

MINCO CAPITAL CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019

This Management's Discussion and Analysis ("MD&A") of Minco Capital Corp., formerly Minco Gold Corporation ("we", "our", "us", "Minco Capital" or the "Company") has been prepared on the basis of available information up to November 5, 2019, and should be read in conjunction with the interim financial statements and notes thereto prepared by management for the nine months ended September 30, 2019 and the audited financial statements and notes thereto for the year ended December 31, 2018. The Company's interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. Except as noted, all financial amounts are expressed in Canadian dollars. All references to "\$" and "dollars" are to Canadian dollars and all references to "US\$" are United States dollars.

Additional information, including the audited financial statements for the year ended December 31, 2018, and the MD&A for the same period, is available under the Company's profile on SEDAR at www.sedar.com. The Company's audit committee reviews the condensed interim financial statements and the MD&A and recommends approval to the Company's board of directors.

Minco Capital was incorporated in 1982 under the laws of British Columbia, Canada. The Company changed its name from Minco Gold Corporation to Minco Capital Corp. on February 25, 2019.

The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "MMM and on the OTC Market in the USA ("OTCQB") under the symbol MGHCF.

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

On October 16, 2018 the Company announced its intention to voluntarily file a Form 15 with the United States Securities and Exchange Commission (the "SEC") to terminate the registration of its common shares under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Form 15 was filed with the SEC on October 19, 2018, which immediately suspended the Company's reporting requirements under the Exchange Act. Termination became effective 90 days after the date of filing. The Company's common shares continue to trade on the TSX-V and the OTCQB Market.

The Company will continue to meet its Canadian continuous disclosure obligations through filings with applicable Canadian securities regulators. All of the Company's filings can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and also on the Company's website www.mincocapitalcorp.com.

As at the date of this MD&A, the Company had 50,363,881 common shares and 6,928,334 stock options outstanding.

1. Highlights for the Period

(1) During the three month period ended September 30, 2019, the Company acquired common shares of publicly traded corporations for a total cost of \$48,345, disposed of common shares of publicly traded corporations for net proceeds of \$597,550, and earned investment income from dividends, fund distributions, and interest of \$15,702. During the nine month period ended September 30, 2019, \$216,360 was spent acquiring shares, \$2,087,107 was received as proceeds from the disposition of shares, and \$54,590 was earned from dividends, fund distributions, and interest.

- (2) On January 29, 2019, the Company initiated a normal course issuer bid to purchase the common shares of the Company for cancellation, during the 12-month period starting February 1, 2019, up to 2,538,244 or 5% of the current issued and outstanding common shares of the Company. The program will end on January 31, 2020 unless the maximum number of Common Shares is purchased before then or the Company provides earlier notice of termination. During the three and nine-month period ended September 30, 2019, the Company had acquired 169,500 common shares (for a cost of \$19,397) and 369,500 common shares (for a cost of \$43,305) for cancellation, respectively.
- (3) The Company received written notification of the warrant exercise from El Olivar on February 28, 2019 (section 2.1), the Company elected not to exercise the 600,000 warrants on hands. As a result, these warrants expired.

1.1. Subsequent events

Subsequent to the nine months ended September 30, 2019, the Company acquired investments in the open market for \$34,450, and acquired 225,000 of its own shares under the NCIB program for a total cost of \$25,912.

2. Investments at Fair Value

2.1 Investments at Fair Value

The Company has the following investments as at September 30, 2019:

	Number of Shares/Units Held	Fair value
Equities of public resource companies:		\$
Top ten resource companies by fair value		
-Minco Silver Corp.	11,000,000	7,040,000
-Hudson Resources Inc.	2,142,857	782,143
-Continental Gold Inc.	85,025	312,892
-Equinox Gold Corp.	30,920	217,677
-Amerigo Resources	256,000	179,200
-Amarillo Gold	715,000	160,875
-Cobalt 27 Capital	35,000	140,000
-Neo Performance Materials Inc.	11,000	116,600
-Global X Lithium & Battery ETF	3,500	113,271
-Almaden Minerals Ltd.	100,000	87,012
Other resource companies and funds	various	221,373
Equities of public dividend-paying non-resource companies and funds	various	200,656
Equities of a private company (EL Olivar Imperial)		529,674
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100	100,000
Subtotal		10,201,373
Warrants	Number held	\$
- Almaden Minerals Ltd.	50,000	10,000
- Amarillo Gold	357,500	20,000
- IBC Advanced Alloys	230,000	21,000
- Mexican Gold	335,000	15,000
- Hudson Resources Inc.	1,071,428	42,000
Subtotal		108,000
Total investments		10,309,373

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

	December 31, 2018	Additions	Proceeds from Dispositions	Realized Gains	Unrealized gain (losses)	September 30, 2019
Investment in public entities:						
- Shares and partnership units (i)	8,760,539	216,360	(2,087,107)	418,855	2,130,432	9,439,079
- Share purchase warrants (ii)	246,330				(138,330)	108,000
Investment in shares - El Olivar Imperial (iii)	545,293	-	-	-	(15,619)	529,674
Investment in other						
- Platinum	123,084	-	-	-	9,536	132,620
Investment in convertible debenture:						
- IBC Advanced Alloys Corp.	99,000	-	-	-	1,000	100,000
Total	9,774,246	216,360	(2,087,107)	418,855	1,987,019	10,309,373

During the three and nine month periods ended September 30, 2019, the Company acquired common shares of public companies for a total cost of \$48,345 and \$216,360, respectively and disposed of common shares of public companies for net proceeds of \$597,550 and \$2,087,107, respectively. The Company realized gains of \$195,841 for the three month period and \$418,855 for the nine month period.

(i) Included in the Company's Investment in public entities are 11,000,000 common shares of Minco Silver Corporation ("Minco Silver"), representing approximately 18% of Minco Silver's outstanding shares, which is unchanged from December 31, 2018.

Minco Silver holds a 90% interest in the Fuwan silver deposit, situated along the northeast margin of the prospective Fuwan Silver Belt in Guangdong, China and 51% interest in the Changkeng gold project, located contiguous to, and part of the same mineralized system. Further information with respect to Minco Silver may be found at Minco Silver's website, www.mincosilver.ca. The Company has held its investment in Minco Silver since the spin-off of Minco Silver from the Company in 2005.

At September 30, 2019, Minco Silver accounted for 68% of the Company's investment portfolio by fair value (2018: 51%). The change in share price of Minco Silver has a greater impact on the Company's performance than the balance of the portfolio. Of the total \$1.99 million in unrealized gain reported for the nine months ended September 30, 2019, \$2.1 million is from the investment in Minco Silver.

(ii) The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. The Company applies the Black Scholes option pricing model to value public company's share purchase warrants at the reporting date.

(iii) On December 22, 2016, the Company acquired 400,000 units ("Unit") of El Olivar Imperial SAC ("El Olivar"), a privately held Peruvian corporation, at US\$1.00 per unit through a private placement. El Olivar's principal asset is the wholly owned Planta Sol de Oro gold tailings, toll milling, and processing project located near Nasca, Peru, 445 kilometers south of Lima. Each Unit consisted of one Class A voting preferred share and 1.5 Class A share purchase warrants, with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US\$1.00. The Company received written notification of the warrant exercise from El Olivar on February 28, 2019; the Company elected not to exercise the warrants and the warrants expired.

As part of the consideration for the investment in El Olivar, Minco Capital was entitled to receive an annual cash dividend in U.S. dollars equal to 6% of the total invested amount, calculated from the closing date of investment (December 22, 2016) and payable starting on June 22, 2018. However, due to delays in permitting and project construction, no dividends have been paid. The Company has not accrued the dividend receivable (US\$60,000) given that El Olivar has not started its operations and the timing and structure of the initial dividend payment is uncertain. As of the date of this report, El Olivar continued on the final plant design and completion of electrical engineering studies for connection of the plant to onsite solar power.

One director of the Company is also a director, officer, and a significant shareholder of El Olivar.

The cost of the investment in El Olivar was USD\$400,000, which approximated its fair value as at September 30, 2019. The carrying value has changed due only to the fluctuation in foreign exchange rate between US\$ and Canadian dollars.

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

Nine months ended September 30,	2019	2018
	\$	\$
Net realized gain on investments	195,624	145,586
Previously recorded unrealized gain (loss) on investments	223,231	(64,134)
Realized gain	418,855	81,452
Change in unrealized gain (loss) on investments	1,987,019	(3,678,714)
Net gain (loss) from investments	2,405,874	(3,597,262)

3. Results of Operations

3.1 Operating result for the nine months ended September 30, 2019 and 2018

Nine months ended September 30,	2019	2018	Change
	\$	\$	\$
Dividend, fund distribution, and interest income	54,590	69,969	(15,379)
Realized gain from investments	418,855	81,452	337,403
Unrealized gain (loss) from investments	1,987,019	(3,678,714)	5,665,733
Operating expenses	(591,757)	(948,395)	356,638
Foreign exchange gain (loss)	(26,145)	96,070	(122,215)
	1,842,562	(4,379,618)	6,222,180

The amount of gain and loss of the investments depends on the performance of the entities the Company invests in and will fluctuate from time to time depending on many factors, including but not limited to the overall economy, foreign exchange rate, metal prices, which are not controlled by the Company.

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

3.1.1 Operating Expenses for the nine months ended September 30, 2019 and 2018

The Company's operating expenses for the nine months ended September 30, 2019 are as follows:

Nine months ended September 30,		2019	2018	Change
	ref	\$	\$	\$
Accounting and audit		12,747	9,320	3,427
Amortization	a	33,897	2,270	31,627
Consulting		49,662	48,529	1,133
Directors' fees		42,000	43,500	(1,500)
Investor relations		8,801	9,899	(1,098)
Interest accredited	a	10,336	-	10,336
Legal and regulatory		49,805	71,777	(21,972)
Office and administration	a	37,062	95,102	(58,040)
Property and Investment evaluation		59,712	57,942	1,770
Salaries and benefits		192,549	195,904	(3,355)
Share-based compensation	b	84,841	395,505	(310,664)
Travel and transportation		10,345	18,647	(8,302)
		591,757	948,395	(356,638)

Significant changes are as follows:

(a) Commencing January 1, 2019, the Company adopted IFRS 16 and has reclassified the rent payment for the Vancouver office into interest accredited and amortization. As a result, amortization and interest accredited increased and office and administration (rent inclusive) decreased.

(b) Share-based compensation fluctuate from time to time depending on the timing and fair value of options vested in each period. The Company did not grant options in the nine-month ended September 30, 2019 and granted 3,580,000 options for the same period in 2018. As a result, share-based compensation in 2019 was lower.

3.1.2 Other Income (Expense)

Other income (expense) mainly consisted of foreign exchange gain (loss) for the period.

The Company had foreign exchange loss of \$26,145 for the nine months ended September 30, 2019 and a gain of \$96,070 for the same period in 2018. The Company holds cash denominated in US\$ from time to time. The US dollar depreciated against the Canadian dollar by roughly 2.7 % during the nine months ended September 30, 2019 (2018 – appreciation of 3.0%). As a result, the Company had a foreign exchange loss in the current nine-month period.

3.2 Operating result for the three months ended September 30, 2019 and 2018

Three months ended September 30,	2019	2018	Change
	\$	\$	\$
Dividend, fund distribution, and interest income	15,702	27,160	(11,458)
Realized gain from investments	195,841	31,322	164,519
Unrealized gain (loss) from investments	(270,584)	(1,331,848)	1,061,264
Operating expenses	(172,013)	(291,160)	119,147
Foreign exchange gain (loss)	13,741	(22,124)	35,865
	<u>(217,313)</u>	<u>(1,586,650)</u>	<u>1,369,337</u>

3.2.1 Operating Expenses for the three months ended September 30, 2019 and 2018

Three months ended September 30,		2019	2018	Change
		\$	\$	\$
Accounting and audit	ref	5,744	6,539	(795)
Amortization	a	9,589	757	8,832
Consulting		16,722	15,786	936
Directors' fees		12,500	12,000	500
Investor relations	a	587	491	96
Interest accredited		3,445	-	3,445
Legal and regulatory		18,027	31,095	(13,068)
Office and administration	a	10,567	36,820	(26,253)
Property and Investment evaluation		21,351	20,704	647
Salaries and benefits		59,641	58,049	1,592
Share-based compensation	b	10,401	105,577	(95,176)
Travel and transportation		3,439	3,342	97
		<u>172,013</u>	<u>291,160</u>	<u>(119,147)</u>

(a) and (b): movements of these expenditures have been presented in the section 3.11.

3.2.2 Other Income (Expense)

Other income (expense) is mainly from the foreign exchange gain (loss) for the period.

The Company had foreign exchange gain of \$13,741 for the three months ended September 30, 2019 and a loss of \$22,124 for the same period in 2018. The Company holds cash denominated in US\$ from time to time. The US

dollar appreciated against the Canadian dollar by roughly 1.1 % during three months ended September 30, 2019 (2018 – depreciation of 1.5%). As a result, the Company had a foreign exchange gain in the current quarter.

4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
09-30-2019	(217,313)	(0.00)	(0.00)
06-30-2019	1,502,844	0.03	0.03
03-31-2019	557,031	0.01	0.01
12-31-2018	(2,019,330)	(0.04)	(0.04)
09-30-2018	(1,586,650)	(0.03)	(0.03)
06-30-2018	(69,945)	(0.00)	(0.00)
03-31-2018	(2,723,023)	(0.05)	(0.05)
12-31-2017	44,339	0.00	0.00

Variations in quarterly performance among recent eight quarters were mainly a combined result of the gain (loss) from investments at fair values held by the Company, the amount of share-based compensation recognized in each period, the foreign exchange gain or loss earned by the Company. The Company's performance is not subject to seasonality.

5. Liquidity and Capital Resources

5.1 Cash flow

Nine months ended September 30,	2019	2018
	\$	\$
Operating activities	1,503,853	(2,113,895)
Financing activities	(77,337)	-
Investing activities	-	(35,760)

Operating activities

Main components of the operating activities are as follows:

Nine months ended September 30,	2019	2018
	\$	\$
Purchase of short-term investment	-	(384,821)
Redemption of short-term investment	-	636,275
Purchase of investments	(216,360)	(3,002,340)
Disposition of investments	2,087,107	1,188,599

Financing activities

The Company used \$43,305 to acquire the common share of the Company for cancellation and \$34,032 as repayment of the lease obligation in connection with the Company's shared office.

Investing activities

The Company did not use cash in investing activities during the current nine-month period.

5.2 Capital Resources and Liquidity Risk

As at September 30, 2019, the Company's working capital was \$13,433,129 compared to \$11,562,253 on December 31, 2018. The Company's operations were financed by its working capital. The increase in working capital is a result of net disposition of investment during the current nine-month period.

As at September 30, 2019, the Company believes there is sufficient working capital available to meet its current operational requirements in the next twelve months.

6. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

7. Related Party Transactions

Investments at fair value

Refer to the section 2.1 for description of the Company's relationship and transaction with its investees, El Olivar and Minco Silver.

Shared office expenses

The Company, Minco Silver, Minco Base Metals Corporation ("MBM"), and HempNova Lifetech Corporation ("HempNova") have management and a director in common. All four companies share office rental and other administration expenditures.

Due from related parties

As at September 30, 2019, the Company had the following amounts due from related parties:

- \$18,083 due to Minco Silver (December 31, 2018 – \$1,054), in relation to share office expenses.
- \$22,647 due from MBM (December 31, 2018 - \$2,403), in relation to shared office expenses
- \$6,144 due from HempNova (December 31, 2018 - \$Nil) in relation to shared office expenses.

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

Key management compensation

Key management includes the Company's directors and senior management. This compensation has been included in operating expenses.

For the nine months ended September 30, 2019 and 2018, the following compensation was paid and accrued for compensation to key management:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Cash remuneration	79,487	76,536	242,457	238,416
Share-based compensation	9,203	94,192	75,411	341,721
Total	88,690	170,728	317,868	580,137

The above transactions were conducted in the normal course of business.

8. New Accounting Standards

The Company adopted IFRS 16 commencing January 1, 2019:

IFRS 16, "Leases" ("IFRS 16"), sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees, thereby removing the distinction between

operating and finance leases. IFRS 16 requires a lessee to recognize an asset (right-to-use the leased item) and a financial liability to pay rentals on the consolidated balance sheets with terms of more than 12-months, unless the underlying asset is of low value.

The impact of the adoption of IFRS 16 on the Company's financial statements and the new accounting policies that have been applied from January 1, 2019 are outlined below.

The Company adopted IFRS 16 retroactively from January 1, 2019, but has not restated comparative information, as permitted under the specific transitional provisions in the standard in accordance with the modified retrospective approach for adoption. The reclassifications and the adjustments arising from the new leasing standard are therefore recognized in the opening balance sheet on January 1, 2019.

In applying IFRS 16 for the first time, the Company elected to use the following practical expedients as permitted by the standard: [i] The transition application practical expedient allowing the standard to only be applied to contracts that were previously identified as leases applying IAS 17; [ii] the transition application practical expedient to elect to not apply IFRS 16 to leases that expired within 12 months following the adoption date of January 1, 2019; [iii] the recognition exemption to not apply IFRS 16 to lease contracts for which the underlying asset is of low value, and; [iv] the recognition exemption to not apply IFRS 16 to lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option.

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17, "Leases." These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 8.00%.

Operating lease commitments as at December 31, 2018	\$ 205,594
Lease liability recognized as at January 1, 2019 being the operating lease commitments discounted using the Company's incremental borrowing rate on January 1, 2019	172,270
Lease obligation, current	40,952
Lease obligation, non-current	131,318
Total	\$ 172,270

The associated right-of-use assets for all leases were measured on a retrospective basis as if the new rules had always been applied. As at September 30, 2019, the Company's recognized right-of-use assets was comprised of a shared office lease in Vancouver, Canada.

The change in accounting policy affected the following items in the consolidated balance sheet on January 1, 2019:

Right-of-use assets, January 1, 2019	\$ 166,199
Lease obligation (current and non-current)	172,270
Deficit	\$ 6,071

The continuity from January 1, 2019 is as follow:

Right-of-use assets, January 1, 2019	\$ 166,199
Amortization	(28,765)
Right-of-use assets, September 30, 2019	\$ 137,434

	Non-current	Current	Total
	\$	\$	\$
Lease obligation, January 1, 2019	131,318	40,952	172,270
Interest accredited	10,336	-	10,336
Lease payment made	(34,032)	-	(34,032)
Lease obligation, September 30, 2019	107,622	40,952	148,574

9. Financial Instruments

Following is a summary of the Company's financial assets and liabilities as at September 30, 2019 and December 31, 2018:

	September 30, 2019	December 31, 2018
	\$	\$
Fair value through profit and loss:		
Investments at fair value	10,309,373	9,774,246
Amortized cost:		
Cash	3,082,518	1,682,147
Short-term investment	20,000	20,000
Receivables	4,872	65,937
Due from related parties	46,874	1,349
Accounts payables and accrued liabilities	42,155	72,621

Fair value measurement

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

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

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

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

As at September 30, 2019 and December 31, 2018, financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, short-term investments, receivable, due from related parties, account payable and accrued liabilities, and due to related parties. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

The Company's financial assets measured at fair values through profit or loss are as follows:

September 30, 2019	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value,	9,671,699	208,000	529,674

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

	December 31, 2018	Additions/ disposition	September 30, 2019	Unrealized gain (loss) recognized in profit or loss
	\$	\$	\$	\$
Share purchase warrants and convertible debentures:	345,330	-	208,000	(137,330)

The Company uses the Black-Scholes option pricing model to determine the fair value of those shares purchase warrants with the use of assumptions.

Level 3 financial instrument solely consisted of the investment in El Olivar. The fair value of the investment in El Olivar on September 30, 2019 was US\$400,000 (\$529,674), unchanged from December 31, 2018 (US\$400,000 or \$545,293). The fair value of this investment on September 30, 2019 only changed as a result of movements in foreign exchange rates. There were no significant events identified for nine months ended September 30, 2019 that resulted in a change in fair value of El Olivar.

The principal business of El Olivar is to construct and operate a processing manufacturing plant of gold mining ores and tailings in Peru. A change in the strength of Peru's currency relative to the Canadian dollar, a change in the price of gold, and the completion of construction and operation of the processing plant will impact the fair value of this investment in the future. The project is fully permitted, and construction is underway.

Financial risk factors

The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, foreign exchange risk, currency risk, interest rate risk, and price risk. Management reviews these risks monthly and when material, they are reviewed and monitored by the Board of Directors.

Credit risk

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

- Cash and cash equivalents– To manage credit and liquidity risk the Company places its cash with major financial institutions in two major financial institutions in Canada (subject to deposit insurance up to \$100,000).
- Short-term investment – The Company places its short-term investment with a high creditworthy financial institution.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to the Company's cash and cash equivalent, marketable securities and investments that may be denominated in US dollars. The following tables present the impacts to the Company's operating results due to a change in relevant foreign currency exchange rate.

As at September 30, 2019, the Company had investments in fair value of \$0.97 million and cash and cash equivalent of \$1.22 million denominated in US dollars. A 10% change in the currency exchange rate (US\$ to C\$) will affect the Company's net loss in a given period by approximately \$0.22 million. The Company does not have currency hedge for its foreign exchange exposure.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and the debt instruments included in the Company's short-term investments that are subject to variable interest rate.

The Company holds short-term investments such as guaranteed investment certificates at fixed interest rates and has no debt.

Management has determined that the Company is not exposed to significant interest rate risk.

Price Risk

Price risk is the risk that the fair value of an investment in entities in public entities will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk).

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

A 10% increase/decrease in the value of all investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately \$1.03 million.

10. Internal Controls over Financial Reporting

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company's certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

11. Cautionary Statement on Forward-Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect management's current expectations, assumptions, and beliefs of the Company as of the date of such information or statements. Generally, forward looking statements and information can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

All such forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: but are not limited to, statements with respect to: the Company's future growth, results of operations, performance and business prospects, opportunities, the Company's investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place

undue reliance on statements containing forward looking information. All the forward-looking information and statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.