GobiMin Inc.
(Incorporated in Canada under the Canada Business Corporations Act)

Audited Consolidated Financial Statements

December 31, 2015 and 2014
(Expressed in United States Dollars except where otherwise noted)

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of GobiMin Inc.

We have audited the accompanying consolidated financial statements of GobiMin Inc. and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and December 31, 2014, and the consolidated statements of comprehensive income, changes in equity, and cash flows for the years ended December 31, 2015 and December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of GobiMin Inc. and its subsidiaries as at December 31, 2015 and December 31, 2014, and its results of operations and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
April 21, 2016

GobiMin Inc.
Consolidated Statements of Financial Position
As at December 31, 2015 and 2014
(Expressed in United States Dollars)

	Note	**December 31, 2015**	December 31, 2014
ASSETS		**$**	$
Current			
Cash and cash equivalents	*5*	**26,065,086**	31,797,897
Prepayments, deposits and other receivables	*6*	**156,088**	530,672
Total current assets		**26,221,174**	32,328,569
Non-current			
Property, plant and equipment	*7*	**14,949,444**	7,555,171
Investment properties	*8*	**1,972,325**	2,205,451
Exploration and evaluation assets	*9*	**31,462,765**	37,729,607
Interests in associates	*10*	**4,562,089**	5,756,390
Other financial assets	*11*	**2,116,420**	2,025,705
Deposit paid to related parties	*12*	**30,708**	587,202
Total non-current assets		**55,093,751**	55,859,526
Total assets		**81,314,925**	88,188,095
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	*13*	**1,606,029**	4,695,989
Income taxes payable		**1,519,746**	1,635,208
Total current liabilities		**3,125,775**	6,331,197
Non-current			
Other payables, receipts in advance and accrued liabilities	*13.1*	**28,778**	42,487
Total non-current liabilities		**28,778**	42,487
Total liabilities		**3,154,553**	6,373,684
SHAREHOLDERS' EQUITY			
Share capital	*14*	**23,219,017**	24,804,948
Reserves and retained earnings		**54,314,248**	56,206,818
Equity attributable to shareholders of the Company		**77,533,265**	81,011,766
Non-controlling interests	*15*	**627,107**	802,645
Total shareholders' equity		**78,160,372**	81,814,411
Total liabilities and shareholders' equity		**81,314,925**	88,188,095

The accompanying notes form an integral part of these Consolidated Financial Statements.

APPROVED BY THE BOARD ON APRIL 21, 2016 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Hubert Marleau
Director

GobiMin Inc.

Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2015 and 2014
(Expressed in United States Dollars)

	Note	**December 31, 2015**	December 31, 2014
		$	$
Revenue		**-**	-
Cost of sales		**-**	-
Selling and distribution cost		**-**	-
Gross profit		**-**	-
Other revenue	*16*	**611,430**	722,308
General and administrative expenses	*17*	**(3,538,377)**	(4,189,833)
Share of results of associates		**(140,046)**	103,187
Loss before the following items		**(3,066,993)**	(3,364,338)
Gain on disposal of property, plant and equipment		**-**	16,988
Loss on disposal of other financial assets		**(15,375)**	-
Gain from reorganization of an associate	*18*	**-**	406,109
Additional gain on disposal of an associate	*19*	**-**	3,936,418
Gain on partial disposal of interest in an associate	*20*	**3,475,639**	-
Exchange loss		**(330,381)**	(224,755)
Finance costs	*21*	**(17,373)**	(49,955)
Profit before income tax		**45,517**	720,467
Income tax expense	*22*	**-**	(429,616)
Net profit for the year		**45,517**	290,851
Other comprehensive loss, net of tax			
Other comprehensive loss to be reclassified to profit or loss in subsequent year:			
Exchange differences on translation of foreign operations		**(1,903,274)**	(986,802)
Total comprehensive loss for the year		**(1,857,757)**	(695,951)
Profit (loss) for the year attributable to:			
Shareholders of the Company		**185,068**	511,510
Non-controlling interests		**(139,551)**	(220,659)
		45,517	290,851
Total comprehensive loss for the year attributable to:			
Shareholders of the Company		**(1,682,219)**	(449,075)
Non-controlling interests	*15*	**(175,538)**	(246,876)
		(1,857,757)	(695,951)
Net earnings per share			
Basic and diluted	*14.7*	**0.003**	0.009
Weighted average number of shares outstanding		**Share**	Share
Basic and diluted	*14.7*	**53,665,416**	57,556,964

The accompanying notes form an integral part of these Consolidated Financial Statements.

GobiMin Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2015 and 2014
(Expressed in United States Dollars)

	Attributable to shareholders of the Company							
	Share capital *Note 14.1*	Contributed surplus	Share option reserve	General reserve *Note 14.3*	Translation reserve *Note 14.4*	Retained earnings	Non-controlling interests *Note 15*	Total equity
	$	$	$	$	$	$	$	$
At January 1, 2014	**25,500,704**	**2,399,939**	**672,663**	**7,666**	**4,442,667**	**49,620,119**	**1,049,521**	**83,693,279**
Net profit (loss) for the year	-	-	-	-	-	511,510	(220,659)	290,851
Other comprehensive loss	-	-	-	-	(960,585)	-	(26,217)	(986,802)
Total comprehensive income (loss)	-	-	-	-	(960,585)	511,510	(246,876)	(695,951)
Transfer to reserve (Note 14.3)	-	-	-	416,537	-	(416,537)	-	-
Dividend paid (Note 26)	-	-	-	-	-	(497,153)	-	(497,153)
Shares repurchased (Note 14.1)	(695,756)	-	-	-	-	-	-	(695,756)
Options cancelled	-	-	(540,405)	-	-	540,405	-	-
Share-based payment	-	-	9,992	-	-	-	-	9,992
At December 31, 2014	**24,804,948**	**2,399,939**	**142,250**	**424,203**	**3,482,082**	**49,758,344**	**802,645**	**81,814,411**
At January 1, 2015	**24,804,948**	**2,399,939**	**142,250**	**424,203**	**3,482,082**	**49,758,344**	**802,645**	**81,814,411**
Net profit (loss) for the year	**-**	**-**	**-**	**-**	**-**	**185,068**	**(139,551)**	**45,517**
Other comprehensive loss	**-**	**-**	**(22,563)**	**-**	**(1,844,724)**	**-**	**(35,987)**	**(1,903,274)**
Total comprehensive income (loss)	**-**	**-**	**(22,563)**	**-**	**(1,844,724)**	**185,068**	**(175,538)**	**(1,857,757)**
Transfer to reserve (Note 14.3)	**-**	**-**	**-**	**77,762**	**-**	**(77,762)**	**-**	**-**
Dividend paid (Note 26)	**-**	**-**	**-**	**-**	**-**	**(387,784)**	**-**	**(387,784)**
Shares repurchased (Note 14.1)	**(1,585,931)**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,585,931)**
Options cancelled	**-**	**-**	**(88,771)**	**-**	**-**	**88,771**	**-**	**-**
Share-based payment	**-**	**-**	**177,433**	**-**	**-**	**-**	**-**	**177,433**
At December 31, 2015	**23,219,017**	**2,399,939**	**208,349**	**501,965**	**1,637,358**	**49,566,637**	**627,107**	**78,160,372**

The accompanying notes form an integral part of these Consolidated Financial Statements.

GobiMin Inc.
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2015 and 2014
(Expressed in United States Dollars)

	December 31, 2015	December 31, 2014
	$	$
Operating activities		
Profit before income tax	**45,517**	720,467
Adjustments for items not involving cash:		
- Depreciation	**861,610**	717,449
- Share-based payment	**177,433**	9,992
- Share of results of associates	**140,046**	(103,187)
- Gain on disposal of property, plant and equipment	**-**	(16,988)
- Loss on disposal of other financial assets	**15,375**	-
- Gain on reorganization of an associate	**-**	(406,109)
- Additional gain on disposal of an associate	**-**	(3,936,418)
- Gain on partial disposal of interest in an associate	**(3,475,639)**	-
- Exchange difference	**330,381**	224,755
- Interest income	**(302,893)**	(433,627)
- Interest expense	**13,261**	46,119
	(2,194,909)	(3,177,547)
Working capital adjustments:		
- Prepayments, deposits and other receivables	**362,691**	3,304,859
- Deposit paid to related parties	**39,920**	-
- Amount due from an associate	**-**	8,047,553
- Other payables, receipts in advance and accrued liabilities	**(3,080,476)**	(23,269,730)
- Income tax paid	**(92,681)**	(1,367,669)
Net cash flow used in operating activities	**(4,965,455)**	(16,462,534)
Financing activities		
Interest paid	**(13,261)**	(46,119)
Shares repurchased	**(1,585,931)**	(695,756)
Bank loans advanced	**-**	4,822,394
Repayment of bank loan	**-**	(10,200,403)
Repayment of obligations under finance lease	**(45,974)**	(38,667)
Dividend paid	**(387,784)**	(497,153)
Net cash flow used in financing activities	**(2,032,950)**	(6,655,704)
Investing activities		
Interest received	**302,893**	433,627
Dividend received	**-**	92,703
Additions of property, plant and equipment	**(2,226,112)**	(323,737)
Additions of exploration and evaluation assets	**(891,523)**	(4,334,256)
Net additions of listed debentures	**(116,014)**	(799,230)
Purchase of shares in an associate	**(120,312)**	-
Cash received in relation to the additional gain on disposal of an associate	**-**	5,415,730
Net proceeds from partial disposal of equity interest in an associate	**4,636,302**	-
Return of capital from an associate	**184,247**	321,493
Capital contribution to an associate	**(184,247)**	-
Proceeds from disposal of property, plant and equipment	**-**	17,426
Net cash flow from investing activities	**1,585,234**	823,756
Decrease in cash and cash equivalents	**(5,413,171)**	(22,294,482)
Effect of foreign exchange rate changes	**(319,640)**	(395,368)
Cash and cash equivalents at beginning of the year	**31,797,897**	54,487,747
Cash and cash equivalents at end of the year	**26,065,086**	31,797,897

Significant non-cash transaction (Note 23)

The accompanying notes form an integral part of these Consolidated Financial Statements.

1. CORPORATE INFORMATION

GobiMin Inc. (the "Company" or "GobiMin") is a limited liability company incorporated in Canada under the Canada Business Corporations Act. It is listed on the TSX Venture Exchange, having the symbol GMN-V, as a Tier 2 mining issuer. Its registered office is situated at Suite 2110, 120 Adelaide Street West, Toronto, Ontario M5H 1T1, Canada.

The Company together with its subsidiaries (collectively the "Group") is engaged in the development and exploration of mineral properties mainly in the Xinjiang Uygur Autonomous Region ("Xinjiang") of the People's Republic of China ("China").

2. BASIS OF PRESENTATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). The policies set out below were consistently applied to all the years presented unless otherwise noted. These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 21, 2016.

(b) Basis of Measurement

The consolidated financial statements have been prepared on the historical cost basis, with the exception of items that IFRS requires to be carried at fair value, as described in the notes below.

(c) Functional and Presentation Currency

The functional currency of GobiMin and certain British Virgin Islands subsidiaries is United States dollars. The functional currency of Hong Kong and the remaining British Virgin Islands subsidiaries is the Hong Kong dollar. The functional currency of the Group's subsidiaries in China is the Chinese Renminbi ("RMB"). The consolidated financial statements are presented in United States dollars.

(d) Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2015. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The consolidated financial statements present the results of the Company and its subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statements of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of the acquired operations are included in the consolidated statements of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

(Express in United States Dollars)

Losses within a subsidiary are attributable to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

As at December 31, 2015, particulars of major subsidiaries of the Group are as follows:

Company name	**Place of incorporation**	**Issued & paid-up capital**	**Attributable interest held by the Company**	**Principal activities**
Alexis Resources Limited	British Virgin Islands	US$10,000	100%	Investment holding
GobiMin Investments Limited	British Virgin Islands	US$1,000	100%	Investment holding
Alexis Investments Limited	Hong Kong, China	HK$1	100%	Investment holding
Fine Asia Development Limited	Hong Kong, China	HK$100	100%	Provision of business services
GobiMin Mineral Limited	Hong Kong, China	HK$100	100%	Property holding
GobiMin Silver Limited	British Virgin Islands	US$1,000	100%	Investment holding
Karon Limited	Hong Kong, China	HK$1	100%	Investment holding
Topmax Development Limited	British Virgin Islands	US$1,000	100%	Investment holding
Wreford Enterprises Limited	British Virgin Islands	US$1,000	100%	Investment holding
新疆偉福礦業有限公司 Xinjiang Weifu Mining Limited	Xinjiang, China	RMB230,000,000	100%	Investment holding
新疆戈壁礦業有限公司 Xinjiang Gebi Mining Limited (1)	Xinjiang, China	RMB30,000,000	100%	Property holding and leasing
新疆同源礦業有限公司 Xinjiang Tongyuan Minerals Limited (1)	Xinjiang, China	RMB50,000,000	70%	Exploration and development of gold property

Note: (1) Unofficial English name translated from Chinese registered name of the company.

(e) Use of Estimates and Judgments

The Group makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual outcome may differ from these estimates and assumptions.

The effect of a change in an accounting estimate is recognized prospectively by including it in profit or loss in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

Information about critical estimates and assumptions in applying accounting policies and estimates that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the consolidated financial statements within the next financial year are discussed below:

(i) Exploration and Evaluation Expenditures:

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written to its recoverable amount in the year the new information becomes available. The Company has determined that there is no indicator of impairment for the expenditure capitalized as at the reporting date.

(ii) Income Taxes:
Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities and contingencies for anticipated tax audit issues based on the Group's current understanding of the applicable tax law. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may result in a materially different outcome from the amount included in the tax liabilities.

(iii) Share-based Payment Transactions:
The Company measures the cost of equity-settled transactions consisting of share purchase options with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 14.6 to the consolidated financial statements.

(iv) Functional Currency:
The determination of the functional currency for the Company's subsidiaries and associates is a significant judgment. The determination of functional currency requires the Company to assess the primary economic environment in which each of these entities operations and affects how the Company translates foreign currency balances and transactions.

(v) Power to Exercise Control, Joint Control or Significant Influence:
Significant judgment is required in determining whether the Company has the power to exercise control, joint control or significant influence over another entity. In making this decision, the Company reviews the degree of influence it has to govern the relevant activities of another entity, taking into consideration the Company's equity interest, voting interest, ability to appoint senior management and officers and the Company's exposure to variable returns from the entity.

(vi) Carrying Value of Property, Plant and Equipment:
Property and equipment are depreciated over their estimated useful economic life which is based upon management's estimates of the length of time that the assets will generate revenue, which is periodically reviewed for appropriateness. Changes to these estimates can result in variations in the amounts charged for depreciation and in the assets' carrying amounts.

(vii) Impairment of Non-Financial Assets (Other Than Goodwill):
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

(viii) Impairment of Available-For-Sale Financial Asset:
The fair value of available-for-sale financial asset, which is not traded in an active market that the fair value cannot be reliably measured, is initially recognition at cost. The Group uses its judgment to determine if there is objective evidence of impairment as a result of one or more events that occurred after the initial

recognition of the assets and to determine whether there is an impairment that should be recognized in profit or loss.

(ix) Development Stage of a Mine:
When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant and equipment. The determination of when technical feasibility and commercial viability is achieved is subject to significant judgment.

(x) Production Stage of a Mine:
Before a mine enters its production stage, all construction costs incurred are capitalized and proceeds from mineral sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management which requires significant judgment in its determination.

(xi) Estimate of Rehabilitation Provision:
Management assesses whether a provision for rehabilitation is required at the end of each reporting period. This includes the assessment of any changes to government regulations, future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. If the estimates made are significantly different from the actual results or if there are significant changes in environmental and/or regulatory requirements in the future, the actual expenditure to be incurred may differ from the current assessment that no provision is required.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

(i) Subsidiaries:
Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Interest in Associates:
Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate.

The Group’s investments in associates are accounted for using the equity method. Under the equity method, the investment in associates are initially recognized at cost plus the Group’s share of their post-acquisition results less dividends received.

The statements of comprehensive income reflect the share of the results of operations of the associates. Where there has been a change recognized directly in the equity of the associates, the Group recognizes its share of any changes and discloses this, when applicable, in the statements of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associates are eliminated to the extent of the Group’s investments in the associates, except where unrealized losses provide evidence of an impairment of the asset transferred.

The financial statements of the associates are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with the Group.

Upon loss of significant influence over the associates, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(b) Foreign Currency Translation

Transactions entered into by group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. United States dollars which is the functional currency of the parent company) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to statement of comprehensive income as part of the profit or loss on disposal.

(c) Cash and Cash Equivalents

Cash and cash equivalents consists of cash, demand deposits and highly-liquid short term investments with maturities of 90 days or less since acquisition.

(d) Property, Plant and Equipment

On initial recognition, property, plant and equipment is valued at cost, being the purchase price and directly attributable cost of acquisition or construction required to bring the asset to the location and condition necessary to be capable of operating in the manner intended by the Group, including borrowing costs. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and accumulated impairment. Property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the asset with an estimated residual value of 0 - 5%. The annual depreciation rates are as follows:

Leasehold land and buildings:	4% - 5%
Leasehold improvement:	19% - 33.33%
Furniture, fixture and equipment:	19% - 33.33%

Computer hardware and equipment:	19% - 33.33%
Motor vehicles:	19% - 25%

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized.

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 Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment and other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

(e) Investment Properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

Investment properties are derecognized upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the property is derecognized.

(f) Exploration and Evaluation Assets

Exploration and evaluation assets are recognized at cost on initial recognition when the licence to explore the property has been acquired. Subsequent to initial recognition, exploration and evaluation assets are stated at cost less any accumulated impairment. Exploration and evaluation assets include the cost of mining and exploration rights and the expenditures incurred in the search for mineral resources as well as the determination of the technical feasibility and commercial viability of extracting those resources. When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant and equipment. The Group assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Those exploration and evaluation expenditure costs, in excess of estimated recoverable amount, are written off to profit or loss.

(g) Income Taxes

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in shareholders' equity.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to income tax payable in respect of previous years.

Deferred income tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting income nor taxable income. Deferred income tax is measured at the tax rates that are 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.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred income tax assets are reviewed at each reporting dates and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(h) Employee Benefits

(i) Defined Contribution Plans:
Employees of the Group's subsidiaries in Hong Kong are required to contribute to a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme") as required under and in accordance with the requirements of the Mandatory Provident Fund Schemes Ordinance of Hong Kong. Employer's contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

Employees of the Group's subsidiaries in China are required to participate in defined contribution retirement schemes administered and operated by the respective local authorities. Employer's contributions are made in accordance with the local mandatory requirements. The employer's contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

(ii) Share-based Payments:
Where equity-settled share options are awarded to employees, the fair value of the options measured by use of a valuation model at the date of grant is charged to profit or loss over the vesting period. Performance vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether these vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

No equity instruments have been granted to non-employees.

All equity-settled share-based payments are reflected in contributed surplus, until exercised. Upon exercise, shares are issued from treasury and the amount reflected in contributed surplus is credited to share capital, adjusted for any consideration paid.

Where a grant of options is cancelled or settled during the vesting period, excluding forfeitures when service or non-market vesting conditions are not satisfied, the Group immediately accounts for the cancellation as an acceleration of vesting and recognizes the amount that would otherwise have been recognized for services received over the remainder of the vesting period. Any payment made to the employee on the cancellation is accounted for as the repurchase of an equity interest except to the extent the payment exceeds the fair value of the equity instrument granted, measured at the repurchase date. Any such excess is recognized as an expense.

(i) Revenue Recognition

Interest income from financial assets is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognized on a straight line basis over the term of the lease.

Dividend income is recognized when the right to receive payment is established.

(j) Earnings Per Share

Basic earnings per share is computed by dividing the net income applicable to common shares of the Company by the weighted average number of common shares outstanding for the relevant year.

Diluted earnings per share is computed by dividing the net income or loss applicable to common shares by the sum of the weighted average number of common shares issued and outstanding and all additional common shares that would have been outstanding, if potentially dilutive instruments were converted.

(k) Rehabilitation Provision

The Group is subject to various government laws and regulations relating to environmental disturbances caused by exploration and evaluation activities. The Group records the present value of the estimated costs of legal and constructive obligations required to restore the exploration sites in the period in which the obligation is incurred. The nature of the rehabilitation activities includes restoration, reclamation and re-vegetation of the affected exploration sites.

The rehabilitation provision generally arises when the environmental disturbance is subject to government laws and regulations. When the liability is recognized, the present value of the estimated costs is capitalized by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased for the changes in present value based on current market discount rates and liability specific risks.

All the exploration and development sites of the Group are located in a desert area in Northern China and management believes that any liability after an eventual mine site retirement is immaterial. The amount of the liability will be subject to re-measurement at each reporting period. It is possible that the Group's estimates of its ultimate mine site rehabilitation liabilities could change as a result of changes in regulations, the extent of environmental remediation required as a result of any of its properties going into commercial production, the means of reclamation or the cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

The Group has not recorded a liability for its rehabilitation provision.

(l) Financial Instruments

(i) Financial Assets:

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, or available-for-sale financial assets, as appropriate. The Group determines the classification of its financial assets at initial recognition. The Group classifies cash and cash equivalents and listed debentures at fair value through profit or loss, other receivables and amounts due from an associate as loans and receivables and available for sale financial asset as available-for-sale. The Group has not classified any of its financial assets as held to maturity.

All financial assets are recognized initially at fair value plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs. The subsequent measurement of financial assets depends on their classification as follows:

Assets carried at amortized cost
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method (EIR), less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The losses arising from impairment are recognized in profit or loss.

For financial assets carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for each financial asset.

If there is objective evidence that an impairment has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment. The interest income is recorded as part of finance income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment is increased or reduced by adjusting the allowance account to the extent not to exceed what the amortization cost would have been had the impairment not been recognized at the date the impairment is reversed. If a future write-off is later recovered, the recovery is credited to finance costs in statement of comprehensive income.

Available-for-sale financial investments
These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets are carried at fair value with changes in fair value recognized in other comprehensive income, except for impairment and foreign exchange gains and losses on monetary instruments, which are recognized in profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any identified impairment.

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment on that investment previously recognized in the statement of comprehensive income — is removed from other comprehensive income and recognized in profit or loss. Impairments on equity investments are not reversed through profit or loss; increases in their fair value after impairments are recognized directly in other comprehensive income.

For available-for-sale equity investments that do not have a quoted market price and stated at cost, the amount of impairment is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment is not reversed.

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired. When the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of it, the asset is recognized to the extent of the Group's continuing involvement in it.

(ii) Financial Liabilities:

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss or other financial liabilities, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value net of directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in statement of comprehensive income.

Other financial liabilities are carried at amortized cost using the EIR.

The Group classifies its financial liabilities, other payables, accrued liabilities and bank loans as other financial liabilities.

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

(m) Provisions and Contingent Liabilities

Provisions are recognized for liabilities of uncertain timing or amount that have arisen as a result of past transactions, including legal or constructive obligations. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(n) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) The Group as Lessor:
Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

(ii) The Group as Lessee:

Assets held under finance leases are recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognized as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are expensed directly.

Rentals payable under operating leases are expensed on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognized as a reduction of rental expense over the lease term on a straight-line basis.

(o) Related Parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;
(ii) the Group and the party are subject to common control;
(iii) the party is an associate of the Group or a joint venture in which the Group is a venturer;
(iv) the party is a member of key management personnel of the Group or the Group's parent, or a close family member of such an individual, or is an entity under the control, joint control or significant influence of such individuals;
(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between the Group and the related parties.

(p) Share Capital

Equity instruments are contracts that give a residual interest in the net assets of the Company. Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

4.1 Adoption of New and Revised Standards and Interpretations – effective January 1, 2015

The accounting policies adopted in the current year are consistent with those of the previous year, except that the Group has adopted the following new and revised accounting standards:

IFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
IFRSs (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of the new and revised IFRSs has no significant effect on the financial statements.

(Express in United States Dollars)

4.2 Future Changes in Significant Accounting Policies

The following standards and interpretations, potentially relevant to the Group's consolidated financial statements, were issued but not yet effective and have not been early adopted by the Group.

IFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to IAS 1	Disclosure Initiative[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
IFRS 9 (2014)	Financial Instruments[2]
IFRS 15	Revenue from contracts with customers[2]
IFRS 16	Leases[3]

[1] Effective for annual periods beginning on or after January 1, 2016
[2] Effective for annual periods beginning on or after January 1, 2018
[3] Effective for annual periods beginning on or after January 1, 2019

Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to IAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

Amendments to IAS 1 - Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

IFRS 9 (2014) - Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

IFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognize revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

IFRS 16 – Leases

The new standard specifies how an entity to recognize, measure, present and disclose leases. IFRS 16 requires lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor IAS 17.

The Group is in the process of making an assessment of the potential impact of these pronouncements. The directors are not yet in a position to state whether the application of these new pronouncement will have material impact on the Group's financial statements.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	December 31, 2015	December 31, 2014
	$	$
Canada	**121,731**	451,543
Hong Kong	**23,448,555**	28,634,776
China	**2,494,800**	2,711,578
Total	**26,065,086**	31,797,897

As at December 31, 2015, cash and cash equivalents located in Hong Kong included approximately $0.02 million (RMB0.14 million) (December 31, 2014: $4.4 million (RMB27.5 million)) cash balance denominated in RMB.

The RMB located in China is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

The fair market values of cash and cash equivalents approximate their carrying values at the respective year end.

(Express in United States Dollars)

6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at	**December 31, 2015**	December 31, 2014
	$	$
Prepayments	**28,219**	29,604
Deposits	**48,309**	423,682
Other receivables	**79,560**	77,386
Total	**156,088**	530,672

As at December 31, 2014, the deposits mainly represented the deposit of $423,682 paid for construction work of the office building, exploration work, mine design and related facilities of the Sawayaerdun Gold Project (the "Gold Project").

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	**Leasehold improvements**	**Furniture, fixture & equipment**	**Computer hardware & equipment**	**Motor vehicles**	**Total**
Cost:	$	$	$	$	$	$
At January 1, 2014	**7,387,614**	**121,135**	**400,554**	**691**	**1,014,837**	**8,924,831**
Exchange difference	(19,432)	-	(9,466)	(17)	(20,115)	(49,030)
Additions	-	196,958	40,866	-	85,913	323,737
Disposals	-	(121,135)	(18,528)	-	(69,594)	(209,257)
At December 31, 2014	**7,368,182**	**196,958**	**413,426**	**674**	**1,011,041**	**8,990,281**
Exchange difference	**(34,005)**	**-**	**(16,765)**	**(30)**	**(35,201)**	**(86,001)**
Additions	**2,172,710**	**-**	**958**	**-**	**52,444**	**2,226,112**
Transfer from exploration and evaluation assets	**5,950,830**	**-**	**-**	**-**	**-**	**5,950,830**
At December 31, 2015	**15,457,717**	**196,958**	**397,619**	**644**	**1,028,284**	**17,081,222**
Depreciation and impairment:						
At January 1, 2014	**249,439**	**121,135**	**204,871**	**541**	**499,414**	**1,075,400**
Exchange difference	(2,352)	-	(4,602)	(13)	(8,988)	(15,955)
Depreciation for the year	306,278	44,040	59,237	146	174,794	584,495
Disposals	-	(121,135)	(18,101)	-	(69,594)	(208,830)
At December 31, 2014	**553,365**	**44,040**	**241,405**	**674**	**595,626**	**1,435,110**
Exchange difference	**(6,015)**	**-**	**(10,228)**	**(30)**	**(21,676)**	**(37,949)**
Depreciation for the year	**438,501**	**65,653**	**46,408**	**-**	**184,055**	**734,617**
At December 31, 2015	**985,851**	**109,693**	**277,585**	**644**	**758,005**	**2,131,778**
Net book value:						
At December 31, 2014	**6,814,817**	**152,918**	**172,021**	**-**	**415,415**	**7,555,171**
At December 31, 2015	**14,471,866**	**87,265**	**120,034**	**-**	**270,279**	**14,949,444**

(Express in United States Dollars)

As at December 31, 2015, the carrying amount of property, plant and equipment which were located in Hong Kong amounted to $8,287,599 (2014: $6,494,580). The remaining property, plant and equipment were located in China.

As at December 31, 2015, the carrying amount of property, plant and equipment include motor vehicles with a carrying amount of $96,608 (2014: $78,754) held under finance lease. The lease does not include contingent rentals. The leased asset was pledged as security for the related finance lease.

8. INVESTMENT PROPERTIES

Cost:	$
At January 1, 2014	2,870,983
Exchange difference	(71,719)
At December 31, 2014	**2,799,264**
Exchange difference	**(125,507)**
At December 31, 2015	**2,673,757**
Depreciation and impairment:	
At January 1, 2014	**468,523**
Exchange difference	(7,664)
Depreciation for the year	132,954
At December 31, 2014	**593,813**
Exchange difference	**(19,374)**
Depreciation for the year	**126,993**
At December 31, 2015	**701,432**
Net book value:	
At December 31, 2014	**2,205,451**
At December 31, 2015	**1,972,325**

Investment properties comprised commercial properties in China that are leased to third parties and related parties (note 24.2).

The estimated fair value of the Group's investment properties as at December 31, 2015 was approximately $3,747,685 (2014: $4,051,246). The estimated fair value was arrived at based on management assessment by reference to recent market prices for similar properties in the same locations and similar conditions.

(Express in United States Dollars)

9. EXPLORATION AND EVALUATION ASSETS

	Mining rights *Note 9.1*	**Others** *Note 9.2*	**Total**
Cost:	$	$	$
At January 1, 2014	**8,482,316**	**25,879,686**	**34,362,002**
Exchange difference	(211,892)	(754,759)	(966,651)
Additions	-	4,334,256	4,334,256
At December 31, 2014	**8,270,424**	**29,459,183**	**37,729,607**
Exchange difference	**(370,812)**	**(1,320,828)**	**(1,691,640)**
Additions	**-**	**1,375,628**	**1,375,628**
Transfer to property, plant and equipment	**-**	**(5,950,830)**	**(5,950,830)**
At December 31, 2015	**7,899,612**	**23,563,153**	**31,462,765**

9.1 Mining Rights

The mining rights represented the mining and exploration rights of the Gold Project located at 200 km northwest of the city of Kashi, western Xinjiang, China. As at December 31, 2015, the remaining valid period of the exploration licence and mining licence was approximately 2 years.

9.2 Others

Others mainly represented the geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses for the Gold Project.

During 2015, there were addition of $1,375,628 in the exploration and evaluation assets which represented the internal construction work of the office building. The total construction cost of $5,950,830, including the $1,375,628 addition in 2015, was transferred to property, plant and equipment accordingly when the construction work completed and part of the office building being occupied during 2015.

10. INTERESTS IN ASSOCIATES

As at	**December 31, 2015**	December 31, 2014
	$	$
Share of net assets	**4,562,089**	5,756,390
Total	**4,562,089**	5,756,390

(Express in United States Dollars)

Set out below are the associates of the Group as at December 31, 2015 and 2014.

Company name	**Place of incorporation and principal place of business**	**Total issued shares / paid-up capital**	**Attributable interest held by the Company**	**Attributable interest held by the Company**	**Principal activities**
			2015	2014	
Loco Hong Kong Holdings Limited ("Loco HK")	Hong Kong, China	400,170,000 Ordinary shares	**38.30%**	48.02%	Investment holding
Loco HK Limited	British Virgin Islands	10 Ordinary shares	**38.30%**	48.02%	Investment holding
China Precision Material Limited ("China Precision")	Hong Kong, China	20,000,000 Ordinary shares	**38.30%**	48.02%	Trading of metals & commodity forward contracts
CPM Silver Limited	Hong Kong, China	10,000 Ordinary shares	**38.30%**	48.02%	Processing of silver & property holding
United Bridge Limited	Hong Kong, China	10,000 Ordinary shares	**38.30%**	48.02%	Dormant
新疆同安礦業有限公司 Xinjiang Tongan Minerals Limited (1)	Xinjiang, China	RMB2,000,000	**40.00%**	40.00%	Exploration of mineral resources
新疆同德礦業有限責任公司 Xinjiang Tongde Minerals Limited (1)	Xinjiang, China	RMB5,000,000	**40.00%**	40.00%	Exploration of mineral resources
新疆同成礦業有限責任公司 Xinjiang Tongcheng Minerals Limited (1)	Xinjiang, China	RMB5,000,000	**40.00%**	40.00%	Exploration of mineral resources

Note: (1) Unofficial English name translated from Chinese registered name of the company.

In 2014, China Precision reorganized its capital structure and Loco HK became the ultimate holding company of Loco HK Limited, China Precision, CPM Silver Limited and United Bridge Limited upon the completion of the reorganization. The trading of the shares of Loco HK on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited commenced on August 5, 2014 under the stock code 8162. The fair value of the Loco HK as at December 31, 2015 was $33,476,255. (2014: $69,465,225)

In May 2015, Xinjiang Tongan Minerals Limited reduced its capital from RMB5,000,000 to RMB2,000,000 by way of distribution of cash. The Group received $184,247 (RMB1,200,000) as its share of the return of capital.

In August 2015, Xinjiang Tongcheng Minerals Limited increased its capital from RMB2,000,000 to RMB5,000,000 by way of capital injection and the Group contributed $184,247 (RMB1,200,000) to maintain its 40% equity interest.

(Express in United States Dollars)

In July 2014, Xinjiang Tongde Minerals Limited reduced its capital from RMB10,000,000 to RMB5,000,000 by way of distribution of cash. The Group received $321,493 (RMB2,000,000) as its share of the return of capital.

The summarized financial information in respect of the Group's major associates is as follows:

	Loco HK and subsidiaries	
As at	**December 31, 2015**	December 31, 2014
	$	$
Current assets	**13,891,511**	13,773,597
Non-current assets	**475,556**	649,371
Current liabilities	**(2,972,147)**	(3,081,268)
Non-current liabilities	**(9,419)**	-
Net assets	**11,385,501**	11,341,700
Group's share of net assets	**4,360,501**	5,446,285

	Loco HK and subsidiaries	
For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Revenue	**138,491,186**	273,891,856
Profit (loss) for the year	**(40,185)**	251,791
Other comprehensive income (loss)	**-**	-
Total comprehensive income (loss)	**(40,185)**	251,791

The following table illustrated the aggregate financial information of the Group's associates that are not individually material:

As at/For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Share of the associates' loss for the year	**94,614**	17,723
Share of the associates' total comprehensive loss	**94,614**	17,723
Aggregate carrying amount of the Group's investments in the associates	**201,588**	310,105

11. OTHER FINANCIAL ASSETS

As at	*Note*	**December 31, 2015**	December 31, 2014
		$	$
Listed debentures	*11.1*	**1,905,014**	1,804,375
Available-for-sale financial asset	*11.2*	**211,406**	221,330
Total		**2,116,420**	2,025,705

11.1 Listed Debentures

They represented the listed debentures held by the Group with coupon rates ranging from 5.125% to 9.000% (2014: 5.125% to 6.125%) per annum and maturities ending between May 21, 2020 and perpetual

(Express in United States Dollars)

(2014: November 4, 2020 and perpetual). Listed debentures are classified as financial assets at fair value through profit or loss.

11.2 Available-for-sale Financial Asset

It represented a 2.66% (2014: 3.5%) equity interest in Tongxing, a company incorporated in China, measured at cost less any identified impairment loss.

In consideration of no significant development of Tongxing since its recognition as available-for-sale financial asset, the Directors considered the net asset value of Tongxing as the best representation of its fair value.

12. DEPOSIT PAID TO RELATED PARTIES

The deposit paid to related parties represented deposit payment to a non-controlling shareholder of an associate for exploration services. A deposit of $506,829 paid to a non-controlling shareholder of a non-wholly owned subsidiary in previous year was transferred to exploration and evaluation assets upon the completion of exploration services during the year.

13. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at December 31, 2015, the balances of other payables, receipts in advance and accrued liabilities comprised mainly the payable related to the construction work of the office building, exploration work, mine design and related facilities of the Gold Project. As at December 31, 2014, other payables also included $2.4 million payable to local shareholders of Yanxi Copper Property which were settled during the year.

As at	*Note*	**December 31,2015**	December 31, 2014
		$	$
Other payables		**1,117,440**	3,991,926
Accrued liabilities		**307,552**	455,750
Receipts in advance		**110,985**	94,067
Deposit received		**29,075**	126,406
Obligation under finance lease – current	*13.1*	**40,977**	27,840
Total		**1,606,029**	4,695,989

13.1 Obligation Under Finance Lease

The Group has finance lease contract for motor vehicles. The Group's obligations under finance lease are secured by the lessor's title to the leased asset. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	December 31, 2015		December 31, 2014	
	Minimum payments	**Present value**	Minimum payments	Present value
	$	**$**	$	$
Within one year	**43,283**	**40,977**	31,177	27,840
In the second to fifth years inclusive	**29,132**	**28,778**	44,167	42,487
Total minimum lease payment	**72,415**	**69,755**	75,344	70,327
Less amounts representing finance charges	**(2,660)**	**-**	(5,017)	-
Present value of minimum lease payments	**69,755**	**69,755**	70,327	70,327

(Express in United States Dollars)

14. SHARE CAPITAL AND STOCK OPTIONS

14.1 Common Shares

	Number	Amount
Authorized:		$
Unlimited number of common shares		
Issued and outstanding:		
At January 1, 2014	**58,010,982**	**25,500,704**
Shares repurchased and cancelled	(1,618,000)	(695,756)
At December 31, 2014	**56,392,982**	**24,804,948**
Shares repurchased and cancelled	**(3,846,500)**	**(1,585,931)**
At December 31, 2015	**52,546,482**	**23,219,017**

14.2 Preferred Shares

The Company did not authorize or issue any preferred share.

14.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. Pursuant to Accounting Regulations for Business Enterprises in China, the Group's Chinese operating subsidiaries are required to make appropriation of retained earnings to a general reserve fund. The allocation of the reserve must be made before the distribution of dividends to shareholders. The reserve is not available for distribution to shareholders other than in liquidation and is recorded as a component of equity. During 2015, net earnings of $77,762 (2014: $416,537) of the Company's subsidiaries in China was transferred to general reserve.

14.4 Translation Reserve

Translation reserve represents net unrealized exchange gain on translation of foreign operations.

14.5 Normal Course Issuer Bid

On February 11, 2015, GobiMin was approved to renew its normal course issuer bid to repurchase up to an additional 2,765,599 common shares (2014: 2,900,149), representing approximately 5% of the then common shares outstanding. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending February 11, 2016. For the year ended December 31, 2015, a total of 3,846,500 common shares, of which 1,081,000 common shares were under the normal course issuer bid for 2014 and 2,765,500 common shares were under the normal course issuer bid for 2015, were repurchased for an aggregate cost of $1,585,931 (CAD1,843,609). All shares repurchased has been returned to treasury for cancellation.

14.6 Stock Options

On May 26, 2005, the Company adopted a resolution cancelling all of its outstanding stock option plans and creating a new stock option plan to grant options to its employees, directors and officers to purchase common shares. A total number of 6,700,000 (December 31, 2014: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

(Express in United States Dollars)

a) Status of the Outstanding Employee Stock Options:

	2015		2014	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	**2,791,400**	**0.47**	1,738,000	0.63
Issued on December 19, 2014	**-**	**-**	2,375,000	0.43
Forfeited	**(341,400)**	**0.70**	(1,321,600)	0.60
Outstanding, end of the year	**2,450,000**	**0.43**	2,791,400	0.47

b) Summary of the Employee Stock Options Outstanding and Exercisable:

Exercise Price	Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
CAD	**$**		**(Years)**	**$**		**(Years)**	**$**
At December 31, 2015							
0.60	**0.60**	**129,000**	**1.00**	**0.60**	**129,000**	**1.00**	**0.60**
0.50	**0.43**	**2,000,000**	**2.00**	**0.43**	**1,200,000**	**2.00**	**0.43**
0.50	**0.43**	**321,000**	**4.00**	**0.43**	**132,000**	**4.00**	**0.43**
		2,450,000	**2.21**	**0.43**	**1,461,000**	**2.09**	**0.45**
At December 31, 2014							
0.79	0.76	275,000	0.50	0.76	275,000	0.50	0.76
0.60	0.60	141,400	2.00	0.60	114,400	2.00	0.60
0.50	0.43	2,000,000	3.00	0.43	-	3.00	0.43
0.50	0.43	375,000	5.00	0.43	-	5.00	0.43
		2,791,400	2.97	0.47	389,400	0.94	0.71

(i) The weighted average remaining contractual life for the options exercisable as at December 31, 2015 was 2.09 years (December 31, 2014: 0.94 years).
(ii) The weighted average remaining contractual life for the options outstanding as at December 31, 2015 was 2.21 years (December 31, 2014: 2.97 years).
(iii) The range of exercise price for options outstanding as at December 31, 2015 was $0.43 to $0.60 (December 31, 2014: $0.43 to $0.76).

(Express in United States Dollars)

c) Share-Based Payments

There were no options granted during the period. The Company determines fair value of the employee stock options using the Black-Scholes option pricing model. In determining the fair value of these employee stock options, the following assumptions were used:

Grant date	December 19, 2014	December 19, 2014	November 23, 2011	November 23, 2011
Exercise Price (CAD)	0.50	0.50	0.60	0.60
Expected life (year)	3	5	3	5
Expected volatility	38%	38%	53%	53%
Dividend yield	-	-	-	-
Discount rate	1.10%	1.66%	0.40%	0.88%
Forfeiture rate	-	-	-	-

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

14.7 Basic and Diluted Earnings Per Share

For the year ended	**December 31, 2015**	December 31, 2014
Net earnings attributable to shareholders		
Basic and diluted	**$185,068**	$511,510
Weighted average number of shares outstanding		
Basic and diluted	**53,665,416**	57,556,964
Basic and diluted earnings per share	**$0.003**	$0.009

The stock options outstanding during the year had an anti-dilutive effect on the basic earnings per share and as such, the conversion of the above potential dilutive shares is not assumed in the computation of diluted earnings per share.

15 NON-CONTROLLING INTERESTS

Non-controlling interests represented the 30% (2014: 30%) equity interest in Xinjiang Tongyuan Minerals Limited ("Tongyuan") not held by the Group.

As at	**December 31, 2015**	December 31, 2014
	$	$
Non-controlling interest	**627,107**	802,645

The summarized financial information of Tongyuan is as follows:

For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Revenue	**-**	-
Total expenses	**465,167**	735,531
Total comprehensive loss	**465,167**	735,531
Loss for the year allocated to non-controlling interest	**139,551**	220,659

(Express in United States Dollars)

As at	December 31, 2015	December 31, 2014
	$	$
Current assets	**569,405**	1,555,029
Non-current assets	**37,759,745**	38,148,680
Current liabilities	**(1,130,631)**	(1,665,819)
Non-current liabilities	**(34,995,097)**	(35,362,397)
Net assets	**2,203,422**	2,675,493

For the year ended	December 31, 2015	December 31, 2014
	$	$
Net cash flow used in operating activities	**(533,581)**	(835,699)
Net cash flow used in investing activities	**(841,615)**	(4,164,414)
Net cash flow from financing activities	**1,275,386**	4,646,920
Net decrease in cash and cash equivalents	**(99,810)**	(353,193)

16 OTHER REVENUE

For the year ended	December 31, 2015	December 31, 2014
	$	$
Interest income	**302,893**	433,627
Rental income	**308,537**	281,246
Other income	**-**	7,435
Total other revenue	**611,430**	722,308

17 NATURE OF EXPENSES

17.1 Employee Costs (including remuneration of key management and directors as stated in note 24.1):

For the year ended	December 31, 2015	December 31, 2014
	$	$
Wages and other benefits	**1,476,743**	2,149,008
Payment to defined contribution plans	**82,644**	108,335
Share-based payment	**177,433**	9,992
Total employee costs	**1,736,820**	2,267,335

17.2 Depreciation:

For the year ended	December 31, 2015	December 31, 2014
	$	$
Depreciation	**861,610**	717,449

18 GAIN FROM REORGANIZATION OF AN ASSOCIATE

In 2014, China Precision reorganized its capital structure and all the shares held by the original shareholders of China Precision were swapped for the shares of Loco HK on July 23, 2014. Immediately after the share swap, the Group owned 9,604,000 shares, representing 48.02% equity interest of Loco HK. On July 25, 2014, Loco HK issued 149,141,978 bonus shares to its then shareholders, of which 71,617,978 bonus shares was allotted to the Group. On August 5, 2014, Loco HK placed 120,000,000 new shares (the "Placement") at $0.05 (HK$0.36) per share to independent third parties, of which net proceeds of approximately $3.65 million (HK$28,382,128) were raised. As a result, the Group's interest was diluted to 28.09%. Concurrently with the Placement, Loco HK issued 110,858,022 shares to the Group at $0.03 (HK$0.25) per share to partially settle the loan due from China Precision to the Group (the "Loan Capitalization"). The Loan Capitalization resulted in the increase in the Group's equity interest in Loco HK to 48.02%. The Group recorded a gain from the reorganization of $406,109 in 2014.

(Express in United States Dollars)

19 ADDITIONAL GAIN ON DISPOSAL OF AN ASSOCIATE

The Group together with two local shareholders have previously disposed of 80% equity interest in Tongxing, formerly an associate of the Group. Among the equity disposed, 32% was held by the Group. Pursuant to the agreement and all supplemental agreements (the "Agreements") in relation to the disposal of Tongxing, the Group and the two local shareholders were entitled to an additional consideration (the "Additional Consideration") of $10,831,460 (HK$84,160,440) upon obtaining the New Mining Licence as defined in the Agreements on behalf of Tongxing and were responsible for the costs incurred in relation to the application. On June 30, 2014, the New Mining Licence was obtained and the Additional Consideration was received in full. Accordingly, a gain of $3,936,418 was recognized in fiscal 2014 after deducting all related expenses of $3,424,942 and total amount paid and payable to the two local shareholders of $3,442,539.

20 GAIN ON PARTIAL DISPOSAL OF INTEREST IN AN ASSOCIATE

In September 2015, the Group disposed of 40,000,000 shares, representing part of its shareholding of Loco HK to third parties and received gross proceeds of $4,736,165 (HK$36,800,000). The carrying cost of the disposed interest was $1,160,663. The Group recognized a gain of $3,475,639 after deducting the related expense of $99,863. GobiMin retained a 38.30% equity interest in Loco HK subsequent to the disposition.

21 FINANCE COSTS

For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Finance charge under finance lease	**5,738**	585
Loan interest	**7,523**	45,534
Bank charges	**4,112**	3,836
Total finance costs	**17,373**	49,955

22 INCOME TAX

The Group's provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian federal and provincial income tax rates to the profit before income tax as a result of the following:

(Express in United States Dollars)

For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Profit before income tax	**45,517**	720,467
Statutory tax rates	**26.5%**	26.5%
Tax charged at statutory tax rates	**12,062**	190,924
Tax rate differential	**(603,589)**	481,227
Non-taxable revenues	**(42,446)**	(57,891)
Non-deductible expenses and other permanent differences	**60,640**	(173,230)
Operating losses not set up as deferred tax asset	**573,333**	706,451
Tax effect of tax losses utilized	**-**	(717,865)
Tax expense	**-**	429,616

The components of the income tax expenses are as follows:

For the year ended	**December 31, 2015**	December 31, 2014
	$	$
Current income tax expense	**-**	3,068,805
Deferred income tax (recovery) expense	**-**	(2,639,189)
Tax expense	**-**	429,616

As at December 31, 2015, the Group has unused tax losses of $2,955,661 (2014: $2,430,131) available for offset future profits which is subject to the final approval of respective tax authorities. The Group was required to include certain inter-company loans into income for Canadian tax purposes resulting in a reduction of tax loss carry forwards. When these loans are subsequently repaid, they will be deductible against income at that time. As at December 31, 2015, no deferred tax asset has been recognized in respect of the unused tax losses due to the unpredictability of future profit streams. The following table summarized the unrecognized tax losses by year of expiry:

Unrecognized Tax Losses:

For the year ended	**December 31, 2015**	December 31, 2014
Year of expiry	**$**	$
- December 31, 2035	468,892	-
- December 31, 2031	65,056	77,617
- December 31, 2030	382,684	456,573
- December 31, 2029	514,281	613,578
- December 31, 2028	789,120	941,483
- December 31, 2027	700,458	340,880
- December 31, 2026	35,170	-
Total	2,955,661	2,430,131

(Express in United States Dollars)

23 SIGNIFICANT NON-CASH TRANSACTION

For the year ended December 31, 2014, the Group received 110,858,022 shares of Loco HK at $0.03 (HK$0.25) per share as settlement of $3,566,860 amount due from China Precision as disclosed in note 18.

24 RELATED PARTY TRANSACTIONS

24.1 Key Management Compensation

The remuneration of key management and directors was as follows:

For the year ended	December 31, 2015	December 31, 2014
	$	$
Wages, fees and other benefits	659,963	770,447
Payment to defined contribution plans	10,746	12,496
Share-based payment	158,582	8,933
	829,291	791,876

24.2 Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

For the year ended		December 31,2015	December 31, 2014
Related party relationship	Type of transactions	$	$
Company controlled by a director	Rental income	24,566	25,719
An associate	Interest income	-	128,409
An associate	Rental income	59,305	31,575
An associate	Share of office common expenses	15,789	24,409
An associate	Share of staff cost	201,997	-
An associate	Dividends received	-	92,703

24.3 Advances to Related Parties

Advances made by the Group to related parties were disclosed as deposit paid to related parties in note 12 to the financial statements respectively.

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

(Express in United States Dollars)

25 COMMITMENTS

25.1 Capital Commitments

The Group has the following capital commitments:

As at December 31, 2015	Contract Date	Contracted Sum	Capital Commitments
		$	$
Exploration services	April 7, 2010	706,281	**168,391**
Mine design and related facilities	October 31, 2011	1,228,314	**639,169**
Office building renovation	March 2, 2013	2,015,953	**888,606**
Total capital commitments for the Gold Project		3,950,548	**1,696,166**

25.2 Operating Lease Commitments

(a) The Group as Lessor

The Group has entered into operating leases on its investment properties, with lease terms ranging from one to five years.

Future minimum lease receivables under non-cancellable operating leases are as follows:

As at	December 31, 2015	December 31, 2014
	$	$
Within one year	**103,660**	171,828
In the second to fifth years inclusive	**260,175**	80,373
Total future minimum lease receivables	**363,835**	252,201

(b) The Group as Lessee

The Group has entered into operating leases on certain office premises, with lease terms between one to nine years.

Future minimum lease payables under non-cancellable operating leases are as follows:

As at	December 31, 2015	December 31, 2014
	$	$
Within one year	**38,498**	20,698
In the second to fifth years inclusive	**16,029**	23,244
After five years	**-**	-
Total future minimum lease payables	**54,527**	43,942

26 DIVIDEND PAID

In June 2015, GobiMin paid an annual dividend of CAD0.01 per share for a total amount of $387,784 (2014: $497,153) in accordance with the Company's dividend policy and 2014 annual performance.

(Express in United States Dollars)

27 SEGMENTED INFORMATION

The Group conducted its business as a single operating segment, being the development, exploration and exploitation of mineral properties. It is engaged in the development of the Gold Project and other exploration projects. All mineral property interests and capital assets are located in China.

28 FINANCIAL INSTRUMENTS

All financial instruments are classified into a defined category, namely, held-to-maturity investments, held-for-trading financial assets, loans and receivables, available-for-sale financial assets, and other financial liabilities.

28.1 Fair Value of Financial Instruments

The fair value of financial instruments represents the amounts that would have been received from or paid to counterparties to settle these instruments. The carrying amount of all financial instruments classified as current approximates their fair value because of the short maturities and normal trade terms of these instruments. The fair value of other financial instruments disclosed in the financial statements are based on the Company's best estimates using present value, quoted market prices and other valuation techniques that are significantly affected by the assumptions used concerning the amounts and timing of estimated cash flows and discount rates which reflect varying degrees of risk.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:
- ♦ Quoted prices for similar assets/liabilities in active markets;
- ♦ Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- ♦ Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- ♦ Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

	Fair Value Measurements at Reporting Date			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
December 31, 2015				
Listed debentures	**1,905,014**	**-**	**-**	**1,905,014**
	1,905,014	**-**	**-**	**1,905,014**
December 31, 2014				
Listed debentures	1,804,375	-	-	1,804,375
	1,804,375	-	-	1,804,375

28.2 Risks Arising from Financial Instruments and Risk Management

The Group is exposed to various types of market risks, including changes in foreign exchange rates, and interest rates in the normal course of business. The Group's overall risk management program focuses on mitigating these risks on a cost-effective basis. The Group's policy is to use derivatives only for managing existing financial exposures but not for trading or speculative purpose.

28.3 Exchange Rate Risk

The Group generates revenues and incurs expenditures primarily in Canada, Hong Kong and China and is exposed to risk from changes in foreign currency rates. In addition, the Group holds financial assets and liabilities in foreign currencies that expose the Group to foreign exchange risks. A significant change in the currency exchange rates between the United States dollars relative to the Hong Kong dollars, RMB or Canadian dollars could have an effect on the Group's financial position and cash flows. The Group has not hedged its exposure to currency fluctuations.

Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Group's capital account located in China, are subject to foreign exchange controls and require the approval of the China State Administration of Foreign Exchange. Developments relating to the Chinese's economy and actions taken by the China government could cause future foreign exchange rates to vary significantly from current or historical rates. The Group cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into United States dollars of the Group's net assets, net profits and any declared dividends. The Group cannot give any assurance that any future movements in the exchange rates of RMB against the United States dollars and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows.

The following table indicates the approximate change in the Group's profit after income tax and retained profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. No sensitivity analysis is carried out in respect of balances denominated in Hong Kong dollars as the exchange rate between United States dollars and Hong Kong dollars is pegged. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	2015			2014		
The Group	Increase (decrease) in foreign exchange rate	Increase (decrease) in profit for the year and retained profits	Effect on other components of equity	Increase (decrease) in foreign exchange rate	Increase (decrease) in loss for the year and retained profits	Effect on other components of equity
		USD	USD		USD	USD
RMB	**5%**	**39,685**	**2,079,897**	5%	125,359	2,106,907
	(5%)	**(39,685)**	**(2,079,897)**	(5%)	(125,359)	(2,106,907)
CAD	**1%**	**6,206**	**54**	1%	4,612	-
	(1%)	**(6,206)**	**(54)**	(1%)	(4,612)	-

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the group entities; exposure to currency risk for both derivative and non-derivative financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit (loss) for the year and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2014.

28.4 Credit Risk

The Group is exposed to credit risk with respect to cash and cash equivalents, other receivables, deposit paid to related parties and other financial assets. The maximum exposure equal to the carrying amount of these assets included on the consolidated statements of financial position. The cash equivalents are call deposits at banks or time deposit of terms less than 90 days. None of the cash equivalents are in asset backed commercial paper products. The Group has deposited the cash and cash equivalents in banks that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote.

28.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at December 31, 2015, the Group held cash and cash equivalents of $26,065,086 and net current assets of $23,095,399. The Group considered that its cash and cash equivalents is more than sufficient in meeting its obligations associated with financial liabilities and fulfilling its capital commitments.

28.6 Interest Risk

As the Group has no significant variable interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

29 CAPITAL MANAGEMENT

The Group's objectives of capital management are intended to safeguard the entity's ability to support the Group's normal operating requirement on an ongoing basis, continue the development, exploration and exploitation of its mineral properties, and support any expansionary plans. The capital of the Group amounted to $78,160,372 consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

30 EVENTS AFTER THE REPORTING DATE

30.1 On January 25, 2016, GobiMin was approved to renew its normal course issuer bid to repurchase on the TSX Venture Exchange up to an additional 2,627,324 common shares, representing approximately 5% of the then common shares outstanding. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending February 11, 2017.

30.2 On April 7, 2016, a wholly-owned subsidiary of GobiMin entered into a loan agreement with respect to a $4 million revolving, term loan facility bearing an interest rate of 3.5% per annum in favor of China Precision. The outstanding balance of the loan due from China Precision was $1,900,000 as at April 21, 2016.

30.3 On April 21, 2016, GobiMin declared an annual dividend of $0.01 (CAD0.01) per share in accordance with its dividend policy and the 2015 performance. The dividend will be payable on June 23, 2016 to shareholders of record on May 27, 2016.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

For the year ended December 31, 2015

(Expressed in United States Dollars except where otherwise noted)

The following discussion and analysis of the consolidated operating results and financial condition of GobiMin Inc. for the year ended December 31, 2015 was prepared on April 21, 2016 and should be read in conjunction with its audited consolidated financial statements for the year ended December 31, 2015. The financial information was prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information relating to the Company is available on SEDAR at www.sedar.com and the Company's website at www.gobimin.com.

Certain statements included in this discussion constitute forward-looking statements. Such forward-looking statements can often, but not always, be identified by the use of words such as "can", "could", "believe", "propose", "anticipate", "intend", "consider", "estimate", "expect", or other variations of such expressions, or forward-looking statements may declare that certain measures, events or results "can", "could" or "will" be taken or occur or be attained. Such forward-looking statements involve known and unknown risks and uncertainties as well as other factors that could cause actual results, performances or achievements of the Company to differ materially from the future results, performances or achievements implied or suggested in such forward-looking statements. Such risks, uncertainties and other factors include but are not limited to the risk factors discussed under the heading "Risk Factors" below. Accordingly, shareholders are cautioned not to put undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this discussion and the Company disclaims any obligations to update any forward-looking statements in order to account for any events or circumstances that might occur after the date that such forward-looking statements were established.

1. Corporate Overview

GobiMin Inc. (the "Company" or "GobiMin"), together with its subsidiaries (collectively the "Group"), is engaged in the development and exploration of mineral properties, mainly in the Xinjiang Uygur Autonomous Region ("Xinjiang") of the People's Republic of China ("China").

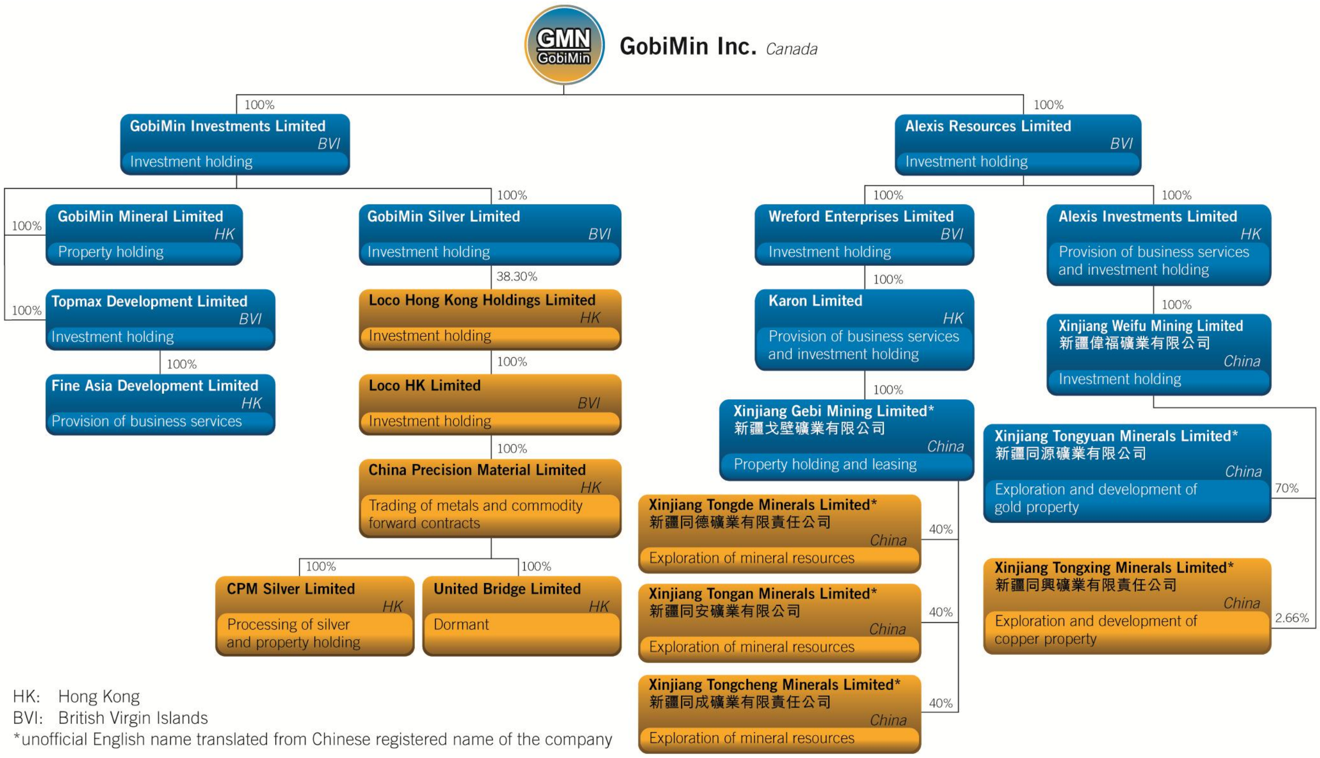
GobiMin holds an equity interest of 70% in a company incorporated in China to explore, develop and operate the Sawayaerdun Gold Project (the "Gold Project") located in Xinjiang.

GobiMin also holds an equity interest of 38.30% in Loco Hong Kong Holdings Limited ("Loco HK"), a company incorporated in Hong Kong and the shares of which are listed on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("HKEx") under the stock code 8162. Loco HK and its subsidiaries (collectively the "Loco HK Group") are principally engaged in the trading of metals and commodity forward contracts in Hong Kong.

In addition, GobiMin owns 40% equity interests each in three companies incorporated in China to engage in base metals and precious metal exploration, including nickel, copper and gold, in Xinjiang, and a 2.66% equity interest in the Yanxi Copper Property (the "Yanxi Copper Property").

Group Chart with major subsidiaries and associates as at April 21, 2016 is as follow:

(Expressed in United States Dollars)



2. Financial Highlights

As at / For the year ended December 31,	**2015**	**2014**	**2013**
	$	**$**	**$**
Revenue	**-**	**-**	-
Other revenue	**0.6 million**	0.7 million	1.5 million
Share of results of associates and a joint venture	**(0.1 million)**	0.1 million	0.3 million
Gain from reorganization of an associate	**-**	0.4 million	-
Additional gain on disposal of an associate	**-**	3.9 million	-
Change in fair value of other financial assets	**-**	-	(1.4 million)
Gain on partial disposal of interest in an associate	**3.5 million**	-	-
Net profit (loss) for the year	**46,000**	0.3 million	(3.6 million)
EBITDA (LBITDA)(1)	**0.6 million**	0.6 million	(4.2 million)
Basic and diluted earnings (losses) per share	**0.003**	0.009	(0.053)
EBITDA (LBITDA) per share(1)	**0.012**	0.011	(0.071)
Cash and cash equivalents	**26.1 million**	31.8 million	54.5 million
Cash and cash equivalents per share(1)	**0.50**	0.56	0.94
Working capital	**23.1 million**	26.0 million	39.7 million
Total non-current financial liabilities	**29,000**	42,000	4.5 million
Total liabilities	**3.2 million**	6.4 million	34.6 million
Total assets	**81.3 million**	88.2 million	118.3 million
Annual dividend per share	**0.01**	0.01	0.01

Note:
(1) As non-IFRS measurements, ***EBITDA (LBITDA)*** *(earnings (losses) before interest income and expense, income taxes, depreciation and amortization),* ***EBITDA (LBITDA) per share*** *and* ***Cash and cash equivalents per share*** *do not comply with IFRS*

and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

3. Business Summary and Development

(a) Gold Project in Xinjiang

(i) Background and Location

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing and operating the Gold Project in Xinjiang.

The Gold Project is located 200 km northwest of the city of Kashi, western Xinjiang, China and lies within the Tian Shan Gold Belt, which is one of the most promising gold belts in China.

(ii) Mineralization

The main zones of mineralization have been defined within the project area, and are referred to as Zone I and Zone IV. The mineralized domains generally consists of low to medium grade gold mineralization developed within quartz filled ductile shear zones formed within a meta-sedimentary sequence. The Zone IV domain is approximately 3 km long and has been defined to a depth of 700 m. This is the most continuous zone so far defined within the project area. The defined mineralized domains dip at between 60° and 80° toward the northwest and therefore strike northeast. Mineralized zones can range from less than 1 m to 50 m in thickness.

The NI 43-101 compliant resource estimate update was published in April 2015 and was amended and restated in January 2016. At a cut-off grade of 1.0 grams/tonne gold, its Zone I and Zone IV are estimated to contain a total of approximately 27 million tonnes at an average grade of 1.79 grams/tonne Au (about 1.55 million contained oz Au) in the Measured and Indicated Resources category and approximately 59 million tonnes averaging 1.38 grams/tonne Au (about 2.6 million contained oz Au) in the Inferred Resources category. The exploration results of 2014 have further increased the confidence and understanding of the mineralization and thus provide more reliable data for the mining plan. The full report is available on SEDAR at www.sedar.com and the Company's website at www.gobimin.com.

(iii) Update

During 2015, GobiMin has kept seeking potential investors to develop the Gold project and undertaken the process to convert the exploration licence into a mining licence. The Company has submitted for approval the resource estimate, which was the first of three Chinese standard geological reports that the Company expects to be required to complete the conversion. In practice, the reports submitted would be amended subject to the comments of the relevant authorities. It is expected that it would take about one to six months to get an approval of each report. GobiMin expects to get the approval of the first report by July 2016. Upon receipt of this approval, the Company would proceed to prepare the second report. If the process goes well, a mining licence would be obtained by the end of 2017. However, the Company has no control over the length of the process and might delay the process depending on market conditions. The most important costs associated with the application process are the report preparation and mining licence fees. The fees for preparing the second and third reports are currently estimated at about $0.1 million. The mining licence fees would be determined by the relevant authority at the final stage before granting the licence.

(iv) Exploration and Evaluation Assets and Property, Plant and Equipment

During 2015, there were addition of $1.4 million in the exploration and evaluation assets which represented the internal construction work of the office building. The total construction cost of $6.0 million, including the $1.4 million addition in 2015, was transferred to property, plant and equipment accordingly when the construction work completed and part of the office building being occupied during 2015. As at December 31, 2015, the balance of the exploration and evaluation assets of $31.5 million were mainly composed of mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses for the Gold Project.

As at December 31, 2015, the Group still had a contractual commitment of $1.7 million for the future development of the Gold Project, including design of mine and related facilities and the construction work of the office building.

(v) Plan for 2016

The Company has filed an amended and restated NI 43-101 technical report dated January 7, 2016 prepared by Bin Guo of Mining One Pty Ltd entitled "NI 43-101 Resources Estimation of the Sawayaerdun Gold Deposit" (the "Amended Report"). The Amended Report addressed comments provided by the Alberta Securities Commission, bringing a number of items into compliance with the requirements of NI 43-101. The amendments comprised the inclusion of more detailed information on the 2014 Diamond Drilling program and corrections to headings and content of the historical resource tables. The Amended Report does not change the mineral resource estimate contained in the original report of April 2015 and announced by the Company in a news release dated April 16, 2015.

In view of the gold price recovery from $1,061 per ounce as at December 31, 2015 to $1,232 per ounce as at March 31, 2016, the management is optimistic that the Gold Project will generate positive return to the Group in future. However, to minimize risk associated with further development of the Gold Project, GobiMin is actively seeking for cooperation with potential investors in China. The Company will continue to postpone its development plan in 2016 and concentrate its effort to convert the exploration licence into a mining licence to enable the Company to take immediate response to any market change.

(b) <u>Silver Operation</u>

The equity interest of GobiMin in Loco HK was reduced from 48.03% to 38.3% during the year. In September 2015, the Group disposed of 40,000,000 shares of Loco HK and recognised a gain on disposal of $3.5 million. Loco HK together with its subsidiaries engage in the trading of metals and commodity forward contracts. The processing workshop of Loco HK Group has been operated in Hong Kong since August 2010 for processing silver into bars and granules with 99.99% purity.

(i) Update

Loco HK Group's income was mainly generated from the sales of silver products. During the year under review, the silver market price maintained at relatively low level, which adversely affected the overall silver supply in Hong Kong. Therefore, the sales volume of the silver products of Loco HK Group recorded a decrease during this year. For the year ended December 31, 2015, Loco HK Group recorded a revenue from sales of metal of approximately $137.9 million (2014: $273.6 million), representing a significant decrease of 50% as compared with last year, of which 97% was contributed by sale of silver products and the remaining were contributed by sale of gold and tin (2014: 100% of silver products). Such decrease in sale revenue was mainly due to the decrease in quantity sold of processed silver products by 37% to 258 tonnes (2014: 409 tonnes). The silver price recorded a significant drop of 12% from $15.71 per ounce on January 1, 2015 to $13.85 per ounce on December 31, 2015.

Loco HK Group recorded loss of approximately $40,000 (2014: profit of $0.3 million) for the year ended December 31, 2015. The decrease in profit was due to (i) decrease in sales revenue by 50% from $273.6 million in last year to $137.9 million in current year; and (ii) increase in staff cost by 83% from $0.6 million in last year to $1.1 million in current year. The increase in staff cost in the year under review was mainly because of additional work force required for the laboratory, internal control and compliance matters and due to payroll raised for existing staff and the grant of staff options.

As at December 31, 2015, Loco HK Group had cash and bank balances of approximately $4.6 million (2014: approximately $4.8 million) and net current assets of approximately $10.9 million (2014: approximately $10.7 million). As at December 31, 2015, the current ratio stood at 4.66 times (2014: 4.47 times). Loco HK Group generally finances its operations primarily with internally generated cash flow and borrowings. The decrease in cash balance of $0.2 million mainly represented the acquisition of equipment for setting up of a laboratory, settlement of daily operation expenses and income tax paid, netting off the proceeds from disposal of a motor and carpark.

(ii) Plan for 2016

Looking ahead, the tendency of silver price would remain not optimistic due to the unstable and enfeeble equity global market. Coupled with the fragile global financial system, the operating environment in the year ahead will be challenging. Facing the challenge ahead, Loco HK Group will continue to exercise prudence in managing its expenditures, commit efforts in daily operation to maintain the quality of their silver products and constantly evolve its business strategies in a cautious manner.

(c) <u>Base Metal Exploration Projects in Xinjiang</u>

(i) Three Exploration Companies

The Group owns 40% equity interests each in three companies incorporated in Xinjiang, China, which are engaged in exploration of nickel, copper, and gold. As at December 31, 2015, the carrying value of these companies, which are regarded as associates of the Group, amounted to $0.2 million (RMB1.3 million) in aggregate. During the year ended December 31, 2015, one of the exploration companies reduced its share capital from $0.8 million (RMB5 million) to $0.3 million (RMB2 million) and the Group received $0.2 million as its share of the return of capital. During the year ended December 31, 2015, another exploration company increased its share capital from $0.3 million (RMB2 million) to $0.8 million (RMB5 million) and the Group contributed $0.2 million to maintain its equity interest. The Group will seek opportunities to transfer certain exploration licences held by these companies to third parties in due course.

(ii) Yanxi Copper Property

During the year ended December 31, 2015, the equity interest in Xinjiang Tongxing Minerals Limited ("Tongxing") owned by the Group was diluted from 3.50% to 2.66% due to the capital injection by one of Tongxing's shareholders.

(d) <u>Normal Course Issuer Bid</u>

On February 11, 2015, GobiMin was approved to renew its normal course issuer bid to repurchase an additional 2,765,599 common shares, accounting for approximately 5% of the then common shares outstanding and purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ended February 11, 2016 ("2015 Normal Course Issuer Bid Program"). The Company has completed its 2015 Normal Course Issuer Bid Program and repurchased 3,846,500 common shares in total at a consideration of $1,585,931 (CAD1,843,609) for the year ended December 31, 2015, of which 1,081,000 common shares were repurchased under the normal course issuer bid for 2014 and the remaining 2,765,500 common shares were repurchased under the 2015 Normal Course Issuer Bid Program. All shares repurchased were returned to treasury for cancellation.

The decision regarding repurchase of shares was made by management to maximize shareholder value. Accordingly, the Company is of the view that the repurchase is in the best interest of the Company and its shareholders as a whole. A copy of the related Notice of Intention to Make a Normal Course Issuer Bid for 2015 will be provided to shareholders upon receipt of written request to the Company at its registered office.

(e) Liquidity and Capital Resources

As at December 31, 2015, the Group had a working capital of about $23.1 million (2014: $26.0 million), by netting off its current assets of $26.2 million (2014: $32.3 million) with current liabilities of $3.1 million (2014: $6.3 million).

Among the cash and cash equivalents of $26.1 million, about $2.5 million are held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the proper documentation under current regulations, subject to the risks outlined hereinafter under the section "Risk Factors". The Group will carefully plan ahead to match the available funding with various payment obligations in China and elsewhere.

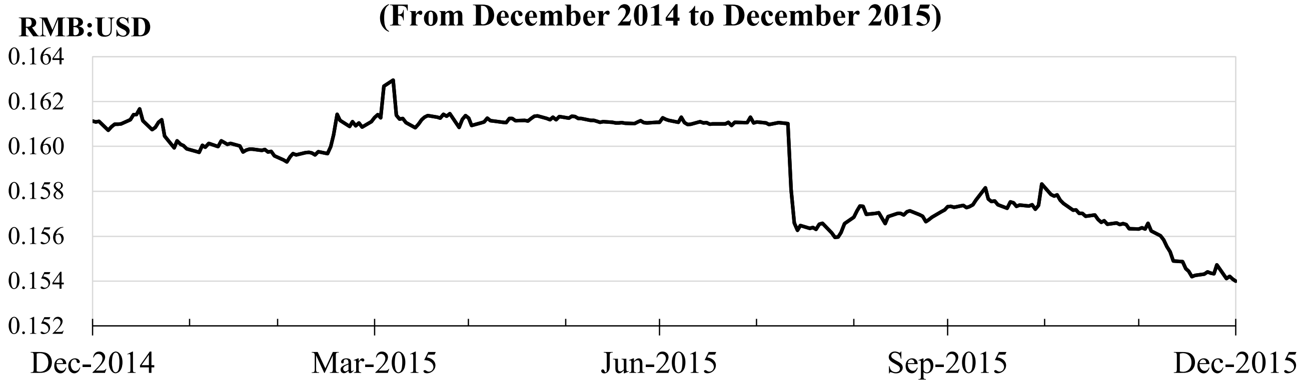
The Group has no difficulties in meeting obligations associated with its financial liabilities and commitment. The Group has determined that its cash and cash equivalents will be more than sufficient to finance its operation, including the current commitments of the Gold Project of approximately $1.7 million.

4. Key Economic Trends

(a) China Economy

Since GobiMin's activities are mostly conducted in China, the condition of the Chinese economy is a key factor on the Group's exploration business. Currency fluctuations may also have an impact on the Group's cost structure as the Group reports in U.S. dollars. For the year ended December 31, 2015, the Chinese Renminbi ("RMB") depreciated by approximately 4.42% against the U.S. dollar comparing with the exchange rate on December 31, 2014.

RMB - USD Exchange Rate
(From December 2014 to December 2015)



(b) Gold Market

The price of gold has a strong influence on the Gold Project's value. For the year ended December 31, 2015, the gold price has decreased by around 11.62% against the price on December 31, 2014.

LOCO London Gold Market Price
(From December 2014 to December 2015)

5. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. Changes to these estimates could materially impact the financial statements. The estimates made by the Group that are considered to be most critical are described below.

(a) Exploration and Evaluation Assets

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the year the new information becomes available. The Company has determined that there is no indicator of impairment for the expenditure capitalized as at the reporting date.

(b) Income Taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities and contingencies for anticipated tax audit issues based on the Group's current understanding of the applicable tax law. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties (if any) in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may be materially different from the amount included in the tax liabilities.

(c) Share-based Payment Transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

(d) Functional Currency

The determination the functional currency for the Company's subsidiaries and associates is a significant judgement. The determination of functional currency requires the Company to assess the primary economic environment in which each of these entities operations and affects how the Company translates foreign currency balances and transactions.

(e) Power to Exercise Control, Joint Control or Significant Influence

Significant judgment is required in determining whether the Company has the power to exercise control, joint control or significant influence over another entity. In making this decision, the Company reviews the degree of influence it has to govern the relevant activities of another entity, taking into consideration the Company's equity interest, voting interest, ability to appoint senior management and officers and the Company's exposure to variable returns from the entity.

(f) Carrying Value of Property, Plant and Equipment

Property and equipment are depreciated over their estimated useful economic life which is based upon management's estimates of the length of time that the assets will generate revenue, which is periodically reviewed for appropriateness. Changes to these estimates can result in variations in the amounts charged for depreciation and in the assets' carrying amounts.

(g) Impairment of Non-Financial Assets (Other Than Goodwill)

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and are subject to judgment. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

(h) Impairment of Available-For-Sale Financial Asset

The fair value of available-for-sale financial asset, which is not traded in an active market that the fair value cannot be reliably measured, is initially recognition at cost. The Group uses its judgment to determine if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the assets and to determine whether there is an impairment that should be recognized in profit or loss.

(i) Development Stage of a Mine

When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant, and equipment. The determination of when technical feasibility and commercial viability is achieved is subject to significant judgment.

(j) Production Stage of a Mine

The determination of the date on which a mine enters production stage is a significant judgment since capitalization of certain costs ceases upon entering production. As mine is constructed, costs incurred are capitalized and proceeds from mineral sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management which requires significant judgment in its determination.

(k) Estimate of Rehabilitation Provision

Management assesses its provision for rehabilitation at the end of each reporting year. This includes the assessment of any changes to government regulations, estimation of future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. The actual future expenditure may differ from the amounts currently provided if the estimates made are significantly different from the actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

6. Future Changes in Significant Accounting Policies

(a) Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. The amendments is effective for annual periods beginning on or after January 1, 2016.

(b) Amendments to IAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of IAS 1 when considering the layout and content of their financial statements. It is effective for annual periods beginning on or after January 1, 2016.

(c) IFRS 9 (2014) - Financial Instruments

IFRS 9 issued in July 2014 will replace IAS 39 *Financial Instruments: Recognition and Measurement*. This standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

(Expressed in United States Dollars)

(d) IFRS 15 - Revenue from Contracts with Customers

IFRS 15 specifies how and when the entities recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. It is effective for annual periods beginning on or after January 1, 2018.

(e) IFRS 16 - Leases

IFRS 16 issued in January 2016 and will replace IAS 17 *Leases*. This standard specifies how an entity to recognize, measure, present and disclose leases. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

7. Selected Quarterly Information

As at / For the three months ended	**December 31, 2015**	September 30, 2015	June 30, 2015	March 31, 2015
	$	$	$	$
Revenue	**-**	-	-	-
Profit (loss) for the period	**(1,047,003)**	2,505,810	(710,707)	(702,583)
Basic and diluted earnings (losses) per share	**(0.02)**	0.05	(0.01)	(0.01)
Cash and cash equivalents	**26,065,086**	28,812,950	27,628,559	29,754,577
Total assets	**81,314,925**	86,751,936	84,429,216	86,438,918

As at / For the three months ended	December 31, 2014	September 30, 2014	June 30, 2014	March 31, 2014
	$	$	$	$
Revenue	-	-	-	-
Loss for the period	(1,088,942)	(377,688)	2,346,445	(588,964)
Basic and diluted earnings (losses) per share	(0.02)	(0.01)	0.04	(0.01)
Cash and cash equivalents	31,797,897	35,015,135	39,255,404	40,910,039
Total assets	88,188,095	92,138,313	93,929,966	100,469,749

The above financial information was prepared in accordance with IFRS.

For the three months ended December 31, 2015, the Group reported a net loss of $1.0 million (2014: $1.1 million) which mainly comprised administrative expenses of $0.9 million (2014: $1.1 million).

During this quarter, the Group recorded a net cash outflow of $2.7 million (2014: $3.2 million). It mainly represented the balance payment of $2.4 million to the local shareholders of the Yanxi Copper Property.

The total assets decreased by $6.9 million from $88.2 million as at December 31, 2014 to $81.3 million as at December 31, 2015. It was mainly the combined effect of $1.6 million used for share repurchase, dividend paid of $0.4 million, settlement of other payables of $3.1 million and the total comprehensive loss for the year of $1.9 million.

(Expressed in United States Dollars)

8. Results of Operations

(a) Revenue

No revenue (2014: Nil) from operations has been recorded in this year.

Other revenue in 2015 were $0.6 million (2014: $0.7 million) which mainly included interest income of $0.3 million (2014: $0.4 million) and rental income of $0.3 million (2014: $0.3 million).

(b) Gain on partial disposal of interest in an associate

In September 2015, the Group disposed of 40,000,000 shares, representing part of its shareholding of Loco HK to third parties and received gross proceeds of $4.74 million (HK$36,800,000). The carrying cost of the disposed interest was $1.16 million. The Group recognized a gain of $3.5 million after deducting the related expense of $0.1 million. GobiMin retained a 38.30% equity interest in Loco HK subsequent to the disposition.

(c) General and Administrative Expenses

General and administrative expenses incurred in this year were $3.5 million (2014: $4.2 million). They mainly represented pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

(d) Earnings Per Share

The basic and diluted earnings per share in 2015 were $0.003 (2014: $0.009).

(e) EBITDA

In 2015, the earnings before interest income and expense, income taxes, depreciation and amortization ("EBITDA"), a non-IFRS performance measure, was $0.6 million as compared to $0.6 million in 2014. The following table presents the calculation of EBITDA for the years:

For the year ended 31 December,	**2015**	2014
	$	$
Profit for the year	**45,517**	290,851
Net interest income	**(289,632)**	(387,508)
Depreciation	**861,610**	717,449
EBITDA (1)	**617,495**	620,792
EBITDA per share (2)	**0.012**	0.011

Note:
(1) As non-IFRS measurements, ***EBITDA*** *and* ***EBITDA per share*** *do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.*
(2) Based on weighted average number of shares outstanding, a non-IFRS measure.

(f) Annual Dividend

On June 24, 2015, the Company paid an annual dividend of $0.01 (CAD0.01) per share for a total amount of $0.4 million (2014: $0.5 million) in accordance with its dividend policy and 2014 performance.

(Expressed in United States Dollars)

On April 21, 2016, the Company declared an annual dividend of $0.01 (CAD0.01) per share in accordance with its dividend policy and 2015 performance. The dividend is payable on June 23, 2016 to shareholders of record on May 27, 2016.

9. Cash Flows

The following table summarises the Group's cash flows and cash on hand:

As at December 31,	**2015**	2014
	$	$
Cash and cash equivalents	**26,065,086**	31,797,897
Working capital [(1)]	**23,095,399**	25,997,372

For the year ended December 31,	**2015**	2014
	$	$
Net cash flow used in operating activities	**(4,965,455)**	(16,462,534)
Net cash flow used in financing activities	**(2,032,950)**	(6,655,704)
Net cash flow from investing activities	**1,585,234**	823,756
Decrease in cash and cash equivalents	**(5,413,171)**	(22,294,482)

Note:
(1) Working capital is a non-IFRS measurement, which is the difference between current assets and current liabilities.

(a) Operating Activities

In 2015, net cash outflow used in operating activities was $5.0 million (2014: $16.5 million) which mainly represented the net cash payment of the office expenses of $2.2 million (2014: $3.2 million) and net settlement of payable of $2.8 million (2014: $21.3 million). The decrease in net cash outflow was mainly due to the decrease in cash paid in relation to the disposal of Yanxi Copper Property from $18.0 million in 2014 to $2.4 million in 2015.

(b) Financing Activities

The cash outflow used in financing activities was $2.0 million in 2015 (2014: $6.7 million) which mainly comprised share repurchased of $1.6 million (2014: $0.7 million) and dividend paid of $0.4 million (2014: $0.5 million). The decrease in net cash outflow in 2015 was mainly due to the net repayment of bank loan of $5.4 million incurred only in 2014.

(c) Investing Activities

The cash inflow from investing activities was $1.6 million in 2015 (2014: $0.8 million), which mainly represented net proceeds from partial disposal of interest in an associate of $4.6 million (2014: nil) netting off additions of property, plant and equipment of $2.2 million (2014: $0.3 million), addition of $0.9 million exploration and evaluation assets of Gold Project (2014: $4.3 million). The increase in net cash inflow was mainly due to the decrease in addition of property, plant and equipment and exploration and evaluation assets by $1.5 million in 2015.

10. Statements of Financial Position

(a) Cash and Cash Equivalents

The Group had approximately $26.1 million in cash and cash equivalents as at December 31, 2015, compared to $31.8 million as at December 31, 2014. The decrease of $5.7 million was mainly the combined effect of net proceeds from partial disposal of interest in an associate of $4.6 million netting off with purchase of office property of $2.2 million, addition of $0.9 million exploration and evaluation assets of Gold Project, net settlement of payable of $2.8 million including balance payment of $2.4 million to the local shareholders of the Yanxi Copper Property, share repurchase of $1.6 million, dividend paid of $0.4 million, and $2.2 million net cash payment of office expenses.

(b) Exploration and Evaluation Assets

The exploration and evaluation assets are mainly related to the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the year ended December 31, 2015, there were additions of $1.4 million in exploration and evaluation assets and reclassification of $6.0 million construction cost of the office building to property, plant and equipment.

(c) Other Financial Assets

Other financial assets represented the $1.9 million listed debentures and the unlisted equity interest in Tongxing of $0.2 million.

(d) Share Capital

As at December 31, 2015, GobiMin had 52,546,482 common shares issued and outstanding. During the year, 3,846,500 common shares were repurchased and cancelled and 341,400 stock options were forfeited.

11. Related Party Transactions

The Group had the following transactions with related parties:

(a) During the Year Ended December 31, 2015

(i) Fees and other remunerations to directors and key management personnel of $0.8 million (2014: $0.8 million).
(ii) Rental income of $24,566 (2014: $25,719) from the office building in Xinjiang received from related parties.
(iii) Rental income of $59,305 (2014: $31,575), share of office common expenses of $15,789 (2014: $24,409) and share of staff cost of $0.2 million (2014: nil) from China Precision.

(b) As at December 31, 2015

(i) A deposit of $30,708 (2014: $80,373) was paid to the non-controlling shareholder of an associate for exploration services. The $0.5 million deposit paid in previous year to the non-controlling shareholder of a non-wholly owned subsidiary for exploration service that has been completed was recognised as exploration and evaluation assets in 2015.

(Expressed in United States Dollars)

12. Capital Commitment

As at December 31, 2015, the Group had capital commitments with an aggregate amount of $1.7 million in relation to the construction of an office building, mine design and related facilities. The total contracted amount is $4.0 million (RMB25,730,000), of which $2.3 million (RMB14,683,000) has been provided and a balance of $1.7 million (RMB11,047,000) as contractual commitment remains outstanding.

13. Off-Balance Sheet Arrangements

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

14. Future Plans for Material Investments

The Group does not have any plan for material investments in the near future.

15. Outstanding Share Data

The following table provides information concerning the Company's share capital and convertible securities:

As at	December 31, 2014	**December 31, 2015**	**April 21, 2016**
Number of Common Shares Outstanding	56,392,982	**52,546,482**	**52,546,982**
Number of Options Outstanding	2,791,400	**2,450,000**	**2,450,000**
Number of Common Shares Fully Diluted	59,184,382	**54,996,482**	**54,996,482**

16. Risk Factors

The mining business conducted by the Group is subject to a number of risks, including those outlined below. These risk factors could materially affect the Group's future operating results and could cause actual events to differ materially from those described in the forward-looking statements relating to the Group. Readers should also be aware that there are particular risks of doing business in China, some of which are outlined below.

(a) Metal Prices

The profitability of the Group may be significantly affected by changes in the market price of metals. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Group. Interest rates, inflation, exchange rates and world supply of mineral commodities can all cause fluctuations in the market prices for these metals. Such external economic factors are in turn influenced by changes in international economic growth patterns and political developments.

(b) Currency Risks

Part of the Group's operating expenses and revenues from operations are in RMB, one of the main currencies used by the Group. Currently, the RMB is linked to the US dollar by exchange rates managed through China's central bank. Accordingly, exchange rate fluctuations with the RMB may adversely affect the Group's financial position and operating results. The Group does not currently engage in foreign currency hedging activities.

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Foreign Exchange ("SAFE") or review by the payment bank in accordance with regulations issued by SAFE. However, even on the current account the RMB is not a freely convertible currency.

Foreign invested enterprises in China are currently allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There is no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account or repatriate profits. These limitations could affect the ability of the Group to pay dividends, obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

(c) Exploration, Development and Operating Risks

The exploration and development of mineral deposits involves significant risks over a significant period of time, which even with a combination of careful evaluation, experience and knowledge may not be eliminated. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economic viability of a mineral deposit depends on many factors, including size, grade, cost of operations, metal prices, cost of processing equipment, and continuing access to smelter facilities on acceptable terms, government regulations, land tenure, and environmental protection. The exact effect of these factors cannot be measured but the combinations of these factors may impact the success of the Group's mineral exploration, development and acquisition activities. Even after the commencement of mining operations, such operations may be subject to risks and hazards such as environmental hazards, industrial accidents, cave-ins, rock bursts, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Group. The Group does not maintain insurance against political or environmental risks.

The Group's properties are mainly located in the Xinjiang region, a sector which has in the past experienced seismic activity of six to seven on the Richter scale. Therefore, planning for mines and infrastructures must consider seismicity in the design and there exist a risk that seismic activities may cause significant damages to the Group's infrastructures and operations in the area.

The development of mining properties has inherent risks. The Group may not have sufficient technical or financial resources to complete the projects. Costs over-runs are common in mining projects and may pose a risk for the Group.

(d) Uncertainty of Ore Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

For some of its properties, the Group may prepare its own mineral reserves and resources estimate only in accordance with the former China Ministry of Geological and Mineral Resources ("CMGMR") classification system. The CMGMR classification system is not compliant with the Canadian Securities Administrators NI 43-101. These figures are only estimates and there cannot be any assurance given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are determined based upon assumed commodity prices and operating costs. These factors may in the future render certain mineral reserves and resources unproductive and may ultimately result in a significant reduction in reserves and resources.

(e) Capital Requirements

The Group does have limited financial resources. Although the Group believes it will be able to fund the development of its mineral properties through existing working capital, and a combination of debt and equity, there can be no assurance the Group will be able to raise additional funding if needed. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of some of the Group's properties.

(f) Risks Relating to Conducting Business in China

The business operations of the Group are located in, and the revenues of the Group are derived from activities in, China. Accordingly, the business, financial condition and results of operations of the Group could be significantly and adversely affected by economic, legal, political and social changes in China. Generally, China demonstrates favourable policies towards foreign investments. However, there is no guarantee that current policy trends and the existing economic policy of China will not be changed. A change in policies in China could adversely affect the Group.

China's local, provincial and central authorities exercise a substantial degree of control over the mining industry in China. The Group's operations are subject to Chinese laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor standards, occupational health and safety, waste treatment and environmental protection, and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may restrict the business operations of the Group or increase the Group's operating costs and thus adversely affect the Group's results.

(g) Permits and Licences

The operations of exploration and mining require specific licences and permits e.g. exploration licence for exploration activities and exploitation licence for exploitation activities. Any changes in regulations imposed by the governments due to any reasons are beyond the control of the Group and may adversely affect its business and its ability or retain title to its property and obtain some of the necessary licences. The changes of regulations may include, but not limited to, varying degrees of those with respect to stricter restrictions on production, price controls, export controls, income taxes, and expropriation of property, employment, land use, water use, environmental legislation and mine safety.

GobiMin's exploration and exploitation licences are subject to annual audit by the Department of Land and Resources of Xinjiang, China. In their annual audit, the authorities may consider whether the Group's mining activities have been in compliance with the relevant laws and regulations. If the Group fails to meet the relevant requirements or materially breaches any laws or regulations, it may not pass such audit, in which case it may be subject to penalties in accordance with applicable laws, or be given a deadline to rectify deficiencies, or, in serious cases, have its permits and licences revoked. While the Group has never encountered such problems in the past, there can be no assurance that it will pass future audits. Should permits or licences be suspended or revoked, GobiMin's business and results of operations could be materially affected. The mining licence for the Gold Project was granted for an initial period of 8 years. As at December 31, 2015, the remaining valid period of the mining licence was approximately 2 years. There is no guarantee that such mining licence will be renewed at its expiration.

(h) Environmental Regulation

The mining operations of the Group are subject to environmental regulations promulgated by relevant governments. The relevant environmental regulations impose restrictions and prohibitions on spills, or handling of various substances produced during mining or processing operations. In addition, approval of environmental impact assessment for certain types of the mining operations are required. In breach of such regulations or failure of the governmental approval may result in the imposition of fines and penalties. The costs of compliance with environmental regulations, such as advanced equipment which is environmental friendly, has the potential to reduce the profitability of future operations.

(i) Dependence on Key Managerial Employees

The success of the Group is highly dependent upon the continued services of a small number of key managerial employees both in Canada and China, including Mr. Felipe Tan, the Chief Executive Officer of the Company and Mr. Zhang Ming, a Director of the Company and General Manager of the Chinese subsidiaries. The Group does not currently maintain key-man life insurance policies on any member of management. Accordingly, the loss of any of these executives could have a material adverse effect on the Group.

(j) Competition

There is significant and increasing competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Group competes with other mining companies, some of which have greater financial resources, and as a result, the Group may not be able to acquire mineral interests on terms it considers acceptable. As well, the Group competes for the recruitment and retention of qualified employees and other personnel. The current economic growth in China and the corresponding creation of a more liquid market for skilled employees may lead to future problems in retaining local Chinese management. As a result of this competition, the Group may not be able to acquire additional mineral interests and hire or retain qualified personnel for its projects.

(k) Dividend Policy

GobiMin has been declaring and paying an annual dividend to its shareholders since 2005. GobiMin currently intends to continue to pay annual dividends subject to earnings, capital availability and periodic determinations that cash dividends are in the best interest of the Group and our shareholders. Our dividend policy may change from time to time at the discretion of our board of directors and we may or may not continue to declare dividend payments. A change in our dividend policy could have a negative effect on our stock price.