

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

September 30, 2017

(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements and the accompanying notes thereto contained in this report have been prepared by the management and have not been reviewed or audited by the Company's external auditor.

GobiMin Inc.
Condensed Interim Statements of Financial Position (Unaudited)
As at September 30, 2017 and December 31, 2016
(Expressed in United States Dollars)

	Note	September 30, 2017	December 31, 2016
ASSETS		\$	\$
Current			
Cash and cash equivalents	5	23,895,168	27,164,240
Prepayments, deposits and other receivables		281,121	184,383
Financial assets	9	2,572,412	3,886,101
Amounts due from a related company	6	3,500,000	3,500,000
Total current assets		30,248,701	34,734,724
Non-current			
Property, plant and equipment	7	13,376,323	13,929,097
Investment properties		1,625,091	1,714,109
Exploration and evaluation assets	8	29,335,449	29,335,449
Interests in associates		190,284	194,241
Financial assets	9	6,076,642	5,379,766
Deposit paid to related parties	13.3	28,700	28,700
Total non-current assets		50,632,489	50,581,362
Total assets		80,881,190	85,316,086
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	10	1,174,338	1,413,985
Income taxes payable		1,127,107	1,235,586
Bank loan	11	1,057,272	1,195,109
Total current liabilities		3,358,717	3,844,680
Total liabilities		3,358,717	3,844,680
SHAREHOLDERS' EQUITY			
Share capital	12	22,096,211	22,346,312
Reserves and retained earnings		55,055,924	58,666,057
Equity attributable to shareholders of the Company		77,152,135	81,012,369
Non-controlling interests		370,338	459,037
Total shareholders' equity		77,522,473	81,471,406
Total liabilities and shareholders' equity		80,881,190	85,316,086

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

APPROVED BY THE BOARD ON NOVEMBER 22, 2017 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Hubert Marleau
Director

GobiMin Inc.
Condensed Interim Statements of Comprehensive Income (Unaudited)
For the three months and nine months ended September 30, 2017 and 2016
(Expressed in United States Dollars)

	Note	Three Months Ended		Nine Months Ended	
		September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
		\$	\$	\$	\$
Interest income		133,996	75,969	391,228	210,443
Rental income		87,570	93,980	263,172	282,538
Gain on disposal of financial assets		-	41,500	8,890	72,600
Gain on disposal of interest in an associate	6	-	9,461,025	-	9,461,025
Gain/(loss) on fair value change of listed securities		(777,221)	103,629	(1,813,514)	103,629
Loss on fair value change of available-for-sale financial asset		-	-	(197,584)	-
Gross profit/(loss)		(555,655)	9,776,103	(1,347,808)	10,130,235
General and administrative expenses		(703,388)	(975,290)	(2,084,047)	(2,573,567)
Share of results of associates		(1,344)	163,493	(3,958)	360,234
Operating income/(loss)		(1,260,387)	8,964,306	(3,435,813)	7,916,902
Gain on disposal of property, plant and equipment		-	-	9,009	-
Exchange loss		(196)	(41,385)	(8,965)	(118,574)
Finance costs		(6,349)	(7,209)	(21,590)	(10,912)
Profit/(loss) before income tax		(1,266,932)	8,915,712	(3,457,359)	7,787,416
Income tax credit		-	-	108,479	-
Net profit/(loss) and total comprehensive income/(loss) for the period		(1,266,932)	8,915,712	(3,348,880)	7,787,416
Profit/(loss) for the period attributable to:					
Shareholders of the Company		(1,234,564)	8,951,113	(3,260,181)	7,890,650
Non-controlling interests		(32,368)	(35,401)	(88,699)	(103,234)
		(1,266,932)	8,915,712	(3,348,880)	7,787,416
Total comprehensive income/(loss) for the period attributable to:					
Shareholders of the Company		(1,234,564)	8,951,113	(3,260,181)	7,890,650
Non-controlling interests		(32,368)	(35,401)	(88,699)	(103,234)
		(1,266,932)	8,915,712	(3,348,880)	7,787,416
Net earnings/(losses) per share					
Basic and diluted	12.7	(0.025)	0.173	(0.065)	0.152
Weighted average number of shares outstanding		Share	Share	Share	Share
Basic and diluted	12.7	50,064,308	51,620,689	50,267,643	52,020,863

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

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the nine months ended September 30, 2017 and 2016
(Expressed in United States Dollars)

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital Note 12.1	Contributed surplus	Share option reserve	General reserve Note 12.3	Translation reserve Note 12.4	Retained earnings		
At January 1, 2016	\$ 23,219,017	\$ 2,399,939	\$ 208,349	\$ 501,965	\$ 1,637,358	\$ 49,566,637	\$ 627,107	\$ 78,160,372
Profit/(loss) for the period	-	-	-	-	-	7,890,650	(103,234)	7,787,416
Total comprehensive income/(loss)	-	-	-	-	-	7,890,650	(103,234)	7,787,416
Dividend paid	-	-	-	-	-	(372,653)	-	(372,653)
Shares repurchased	(458,888)	2,766	-	-	-	139,932	-	(316,190)
Options cancelled	-	-	(3,484)	-	-	3,484	-	-
Share based payment	-	-	36,213	-	-	-	-	36,213
At September 30, 2016	22,760,129	2,402,705	241,078	501,965	1,637,358	57,228,050	523,873	85,295,158
At January 1, 2017	22,346,312	2,399,939	229,243	501,965	(911,152)	56,446,062	459,037	81,471,406
Loss for the period	-	-	-	-	-	(3,260,181)	(88,699)	(3,348,880)
Total comprehensive loss	-	-	-	-	-	(3,260,181)	(88,699)	(3,348,880)
Dividend paid	-	-	-	-	-	(373,631)	-	(373,631)
Shares repurchased	(250,101)	-	-	-	-	20,428	-	(229,673)
Share based payment	-	-	3,251	-	-	-	-	3,251
At September 30, 2017	22,096,211	2,399,939	232,494	501,965	(911,152)	52,832,678	370,338	77,522,473

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

GobiMin Inc.**Condensed Interim Statements of Cash Flows (Unaudited)****For the three months and nine months ended September 30, 2017 and 2016**

(Expressed in United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2017	September 30, 2016	September 30, 2017	September 30, 2016
	\$	\$	\$	\$
Operating activities				
Profit/(loss) before income tax	(1,266,932)	8,915,712	(3,457,359)	7,787,416
Adjustments for items not involving cash:				
- Depreciation	200,340	252,245	647,618	756,530
- Share-based payment	1,096	12,159	3,251	36,213
- Share of results of associates	1,344	(163,493)	3,958	(360,234)
- Gain on disposal of property, plant and equipment	-	-	(9,009)	-
- Gain on disposal of financial assets	-	(41,500)	(8,890)	(72,600)
- Gain on disposal of interest in an associate	-	(9,461,025)	-	(9,461,025)
- Gain/(loss) on fair value change of listed securities	777,221	(103,629)	1,813,514	(103,629)
- Impairment loss on available-for-sale financial asset	-	-	197,584	-
- Exchange difference	196	41,385	8,965	118,574
- Interest income	(133,996)	(75,969)	(391,228)	(210,443)
- Interest expense	5,989	6,906	19,123	8,464
	(414,742)	(617,209)	(1,172,473)	(1,500,734)
Working capital adjustments:				
- Prepayments, deposits and other receivables	(45,719)	(4,838)	(105,703)	(164,040)
- Amount due from a related company	-	(1,594,454)	-	(3,507,207)
- Other payables, receipts in advance and accrued liabilities	62,221	66,345	(214,550)	(227,783)
- Income tax paid	-	-	-	(276,571)
Net cash flow used in operating activities	(398,240)	(2,150,156)	(1,492,726)	(5,676,335)
Financing activities				
Interest paid	(5,989)	(6,906)	(19,123)	(8,464)
Shares repurchased	(85,251)	(55,087)	(229,673)	(316,190)
Repayment of obligations under finance lease	(4,036)	(11,830)	(25,097)	(35,489)
Dividend paid	205	-	(373,631)	(372,653)
Repayment of bank loan	(45,945)	(45,947)	(137,837)	(45,947)
Proceeds from bank loan	-	-	-	1,287,002
Net cash flow from/(used in) financing activities	(141,016)	(119,770)	(785,361)	508,259
Investing activities				
Interest received	133,996	75,969	391,228	210,443
Additions of property, plant and equipment	-	1,648	(5,826)	(40,149)
Proceeds from disposal of property, plant and equipment	-	-	9,009	-
Net addition of listed debentures	-	(96,770)	(885,571)	(2,493,170)
Net proceeds from disposal of equity interest in an associate	-	10,392,669	-	10,392,669
Net maturity/(addition) of certificate of deposit	1,503,172	-	(499,825)	-
Net cash flow from/(used in) investing activities	1,637,168	10,373,516	(990,985)	8,069,793
Increase/(decrease) in cash and cash equivalents	1,097,912	8,103,590	(3,269,072)	2,901,717
Cash and cash equivalents at beginning of the period	22,797,256	20,863,213	27,164,240	26,065,086
Cash and cash equivalents at end of the period	23,895,168	28,966,803	23,895,168	28,966,803

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

1. CORPORATE INFORMATION

GobiMin Inc. (the “Company” or “GobiMin”), together with its subsidiaries (collectively the “Group”), 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, as a Tier 2 investment issuer. Its registered office is situated at 2500 – 120 Adelaide Street West, Toronto, Ontario M5H 1T1, Canada.

In September 2017, the Company completed a change of business from “mining issuer” to “investment issuer”. The Company is principally engaged in the investment in equity, debt or other securities as well as direct ownership stakes in projects, including the development of mineral properties, mainly in the Xinjiang Uygur Autonomous Region (“Xinjiang”) of the People’s Republic of China (“China”).

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2016. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2017.

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2016.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are consistent with the policies disclosed in notes 2 and 3 to the consolidated financial statements for the year ended December 31, 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued by the International Accounting Standards Board but is not yet effective.

4. SEGMENT INFORMATION

In September 2017, the Company completed a change of business from “mining issuer” to “investment issuer” and since then, the Group is engaged in two operating segments, namely (i) the development, exploration and exploitation of mineral properties, mainly in Xinjiang, China (“mining business”); and (ii) the investment in equity, debt or other securities as well as direct ownership stakes in projects (“investment business”).

The segment information has been prepared as if the two operating segments had been in existence since January 1, 2017. No segment information for 2016 is prepared as the Group had only one single reportable segment, which is mining business, in 2016.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

(a) Segment information for assets and liabilities are as follows:

As at	September 30, 2017
	\$
Segment assets	
Investment business	36,319,882
Mining business	35,806,789
Total segment assets	72,126,671
Unallocated	8,754,519
Consolidated assets	80,881,190
Segment liabilities	
Investment business	2,184,379
Mining business	856,591
Total segment liabilities	3,040,970
Unallocated	317,747
Consolidated liabilities	3,358,717

(b) Segment information for operating results are as follows:

	For the three months ended September 30, 2017	For the nine months ended September 30, 2017
	\$	\$
Segment revenue and results		
Investment business	(643,225)	(1,610,980)
Mining business	(107,892)	(295,663)
	(751,117)	(1,906,643)
Other income and gains	87,570	263,172
Unallocated corporate expenses	(595,496)	(1,788,384)
Share of results of associates	(1,344)	(3,958)
Gain on disposal of property, plant and equipment	-	9,009
Exchange loss	(196)	(8,965)
Finance costs	(6,349)	(21,590)
Loss before tax	(1,266,932)	(3,457,359)

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	September 30, 2017	December 31, 2016
	\$	\$
Canada	624,686	283,752
Hong Kong	22,073,328	25,385,468
China	1,197,154	1,495,020
Total	23,895,168	27,164,240

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 reporting date.

6. AMOUNTS DUE FROM A RELATED COMPANY/GAIN ON DISPOSAL OF INTEREST IN AN ASSOCIATE

The loan is made to a subsidiary of Loco Hong Kong Holdings Limited (“Loco HK”), previously an associate of the Company, and is unsecured, bears interest rate at 3.5% per annum. It is repayable on April 6, 2018 or on demand with 3 days’ notice.

Upon the disposal of the Company’s investment in 113,000,000 shares of Loco HK in August 2016, it was derecognized as the Company’s associate company and the Group recognized a gain of \$9,461,025 from the disposal.

At September 30, 2017, the Company has an equity interest of 8.38% in Loco HK, of which Mr. Felipe Tan, Chief Executive Officer of GobiMin, is a director. Such investment has been classified as financial assets as disclosed in note 9 to the financial statements.

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2016	15,457,717	196,958	397,619	644	1,028,284	17,081,222
Exchange difference	(436,438)	-	(23,414)	(42)	(49,030)	(508,924)
Additions	231,660	40,149	-	-	-	271,809
At December 31, 2016	15,252,939	237,107	374,205	602	979,254	16,844,107
Additions	-	-	5,826	-	-	5,826
Disposals	-	-	-	-	(140,026)	(140,026)
At September 30, 2017	15,252,939	237,107	380,031	602	839,228	16,709,907

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Depreciation and impairment:	\$	\$	\$	\$	\$	\$
At January 1, 2016	985,851	109,693	277,585	644	758,005	2,131,778
Exchange difference	(18,374)	-	(16,544)	(42)	(37,675)	(72,635)
Depreciation for the year	599,505	78,030	37,942	-	140,390	855,867
At December 31, 2016	1,566,982	187,723	298,983	602	860,720	2,915,010
Depreciation for the period	456,000	31,650	23,537	-	47,413	558,600
Eliminated on disposals	-	-	-	-	(140,026)	(140,026)
At September 30, 2017	2,022,982	219,373	322,520	602	768,107	3,333,584
Net book value:						
At December 31, 2016	13,685,957	49,384	75,222	-	118,534	13,929,097
At September 30, 2017	13,229,957	17,734	57,511	-	71,121	13,376,323

As at September 30, 2017, the carrying amount of property, plant and equipment which were located in Hong Kong amounted to \$7,752,586 (December 31, 2016: \$8,083,950). The remaining property, plant and equipment were located in China.

The leasehold land and buildings with carrying value of \$5,475,943 (December 31, 2016: \$5,673,868) has been pledged as security of a loan facility of \$1,133,848 (December 31, 2016: \$1,287,002). As at September 30, 2017, the outstanding balance amounted to \$1,057,272 (December 31, 2016: \$1,195,109). For details of the bank loan, please refer to note 11 to the financial statements.

8. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note 8.1	Others Note 8.2	Total
Cost:	\$	\$	\$
At January 1, 2016	7,899,612	23,563,153	31,462,765
Exchange difference	(516,488)	(1,540,592)	(2,057,080)
Disposals	-	(70,236)	(70,236)
At December 31, 2016	7,383,124	21,952,325	29,335,449
At September 30, 2017	7,383,124	21,952,325	29,335,449

8.1 Mining Rights

The mining rights represented the mining and exploration rights of the Sawayaerdun Gold Project (“Gold Project”) located at 200 km northwest of the city of Kashi, western Xinjiang, China. As at September 30, 2017, the remaining valid period of the exploration licence and mining licence was less than 1 year.

8.2 Others

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

9. FINANCIAL ASSETS

<u>As at</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	\$	\$
Current		
Listed securities	2,072,587	3,886,101
Certificate of deposit	499,825	-
	<u>2,572,412</u>	<u>3,886,101</u>
Non-current		
Debentures	6,076,642	5,182,182
Available-for-sale financial asset	-	197,584
	<u>6,076,642</u>	<u>5,379,766</u>
Total	<u>8,649,054</u>	<u>9,265,867</u>

As at September 30, 2017, the listed securities represented the investment in an equity interest of 8.38% in Loco HK that are designated at fair value through profit or loss as disclosed in note 6 to the financial statements. The fair value of the investment is determined with reference to quoted market price.

Certificate of deposit represented deposit placed with a bank which will mature in February 2018 with coupon rate of 1.030% per annum and is stated at amortised cost.

Debentures are classified as financial assets at fair value through profit or loss, with coupon rates ranged from 4.250% to 9.000% (December 31, 2016: 4.250% to 9.000%) per annum and maturities ending between November 3, 2019 and perpetual (December 31, 2016: November 3, 2019 and perpetual).

10. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at September 30, 2017 and December 31, 2016, 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 and accrual of office expenses.

<u>As at</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	\$	\$
Other payables	861,299	868,164
Accrued liabilities	213,719	416,460
Receipts in advance	90,423	97,022
Deposit received	8,897	7,462
Obligation under finance leases – current portion	-	24,877
	<u>1,174,338</u>	<u>1,413,985</u>

11. BANK LOAN

<u>As at</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	\$	\$
Bank loan due for repayment within one year	183,784	183,784
Bank loan due for repayment after one year but contained a repayment on demand clause (shown under current liabilities)	873,488	1,011,325
Total bank loan, secured and interest bearing	<u>1,057,272</u>	<u>1,195,109</u>

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

The bank loan is denominated in Hong Kong dollars and bears interest at Hong Kong Interbank Offered Rate plus 1.75% per annum. It is secured by (i) the leasehold land and buildings of the Group; and (ii) a personal guarantee given by a director to an extent of \$1,930,502 (HK\$15,000,000) as disclosed in notes 7 and 13.2 to the financial statements. The bank loan is repayable by 84 monthly instalments with the last instalment on September 28, 2023.

12. SHARE CAPITAL AND STOCK OPTIONS

12.1 Common Shares

	Number	Amount
<u>Authorized:</u>		\$
Unlimited number of common shares		
<u>Issued and outstanding:</u>		
At January 1, 2016	52,546,482	23,219,017
Shares repurchased and cancelled	(1,975,000)	(872,705)
At December 31, 2016	50,571,482	22,346,312
Shares repurchased and cancelled	(566,000)	(250,101)
At September 30, 2017	50,005,482	22,096,211

12.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

12.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the three and nine months ended September 30, 2017, there was no movement in the general reserve.

12.4 Translation Reserve

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

12.5 Normal Course Issuer Bid

On February 8, 2017, GobiMin was granted approval to renew its normal course issuer bid to repurchase up to an additional 2,528,574 common shares (2016: 2,627,324), 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, 2018. For the nine months ended September 30, 2017, 566,000 common shares were repurchased at an aggregate cost of \$229,673 (CAD309,015) under the renewed issuer bid. All shares repurchased has been returned to treasury for cancellation. The Company has terminated its normal course issuer bid on August 3, 2017.

12.6 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, 2016: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2017
(Express in United States Dollars)

a) **Status of the outstanding employee stock options:**

	<u>Nine months ended September 30, 2017</u>		<u>Nine months ended September 30, 2016</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the period	2,280,000	\$ 0.37	2,450,000	0.43
Forfeited during the period	-	-	(27,000)	0.43
Outstanding, end of the period	2,280,000	0.37	2,423,000	0.43

b) **Summary of the employee stock options outstanding and exercisable:**

<u>Exercise Price</u>	<u>Exercise Price</u>	<u>Number of Options Outstanding</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options Exercisable</u>	<u>Weighted Average Remaining Contractual Life (Years)</u>	<u>Weighted Average Exercise Price</u>
<u>CAD</u>	<u>\$</u>			<u>\$</u>			<u>\$</u>
<u>At September 30, 2017</u>							
0.50	0.37	2,000,000	0.25	0.37	2,000,000	0.25	0.37
0.50	0.37	280,000	2.25	0.37	168,000	2.25	0.37
		2,280,000	0.50	0.37	2,168,000	0.40	0.37
<u>At December 31, 2016</u>							
0.50	0.37	2,000,000	1.00	0.37	2,000,000	1.00	0.37
0.50	0.37	280,000	3.00	0.37	168,000	3.00	0.37
		2,280,000	1.25	0.37	2,168,000	1.15	0.37

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:

<u>Grant date</u>	<u>December 19, 2014</u>	<u>December 19, 2014</u>
Exercise Price (CAD)	0.50	0.50
Expected life (year)	3	5
Expected volatility	38%	38%
Dividend yield	-	-
Discount rate	1.10%	1.66%
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.

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12.7 Basic and Diluted Earnings/(Losses) Per Share

For the three months ended	September 30, 2017	September 30, 2016
Net earnings attributable to shareholders		
Basic and diluted	(\$1,234,564)	\$8,951,113
Weighted average number of shares outstanding		
Basic and diluted	50,064,308	51,620,689
Basic and diluted earnings/(losses) per share	(\$0.025)	\$0.173
For the nine months ended	September 30, 2017	September 30, 2016
Net earnings attributable to shareholders		
Basic and diluted	(\$3,260,181)	\$7,890,650
Weighted average number of shares outstanding		
Basic and diluted	50,267,643	52,020,863
Basic and diluted earnings/(losses) per share	(\$0.065)	\$0.152

The stock options outstanding during the period 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 losses per share.

13. RELATED PARTY TRANSACTIONS

13.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	September 30, 2017	September 30, 2016
	\$	\$
Wages, fees and other benefits	98,067	253,539
Payment to defined contribution plans	579	2,665
Share-based payment	340	10,554
	98,986	266,758
For the nine months ended	September 30, 2017	September 30, 2016
	\$	\$
Wages, fees and other benefits	295,238	531,060
Payment to defined contribution plans	1,737	7,964
Share-based payment	1,009	31,432
	297,984	570,456

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13.2 Related party transactions

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

Relationship	Type of transactions	For the three months ended	
		September 30, 2017	September 30, 2016
		\$	\$
Companies controlled by a director	Rental income	11,918	12,318
	Share of office common expenses	2,307	-
An associate	Rental income	-	20,077
	Interest income	-	16,015
	Share of office common expenses and staff cost	-	3,589
A company with a common director who has controlling interest in the Company	Rental income	30,116	10,039
	Interest income	30,876	10,068
	Share of office common expenses and staff cost	25,575	1,426

Relationship	Type of transactions	For the nine months ended	
		September 30, 2017	September 30, 2016
		\$	\$
Companies controlled by a director	Rental income	35,753	32,839
	Share of office common expenses	2,307	-
An associate	Rental income	-	80,309
	Interest income	-	28,768
	Share of office common expenses and staff cost	-	70,855
A company with a common director who has controlling interest in the Company	Rental income	90,348	10,039
	Interest income	91,623	10,068
	Share of office common expenses and staff cost	76,977	1,426

As at September 30, 2017, the Group has a loan facility secured by a guarantee given by a director as disclosed in note 11 to the financial statements.

13.3 Advances to related parties

The deposit paid to related parties represented deposit payment to a non-controlling shareholder of an associate for exploration services.

Amounts due from a related company was disclosed in note 7 to the financial statements.

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

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14. COMMITMENTS

14.1 Capital commitments

The Group has the following capital commitment:

<u>As at September 30, 2017</u>	<u>Contract Date</u>	<u>Contracted Sum</u>	<u>Capital Commitments</u>
		\$	\$
Exploration services	April 7, 2010	660,103	157,381
Mine design and related facilities	October 31, 2011	1,148,005	631,403
Office building renovation	March 2, 2013	1,884,147	830,524
Research on gold processing method	June 1, 2016	121,976	14,350
Total capital commitments for the Gold Project		3,814,231	1,633,658

14.2 Operating lease commitments

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:

<u>As at</u>	<u>September 30, 2017</u>	<u>December 31, 2016</u>
	\$	\$
Within one year	183,784	90,808
In the second to fifth years inclusive	873,488	189,173
Total future minimum lease receivables	1,057,272	279,981

15. 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.

15.1 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:

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- ◆ 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 Using			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>As at September 30, 2017</u>				
Listed securities	2,072,587	-	-	2,072,587
Debentures	6,076,642	-	-	6,076,642
	8,149,229	-	-	8,149,229
<u>As at December 31, 2016</u>				
Listed securities	3,886,101	-	-	3,886,101
Debentures	5,182,182	-	-	5,182,182
	9,068,283	-	-	9,068,283

15.2 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.

15.3 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 Chinese 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.

15.4 Credit Risk

The Group is exposed to credit risk with respect to 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 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.

15.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at September 30, 2017, the Group held cash and cash equivalents of \$23,895,168 and net current assets of \$26,889,984. 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.

15.6 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.

16. 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 \$77,522,473 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.

17. EVENTS AFTER THE REPORTING DATE

17.1 On October 6, 2017, GobiMin extended the repayment term from October 6, 2017 to April 6, 2018 with respect to the \$4 million revolving term loan facility bearing an interest rate of 3.5% per annum in favor of China Precision as disclosed in note 6. The outstanding balance of the loan together with interest due from China Precision was \$3,517,788 as at November 22, 2017.

17.2 In October 2017, GobiMin entered into a subscription agreement to acquire a total of 581,818 non-transferable subscription receipts ("Subscription Receipts") in North American Lithium Inc. ("NAL") through a private placement at a cost of \$2.04 (CAD2.75) per Subscription Receipts for a total consideration of \$1,189,189 (CAD1,600,000). The Subscription Receipts will be exchanged for 581,818 shares of Richmond Road Capital Corp (TSXV: RRD.H) which will be renamed as "North American Lithium Inc." subject to the terms and conditions of the subscription agreement.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Interim Management's Discussion and Analysis of Financial Results - Quarterly Highlights

September 30, 2017

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended September 30, 2017
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The Quarterly Highlights of GobiMin Inc. (the “Company” or “GobiMin”) provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis (the “Annual MD&A”) for the fiscal year ended December 31, 2016. The Quarterly Highlights do not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

The Quarterly Highlights have been prepared by management as of November 22, 2017 and in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with its condensed interim financial statements for the quarter ended September 30, 2017 prepared in accordance with International Financial Reporting Standards (“IFRS”), its audited consolidated financial statements for the year ended December 31, 2016 prepared in accordance with IFRS and the Annual MD&A.

Additional information is accessible at the Company’s website www.gobimin.com or through the Company’s public filing at www.sedar.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, together with its subsidiaries (collectively, the “Group”), is an investment issuer under the rules of the TSX Venture Exchange. The Company is principally engaged in the investment in equity, debt or other securities as well as direct ownership stakes in projects, including the development of mineral properties, mainly in the Xinjiang Uygur Autonomous Region (“Xinjiang”) of the People’s Republic of China (“China”).

Currently, 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.

In addition, GobiMin owns 40% equity interests each in three companies incorporated in China to engage in base metals and precious metal exploration in Xinjiang.

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2. Financial Highlights

	3 months ended September 30		12 months ended
	2017	2016	December 31, 2016
	\$	\$	\$
Net profit (loss) for the period/year	(1.3 million)	8.9 million	6.9 million
EBITDA (LBITDA) ⁽¹⁾	(1.2 million)	9.1 million	7.6 million
Basic and diluted earnings (losses) per share	(0.025)	0.173	0.136
EBITDA (LBITDA) per share ⁽¹⁾	(0.024)	0.176	0.146
Cash and cash equivalents	23.9 million	29.0 million	27.2 million
Cash and cash equivalents per share ⁽¹⁾	0.48	0.56	0.54
Working capital	26.9 million	33.8 million	30.9 million
Total liabilities	3.4 million	3.9 million	3.8 million
Total assets	80.9 million	89.2 million	85.3 million

Note:

(1) As non-IFRS measurements, **EBITDA (LBITDA)** (earnings (losses) before interest income and expense, income taxes, depreciation and amortisation), **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

3.1 Change of Business

In light of the successful monetization of our previous investments and the current market conditions of the mining industry, the management believed that a diversified investment portfolio approach can generate more opportunities and flexibility for the Company and will create additional shareholder value in the long term. GobiMin completed its change of business from a “mining issuer” to an “investment issuer” in September 2017.

As an investment issuer, the management and the Board of Directors can have a pragmatic and open approach to the types of investments that may be made and held. The investment objective of the Company is to seek superior returns by making investments in equity, debt or other securities of publicly traded or private companies or other entities as well as direct ownership stakes in projects. New investments will be directed by an Investment Committee and guided by the Company’s Investment Policy which govern its investment activities and investment strategy. For further details regarding the change of business, please see the Company’s Management Information Circular dated August 3, 2017 and the Investment Policy appended thereto on SEDAR at www.sedar.com.

(a) Equity Investments

Equity investments represent equity interests of other publicly-trading or privately-held companies that the Company has acquired.

The equity investments portfolio is summarized as follow:

(i) As at September 30, 2017

The Group holds 40,260,000 shares of Loco Hong Kong Holdings Limited (“Loco HK”, together with its subsidiaries “Loco HK Group”), representing 8.38% of the total outstanding shares of Loco HK. Loco HK is a company incorporated in Hong Kong and the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited under the stock code 8162. For the three and nine months ended September 30, 2017, the fair value loss on investment in Loco HK were \$0.8 million (3 months ended September 30, 2016: gain of \$0.1 million) and \$1.8 million (9 months ended September 30, 2016: gain of \$0.1 million) respectively.

(ii) As at November 22, 2017

In addition to the shareholding in Loco HK, the Company entered in October, 2017 a subscription agreement to acquire a total of 581,818 non-transferable subscription receipts (“Subscription Receipts”) in North American Lithium Inc. (“NAL”) through a private placement at a cost of \$2.04 (CAD2.75) per Subscription Receipts for a total consideration of \$1,189,189 (CAD1,600,000). The Subscription Receipt will be exchanged for 581,818 shares of Richmond Road Capital Corp (TSXV: RRD.H) which will be renamed as “North American Lithium Inc.” subject to the terms and conditions of the subscription agreement.

(b) Debentures

The Group would hold debentures bearing low risks and reasonable interest return from various industries through the open market. Debentures are held to receive coupon interest payments as well as to realize potential gains. The Group may dispose of debentures through the open market when the Group requires funds for operational or investment needs.

As at 30 September 2017, the Group held \$6.1 million debentures with coupon rates ranged from 4.250% to 9.000% (December 31, 2016: 4.250% to 9.000%) per annum and maturities ranged between November 3, 2019 and perpetual (December 31, 2016: November 3, 2019 and perpetual).

(c) Certificate of Deposit

The Group would hold certificate of deposit placed with licensed banks bearing coupon rates of 1% per annum or above and having maturities within one year. As at 30 September 2017, the Group held \$0.5 million certificate of deposit with coupon rate of 1.030% per annum and maturity in February 2018.

(d) Gold Project in Xinjiang

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing and operating the Gold Project in Xinjiang. In this quarter, GobiMin continued to focus on applications for conversion and renewal of the exploration and mining licences. As at September 30, 2017, two of the three required Chinese standard geological reports for the conversion application were approved. The third report concerning the development plan is under schedule of preparation. The Company has also progressed with the application for renewal of the existing exploration and mining licence which was expired in February 2017. In addition, the Company has continued to

prepare the updated NI 43-101 mineral resource estimate for the Gold Project. GobiMin keeps seeking potential investors for the Gold Project.

As at September 30, 2017, there was no addition to the exploration and evaluation assets and the Group had a contractual commitment of \$1.6 million for the development of the Gold Project.

(e) **Base Metal Exploration Projects in Xinjiang**

The Group owns a 40% equity interest in each of the three companies incorporated in Xinjiang, China, which are engaged in exploration of nickel, copper, and gold. As at September 30, 2017, the carrying value of these companies, which are regarded as associates of the Group, amounted to \$0.2 million (RMB1.3 million) in aggregate. The dissolution procedures of these three exploration companies have been commenced since November 2017.

3.2 Normal Course Issuer Bid (“NCIB”)

On February 8, 2017, GobiMin was granted approval by the TSX Venture Exchange to renew its NCIB to repurchase up to an additional 2,528,574 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, 2018. For the nine months ended September 30, 2017, 566,000 common shares were repurchased under the NCIB at an aggregate cost of \$229,673 (CAD309,015). All shares repurchased were returned to treasury for cancellation. The NCIB was discontinued on August 3, 2017.

A copy of the related Notice of Intention to Make a NCIB will be provided to shareholders upon receipt of written request to the Company at its registered office.

3.3 Liquidity and Capital Resources

As at September 30, 2017, the working capital of the Group amounted to approximately \$26.9 million (December 31, 2016: \$30.9 million), by netting off its current assets of \$30.2 million (December 31, 2016: \$34.7 million) with current liabilities of \$3.4 million (December 31, 2016: \$3.8 million).

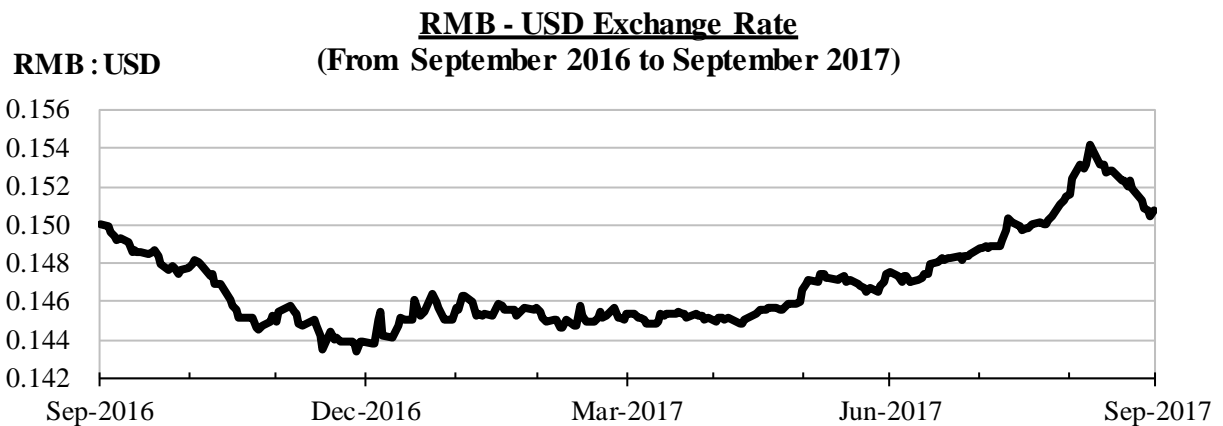
Among the cash and cash equivalents of \$23.9 million, approximately \$1.2 million were held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the relevant documentation required by applicable regulations, subject to the risks set out under the section named “Risk Factors” in the Company’s Annual MD&A for the fiscal year ended December 31, 2016, available on SEDAR at www.sedar.com. The Group will take precautions to ensure that the available capitals match with its various payment obligations in China and elsewhere.

Taking into account of its financial position, the management of the Group considered that its cash and cash equivalents will be more than sufficient to finance its operation, including the contractual commitments of the Gold Project of approximately \$1.6 million.

4. Key Economic Trends

4.1 China Economy

As GobiMin’s activity are mostly conducted in China, the conditions of the Chinese economy plays a paramount role in the Group’s exploration business. Since the Group reports in U.S. dollars, the Group’s cost structure may potentially be impacted by currency fluctuations. As at September 30, 2017, the exchange rate of the Chinese Renminbi against the U.S. dollar increased by 0.46%, as compared with that as at September 30, 2016.



4.2 Gold Market

The changes in price of gold have a strong influence on the Gold Project’s value. As at September 30, 2017, the gold price decreased by 2.74% from that as at September 30, 2016.



5. Selected Quarterly Information

For the three months ended September 30, 2017, the Group reported a net loss of \$1.3 million (Q3 2016: net profit \$8.9 million) which mainly comprised loss on fair value changes of listed securities of \$0.8 million (Q3 2016: gain of \$0.1 million), administrative expenses of \$0.7 million (Q2 2016: \$1.0 million).

In this quarter, the Group recorded a net cash inflow of \$1.1 million (Q3 2016: \$8.1 million). It was mainly the combined effect of \$1.5 million (Q3 2016: nil) cash inflow from maturity of certificate of deposit netting off payment of the office expenses of \$0.4 million (Q3 2016: \$1.0 million).

The total assets decreased by \$1.3 million from \$82.2 million as at June 30, 2017 to \$80.9 million in this quarter which mainly represented the net payment for office expenses of \$0.4 million, loss on fair value changes of listed securities of \$0.8 million and share repurchase of \$0.1 million.

6. Results of Operations

6.1 Revenue

Interest income and rental income in the third quarter of 2017 were \$0.1 million (3 months Q3 2016: \$0.1 million) and \$0.1 million (3 months Q3 2016: \$0.1 million) respectively. For the nine months ended September 30, 2017, interest income and rental income were \$0.4 million (9 months Q3 2016: \$0.2 million) and \$0.3 million (9 months Q3 2016: \$0.3 million) respectively.

There were no gain on disposal of financial assets (3 months Q3 2016: \$41,500) and gain on disposal of interest in an associate in the third quarter of 2017 (3 months Q3 2016: \$9.5 million). For the nine months ended September 30, 2017, gain on disposal of financial assets was \$8,890 (9 months Q3 2016: \$0.1 million) while there is no gain on disposal of interest in an associate (9 months Q3 2016: \$9.5 million).

Loss on fair value changes of listed securities was \$0.8 million for this quarter (3 months Q3 2016: gain of \$0.1 million) and \$1.8 million for the nine months ended September 30, 2017 (9 months Q3 2016: gain of \$0.1 million). The amount represented the fair value change on the 8.38% equity interest in Loco HK with reference to quoted market prices at the end of each reporting period.

For the three months ended September 30, 2017, there was no impairment loss on available-for-sale financial asset (3 months Q3 2016: nil). For the nine months ended September 30, 2017, the impairment loss on available-for-sale financial asset was \$0.2 million (9 months Q3 2016: nil). The amount represented the impairment loss on equity interest in Xinjiang Tongxing Minerals Limited (“Tongxing”).

6.2 General and Administrative Expenses

General and administrative expenses were \$0.7 million for this quarter (3 months Q3 2016: \$1.0 million) and \$2.1 million for the nine months ended September 30, 2017 (9 months Q3 2016: \$2.6 million). It mainly included pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

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6.3 Earnings/(Losses) Per Share

The basic and diluted losses per share were \$0.025 for this quarter (3 months Q3 2016: earnings of \$0.173) and \$0.065 for the nine months ended September 30, 2017 (9 months Q3 2016: earnings of \$0.152).

6.4 EBITDA (LBITDA)

The earnings/(losses) before interest income and expense, income taxes, depreciation and amortisation (“EBITDA (LBITDA)”), a non-IFRS performance measure, for this quarter were losses of \$1.2 million as compared to earnings of \$9.1 million incurred in the corresponding period last year. The calculation of EBITDA (LBITDA) was set out in the table below:

For the three months ended	September 30, 2017	September 30, 2016
	\$	\$
Profit/(loss) for the period	(1,266,932)	8,915,712
Interest income	(133,996)	(75,969)
Interest expense	5,989	6,906
Depreciation	200,340	252,245
EBITDA (LBITDA) ⁽¹⁾	(1,194,599)	9,098,894
EBITDA (LBITDA) per share ⁽²⁾	(0.024)	0.176

Note:

- (1) *As non-IFRS measurements, EBITDA (LBITDA) and EBITDA (LBITDA) 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.*

6.5 Annual Dividend

On April 20, 2017, the Company declared an annual dividend of \$0.01 (CAD0.01) per share in accordance with its dividend policy and 2016 performance. The dividend was paid on June 22, 2017 to shareholders of record on May 26, 2017.

7. Cash Flows

The following table summarised the Group’s cash flows and cash on hand:

As at	September 30, 2017	December 31, 2016
	\$	\$
Cash and cash equivalents	23,895,168	27,164,240
Working capital ⁽¹⁾	26,889,984	30,890,044

For the three months ended	September 30, 2017	September 30, 2016
	\$	\$
Net cash flow used in operating activities	(398,240)	(2,150,156)
Net cash flow used in financing activities	(141,016)	(119,770)
Net cash flow from investing activities	1,637,168	10,373,516
Increase in cash and cash equivalents	1,097,912	8,103,590

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For the nine months ended	September 30, 2017	September 30, 2016
	\$	\$
Net cash flow used in operating activities	(1,492,726)	(5,676,335)
Net cash flow from/(used in) financing activities	(785,361)	508,259
Net cash flow from/(used in) investing activities	(990,985)	8,069,793
Increase/(decrease) in cash and cash equivalents	(3,269,072)	2,901,717

Note:

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

7.1 Operating Activities

For the three months ended September 30, 2017

In this quarter, the Company recorded a net cash outflow from operating activities of \$0.4 million (3 months Q3 2016: \$2.2 million), mainly representing net cash payment of the office expenses of \$0.4 million (3 months Q3 2016: \$0.6 million). The decrease in cash outflow is mainly due to the loan to an associate of \$1.9 million which only incurred in 2016.

For the nine months ended September 30, 2017

For the nine months ended September 30, 2017, net cash outflow from operating activities was \$1.5 million (9 months Q3 2016: \$5.7 million) which mainly represented net cash payment of the office expenses of \$1.4 million (9 months Q3 2016: \$1.5 million). The decrease in cash outflow is mainly due to the loan to an associate of \$1.9 million which only incurred in 2016.

7.2 Financing Activities

For the three months ended September 30, 2017

In this quarter, the Company recorded a cash outflow from financing activities of \$0.1 million (3 months Q3 2016: \$0.1 million), mainly representing share repurchased of \$0.1 million (3 months Q3 2016: \$0.1 million).

For the nine months ended September 30, 2017

The cash outflow from financing activities was \$0.8 million for the nine months ended September 30, 2017 (9 months Q3 2016: inflow of \$0.5 million) which mainly represent dividend paid of \$0.4 million (9 months Q3 2016: \$0.4 million), share repurchase of \$0.2 million (9 months Q3 2016: \$0.3 million) and \$0.1 million repayment of bank loan (9 months Q3 2016: net proceeds from bank loan of \$1.3 million). The increase in net cash outflow of \$1.3 million was mainly due to proceeds from bank loan of \$1.3 million only incurred in 2016.

7.3 Investing Activities

For the three months ended September 30, 2017

In this quarter, the Company recorded a cash inflow from investing activities of \$1.6 million (3 months Q3 2016: \$10.4 million), mainly representing the mature of certificate of deposit of \$1.5 million (3 months

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Q3 2016: nil) while the cash inflow in 2016 mainly represented net proceeds from disposal of equity interest in an associate of \$10.4 million.

For the nine months ended September 30, 2017

For the nine months ended September 30, 2017, net cash outflow from investing activities was \$1.0 million (9 months Q3 2016: inflow of \$8.1 million) which mainly represents the net addition of listed debentures of \$0.9 million (9 months Q3 2016: \$2.5 million). The increase in net cash outflow of \$9.1 million was mainly due to proceeds from disposal of equity interest in an associate of \$10.4 million only incurred in 2016.

8. Statements of Financial Position

8.1 Cash and Cash Equivalents

The Group had approximately \$23.9 million in cash and cash equivalents as at September 30, 2017, compared to \$27.2 million as at December 31, 2016. The decrease of \$3.3 million was mainly due to net addition of certificate of deposit and debentures of \$1.4 million, payment of the office expenses of \$1.4 million and dividend paid of \$0.4 million.

8.2 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 nine months ended September 30, 2017, there was no addition in exploration and evaluation assets.

8.3 Financial Assets

As at September 30, 2017, financial assets comprised:

- (a) \$2.1 million investment in the 8.38% equity interest in Loco HK, the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited under the stock code 8162.
- (b) \$0.5 million certificate of deposit with coupon rate of 1.030% per annum and maturity in February 2018.
- (c) \$6.1 million debentures with coupon rates ranged from 4.250% to 9.000% per annum and maturities ranged between November 3, 2019 and perpetual.

8.4 Share Capital

As at September 30, 2017, GobiMin had 50,005,482 common shares issued and outstanding. For the nine months ended September 30, 2017, a total of 566,000 common shares were repurchased and cancelled.

9. Related Party Transactions

The Group had the following transactions with related parties:

9.1 During the nine months ended September 30, 2017

- (a) Fees and other remunerations to directors and key management amounted to \$0.3 million (Q3 2016: \$0.6 million).
- (b) Rental income of \$35,753 (Q3 2016: \$32,839) and share of office common expenses of \$2,307 (Q3 2016: nil) from companies controlled by a director.
- (c) Rental income of \$90,348 (Q3 2016: \$90,348) from a subsidiary of Loco HK.
- (d) Interest income of \$91,623 (Q3 2016: \$38,836) from a subsidiary of Loco HK.
- (e) Share of office common expenses and staff cost of \$76,977 (Q3 2016: \$72,281) from Loco HK.

9.2 As at September 30, 2017

- (a) A deposit of \$30,708 (December 31, 2016: \$28,700) paid to the non-controlling shareholder of an associate for exploration services.
- (b) The principal amount of a loan of \$3.5 million (December 31, 2016: \$3.5 million) together with the accrued interest was due from a subsidiary of Loco HK.
- (c) Bank loan facility of \$1.1 million (December 31, 2016: \$1.3 million) secured by a director.

10. Capital Commitment

As at September 30, 2017, the Group had capital commitments with an aggregate amount of \$1.6 million (RMB11.4 million) in relation to the construction of an office building renovation, mine design and related facilities and research on gold processing method. The total contracted amount is \$3.8 million (RMB26.6 million), of which \$2.2 million (RMB15.2 million) has been paid or provided for.

11. Off-Balance Sheet Arrangements

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

12. Future plans for material investments

The Group intends to use its available funds to invest in each of equity, debt instruments and other investments as part of its focus as an investment issuer. The Company currently intends to make investments of up to \$6 million during the 12-months period ending September 5, 2018.

13. Outstanding Share Data

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

As at	December 31, 2016	September 30, 2017	November 22, 2017
Number of Common Shares Outstanding	50,571,482	50,005,482	50,005,482
Number of Options Outstanding	2,280,000	2,280,000	2,280,000
Number of Common Shares Fully Diluted	52,851,482	52,285,482	52,285,482

14. Risk Factors

The mining business conducted by the Group is subject to a number of risks. 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. Prospective investors should carefully consider the risks factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2016, available on SEDAR at www.sedar.com.