

Minco Silver Corporation

Consolidated Financial Statements

For the year ended December 31, 2024 and 2023

(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
President and CEO

Renee Lin, CPA, CGA
Chief Financial Officer

Vancouver, Canada
March 21, 2025

INDEPENDENT AUDITORS' REPORT

To the Shareholders and Board of Directors of Minco Silver Corporation

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, 2024 and 2023, the consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statement of changes in shareholders' equity, and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2024 and 2023, 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 (IASB).

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

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. This matter was 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 this matter.

Expected Credit Losses Associated with the Note Receivable

Description of the matter

As detailed in Note 3 – Summary of material accounting policies and Note 7 – Note receivable to the consolidated financial statements, the Company holds a note receivable from Changning Longxin Mining Co. Ltd ("Longxin Mining") in the amount of \$7,500,286 (RMB 38,053,450) as of December 31, 2024. This receivable arises from a proposed acquisition in 2018.

The Company initiated court proceedings during the year ended December 31, 2021, after Longxin Mining failed to repay the outstanding amounts. As a result of the court's verdict, the Company successfully seized certain collateral and remains entitled to the remaining collateral. Longxin Mining appealed the initial verdict, and in the year ended December 31, 2023, the Company received a final ruling from the court, upholding the original decision. The court then officially accepted the proposal and arranged for an enforcement judge.

As of December 31, 2024, the Company has received a total of \$6,936,510 (RMB 35,893,074) from Longxin Mining. However, during the year ended December 31, 2024, Longxin Mining made no repayment toward the principal and interest.

As at December 31, 2024, the amount of the outstanding principal was \$7,500,286 (RMB 38,053,450) and the accrued interest was \$2,201,001 (RMB 11,166,996). The note receivable is secured by a variety of assets, including the equity interest in Longxin Mining, which covers land use rights, mining permits, and equipment owned by the entity, as well as real estate properties held by other related defendants (the borrowers and guarantors).

During the year ended December 31, 2024, the court appointed a valuation firm to appraise Longxin Mining's pledged common shares, with an appraised value of approximately \$29 million (RMB 152 million). Discussions with potential buyers are ongoing, and the Company has applied to the court for an auction of Longxin Mining's pledged common shares. The first auction is expected to take place in late April 2025, with an initial price set at 78% of the appraised value (approximately RMB 100 million). If the first auction is unsuccessful, the second auction will be held at 56% of the appraised value, approximately RMB 80 million. Even with the auction discounts, the value of Longxin Mining's pledged common shares exceeds the carrying value of the note and interest receivable as of December 31, 2024. Management remains committed to recovering the outstanding note receivable in the 2025 fiscal year.

No expected credit loss was recorded beyond the success fee payable to legal 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 collateral of the note receivable, the success fee and the probability of successfully selling Longxin Mining's common shares and the real estate properties 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 collateral. This resulted in significant audit effort and subjectivity in performing audit procedures to evaluate the expected credit losses and the recoverability of the note receivable.

How the matter was addressed in the audit

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

- Reviewed the court rulings and agreed the assets collateralized in favour of the Company to the court verdict.
- Reviewed asset appraisal report and conducted interview with the court appointed valuation specialist to understand the methodologies used by valuation specialist and assessed the key assumptions and inputs used in appraisal report for reasonableness.
- Performed sensitivity analysis on the key assumptions used by management and the auction discount scenarios to evaluate whether the recoverable value of pledged common shares, along with other collateral, remains sufficient to cover the carrying value of the note receivable and interest receivable as at December 31, 2024.
- Inquired with legal counsel responsible for the matter and obtained legal opinion to corroborate the enforceability of the court decision and the likelihood of a successful auction.
- Reviewed management's recovery plan, including the timeline for the auction, to assess whether the plan supports the full recovery of the note receivable.
- 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 to ensure they appropriately reflect the valuation, recovery efforts, and associated risks of the note receivable.

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 IFRS Accounting Standards as issued by the IASB, 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 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 21, 2025

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Minco Silver Corporation
Consolidated Statements of Financial Position
(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2024	December 31, 2023
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 4)	5,455,218	7,755,942
Short-term investments (note 5)	2,846,130	1,851,640
Note receivable (note 7)	7,500,286	7,089,340
Financial assets at fair value through profit or loss (note 6)	23,497,437	25,965,950
Other receivables (note 8)	2,341,180	1,065,316
Due from related parties (note 15)	29,159	43,007
Prepaid expenses and advances	572,280	283,510
	42,241,690	44,054,705
Deposits	68,729	65,684
Investment accounted for using the equity method (note 10)	1,780,807	660,591
Right-of-use assets (note 12)	444,867	667,637
Property, plant and equipment (note 11)	250,115	258,435
Total assets	44,786,208	45,707,052
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	227,786	234,543
Credit losses payable (note 7)	970,129	805,979
Due to minority shareholders (note 13)	349,929	330,756
Due to related parties (note 15)	210,008	99,176
Lease obligation, current (note 12)	247,583	224,164
	2,005,435	1,694,618
Deferred tax liabilities (note 16)	-	1,153,888
Lease obligation, non-current (note 12)	280,871	535,566
	2,286,306	3,384,072
Equity		
Equity attributable to owners of the parent		
Share capital (note 14)	107,812,327	107,812,327
Contributed surplus	28,579,794	28,431,150
Accumulated other comprehensive income	3,638,961	1,512,044
Deficit	(96,136,268)	(94,085,371)
	43,894,814	43,670,150
Non-controlling interest (note 13)	(1,394,912)	(1,347,170)
Total liabilities and equity	44,786,208	45,707,052

Subsequent event (note 21)

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.

Minco Silver Corporation

Consolidated Statements of Operations and Net Loss

Year ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

	2024	2023
	\$	\$
Exploration and evaluation expenditures (note 9)	-	130,129
Administrative expenses		
Audit, legal and regulatory (note 7)	181,933	192,270
Amortization	291,358	320,483
Consulting	20,000	18,000
Directors' fees (note 15)	70,500	75,750
Interest expense (note 12)	49,930	69,077
Office administration expenses	148,807	200,039
Property investigation and permitting expenses (note 9)	844,180	1,097,653
Rent (note 12)	21,494	20,067
Salaries and benefits	332,148	333,954
Share-based compensation (note 14 and 15)	148,644	410,937
Travel and transportation	93,770	92,335
	2,202,764	2,830,565
Loss before the following	(2,202,764)	(2,960,694)
Finance and other income (expenses)		
Foreign exchange gain (loss)	291,449	(96,181)
Gain (loss) on disposal of financial assets at fair value through Profit or loss (note 6)	(788,543)	171,858
Unrealized loss on financial assets at fair value through profit or loss (note 6)	(3,353,259)	(3,674,802)
Loss from disposal of property, plant and equipment	(5,328)	-
Interest and dividend income	1,828,799	1,421,365
Credit losses (note 7)	(113,374)	(78,077)
Loss before share of gain from equity investment	(4,343,020)	(5,216,531)
Share of gain on equity investment (note 10)	1,093,899	346,008
Loss before income taxes	(3,249,121)	(4,870,523)
Income tax recovery, current (note 16)	-	602,063
Income tax recovery, deferred (note 16)	1,153,888	206,875
Net loss for the year	(2,095,233)	(4,061,585)
Net loss attributable to:		
Shareholders of the Company	(2,050,897)	(4,018,829)
Non-controlling interest (note 13)	(44,336)	(42,756)
	(2,095,233)	(4,061,585)
Loss per share, basic and diluted	(0.03)	(0.07)
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.

Minco Silver Corporation

Consolidated Statements of Comprehensive Income (Loss)

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

	2024	2023
	\$	\$
Net loss for the year	(2,095,233)	(4,061,585)
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences in translation from functional to presentation currency	2,097,194	(2,167,656)
Share of comprehensive income (loss) from equity investment (note 10)	26,317	(32,507)
Comprehensive income (loss) for the year	28,278	(6,261,748)
Comprehensive income (loss) attributable to:		
Shareholders of the Company	76,021	(6,221,921)
Non-controlling interest	(47,742)	(39,827)
	28,278	(6,261,748)

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, 2024 and 2023

(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, 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
Balance - January 1, 2024	61,025,083	107,812,327	28,431,150	1,512,044	(94,085,371)	43,670,150	(1,347,170)	42,322,980
Net loss for the year	-	-	-	-	(2,050,897)	(2,050,897)	(44,336)	(2,095,233)
Other comprehensive income (loss)	-	-	-	2,126,917	-	2,126,917	(3,406)	2,123,511
Share-based compensation	-	-	148,644	-	-	148,644	-	148,644
Balance – December 31, 2024	61,025,083	107,812,327	28,579,794	3,638,961	(96,136,268)	43,894,814	(1,394,912)	42,499,902

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

Minco Silver Corporation
Consolidated Statements of Cash Flows
Years ended December 31, 2024 and 2023
(Expressed in Canadian dollars, unless otherwise stated)

	2024	2023
	\$	\$
Operating activities		
Net loss for the year	(2,095,233)	(4,061,585)
Adjustments for:		
Amortization	291,358	320,483
Deferred income tax recovery	(1,153,888)	(206,875)
Income tax recovery	-	(602,063)
Foreign exchange loss (gain)	(291,449)	96,181
Loss (gain) on disposal of investment in financial assets at fair value through profit or loss	788,543	(171,858)
Unrealized loss on investment in financial assets at fair value through profit or loss	3,353,259	3,674,802
Loss from disposal of property, plant and equipment	5,328	-
Share of gain on equity investment	(1,093,899)	(346,008)
Credit losses	113,374	78,078
Interest and dividend income	(1,828,799)	(1,421,365)
Interest accretion	49,930	69,077
Share-based compensation	148,644	410,937
Changes in items of working capital:		
Accounts payable and accrued liabilities	(54,338)	46,400
Due to/from related parties	126,516	220,015
Prepaid expenses and advances	(267,387)	53,851
Other receivables	(6,220)	82,238
Net cash used in operating activities	(1,914,261)	(1,757,692)
Financing activities		
Repayment of lease obligations	(273,332)	(277,727)
Net cash used in financing activities	(273,332)	(277,727)
Investing activities		
Disposal of property, plant and equipment	25,987	11,095
Purchase of property, plant and equipment	(83,115)	(20,606)
Interest and dividend income received	658,780	390,969
Proceeds from promissory note (note 7)	-	168,134
Proceeds from disposition of financial assets at fair value through profit or loss	3,146,045	1,971,366
Legal payment related to promissory note	-	(38,082)
Acquisition of investments in financial assets at fair value through profit or loss	(3,481,985)	(1,920,244)
Purchase of short-term investments	(2,721,300)	(541,320)
Redemption of short-term investments	1,914,460	1,905,924
Net cash generated from (used in) investing activities	(541,128)	1,927,236
Effect of exchange rates on cash and cash equivalents	427,997	330,607
Decrease (Increase) in cash and cash equivalents	(2,300,724)	222,424
Cash and cash equivalents – Beginning of year	7,755,942	7,533,518
Cash and cash equivalents – End of year	5,455,218	7,755,942

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

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(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 located at 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 in accordance with the historical cost convention. The board approved these consolidated financial statements of directors for issue on March 21, 2025.

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”). Additionally, Changfu Minco is subject to a 10% net profit interest held by the Guangdong Geological Bureau (“GGB”), a Chinese government department.

Information of the Company’s subsidiaries as of December 31, 2024, 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

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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 accounting method after being recognized at cost. Refer also to critical accounting estimates and judgments below.

Under the equity method of accounting, investments are initially recognized at cost and subsequently adjusted to reflect the Company's share of the investee's post-acquisition profits or losses, as well as the group's share of movements in the investee's 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. The accounting policies of equity-accounted investees have been adjusted as 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, concerning 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 the Company's equity owners. A change in ownership interest results in an adjustment to the carrying amounts of the controlling and non-controlling interests, reflecting 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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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 due to a loss of control or material influence, any retained interest in the entity is remeasured to its fair value, with the resulting change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount to subsequently account 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 the contract terms that materially modifies the cash flows that would otherwise be required.

Financial assets at amortized cost

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 FVTPL. 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.

Financial assets at FVOCI

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 sale, 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 value recognized in other comprehensive income (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. Upon initial recognition of an equity investment, an irrevocable election is available to measure the investment at fair value through other comprehensive income (OCI), wherein changes in fair value are recognized in OCI with no reclassification to the statement of operations upon derecognition. The election is available on an investment-by-investment basis.

Financial assets at FVTPL

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).

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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, with subsequent changes in fair value 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 receivables and other receivables, the Company uses the simplified approach permitted by IFRS 9, Financial Instruments (“IFRS 9”), which requires a loss allowance for a financial instrument equal to the 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 Hemnova Lifetech Corp. (“Hemnova”) 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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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 that remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary is reallocated between the 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 arise from the settlement of foreign currency transactions and the translation of foreign currency-denominated assets and liabilities at the year-end exchange rates.

Cash and cash equivalents

Cash and cash equivalents comprise 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
Site Motor Vehicles	10 years
Leasehold Improvements	shorter of the 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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Exploration and evaluation costs

Exploration and evaluation costs include expenses for acquiring exploration rights, conducting geological studies, undertaking 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. Additionally, exploration and evaluation costs, excluding 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 on 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 increase production volume or extend the mine's life 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 conducted on a project-by-project basis, with 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 sale of an asset in an arms-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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

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(Expressed in Canadian dollars, unless otherwise stated)

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 fair value of the grant date. 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 resulting from 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 represents the best estimate of the present value of the expenses required to settle the restoration obligation as of 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, 2024, and 2023, 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 with respect to 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 does not affect either accounting profit or taxable profit or 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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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 the contract is, or contains, a lease based on whether it conveys the right to control the use of an identified asset for a specified period 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 end of the useful life of the ROU asset or the lease term, using the straight-line method to reflect the expected pattern of consumption of future economic benefits. The lease term includes periods covered by an option to extend, provided the Company is reasonably sure 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 – Classification of Liabilities as Current or Non-current. The amendments aim to improve the information companies provide when the right to defer settlement of liability for at least 12 months is subject to the entity complying with covenants after the reporting date. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendments take effect for annual periods commencing on or after January 1, 2024. The amendments were applied effectively on January 1, 2024, and did not have a material impact on the Company's consolidated financial statements.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

New accounting standards issued but not yet adopted

IFRS 18 Presentation and Disclosure of Financial Statements

IFRS 18 is effective for reporting periods beginning on or after January 1, 2027. It introduces several new requirements that are expected to impact the presentation and disclosure of most, if not all, entities. The Company is in the process of assessing the impact on the financial statements of the new standard

Amendments to the Classification and Measurement of Financial Instruments

Amendments to the Classification and Measurement of Financial Instrument will be effective for annual reporting period beginning on or after January 1, 2026. The amendments amend IFRS 9 Financial Instruments and IFRS 7 Financial instruments: Disclosures (the Amendments). The narrow scope amendments clarify classification guidance for financial assets with environmental, social and corporate governance features; and clarify the date on which a financial asset or financial liability is derecognized when using electronic payment systems.

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:

Significant Influence on Hempnova Lifetech Corp.

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 10 below for details).

Impairment

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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

3. Summary of material accounting policies (continued)

Critical accounting estimates and judgments (continued)

Mineral interest

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 9, below, for details). As of December 31, 2024, management assessed the Fuwan Silver Project and Changkeng Gold Project for impairment reversal indicators and did not identify any.

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, 2024 and 2023.

Note receivable

Management exercised material judgment in estimating the valuation of the collateral as part of their expected credit loss assessment related to the note receivable. In determining expected credit losses, management considered the valuation of the note receivable's security and the associated costs of collecting the collateral.

The estimated liquidation value of the real estate collateral, assessed by management as of December 31, 2023, is \$18 million (RMB 93 million), while the appraised value of pledged common shares of the borrower, Changning Longxin Mining Co., Ltd (Longxin Mining), is approximately \$29 million (RMB 152 million), based on an independent appraisal conducted in December 2024. Please refer to Note 7 for key assumptions.

The court has ruled in favor of Minco Silver, allowing the enforcement of the sale of seized properties. The proceeds from these sales are expected to fully cover the principal and interest of the note receivable. Management is committed to completing the recovery of the outstanding note receivable in 2025.

To enforce repayment, the Company has scheduled an auction with purpose to sell Longxin Mining, for late March or early April 2025.

As of December 31 2024, the outstanding Note principal was \$7,500,286 (RMB 38,053,450) (December 31, 2023: \$7,089,340 (RMB 38,053,450)), and the accrued interest included in the Company's receivable was \$2,201,001 (RMB 11,166,996) (December 31, 2023: \$970,452 (RMB 5,209,095)).

Under the terms of the Anheli Service Agreement, the company must remit 10% of the total amount recovered to its legal consultant. As of December 31, 2024, a success fee payable, recorded as Credit Loss Payable on the balance sheet, was \$970,129 (RMB 4,922,045), compared to \$805,579 (RMB 4,326,255) as of December 31, 2023.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

4. Cash and cash equivalents

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

	As of December 31, 2024	As of December 31, 2023
	\$	\$
Cash	3,484,231	2,506,544
Cash equivalents	1,970,987	5,249,398
	<u>5,455,218</u>	<u>7,755,942</u>

As of December 31, 2024, cash and cash equivalents of \$5,147,502 (or RMB 26,116,367) (December 31, 2023 - \$6,866,851 (or RMB 36,859,194)) 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 account at the bank. Accordingly, the remittance of these funds back to Canada requires approvals from relevant government authorities, designated banks in China, or both.

5. Short-term investments

As of December 31, 2024, short-term investments consisted of the following:

	Currency	Amount (\$)	Maturity date	Interest rate
Corporate bond (i)	USD	-	January 11, 2019	6.13%
Term deposit	USD	719,450	April 4, 2025	5.40%
Term deposit	USD	1,438,900	June 18, 2025	5.35%
Term deposit	USD	287,780	June 16, 2025	4.45%
Term deposit	CAD	400,000	June 16, 2025	3.75%
		<u>2,846,130</u>		

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	6.13%
Term deposit	USD	1,322,600	June 15, 2024	5.90%
Term deposit	USD	529,040	April 4, 2024	5.20%
		<u>1,851,640</u>		

- (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 defaulted on September 30, 2018. As of December 31, 2024, and December 31, 2023, the Company still held the corporate bond but has entirely written off this holding to \$Nil, given the uncertainty of disposing of it 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.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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, 2024, is as follows:

	December 31, 2023	Additions	Proceeds from dispositions	Realized losses	Unrealized gain (losses)	Foreign exchange	December 31, 2024
	\$	\$	\$	\$	\$	\$	\$
Investment in common shares and warrants (i)	1,523,591	3,481,985	(3,146,045)	(788,543)	999,709	76,226	2,146,923
Investment in common shares through a partnership (ii)	24,442,359	-	-	-	(4,352,968)	1,261,123	21,350,514
Total	25,965,950	3,481,985	(3,146,045)	(788,543)	(3,353,259)	1,337,349	23,497,437

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 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 (ii)	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

(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 are valued at their fair value at inception and in 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, 2024 and 2023:

	2024	2023
	\$	\$
Proceeds from disposals	3,146,045	1,971,366
Cost of disposals	(3,934,588)	(1,799,508)
Realized gains (loss)	(788,543)	171,858
Unrealized gain (loss) adjustment*	999,709	(161,608)
Total gain	211,166	10,250

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

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

(ii). Investment in common shares through a partnership

In October 2022, the Company, through Minco China, acquired a 9.54% interest in Tianjin Saikehuan Enterprise Management Center Limited ("Saikehuan LP") from Tianjin Huaxin Anneng Management Consulting Partnership LP ("Huaxin") for \$23,509,619 (RMB 119.8 million). This investment gives the Company an indirect interest in approximately 7,480,937 shares of Sichuan Hexie Shuangma Co. Ltd. ("Hexie"), one of China's largest cement manufacturers. Alongside the acquisition, Minco China entered into a restructuring and distribution agreement with Saikehuan LP and its general partner. Under this agreement, the Saikehuan LP will be restructured to allow Minco China to become a direct holder of the Hexie shares, with the ability to trade these shares on behalf of Saikehuan LP. The terms of the restructuring agreement state that Minco China is entitled to recover its entire purchase price from the proceeds of any sale of Hexie shares. Once the purchase price has been recovered, the remaining proceeds will be distributed, with 20% going to the general partner and 80% to Minco China.

As of December 31, 2024, the fair value of the investment was \$21,350,514 (RMB 108,323,968), compared to \$24,442,359 (RMB 131,199,253) as of December 31, 2023. Consequently, the Company recognized an unrealized loss of \$4,352,968 (RMB 22,875,285) for the year, compared to a loss of \$3,513,194 (RMB 18,433,029) in the prior year. Additionally, the Company recorded a foreign exchange gain of \$1,261,123, in contrast to a loss of \$1,417,514 in 2023. During the year ended December 31, 2024, the Company also received dividend income of \$435,761 (RMB 2,289,969) from this investment.

7. Note receivable

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

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 \$14,043,925 (73.8 million RMB) (the "Note"). With a six-month term and an annual interest rate of 10%, the Note was secured by a 100% equity interest in Longxin Mining and all assets of the Longwangshan Gold Mine. Additionally, Longxin Mining's shareholders and a real estate company they control provided further security, including land, real estate, and cash.

The Note's maturity date was initially extended from February 4, 2019, to June 30, 2019, with the interest rate increasing to 12% per annum. It was subsequently extended again to December 31, 2019, with the 12% interest rate maintained.

On November 21, 2020, the Company executed a supplemental agreement extending the maturity date of the Note to September 30, 2021, with the interest rate remaining at 12% per annum. This agreement also provided that if the principal and accrued interest were not paid by the new maturity date, the Company would have the following rights:

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2024 and 2023

(Expressed in Canadian dollars, unless otherwise stated)

7. Note receivable (continued)

- (i) Any payments made toward the principal during 2020 would be applied as interest payments.
- (ii) The Company could charge interest at 24% per annum, retroactively effective from January 1, 2020, until full repayment.
- (iii) The Company would have the authority to recalculate the principal and interest as deemed appropriate.

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

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 principal of the Note, in addition to \$625,998 (RMB 3,253,625) representing interest accrued up to April 1, 2021. The interest was calculated at an annual rate of 24% from January 1, 2020, to August 19, 2020, and 15.4% annually thereafter.

On November 12, 2021, the court ruled in favor of the Company, ordering Longxin and other defendants to pay the claimed amounts, including legal fees. Following their nonpayment, the Company exercised its rights over certain collateral, including real estate, the Longwanshan Gold Mine permit, and cash, while retaining claims to additional collateral. Longxin appealed the decision, and the Company submitted a response in April 2022, continuing its recovery efforts. On June 6, 2022, the court issued its final judgment, reaffirming the original ruling. The Company subsequently filed an enforcement request on June 17, 2022, which was accepted on June 27, 2022.

In 2022, the Company recovered \$6,555,707 (RMB 33,894,971) from Longxin, split between \$3,189,141 (RMB 16,488,815) as principal and \$3,366,566 (RMB 17,405,156) in interest payments. In 2023, an additional \$380,823 (RMB 1,998,103) was collected, with \$168,134 (RMB 882,165) for principal and \$212,689 (RMB 1,115,938) for interest.

The court has continued its efforts to recover the remaining amounts, issuing an auction notice on January 10, 2023, for an initial set of 89 properties, with auction activities ongoing. In 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. However, the auctions for these properties were not successful.

In 2024, the court appointed a valuation firm to appraise pledged common shares of Longxin Mining, which was valued at approximately \$29 million (RMB 152 million). Discussions are ongoing with potential buyers, and the Company intends to proceed with the sale of the company if Longxin Mining does not fulfill its repayment obligations. Additionally, the Company has applied for the auction of pledged common shares of Longxin Mining, with several interested parties actively engaging with management regarding the auction process. The owner of Longxin Mining has also indicated a willingness to repay the outstanding Note as soon as possible, and negotiations with the Company’s management are underway.

The Company has assessed the recoverability of the Note receivable based on the court-appointed appraisal of Longxin Mining's pledged common shares, valued at \$29 million (RMB 152 million), with a significant portion linked to the Longwanshan Gold Mine permit, which has appreciated due to rising gold prices. The first auction, scheduled for late April 2025, will start at 78% of the appraised value, approximately \$22.6 million (RMB 119 million). If unsuccessful, the second auction will start at 56%, approximately \$16.2 million (RMB 85 million). Legal counsel estimates a 5%-50% success rate for the first auction and 50% - 95% for the second. Based on these factors, management remains confident that the Note receivable is recoverable and will continue to pursue recovery through the legal and auction processes in 2025.

As of December 31 2024, the outstanding Note principal was \$7,500,286 (RMB 38,053,450) (December 31, 2023: \$7,089,340 (RMB 38,053,450)), and the accrued interest included in the Company’s receivable was \$2,201,001 (RMB 11,166,996) (December 31, 2023: \$970,452 (RMB 5,209,095)).

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(Expressed in Canadian dollars, unless otherwise stated)

7. Note receivable (continued)

A summary of the Note receivable for the years 2024 and 2023 is as follows:

	Note principle	Interest receivable	Total
	\$	\$	\$
At January 1, 2023	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
Accrued interest – 15.4% ⁽ⁱ⁾	-	1,133,737	1,133,737
Foreign exchange loss	410,946	96,812	507,758
At December 31, 2024	7,500,286	2,201,001	9,701,287

- (i) The interest was calculated at 24% before August 19, 2020, and thereafter at four times the annual loan market quotation rate announced by the National Interbank Lending Centre, as supported by court and legal regulations in China.

Under the terms of the Anheli Service Agreement, the company is required to remit 10% of the total amount recovered to its legal consultant. As of December 31, 2024, a success fee payable, recorded as Credit Losses Payable on the Statements of Financial Position, was \$970,129 (RMB 4,922,045), compared to \$805,579 (RMB 4,326,255) as of December 31, 2023.

8. Other receivables

	December 31, 2024	December 31, 2023
	\$	\$
Interest receivable	2,277,458	1,034,749
GST receivable	786	695
Other receivable	62,936	29,872
	2,341,180	1,065,316

Included in the interest receivable, \$2,201,001 was from note receivable (2023 - \$970,452), and \$76,458 was from term deposit (2023 - \$ 64,297).

9. Mineral interests

The Company previously encountered delays in renewing 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 these Projects.

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. This valuation technique requires management's judgment and estimates of the recoverable amount, and is therefore classified within Level 3 of the fair value hierarchy.

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9. Mineral interests (continued)

In 2022, the Changkeng Gold Project exploration permit was renewed and is set to expire on November 21, 2027. Additionally, the exploration permit for the Fuwan Silver Project was renewed in March 2021 and is valid until 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 the year ended December 31, 2024.

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 a five-year term 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 is immediately adjacent to the Fuwan Silver Project. The Changkeng permit was renewed in November 2022 for a five-year term, expiring on 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 before the option closing date, the Company made the strategic decision not to exercise the Option Agreement. Consequently, the Company opted not to proceed with acquiring 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.

Up to December 31, 2023, the Company had accrued \$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, 2024, the Company incurred \$Nil in E&E expenses (compared to \$130,129 in 2023).

Field expenses and property investigation

During the year ended December 31, 2024, the Company incurred expenses to maintain its exploration permits while actively seeking to secure a significant Chinese mining group as a business partner for project development through negotiations with multiple parties. At the same time, the Company remains committed to acquiring advanced, high-quality mineral projects globally, with its exploration team thoroughly evaluating prospective properties throughout the year.

During the year ended December 31, 2024, the Company incurred \$844,180 (2023 - \$1,097,653) in property investigation and permitting expenses. These expenses include salaries, consulting fees, legal fees, travel expenses, licensing costs, and other related costs.

Minco Silver Corporation

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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 following the completion of the private placement.

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 there is objective evidence that its investment in Hempnova is impaired at the end of 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, 2024, and 2023, management accessed the investment in Hempnova and concluded no impairment indicators exist.

As of December 31, 2024 and 2023, the Company owned 12.7% of Hempnova. The continuity of this investment is as follows:

	Total
	\$
Carrying value, at January 1, 2023	348,093
Share of Hempnova’s gains	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
Share of Hempnova’s gain	1,093,899
Share of other comprehensive gains of Hempnova	26,317
Carrying value, at December 31, 2024	1,780,807

Minco Silver Corporation

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(Expressed in Canadian dollars, unless otherwise stated)

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

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

	December 31, 2024	December 31, 2023
	\$	\$
Cash	3,572,378	3,839,638
Other current assets	6,297,663	1,697,242
Non-current assets	3,727,422	4,164,311
Current liabilities	(713,070)	(5,700,823)
Non-current liabilities	(170,685)	(107,251)
Shareholders' equity	12,713,708	3,893,117
Minco Silver's share in percentage	12.70%	12.70%
Minco Silver's share of net assets of Hempnova	1,614,641	494,425

Reconciliation to carrying amounts:

	December 31, 2024	December 31, 2023
	\$	\$
Minco Silver's share of net assets of Hempnova	1,614,641	494,425
Goodwill	166,166	166,166
Carrying value of investment in Hempnova	1,780,807	660,591

A summary of Hempnova's income statement for the year ended December 31, 2024, and 2023 is as follows:

	Year ended December 31, 2024		Year ended December 31, 2023	
	Hempnova	Minco Silver share	Hempnova	Minco Silver share
	\$	\$	\$	\$
Revenue	25,764,046	3,272,034	12,049,109	1,530,237
Net income	8,613,377	1,093,899	2,724,470	346,008
Other comprehensive income (loss)	207,215	26,317	(255,960)	(32,507)
Comprehensive income	8,820,592	1,120,216	2,468,510	313,501

As of December 31, 2024, and 2023, management assessed that no impairment charge was required.

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(Expressed in Canadian dollars, unless otherwise stated)

11. Property, plant and equipment

	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
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
Year ended December 31, 2024				
At January 1, 2024	204,027	34,143	20,265	258,435
Additions	6,615	-	76,500	83,115
Disposition	-	(4,522)	(21,465)	(25,987)
Depreciation	(79,366)	-	(231)	(79,597)
Exchange differences	9,224	1,817	3,108	14,149
At December 31, 2024	140,500	31,438	78,177	250,115
At December 31, 2024				
Cost	850,142	661,960	512,458	2,024,560
Accumulated depreciation	(709,642)	(630,522)	(434,281)	(1,774,445)
Net book value	140,500	31,438	78,177	250,115

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12. Leases

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

The Vancouver lease is for a shared office with other companies related to the same directors and management. The original lease started in 2018 and ended on April 30, 2023. In November 2022, the Company renewed its lease agreement for an additional five years, expiring 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 commenced on April 1, 2019, and is scheduled to expire 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, 2024, and December 31, 2023, is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Right-of-use assets, January 1, 2023	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
Change to the lease terms	(29,778)	-	(29,778)
Amortization	(49,349)	(162,412)	(211,761)
Foreign exchange	-	18,769	18,769
Right-of-use assets, December 31, 2024	164,497	280,370	444,867

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12. Leases (continued)

b) Lease obligation

The continuity of the lease obligation as of December 31, 2024, and 2023 is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Lease liability recognized, January 1, 2023	318,151	676,273	994,424
Change to lease terms	4,800	-	4,800
Interest accretion	23,721	45,356	69,077
Lease payment made	(71,887)	(205,840)	(277,727)
Foreign exchange	-	(30,844)	(30,844)
Lease obligation, December 31, 2023	274,785	484,945	759,730
Change to lease terms	(29,778)	-	(29,778)
Interest accretion	17,944	31,986	49,930
Lease payments	(67,817)	(205,515)	(273,332)
Foreign exchange	-	21,904	21,904
Lease obligation, December 31, 2024	195,134	333,320	528,454
Lease obligation, current	52,928	194,655	247,583
Lease obligation, non-current	142,206	138,665	280,871

The maturity analysis of the Company's contractual undiscounted lease liabilities as of December 31, 2024, is as follows:

	Vancouver	Beijing	Total
	\$	\$	\$
Less than one year	66,254	212,867	279,121
One to two years	67,134	141,911	209,045
Two to three years	68,013	-	68,013
Three to four years	20,139	-	20,139
	221,540	354,778	576,318

c) Amounts recognized in Statement of Loss

For the year ended December 31, 2024	Vancouver	Beijing	Total
	\$	\$	\$
Interest on lease obligation	17,944	31,986	49,930
Rent expenses related to short-term and low-value ⁽ⁱ⁾	-	21,494	21,494
Amortization	49,349	162,412	211,761
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

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

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13. Non-controlling interest (“NCI”)

Below is a summary of the financial information of Mingzhong:

Summary of financial positions:

	December 31, 2024	December 31, 2023
NCI percentage	49%	49%
	\$	\$
Current assets	43,616	55,079
Current liabilities	(1,174,403)	(1,035,949)
Net current liabilities	(1,130,787)	(980,870)
Non-current asset	6,175	6,460
Net liabilities	(1,124,612)	(974,410)
Accumulated NCI	(1,394,912)	(1,347,170)

Summary of income statements:

	Year ended December 31,	
	2024	2023
	\$	\$
Net loss	90,482	87,257
Loss allocated to NCI (49%)	44,336	42,756

Summary of statements of cash flows:

	Year ended December 31,	
	2024	2023
	\$	\$
Cash outflows from operating activities	(69,422)	(55,835)
Cash inflows from financing activities	637	-

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

In 2017, Mingzhong initiated an equity financing initiative to raise capital for 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.

The Company did not receive any funds from the minority shareholder during the year ended December 31, 2024. As of December 31, 2024, the \$349,929 (December 31, 2023 - \$330,756) remained in Mingzhong’s payable account to minority shareholders.

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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 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.

The Company did not grant the stock options during the year ended December 31, 2024.

During the year ended December 31, 2024, the Company recorded \$148,644 of the stock option component as share-based compensation, compared to \$410,937 in 2023.

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price
	#	\$
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
Forfeited	(30,000)	0.20
Expired	(1,171,000)	0.57
Balance, December 31, 2024	6,870,000	0.25

During the year ended December 31, 2024, the weighted average share price on the date options exercised was \$Nil (2023 - \$Nil). As of December 31, 2024, there was \$Nil (December 31, 2023 - \$116,990) of total unrecognized compensation costs relating to unvested options.

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14. Share capital (continued)

exercise prices	Options outstanding			Options exercisable	
	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$	#		\$	#	\$
0.195	2,900,000	3.42	0.195	2,900,000	0.195
0.23	2,860,000	2.40	0.23	2,860,000	0.23
0.455	1,110,000	0.26	0.455	1,110,000	0.455
	6,870,000	3.00	0.25	6,870,000	0.25

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

	2024	2023
Risk-free interest rate	-	3.46%
Dividend yield	-	0%
Volatility	-	86%
Forfeiture rate	-	19%
Estimated expected lives	-	5 years

Option pricing models rely on subjective estimates and assumptions, including the expected volatility of the stock price. 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 years ended December 31, 2024, and 2023, the following compensation and benefits were paid to or accrued for key management personnel:

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15. Related party transactions (continued)

	2024	2023
	\$	\$
Senior management remuneration and benefit*	578,706	832,373
Directors' fees	70,500	75,750
Share-based compensation	122,791	320,096
	<u>771,997</u>	<u>1,228,219</u>

* The Company provided a living allowance and medical insurance coverage for the CEO in China. In 2023, a bonus of \$264,899 was paid to senior management. No bonus payments have been made in 2024.

(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 \$17,126 (RMB 90,000). Additionally, the Company incurred expenses for lease improvements as part of the agreement. During the year ended December 31, 2024, the Company incurred \$6,615 in lease improvement expenses, compared to \$20,606 in 2023.

(c) Shared office expenses

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

During the year ended December 31, 2024, the Company paid or accrued \$67,577 (compared to \$72,551 as of December 31, 2023) in respect of rent and \$149,560 (compared to \$190,529 as of December 31, 2023) in shared head office expenses and administration costs to Minco Capital.

(d) Due to and due from related parties

	December 31, 2024	December 31, 2023
	\$	\$
Due to:		
Companies owned by the CEO	210,008	99,176
Total	<u>210,008</u>	<u>99,176</u>
Due from:		
Hemnova - reimbursement of shared expenses	-	20,120
Minco Capital - reimbursement of shared expenses	-	150
MBM – reimbursement of shared expenses	29,159	22,737
Total	<u>29,159</u>	<u>43,007</u>

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

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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. Following 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 on behalf of Minco China. As of December 31, 2024, the amount held by Minco Yinyuan in trust for Minco China was \$157,682, up from \$149,914 as of December 31, 2023.

(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:

	2024	2023
	\$	\$
Loss before income taxes	(3,249,121)	(4,870,523)
Statutory income tax rate	27%	27%
Expected tax recovery at statutory income tax rate	(877,263)	(1,315,041)
Non-deductible items and other	334,560	399,178
Difference in tax rates	(104,853)	52,388
Change in deferred income tax asset not recognized	171,071	(511,569)
Foreign exchange	(677,403)	566,106
Income tax expense (recovery)	(1,153,888)	(808,938)

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. Deferred tax assets (liabilities) are comprised of the following as of December 31 year-ends:

	2024	2023
	\$	\$
Non-capital loss carry forward	2,536,272	163,333
Investment and promissory note in associate	(101,971)	(1,332,454)
Right-of use asset	13,238	15,233
	2,447,539	(1,153,888)
Deferred tax assets not recognized	(2,447,539)	-
Net deferred tax liabilities	-	(1,153,888)

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16. Income taxes (continued)

The material components of unrecognized deferred income tax assets and liabilities as of December 31, 2024 and 2023 are as follows:

	2024	2023
	\$	\$
Deferred income tax assets not recognized		
Equity investment	188,891	340,120
Non-capital losses	5,240,701	2,954,216
Mineral interest	11,953,158	11,104,101
	<u>17,382,750</u>	<u>14,398,437</u>

As of December 31, 2024, the Company has non-capital losses carried forward for Canadian income tax purposes, which expire as follows:

	\$
2030	1,127,510
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
2043	787,933
	<u>10,908,295</u>

The Company also has non-capital losses carried forward for China, totaling \$10,145,086, which expires in 2028.

17. Geographical information

The Company considers itself to operate in a single segment, focusing on the exploration and development of resource properties. The geographical division of the Company's assets is as follows:

As of December 31, 2024	Canada	China	Total
	\$	\$	\$
Current assets	5,458,202	36,783,488	42,241,690
Non-current assets	1,945,707	598,811	2,544,518
			<u>44,786,208</u>
As of 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
			<u>45,707,052</u>

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18. Financial instruments and fair value measurements

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

The Company's financial instruments are as follows:

	December 31, 2024	December 31, 2023
	\$	\$
Financial assets at fair value through profit or loss		
Marketable securities (level 1)	23,497,437	25,965,950
Amortized cost financial assets		
Cash and cash equivalents	5,455,218	7,755,942
Short-term investments	2,846,130	1,851,640
Note receivable	7,500,286	7,089,340
Deposit	68,729	65,684
Receivables	2,341,180	1,065,316
Due from related parties	29,159	43,007

Amortized cost financial liabilities	December 31, 2024	December 31, 2023
	\$	\$
Due to related parties	210,008	99,176
Accounts payable and accrued liabilities	227,786	234,543
Credit losses payable	970,129	805,979
Due to minority shareholders of a subsidiary	349,929	330,756
Lease obligations, current	247,583	224,164
Lease obligations, non-current	280,871	535,566

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified into a hierarchy based on the significance of the inputs used in measuring them. 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, notes receivable, security deposits, due to and from related parties, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

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18. Financial instruments and fair value measurements (continued)

Financial risk factors

The company's activities expose it to various financial risks, including market risk (such as 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 refers to the potential loss of financial benefits under contracts with a specific counterparty if the counterparty defaults on its contractual obligations. 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 notes receivable to be exposed to credit risk.

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, the Renminbi (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 conducted a sensitivity analysis to estimate the impact of a change in foreign exchange rates on the net loss of the Company, based on its net US\$2.6 million monetary assets at year-end. This sensitivity analysis indicates that a change of +/- 10% in the US dollar foreign exchange rate would result in a net loss of +/- US\$0.26 million.

Interest rate risk

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

The Company does not hold cash and cash equivalents, short-term investments, or notes receivable at variable rates. As a result, the Company is not exposed to material interest rate risk.

Liquidity risk

Liquidity risk encompasses the possibility that the Company may be unable to meet its financial obligations as they become due. The Company has a planning and budgeting process in place to determine the funds required to support its normal operating requirements and exploration and development plans. The Company's board approves the annual budget of directors. As of December 31, 2024, the Company has positive working capital of approximately \$40.2 million. Management concludes that the Company has sufficient funds to meet its current operating and exploration expenditures.

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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 its capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust its 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, 2024, the Company does not have any long-term debt except for lease obligations. The Company has sufficient funds to meet its current operating 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

Following the year ended December 31, 2024, the Company acquired additional equity in other public companies for a total cost of \$1.9 million. It disposed of certain investments for a total of \$2.2 million in proceeds.