) attributable to:		
Shareholders of the Company	(4,018,829)	3,140,456
Non-controlling interest	(42,756)	(25,228)
	(4,061,585)	3,115,228
Income (loss) per share, basic and diluted	(0.07)	0.05
Weighted average number of common shares outstanding		
- basic	61,025,083	61,025,083
- diluted	61,025,083	61,025,083

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

(Expressed in Canadian dollars, unless otherwise stated)

	2023	2022
	$	$
Net income (loss) for the year	(4,061,585)	3,115,228
Other comprehensive income (loss)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation from functional to presentation currency	(2,167,656)	(482,854)
Share of comprehensive loss from equity investment (note 10)	(32,507)	65,544
Comprehensive income (loss) for the year	(6,261,748)	2,697,918
Comprehensive income (loss) attributable to:		
Shareholders of the Company	(6,221,921)	2,722,894
Non-controlling interest	(39,827)	(24,976)
	(6,261,748)	2,697,918

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

Minco Silver Corporation

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2023 and 2022

(Expressed in Canadian dollars, unless otherwise stated)

Changes in Shareholders' Equity

	Number of Shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Subtotal	Non-controlling interest	Total equity
	#	$	$	$	$	$	$	$
Balance - January 1, 2022	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 income (loss) for the year	-	-	-	-	3,140,456	3,140,456	(25,228)	3,115,228
Other comprehensive income (loss)	-	-	-	(417,562)	-	(417,562)	252	(417,310)
Share of reserve changes from equity investment (note 10)	-	-	5,102	-	-	5,102	-	5,102
Share-based compensation	-	-	289,293	-	-	289,293	-	289,293
Balance – December 31, 2022	61,025,083	107,812,327	28,021,216	3,715,136	(90,066,542)	49,482,137	(1,307,343)	48,174,794
Balance - January 1, 2023	61,025,083	107,812,327	28,021,216	3,715,136	(90,066,542)	49,482,137	(1,307,343)	48,174,794
Net loss for the year	-	-	-	-	(4,018,829)	(4,018,829)	(42,756)	(4,061,585)
Other comprehensive income (loss)	-	-	-	(2,203,092)	-	(2,203,092)	2,929	(2,200,163)
Share of reserve changes from equity investment (note 10)	-	-	(1,003)	-	-	(1,003)	-	(1,003)
Share-based compensation	-	-	410,937	-	-	410,937	-	410,937
Balance – December 31, 2023	61,025,083	107,812,327	28,431,150	1,512,044	(94,085,371)	43,670,150	(1,347,170)	42,322,980

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

Minco Silver Corporation
Consolidated Statements of Cash Flows
Years ended December 31, 2023 and 2022
(Expressed in Canadian dollars, unless otherwise stated)

	2023	2022
	$	$
Operating activities		
Net income (loss) for the year	(4,061,585)	3,115,228
Adjustments for:		
Amortization	320,483	307,268
Deferred income tax expenses (recovery)	(206,875)	960,095
Income tax recovery	(602,063)	(38,496)
Foreign exchange loss (gain)	96,181	(332,326)
Gain on disposal of investment in financial assets at fair value through profit or loss	(171,858)	(1,126,016)
Unrealized loss (gain) on investment in financial assets at fair value through profit or loss	3,674,802	(4,304,496)
Share of loss (gain) of equity investment	(346,008)	461,191
Credit losses	78,078	239,085
Interest and dividend income	(1,421,365)	(1,802,570)
Interest accretion	69,077	85,171
Share-based compensation	410,937	289,293
Changes in items of working capital:		
Accounts payable and accrued liabilities	46,400	(3,793)
Due to/from related parties	220,015	(22,676)
Prepaid expenses and deposits	51,945	3,351
Receivables	82,238	86,550
Net cash used in operating activities	(1,759,598)	(2,083,141)
Financing activities		
Repayment of lease obligations	(277,727)	(272,596)
Net cash used in financing activities	(277,727)	(272,596)
Investing activities		
Deposit	1,906	(1,934)
Disposal of property, plant and equipment	11,095	-
Purchase of property, plant and equipment	(20,606)	3,156
Interest and dividend income received	390,969	3,623,095
Proceeds from promissory note (note 7)	168,134	3,189,141
Proceeds from disposition of financial assets at fair value through profit or loss	1,971,366	21,313,146
Legal payment related to promissory note	(38,082)	(634,840)
Acquisition of investments in financial assets at fair value through profit or loss	(1,920,244)	(23,823,293)
Purchase of short-term investments	(541,320)	(3,965,724)
Redemption of short-term investments	1,905,924	4,835,309
Net cash generated from investing activities	1,929,142	4,538,056
Effect of exchange rates on cash and cash equivalents	330,607	330,528
Increase in cash and cash equivalents	222,424	2,512,847
Cash and cash equivalents – Beginning of year	7,533,518	5,020,671
Cash and cash equivalents – End of year	7,755,942	7,533,518

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

(Expressed in Canadian dollars, unless otherwise stated)

1. Nature of operations

Minco Silver Corporation ("Minco Silver" or the "Company") is engaged in exploring, evaluating, and developing precious metals and 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 consolidated financial statements have been prepared in compliance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS"). The consolidated financial statements are prepared under the historical cost convention. These consolidated financial statements were approved by the board of directors for issue on March 26, 2024.

3. Summary of material accounting policies

Principles of consolidation and equity accounting

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company is exposed to variable returns and can affect those returns through the power to direct the relevant activities. Subsidiaries are fully consolidated from the date control is transferred to the Company. They are deconsolidated from the date that control ceases.

These consolidated 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"). In addition, 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 December 31, 2023, 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

3. Summary of material accounting policies (continued)

Principles of consolidation and equity accounting (continued)

All transactions and balances between the Company and its subsidiaries are eliminated on consolidation, including unrealized gains and losses on transactions between companies. In addition, amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Company. Profit or loss and other comprehensive income (loss) of subsidiaries acquired or disposed of during the period are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of operations and net income (loss), consolidated statements of comprehensive income (loss), consolidated statements of changes in shareholders' equity and consolidated statements of financial position, respectively.

Associates and equity method

Associates are all entities over which the Company has material influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognized at cost. Refer also critical accounting estimates and judgments below.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share of the post-acquisition profits or losses of the investee in profit or loss and the group's share of movements in other comprehensive income of the investee in other comprehensive income. In addition, dividends received or receivable from associates, and joint ventures are recognized as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

At each balance sheet date, the Company considers whether there is objective evidence of impairment in associates. If there is such evidence, we determine the amount of impairment to record, if any, in relation to the associate.

Changes in ownership interests

The Company treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Company. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the adjustment amount to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

3. Summary of material accounting policies (continued)

Principles of consolidation and equity accounting (continued)

When the Company ceases to consolidate or equity account for an investment because of a loss of control or material influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

Suppose the ownership interest in an associate is reduced, but the material influence is retained. In that case, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

Financial instruments

Financial instruments are measured on initial recognition at fair value, plus or minus, in the case of financial instruments other than those classified as fair value through profit or loss (“FVPL”), directly attributable to transaction costs. Financial instruments are recognized when the Company becomes a party to the contracts that give rise to them and are classified as amortized cost, fair value through profit or loss or fair value through other comprehensive income, according to their contractual cash flow characteristics and the business models under which they are held. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party. The embedded derivatives are separated from the host contract if the host contract is not measured at fair value through profit or loss and when the economic characteristics and risks are not closely related to those of the host contract. Reassessment only occurs if there is a change in terms of the contract that materially modifies the cash flows that would otherwise be required.

<u>Financial assets at amortized cost</u>

A financial asset is measured at amortized cost if it is held within a business model whose objective is to have assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding and is not designated as FVPL. Financial assets classified as amortized costs are subsequently measured at amortized cost using the effective interest method. Cash and cash equivalents, note receivable and short-term investments and certain other assets are classified and measured at amortized cost.

<u>Financial assets at FVOCI</u>

Financial assets that are debt instruments are measured at fair value through other comprehensive income (“OCI”) if they are held for collecting contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest. The Company initially recognizes these financial assets at their fair value with subsequent changes to fair values recognized in OCI. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to the statement of operations. On initial recognition of an equity investment, an irrevocable election is available to measure the investment at fair value through OCI, wherein changes in fair value are recognized in OCI with no reclassification to the statement of operations on derecognition. The election is available on an investment-by-investment basis.

<u>Financial assets at FVTPL</u>

Financial assets are measured at FVTPL if they do not qualify as financial assets at amortized cost or fair value through OCI. Accordingly, the Company initially recognizes these financial assets at their fair value, with subsequent changes to fair values recognized in the statement of operations and net income (loss).

3. Summary of material accounting policies (continued)

Financial Instruments (continued)

Financial liabilities

Financial liabilities are classified and subsequently measured at amortized cost unless they are required to be measured at FVTPL. Financial liabilities at FVTPL are measured at fair value and with subsequent changes in fair values recognized in the statement of operations and net income (loss). Accounts payable and accrued liabilities, lease obligation, and provisions are classified and measured at amortized cost.

Impairment of financial assets

On a forward-looking basis, the Company assesses the expected credit losses associated with its financial assets carried at amortized cost and fair value through OCI. The impairment methodology applied depends on whether there has been a material increase in credit risk. For note receivable and other receivables, the Company uses the simplified approach permitted by IFRS 9, Financial Instruments ("IFRS 9"), which requires loss allowance for a financial instrument equal to twelve-month expected credit losses.

Derecognition of financial assets and liabilities

A financial asset is derecognized when either the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party. If neither the rights to receive cash flows from the asset have expired nor the Company has transferred its rights to receive cash flows from the asset, the Company will assess whether it has relinquished control of the asset. If the Company does not control the asset, then derecognition is appropriate. A financial liability is derecognized when the associated obligation is discharged, cancelled or expires. When another replaces an existing financial liability from the same lender on a substantially different term, or the terms of a current liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of operations.

Foreign currency translation

(i) Functional and presentation currency

The financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars.

The functional currency of Minco Silver Corporation is Canadian dollars.

The functional currency of Minco HK and Minco Resources is Canadian dollars.

The functional currency of the equity investment in Hempnova Lifetech Corp. ("Hempnova") is Canadian dollars.

The functional currency of the Company's Chinese subsidiaries is Renminbi ("RMB").

The financial statements of the Company's Chinese subsidiaries ("foreign operations") are translated into the Canadian dollar presentation currency as follows:

Assets and liabilities – at the closing rate at the date of the statement of financial position.

Income and expenses – at the average rate of the period, unless exchange rates fluctuated significantly during that period; in this case, the exchange rates at the dates of the transactions are used.

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

3. Summary of material accounting policies (continued)

Foreign currency translation (continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered part of the net investment in a foreign operation and is recognized in other comprehensive income.

When an entity disposes of its entire interest in a foreign operation or loses control, joint control, or material influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of a part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

The exchange rates of monetary assets and liabilities denominated in currencies other than an operation's functional currency are recognized in the statement of operations and net income (loss)

(ii) Transactions and balances

Foreign currency transactions are translated into an entity's functional currency using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and the translation at the year-end rate.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Computer, Office Equipment and Furniture	5 years
Mining Equipment	5 years
Site Motor Vehicles	10 years
Leasehold Improvements	shorter lease term or useful life
Right-of-Use Assets	term of the lease

Impairment losses are included as part of other gains and losses on the consolidated statements of operations and net loss.

3. Summary of material accounting policies (continued)

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. In addition, exploration and evaluation costs other than direct acquisition costs are expensed before a mineral resource is identified as having economic potential.

Exploration and evaluation costs are capitalized as mineral interests when a mineral resource is identified as having economic potential on a property. A mineral resource is considered to have economic potential when it is expected that documented resources can be legally and economically developed considering long-term metal prices. Therefore, before capitalizing such costs, management determines that the following conditions have been met:

i) there is a probable future benefit that will contribute to future cash inflows;

ii) the Company can obtain the benefit and control access to it;

iii) the transaction or event giving rise to the benefit has already occurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property have been determined, mineral interests are reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Costs relating to producing mineral interests would be amortized on a unit-of-production basis over the estimated ore reserves. Expenses incurred after the property is placed into production that increases production volume or extends the life of a mine are capitalized.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral interest.

Impairment of non-financial assets

The recoverability of mineral interests is dependent upon various factors, including the determination of economically recoverable ore reserves, confirmation of the Company’s interest in the underlying mineral claims, the ability to option its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property, plant and equipment, mineral interests, and investments accounted for using the equity method when events or circumstances indicate the assets may not be recoverable. Impairment assessments are carried out project-by-project, each representing a single cash-generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount the asset’s carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value, less disposal costs and its value in use.

Fair value is the amount obtained from the asset's sale in an arm’s length transaction between knowledgeable and willing parties. Value in use is defined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its current form and from its ultimate disposal. In addition, the Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

3. Summary of material accounting policies (continued)

Share-based payments

Stock Options

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

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

Compensation expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. If stock options are exercised, the applicable amounts of contributed surplus are transferred to share capital.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present legal or constructive obligation as a result of exploration and development activities undertaken; it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. The estimated future obligation includes the cost of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The estimated cost is capitalized into the cost of the related asset and amortized on the same basis as the related assets.

If the estimated cost does not relate to an asset, it is charged to earnings in the period in which the event giving raises to the liability occurs.

As of December 31, 2023, and 2022, the Company had no provision for restoration and rehabilitation.

Earnings per share

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

Share capital

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

Income tax

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

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

3. Summary of material accounting policies (continued)

Income tax (continued)

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

Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract gives the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, either explicitly or implicitly, including consideration of supplier substitution rights;
- The Company has the right to obtain substantially all the economic benefits from the use of the asset throughout the period of use; and
- The Company has the right to direct the use of the asset. The right of use (“ROU”) asset is initially measured based on the initial amount of the lease obligation plus any initial direct costs incurred, less any lease incentives received.

The assets are depreciated to the earlier the end of the useful life of the ROU asset or the lease term using the straight-line method to reflect the expected consumption pattern of future economic benefits. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. The ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease obligation. The lease obligation is initially measured at the present value of the lease payments not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company’s incremental borrowing rate.

The lease obligation is measured at amortized cost using the effective interest method and remeasured when there is a change in future lease payments. Future lease payments can arise from a change in an index or rate if there is a change in the Company’s estimate of the expected payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease obligation is remeasured, a corresponding adjustment is made to the carrying amount of the ROU asset, or is recorded to the statement of loss, if the carrying amount of the ROU asset has been reduced to zero.

Adoption of new accounting standards

Amendments to IAS 1 - *Presentation of Financial Statements* and IFRS Practice Statement 2 - *Making Materiality Judgments* **-** Disclosure of Accounting Policies The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term "material accounting policies" with "material accounting policy information." Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

3. Summary of material accounting policies (continued)

Adoption of new accounting standards (continued)

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendments were applied effective July 1, 2023 and did not have a material impact on the Company's consolidated financial statements.

Critical accounting estimates and judgments

The preparation of financial statements requires management to use judgment in applying its accounting policies and estimates and assumptions about the future. Accordingly, estimates and judgments are continuously evaluated based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most material accounting judgment that the company has made in the preparation of the financial statements that have a risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next year for the following:

<u>Material Influence on Hempnova Lifetech Corp.</u>

Management has assessed the level of influence that the Company has on Hempnova and determined that it has a material impact even though its shareholding is below 20%. This is because the Company can influence decision-making because the Company and Hempnova have certain directors and management in common; in addition, certain directors and management also directly and indirectly own Hempnova common shares (refer to Note 9 below for details).

<u>Impairment</u>

In accordance with the Company's accounting policy, the Company's mineral interest and equity investment in Hempnova are evaluated every reporting period to determine whether there are any indications of impairment or impairment reversal. Suppose any such indication exists, which is judgmental. In that case, a formal estimate of the recoverable amount is performed, and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount or an impairment reversal is recognized to the extent that the recoverable amount exceeds the carrying value. The recoverable amount of an asset cash-generating group of assets is measured at the higher fair value, less costs to sell and value in use.

<u>*Mineral interest*</u>

The evaluation of asset-carrying values for indications of impairment or impairment reversal includes consideration of both external and internal sources of information, including such factors as the Company's right to explore in the specific area, whether substantive exploration and evaluation activities have been planned or budgeted, whether an evaluation in the particular area has not led to the discovery of commercially viable quantities of mineral resources, or sufficient data exist to indicate that the carrying value of the property will not be recoverable. As a result, the Company fully impaired the Fuwan Silver Project and Changkeng Gold Project on September 30, 2019 (Refer to Note 8, below, for details). As of December 31, 2023, management assessed the Fuwan Silver Project and Changkeng Gold Project for impairment reversal indicators and did not identify any.

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Critical accounting estimates and judgments (continued)

Equity investment in Hempnova

Management assesses whether there is objective evidence that its investment in Hempnova is impaired each reporting period. Management applies material judgment in determining whether indicators of impairment exist that would necessitate impairment testing. Impairment indicators may include loss events such as (i) material financial difficulty of Hempnova, (ii) material 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 material or prolonged decline in fair value of Hempnova below its carrying value. No impairment was required as of December 31, 2023, and 2022.

Note receivable

Management applied material judgment in estimating the valuation of the collateral as part of their expected credit loss assessment related to the note receivable. To estimate expected credit losses, management considered the valuation of the security of the note receivable, and costs to collected the collateral. The estimated liquidation value of the real estate collateral is $17 million (RMB 93 million). Please refer to the Note 7 for key assumptions. The Court is in favor of Minco Silver so that the court can enforce the sales of seized properties in the market and whether funds collected from the sales of seized properties can 100% cover the principle and interest. As a result, As of December 31, 2023, the amount of the outstanding Note principal was $7,089,340 (RMB 38,053,450) (December 31, 2022: $7,643,126 (RMB 38,935,615)), and the accrued interest included in the Company's receivable was $970,452 (RMB 5,209,095) (December 31, 2022: $71,930 (RMB 366,427).

During the year ended December 31, 2023, the Company received a total of $380,823 (RMB 1,998,103) from Longxin Mining, which included $168,134 (RMB 882,165) as the principal payment on the Note and $212,689 (RMB 1,115,938) as the payment of accrued interest on the Note.

The Company persisted in its legal pursuit to recover the outstanding principal and accrued interests on the Note. In accordance with the agreement, the Company is obligated to remit 10% of the total amount recovered to its legal consultant. Consequently, for the fiscal year ending December 31, 2023, the company met this commitment by disbursing a success fee amounting to $38,082 (RMB 199,810) to Anheli. As of December 31, 2023, a success fee payable to Anheli was recorded at $805,979 (RMB 4,326,255, net of the accrued tax liability), compared to $792,546 (RMB 4,037,387) as of December 31, 2022.

4. Cash and cash equivalents

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

	As of December 31, 2023	As of December 31, 2022
	$	$
Cash	2,506,544	3,411,183
Cash equivalents	5,249,398	4,122,335
	7,755,942	7,533,518

As of December 31, 2023, cash and cash equivalents of $6,866,851 (or RMB 36,859,194) (December 31, 2022 - $5,909,597 (or RMB 30,104,669)) 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. Accordingly, the remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China, or both.

(Expressed in Canadian dollars, unless otherwise stated)

5. Short-term investments

As of December 31, 2023, 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	1,322,600	June 15, 2024	5.9%
Term deposit	USD	529,040	April 4, 2024	5.2%
		1,851,640		

As of December 31, 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	1,354,400	June 15, 2023	3.55%
Term deposit	USD	677,200	July 6, 2023	3.65%
Term deposit (ii)	RMB	1,963,017	May 2, 2023	1.7%
		3,994,617		

(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 December 31, 2023, and December 31, 2022, the Company still had the corporate bond but has entirely written off this holding to $Nil, given the uncertainty of disposing of this corporate bond through the open market.

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

6. Financial assets at fair value through profit or loss

The continuity schedule of the Company's financial assets at fair value through profit or loss during the year ended December 31, 2023, is as follows:

	December 31, 2022	Additions	Proceeds from dispositions	Realized Gains	Unrealized gain (losses)	Foreign exchange	December 31, 2023
	$	$	$	$	$	$	$
Investment in common shares and warrants (i)	1,586,831	1,920,244	(1,971,366)	171,858	(161,608)	(22,368)	1,523,591
Investment in common shares through a partnership (iii)	29,373,067	-	-	-	(3,513,194)	(1,417,514)	24,442,359
Total	30,959,898	1,920,244	(1,971,366)	171,858	(3,674,802)	(1,439,882)	25,965,950

(Expressed in Canadian dollars, unless otherwise stated)

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

The continuity schedule of the Company's financial assets at fair value through profit or loss during the year ended December 31, 2022, is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized Gains	Unrealized gain (losses)	Foreign exchange	December 31, 2022
	$	$	$	$	$	$	$
Investment in common shares and warrants (i)	3,694,466	659,707	(2,032,725)	509,889	(1,292,141)	47,635	1,586,831
Investment in Floating return wealth management products ("WMPs") without principal protection (ii)	19,438,062	-	(19,280,421)	616,127	(180,510)	(593,258)	-
Investment in common shares through a partnership (iii)	-	23,509,619	-	-	5,777,147	86,301	29,373,067
Total	23,132,528	24,169,326	(21,313,146)	1,126,016	4,304,496	(459,322)	30,959,898

(i) Common shares and warrants

The Company utilized its surplus cash to make targeted equity investments 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 strategy does not deviate from the Company's core business focus, which remains centered on exploring and developing mineral properties.

Below is a table summarizing the investment activities related to common shares and warrants in Canada for the year ended December 31, 2023 and 2022:

	2023	2022
	$	$
Proceeds from disposals	1,971,366	2,032,725
Cost of disposals	(1,799,508)	(1,522,836)
Realized gains	171,858	509,889
Unrealized gain (loss) adjustment	(161,608)	(1,292,141)
Total gain (loss)	10,250	(782,252)

(ii). Wealth Management Products ("WMPs")

The Company invested in WMPs issued by China Merchant Bank in the preceding year. In 2023, the Company redeemed all WMPs, realizing total proceeds of $19,280,421. The Company accounted for this transaction with a realized gain of $616,127, an unrealized loss of $180,510, and a foreign exchange loss of $593,258. For the year ending December 31, 2023, the Company did not engage in any new investments in WMPs.

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

(iii). Investment in common shares through a partnership

In October 2022, the Company, through Minco China, acquired an interest in the Tianjin Saikehuan Enterprise Management Center Limited (the “Saikehuan LP”) from Tianjin Huaxin Anneng Management Consulting Partnership LP (“Huaxin”) for $23,509,619 (RMB 119.8 million), which represents 9.54% interest in the limited partnership. The Company’s stake in the Saikehuan LP gives it an indirect interest in approximately 7,480,937 shares of Sichuan Hexie Shuangma Co. Ltd. (“Hexie”), one of China's largest cement manufacturing companies. In conjunction with the acquisition, Minco China also entered into a restructuring and distribution agreement with Saikehuan LP and its general partner, pursuant to which the parties will restructure the Saikehuan 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 Saikehuan 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, all remaining proceeds will be distributed 20% to the general partner, with the remaining 80% to Minco China. The general partner has submitted the restructuring documents of the two most extensive Limited Partnership (“LP”) to the regulator for approval. The subsequent step is to finalize the restructuring of the remaining LPs.

As of December 31, 2023, the investment’s fair value was $24,442,359 (RMB 131,199,253) (2022 - $29,373,067 (RMB 149,632,281)), net of the payable to the general partner. As a result, the Company recorded an unrealized loss of $3,513,194 (RMB 18,433,029) (2022 - unrealized gain of $5,777,147 (RMB 28,936,293)).

7. Note receivable

In 2018, the Company engaged in 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.

As part of the Proposed Acquisition, on August 6, 2018, Minco China entered into a loan agreement with Longxin Mining and its shareholders, pursuant to 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 10% per annum, and was 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 date was extended to September 30, 2019, with an increased interest rate of 12% per annum. Subsequently, the Note’s maturity was further extended from September 30, 2019, to December 31, 2019, with no change in the interest rate, which remained at 12% per annum.

On November 21, 2020, a supplemental agreement was executed, extending the Note’s maturity to September 30, 2021, while maintaining the interest rate at 12% per annum. According to the terms of this supplemental agreement, if the outstanding principal and interests were not received by September 30, 2021, the Company would have the following right to (i) Any amounts applied to principal repayment in the year 2020 would be treated as interest payments; (ii) The Company would have the authority to charge the interest at 24% per annum, starting from January 1, 2020, until the full repayment of both the principal and accrued interest. (iii) The Company could revise the accrued interest and principal payment calculation as it deems appropriate.

Since December 11, 2020, the Company has not received any payments from Longxin. In April 2021, Minco China engaged in a legal service agreement (the “Anheli Service Agreement”) with Beijing Anheli Law Firm (“Anheli”) to initiate legal action and recover the outstanding Note principal and accrued interest.

7. Note receivable (continued)

Subsequently, on May 11, 2021, the Company filed a lawsuit with the court seeking to recover $11,663,672 (RMB 55,424,433) of the outstanding Note principal, in addition to $625,998 (RMB 3,253,625) representing the interest accrued until April 1, 2021. The interest was calculated at an annual rate of 24% from January 1, 2020, to August 19, 2020, and an interest rate of 15.4% per annum thereafter.

On November 12, 2021, the Company received the court's verdict on the lawsuit. Longxin and other related defendants were instructed to pay the claimed amounts to the Company, including the legal and court fees. Due to the borrowers' failure to pay the outstanding amounts, the Company exercised its right to seize specific collateral, which included real estate and cash. The Company retains its entitlement to the remaining collateral.

Following the court verdict, the borrowers filed an appeal against the decision. The Company responded to the appeal in April 2022, adhering to the legal process and maintaining its position to recover the outstanding debt.

On June 6, 2022, the court issued a final judgment, which upheld the original decision.

Subsequently, On June 17, 2022, the Company formally submitted the enforcement request to the court. After due process, on June 27, 2022, the court officially accepted the proposal and appointed an enforcement judge to oversee the proceedings.

In the same year, 2022, the Company received a total of $6,555,707 (RMB 33,894,971) from Longxin Mining. This amount comprised $3,189,141 (RMB 16,488,815) as the principal payment for the Note and $3,366,566 (RMB 17,405,156) for the payment of accrued interests on the Note.

In the ongoing effort to recover the outstanding amounts from Longxin, the court has taken material steps. On January 10, 2023, the court issued an auction announcement for the initial batch of 89 sealed properties and further involved the completion of the first auction and second. Auctions yielded unsatisfactory results, prompting management to take further action, including the forced sale of 89 properties on the market and initiating new auction procedures for additional seized residential and commercial properties.

Additionally, it is essential to note that management has thoroughly evaluated the carrying value of various collaterals, including residential and commercial properties, a 100% share interest in Longxin, equipment, land use rights, and mining permits, all guaranteed by Hunan Shengbang Investment Real Estate Co., Ltd. The estimated liquidation value of real estate properties is $17 million (RMB 93 million) based on the following assumptions: 1) average price of RMB 4,000 per square meter for residential properties and RMB 6,000 per square meter for commercial properties and 2) 44% liquidation discount on selling price. If the liquidation discount increases from 44% to 70%, the liquidation value will decrease by $8 million (RMB 43 million) to $9 million (RMB 50 million), which is above the carrying amount of the principal and interest of the note receivable as of December 31, 2023. Legal counsel for the Company has corroborated this assessment.

Management exercised material judgment and made estimations to determine whether the carrying value of the collaterals surpassed the note balance. They also assessed the likelihood of successful collateral sales and the Company's ability to recover the note receivable, including the interest portion entirely.

During the year ended December 31, 2023, the Company received a total of $380,823 (RMB 1,998,103) from Longxin Mining, which included $168,134 (RMB 882,165) as the principal payment on the Note and $212,689 (RMB 1,115,938) as the payment of accrued interest on the Note.

As of December 31, 2023, the outstanding Note principal was $7,089,340 (RMB 38,053,450) (December 31, 2022: $7,643,126 (RMB 38,935,615)), and the accrued interest included in the Company's receivable was $970,452 (RMB 5,209,095) (December 31, 2022: $71,930 (RMB 366,427).

(Expressed in Canadian dollars, unless otherwise stated)

7. Note receivable (continued)

Looking ahead to the post-2023 period, the Company plans to undertake additional tasks. It will urge the Court to complete auction procedures for the 89 residential properties and additional commercial properties. Additionally, the company will advocate for the Court to implement measures restricting the judgment debtor's high consumption, including placing the legal representative on the list of dishonest judgment debtors. Furthermore, the Company will encourage the Court to enforce measures preventing the judgment debtor from leaving the country.

A summary of the note receivable for the year ended 2023 and 2022 is as follows:

	Note principle	Interest receivable	Total
	$	$	$
At January 1, 2022	11,057,243	1,949,863	13,007,106
Received principal and interest payment	(3,189,141)	(3,366,566)	(6,555,707)
Accrued interest – 15.4% (i)	-	1,547,084	1,547,084
Foreign exchange loss	(224,976)	(58,451)	(283,427)
At December 31, 2022	7,643,126	71,930	7,715,056
Received principal and interest payment	(168,134)	(212,689)	(380,823)
Accrued interest – 15.4% (i)	-	1,135,665	1,135,665
Foreign exchange loss	(385,652)	(24,454)	(410,106)
At December 31, 2023	7,089,340	970,452	8,059,792

(i) The interest was calculated by 24% prior to August 19, 2020, and thereafter by four times the annum loan market quotation rate announced by the National Interbank Lending Centre, which was supported by the court and legal regulations in China.

Pursuant to the Anheli Service Agreement, the company is required to remit 10% of the total amount recovered to its legal consultant. Consequently, for the fiscal year ending December 31, 2023, the company fulfilled this obligation by disbursing a success fee of $38,082 (RMB 199,810) to Anheli. As of December 31, 2023, a success fee payable to Anheli was recorded at $805,579 (RMB 4,326,255), compared to $792,546 (RMB 4,037,387) as of December 31, 2022.

8. Receivable

	December 31, 2023	December 31, 2022
	$	$
Interest receivable	1,034,749	108,698
GST receivable	695	763
Other receivable	29,872	33,822
	1,065,316	143,283

Included in the interest receivable, $970,452 was from note receivable (2022 - $71,930), and $64,297 was from term deposit (2022 - $ 38,404).

9. Mineral interests

In the past, the Company encountered delays in the renewal of exploration permits for the Fuwan Silver Project and Changkeng Gold Project. Consequently, in 2019, the Company recorded an impairment of $60,246,258 related to exploration and evaluation costs incurred for 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 2022, the Changkeng Gold Project exploration permit was renewed and expires on November 21, 2027. In addition, the exploration permit for the Fuwan Silver Project was renewed in March 2021 and expires on March 8, 2026. However, as substantive expenditures on further exploration and evaluation of mineral resources have yet to be planned or budgeted, management determined that this was not an indicator of impairment reversal for year ended December 31, 2023.

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 was renewed in November 2022 for five years with an expiry date of November 21, 2027.

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, a subsidiary of EMX Royalty Corporation, to potentially acquire all issued and outstanding shares of VMS Exploration AS, a Norwegian corporation. VMS Exploration AS owned the Sagvoll and Sulitjelma properties in Norway, collectively referred to as the "Norway Project." The Option Agreement established various financial and operational requirements, including setting the option expiry date by the first anniversary of signing the agreement. Furthermore, if exercised, the Company would have been obligated to incur additional expenditures on the Norway Project, issue more shares, and make payments to VIAD as detailed in the agreement.

In July 2023, just prior to the option closing date, the Company made the strategic decision not to exercise the Option Agreement. Consequently, the Company opted not to proceed with the acquisition of the Norway Project. This choice was made after careful consideration, taking into account the presence of another promising investment opportunity and the importance of maximizing the utilization of available funds.

As of December 31, 2023, the Company had incurred $599,056 in exploration and evaluation ("E&E") expenses, which included the initial $60,000 payment made upon signing the Option Agreement. These E&E expenses covered a range of costs, such as exploration rights, geological studies, drilling licenses, sampling, and directly attributable administrative expenses. During the year ended December 31, 2023, the Company incurred$130,129 in E&E expenses (compared to $468,927 in 2022).

9. Mineral interests (continued)

<u>Field expenses and property investigation</u>

During the year ended December 31, 2023, the Company incurred expenses for maintaining the exploration permits. The Company remains committed to acquiring advanced, high-quality mineral projects globally. To achieve this objective, the exploration team conducted a thorough review and evaluation of various prospective properties during the period of 2023.

During the year ended December 31, 2023, the total expenditures related to property investigation and permitting expenses such as salary, consulting fees, legal fees, travelling, licensing and other costs were $1,097,653 (2022 - $729,451).

10. Investment accounted for using the equity method

In May 2020, the Company made 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 private placement was concluded.

Hempnova is actively involved in providing industrial hemp-related services and products. It was incorporated in British Columbia, with its primary business conducted through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp., which operates in the USA.

Although the Company's shareholding in Hempnova is below the 20% threshold, management has determined that the Company possesses material influence over Hempnova. This influence stems from the Company's ability to impact decision-making, as both companies share certain directors and management, with some owning Hempnova common shares as well. Due to this material influence, the Company accounts for its investment in Hempnova using the equity method.

Management assesses whether objective evidence is that its investment in Hempnova is impaired each reporting period. Management applies material judgment in evaluating and determining whether impairment exists that would necessitate impairment testing. Impairment indicators may include loss events such as (i) material financial difficulty of Hempnova, (ii) material 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 material or prolonged decline in fair value of Hempnova below its carrying value. In 2021, the Company identified impairment indicators and impaired $1,436,514 of the equity investment in Hempnova.

For the years ended December 31, 2023, and 2022, management accessed the investment in Hempnova and concluded no impairment indicators exist.

(Expressed in Canadian dollars, unless otherwise stated)

10. Investment accounted for using the equity method (continued)

As of December 31, 2023 and 2022, the Company owned 12.7% of Hempnova. The continuity of this investment is as follows:

	Total
	$
Carrying value, at January 1, 2022	738,638
Share of Hempnova's loss	(461,191)
Share of Hempnova changes in reserve and the equity portion of convertible debenture	5,102
Share of other comprehensive gain of Hempnova	65,544
Carrying value, at December 31, 2022	348,093
Share of Hempnova's gain	346,008
Share of Hempnova changes in reserve and the equity portion of convertible debenture	(1,003)
Share of other comprehensive losses of Hempnova	(32,507)
Carrying value, at December 31, 2023	660,591

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

	December 31, 2023	December 31, 2022
	$	$
Cash	3,839,638	1,314,070
Other current assets	1,697,242	1,864,446
Non-current assets	4,164,311	5,128,824
Current liabilities	(5,700,823)	(2,787,508)
Non-current liabilities	(107,251)	(4,087,338)
Shareholders' equity	3,893,117	1,432,494
Minco Silver's share in percentage	12.70%	12.70%
Minco Silver's share of net assets of Hempnova	494,425	181,927

Reconciliation to carrying amounts:

	December 31, 2023	December 31, 2022
	$	$
Minco Silver's share of net assets of Hempnova	494,425	181,927
Goodwill	166,166	166,166
Carrying value of investment in Hempnova	660,591	348,093

(Expressed in Canadian dollars, unless otherwise stated)

10. Investment accounted for using the equity method (continued)

A summary of Hempnova's income statement for the year ended December 31, 2023, and 2022 is as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Hempnova	Minco Silver share	Hempnova	Minco Silver share
	$	$	$	$
Revenue	12,049,109	1,530,237	5,927,502	752,793
Net income (loss)	2,724,470	346,008	(3,631,425)	(461,191)
Other comprehensive income (loss)	(255,960)	(32,507)	516,091	65,544
Comprehensive income (loss)	2,468,510	313,501	(3,115,334)	(395,647)

as of December 31, 2023, and 2022, management assessed that no impairment charge was required.

11. Property, plant and equipment

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	$	$	$	$
Year ended December 31, 2022				
At January 1, 2022	395,258	39,703	30,592	465,553
Additions	(3,156)	-	-	(3,156)
Depreciation	(86,640)	-	(231)	(86,871)
Exchange differences	(7,387)	(637)	(473)	(8,497)
At December 31, 2022	298,075	39,066	29,888	367,029
At December 31, 2022				
Cost	826,989	669,588	463,707	1,960,284
Accumulated depreciation	(528,914)	(630,522)	(433,819)	(1,593,255)
Net book value	298,075	39,066	29,888	367,029

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	$	$	$	$
Year ended December 31, 2023				
At January 1, 2023	298,075	39,066	29,888	367,029
Additions	20,606	-	-	20,606
Disposition	-	(3,000)	(8,095)	(11,095)
Depreciation	(101,362)	-	(231)	(101,593)
Exchange differences	(13,292)	(1,923)	(1,297)	(16,512)
At December 31, 2023	204,027	34,143	20,265	258,435

(Expressed in Canadian dollars, unless otherwise stated)

11. Property, plant and equipment (continued)

	Leasehold improvement	Motor vehicles	Office equipment and furniture	Total
	$	$	$	$
At December 31, 2023				
Cost	834,303	664,665	454,315	1,953,283
Accumulated depreciation	(630,276)	(630,522)	(434,050)	(1,694,848)
Net book value	204,027	34,143	20,265	258,435

12. Leases

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

The Vancouver lease is for a shared office with other related companies by certain directors and management in common. The original lease started in 2018 and will end on April 30, 2023. In November 2022, the Company renewed the lease agreement for another five years, ending on April 30, 2028. The cost-sharing agreement was reviewed at the beginning of the year, and the sharing percentage was changed.

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%.

a) Right-of-use assets

The continuity of the right-of-use assets as of December 31, 2023, and December 31, 2022, is as follows:

	Vancouver	Beijing	Total
	$	$	$
Right-of-use assets, January 1, 2022	60,832	626,124	686,956
Change to the lease terms	289,534	165,779	455,313
Amortization	(55,321)	(165,076)	(220,397)
Foreign exchange	-	(12,507)	(12,507)
Right-of-use assets, December 31, 2022	295,045	614,320	909,365
Change to the lease terms	4,800	-	4,800
Amortization	(56,221)	(162,669)	(218,890)
Foreign exchange	-	(27,638)	(27,638)
Right-of-use assets, December 31, 2023	243,624	424,013	667,637

(Expressed in Canadian dollars, unless otherwise stated)

12. Leases (continued)

b) Lease obligation

The continuity of the lease obligation as of December 31, 2023, and 2022 is as follows:

	Vancouver	Beijing	Total
	$	$	$
Lease liability recognized, January 1, 2022	65,666	673,925	739,591
Change to lease terms	289,534	165,779	455,313
Interest accretion	26,662	58,509	85,171
Lease payment made	(63,711)	(208,885)	(272,596)
Foreign exchange	-	(13,055)	(13,055)
Lease obligation, December 31, 2022	318,151	676,273	994,424
Change to lease terms	4,800	-	4,800
Interest accretion	23,721	45,356	69,077
Lease payments	(71,887)	(205,840)	(277,727)
Foreign exchange	-	(30,844)	(30,844)
Lease obligation, December 31, 2023	274,785	484,945	759,730
Lease obligation, current	54,275	169,889	224,164
Lease obligation, non-current	220,510	315,056	535,566

The maturity analysis of the Company's contractual undiscounted lease liabilities as of December 31, 2023, is as follows:

	Vancouver	Beijing	Total
	$	$	$
Less than one year	73,881	201,203	275,084
One to two years	74,870	201,203	276,073
Two to three years	75,860	134,136	209,996
Three to four years	76,850	-	76,850
Five and beyond five years	22,768	-	22,768
	324,229	536,542	860,771

c) Amounts recognized in Statement of Loss

For the year ended December 31, 2023	Vancouver	Beijing	Total
	$	$	$
Interest on lease obligation	23,721	45,356	69,077
Rent expenses related to short-term and low-value(i)	664	19,403	20,067
Amortization	56,221	162,669	218,890

For the year ended December 31, 2022	Vancouver	Beijing	Total
	$	$	$
Interest on lease obligation	26,662	58,509	85,171
Rent expenses related to short-term and low value(i)	216	20,906	21,122
Amortization	55,321	165,076	220,397

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

(Expressed in Canadian dollars, unless otherwise stated)

13. Non-controlling interest ("NCI")

Below is a summary of the financial information of Mingzhong:

Summary of financial positions:

	December 31, 2023	December 31, 2022
NCI percentage	49%	49%
	$	$
Current assets	55,079	61,632
Current liabilities	(1,035,949)	(1,005,293)
Net current liabilities	(980,870)	(943,661)
Non-current asset	6,460	6,807
Net liabilities	(974,410)	(936,854)
Accumulated NCI	(1,347,170)	(1,307,343)

Summary of income statements:	Year ended December 31, 2023	2022
	$	$
Net loss	87,257	51,483
Loss allocated to NCI (49%)	42,756	25,228

Summary of statements of cash flows:

	Year ended December 31, 2023	2022
	$	$
Cash outflows from operating activities	55,835	52,107

One of Mingzhong's minority shareholders has a related party relationship with Minco Silver.

In 2017, Mingzhong embarked on an equity financing initiative to raise capital to finance its operations from its minority shareholders. As a result, in 2018, minority shareholders made contributions totaling $351,968 through their subscriptions. However, the completion of the equity financing is subject to receiving remittance from the remaining minority shareholders. Unfortunately, as of December 31, 2023, the equity financing has not been fully completed due to one of the minority shareholders failing to fulfill its subscription obligation.

During the year ended December 31, 2023, the Company did not receive any funds from the minority shareholder. As of December 31, 2023, the $330,756 (December 31, 2022 - $348,514) remained in Mingzhong's payable account to minority shareholders.

(Expressed in Canadian dollars, unless otherwise stated)

14. 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 periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on a date preceding the date the options are granted. These options are equity-settled.

In 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 18 months from the grant date and expire on May 27, 2027.

During the year ended December 31, 2023, the Company granted 2,930,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of $0.20 per common share. These options vest 18 months from the grant date and expire on June 2, 2028.

During the year ended December 31, 2023, the Company recorded $410,937 of the stock option component as share-based compensation (2022 - $289,293).

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price
	#	$
Balance, January 1, 2022	7,333,000	0.93
Granted	3,000,000	0.23
Expired	(2,900,000)	1.40
Forfeited	(794,000)	0.75
Balance, December 31, 2022	6,639,000	0.43
Granted	2,930,000	0.20
Forfeited	(90,000)	0.29
Expired	(1,408,000)	0.69
Balance, December 31, 2023	8,071,000	0.30

During the year ended December 31, 2023, the weighted average share price on the date options exercised was $Nil (2021 - $Nil). As of December 31, 2023, there was $116,990 (December 31, 2022 - $132,106) of total unrecognized compensation cost relating to unvested options.

(Expressed in Canadian dollars, unless otherwise stated)

14. Share capital (continued)

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$	#		$	#	$
0.20 – 0.22	2,930,000	4.42	0.20	976,663	0.20
0.23 – 0.44	2,860,000	3.40	0.23	2,860,000	0.23
0.45 – 0.57*	2,281,000	0.66	0.51	2,281,000	0.51
	8,071,000	3.00	0.30	6,117,663	0.33

*On February 1, 2024, 1,171,000 options with a strike price of $0.57 expired.

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

	2023	2022
Risk-free interest rate	3.46%	2.59%
Dividend yield	0%	0%
Volatility	86%	86%
Forfeiture rate	19%	20%
Estimated expected lives	5 years	5 years

Option pricing models require the use of subjective estimates and assumptions, including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

15. Related party transactions

(a) Key management compensation

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

During the year ended December 31, 2023, and 2022, the following compensation and benefit were paid to or accrued for the key management.

(Expressed in Canadian dollars, unless otherwise stated)

15. Related party transactions (continued)

	2023	2022
	$	$
Senior management remuneration and benefit*	832,373	571,093
Directors' fees	75,750	75,750
Share-based compensation	320,096	237,219
	1,228,219	884,062

*Incorporating a living allowance and medical insurance coverage for the CEO in China. During the year ended December 31, 2023, the Company disbursed a bonus of $264,899 to its senior management.

(b) Rental agreement with the CEO

On April 1, 2019, Minco China, a wholly-owned subsidiary of the Company, entered into a lease agreement to utilize an office in Beijing, China. The lessor of the property is the Company's CEO. The lease, effective from April 1, 2019, is set to expire on August 31, 2026. The monthly rent for the office space is $17,153 (RMB 90,000). In addition, the Company assumed expenses for lease improvements as part of the agreement. In 2023, the Company incurred $20,606 in lease improvement expenses (compared to a reversal of $3,156 in 2022).

(c) Shared office expenses

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

During the year ended December 31, 2023, the Company paid or accrued $72,551 (December 31, 2022 – $63,927) in respect of rent and $190,529 (December 31, 2022 – $240,128) in shared head office expenses and administration costs to Minco Capital.

(d) Due to and due from related parties

	December 31, 2023	December 31, 2022
	$	$
Due to:		
Companies owned by the CEO	99,176	-
Companies owned by the CEO	-	1,909
Total	99,176	1,909
Due from:		
CEO	-	7,287
Hempnova - reimbursement of shared expenses	20,120	136,811
Minco Capital - reimbursement of shared expenses	150	-
MBM – reimbursement of shared expenses	22,737	23,957
Total	43,007	168,055

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

(Expressed in Canadian dollars, unless otherwise stated)

15. Related party transactions (continued)

(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 certain cash and short-term investments for Minco China. As of December 31, 2023, the amount held by Minco Yinyuan in trust for Minco China was $149,914 (December 31, 2022 - $158,673).

(f) Investment in Hempnova

Refer to Note 10 above for investment accounted for using the equity method.

16. Income taxes

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

	2023	2022
	$	$
Loss before income taxes	(4,870,523)	4,036,827
Statutory income tax rate	27%	27%
Expected tax recovery at statutory income tax rate	(1,315,041)	1,089,943
Non-deductible expenses and other items	399,178	(162,772)
Difference in tax rates	52,388	21,553
Change in deferred income tax asset not recognized	(511,569)	(152,912)
Foreign exchange	566,106	125,787
Income tax expense	(808,938)	921,599

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The material components of unrecognized deferred income tax assets and liabilities as of December 31, 2023, and 2022 are as follows:

	2023	2022
	$	$
Deferred income tax assets not recognized		
Equity investment	340,120	382,308
Non-capital losses	2,954,216	2,927,347
Mineral interest	11,104,101	11,600,728
	14,398,437	14,910,383

(Expressed in Canadian dollars, unless otherwise stated)

16. Income taxes (continued)

The Company has non-capital losses carried forward for Canadian income tax purposes which expire as follows:

	$
2030	1,330,717
2031	1,880,258
2032	2,229,724
2034	1,470,692
2036	954,126
2037	1,084,409
2039	3,242
2040	953,720
2041	233,550
2042	183,131
	10,323,569

The Company also has non-capital losses carried forward for China, totaling $653,331, which expires in 2028.

17. Geographical information

The Company considers that it operates in one segment for the exploration and development of resource properties. The geographical division of the Company's assets is as follows:

As at December 31, 2023	Canada	China	Total
	$	$	$
Current assets	4,408,053	39,646,652	44,054,705
Non-current assets	904,848	747,499	1,652,347

As at December 31, 2022	Canada	China	Total
	$	$	$
Current assets	5,357,513	45,433,022	50,790,535
Non-current assets	646,696	1,048,259	1,694,955

(Expressed in Canadian dollars, unless otherwise stated)

18. 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 at 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:

	December 31, 2023	December 31, 2022
	$	$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	25,965,950	30,959,898
Amortized cost financial assets		
Cash and cash equivalents	7,755,942	7,533,518
Short-term investments	1,851,640	3,994,617
Note receivable	7,089,340	7,643,126
Deposit	65,684	70,468
Receivables	1,065,316	143,283
Due from related parties	43,007	168,055

Amortized cost financial liabilities	December 31, 2023	December 31, 2022
	$	$
Due to related parties	99,176	1,909
Accounts payable and accrued liabilities	234,543	210,477
Credit losses payable	805,979	792,546
Due to minority shareholders of a subsidiary	330,756	348,514
Lease obligations, current	224,164	213,857
Lease obligations, non-current	535,566	780,567

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).

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, security deposits, 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.

18. Financial instruments and fair value measurements (continued)

Financial risk factors

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

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by these counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair value contracts with individual counterparties, which are recorded in the consolidated financial statements. The Company considers its Cash and cash equivalent, short-term investments, and note receivable to be exposed to credit risk.

In order to manage credit risk, the Company:

- limits its credit exposure on cash and cash equivalents, and a short-term investment by holding its deposits mainly with high-credit quality financial institutions in Canada, Hongkong and China,
- Obtained adequate collateral to secure the recoverability of the note receivable (also refer to note 7).

Foreign exchange risk

The functional currency of Minco Silver is the Canadian dollar, and the functional currency of its Chinese subsidiaries is RMB. Most of the 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 in relation to 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$2.6 million monetary assets at year-end. This sensitivity analysis shows that a change of +/- 10% in the US$ foreign exchange rate would have a -/+ US$0.26 million impact on net loss.

Interest rate risk

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

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 material 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 in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. As of December 31, 2023, the Company has positive working capital of approximately $42.3 million. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.

19. Capital management

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

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

As of December 31, 2023, the Company does not have any long-term debt and has sufficient funds to meet its current operating and exploration and development obligations.

20. Comparative figures

Certain comparative figures related to the cash flows have been reclassified to conform to the current year's presentations. These reclassifications have not impacted the operational results for the year.

21. Subsequent event

Subsequent to the year ended December 31, 2023, the Company acquired additional equity of other companies from the public market for a total cost of $215,000 and disposed of certain investments for total proceeds of $238,000.