

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Interim Management's Discussion and Analysis of Financial Results

- Quarterly Highlights

March 31, 2019

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended March 31, 2019
(Expressed in United States Dollars)
May 23, 2019

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, 2018. 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 May 23, 2019 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 March 31, 2019 prepared in accordance with International Financial Reporting Standards (“IFRS”), its audited consolidated financial statements for the year ended December 31, 2018 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, the shares of which are traded on the TSX Venture Exchange under the symbol GMN, is an investment issuer under the rules of the TSX Venture Exchange. The Company, together with its subsidiaries (collectively the “Group”), 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 and equity investments and debentures for reasonable interest return and potential capital gains.

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended March 31, 2019
(Expressed in United States Dollars)
May 23, 2019

2. Financial Highlights

	3 months ended March 31		12 months ended
	2019	2018	December 31, 2018
	\$	\$	\$
Revenue	0.3 million	0.3 million	1.5 million
Gain on disposal of financial assets	25,000	-	3,500
Fair value gain/(loss) on financial assets	1.0 million	(0.2 million)	(1.1 million)
Net profit/(loss) for the period/year	0.6 million	(0.6 million)	(2.9 million)
Profit/(loss) attributable to shareholders of the Company	0.6 million	(0.6 million)	(2.8 million)
EBITDA/(LBITDA) ⁽¹⁾	0.5 million	(0.6 million)	(3.2 million)
Basic and diluted earnings/(loss) per share	0.012	(0.011)	(0.056)
EBITDA/(LBITDA) per share ⁽¹⁾	0.010	(0.013)	(0.064)
Cash and cash equivalents	15.7 million	18.0 million	17.1 million
Cash and cash equivalents per share ⁽¹⁾	0.32	0.36	0.34
Working capital	21.5 million	20.7 million	19.3 million
Total liabilities	2.9 million	3.3 million	3.5 million
Total assets	78.1 million	83.0 million	78.1 million
Annual dividend per share	-	-	0.01

Note:

(1) As non-IFRS measurements, **EBITDA/(LBITDA)** (earnings/(loss) 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

3.1 Equity Investments and Debentures

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 governs its investment activities and investment strategy.

(a) Equity Investments

Equity investments represent equity interests of publicly-traded or privately-held companies that the Company has acquired. It is summarized as follows:

(i) Gold Project in Xinjiang

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing the Gold Project in Xinjiang. The exploration licence and the mining licence expired by the end of 2018. The renewal of the mining licence was officially announced on the website of the Department of Land and Resources on January 23, 2019. At the reporting date, the Company awaited for the collection notice of the renewed mining licence from the relevant authorities. The application

documents for retention of the exploration licence are under government review. Due to backlog of applications of licences and the proposed ecological criteria in Xinjiang, it is anticipated that the licences will be issued after the backlog is cleared.

The on-site industrial test on the gold processing methodology by applying bio-tech methodology on extraction of metals from large scale samples of gold ores has been started in 2019. Subject to satisfactory on-site industrial test results, GobiMin will formulate the corresponding development scheme which would substantially reduce the production costs of the Gold Project. After the industrial results, formal documents on negotiation with a potential investor to develop the Gold Project are expected to be signed.

As at March 31, 2019, there was addition of \$47,000 in the exploration and evaluation assets and the Group had a contractual commitment of \$1.7 million for the development of the Gold Project.

(ii) Others

The Group owns 40,260,000 shares of Loco Hong Kong Holdings Limited (“LocoHK”). LocoHK is a company incorporated in Hong Kong which is principally engaged in metal trading and processing. Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited under the stock code 8162. For the three months ended March 31, 2019, the fair value gain on investment in LocoHK was \$0.9 million (Q1 2018: loss of \$26,000).

The Group invested about \$4.1 million in Dragon Silver Holdings Limited (“Dragon Silver”) by way of (1) an equity investment of \$1.1 million in 670,000 shares, representing 9.90% of its total issued capital; and (2) a loan of \$3 million, bearing interest at 8.5% per annum and repayable on demand at a notice of 7 days. Dragon Silver is a Hong Kong based company mainly engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products. For the three months ended March 31, 2019, the Group received from Dragon Silver interest income of \$0.1 million (Q1 2018: \$0.1 million).

For the three months ended March 31, 2019, the fair value gain on other listed securities was \$12,000 (Q1 2018: nil) and certain unlisted equity investment was disposed at carrying value.

(b) Debentures and Certificate of Deposit

The Group would hold debentures and certificate of deposit 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 other investment needs.

As at March 31, 2019, the Group held \$5.2 million (December 31, 2018: \$6.6 million) debentures with coupon rates ranged from 4.250% to 7.750% (December 31, 2018: 4.250% to 9.000%) per annum and maturities ranged between September 17, 2019 and perpetual (December 31, 2018: November 3, 2019 and perpetual).

As at March 31, 2019, the Group held \$2.1 million (December 31, 2018: nil) certificate of deposit with coupon rates ranged from 2.380% to 2.760% per annum and maturities ranged between May 21, 2019 to September 12, 2019.

3.2 Normal Course Issuer Bid (“NCIB”)

On July 23, 2018, GobiMin was granted approval by the TSX Venture Exchange to renew its NCIB to repurchase up to an additional 2,500,274 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 commencing on July 25, 2018 and will end on July 24, 2019 or on such earlier date as GobiMin may complete its purchases pursuant to the NCIB or as it may otherwise determine. For the three months ended March 31, 2019, a total of 7,000 common shares were repurchased at an aggregate cost of \$1,306 (CAD1,768). For the period from April 1, 2019 to May 23, 2019, a total of 83,500 common shares were repurchased at an aggregate cost of \$21,882 (CAD29,616) under the NCIB. All shares repurchased will be/have been returned to treasury for cancellation.

Management believes that the repurchase by the Company of its own shares can maximize shareholder value and is in the best interest of the Company and its shareholders. 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 March 31, 2019, the working capital of the Group amounted to approximately \$21.5 million (December 31, 2018: \$19.3 million), by netting off its current assets of \$24.4 million (December 31, 2018: \$22.8 million) with current liabilities of \$2.9 million (December 31, 2018: \$3.5 million).

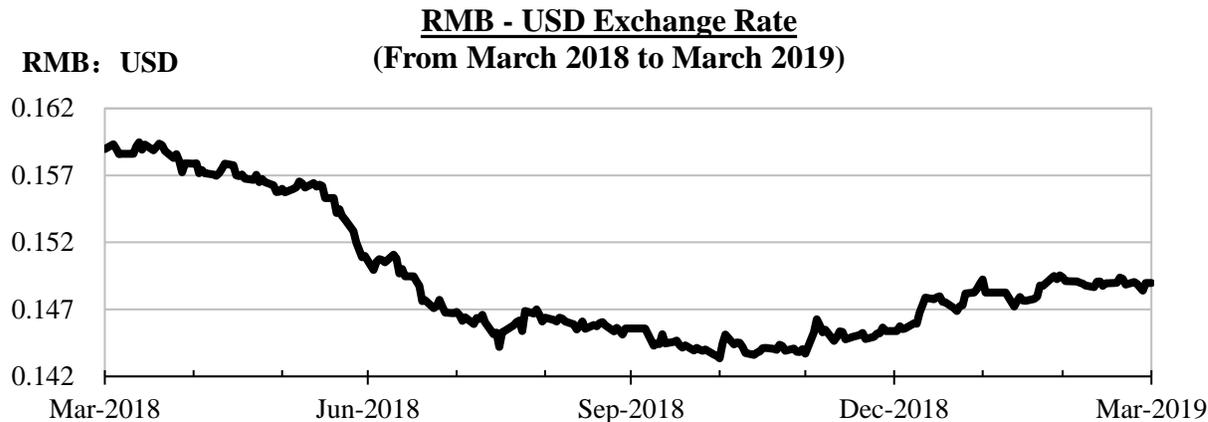
Among the cash and cash equivalents of \$15.7 million, approximately \$3.0 million were held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the relevant documentation required by applicable regulations, subject to the risks set out under the section named “Risk Factors” in the Company’s Annual MD&A for the fiscal year ended December 31, 2018, 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 \$1.7 million.

4. Key Economic Trends

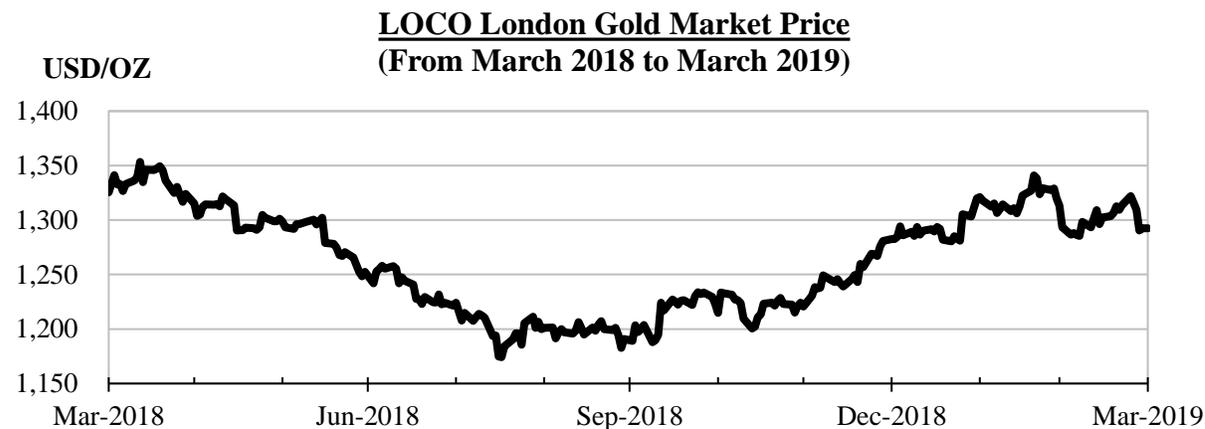
4.1 China Economy

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 March 31, 2019, the exchange rate of the Chinese Renminbi against the U.S. dollar decreased by 6.28%, as compared with that as at March 31, 2018.



4.2 **Gold Market**

The changes in price of gold have a strong influence on the Gold Project's value. As at March 31, 2019, the gold price decreased by 2.50% from that as at March 31, 2018.



5. **Selected Quarterly Information**

For the three months ended March 31, 2019, the Group reported a net profit of \$0.6 million (Q1 2018: loss of \$0.6 million) which mainly comprised the fair value gain on financial assets of \$1.0 million (Q1 2018: fair value loss of \$0.2 million) and interest income of \$0.2 million (Q1 2018: \$0.2 million), netting of the administrative expenses of \$0.7 million (Q1 2018: \$0.7 million).

In this quarter, the Group recorded a net cash outflow of \$1.4 million from December 31, 2018 (Q1 2018: \$1.1 million). It was mainly the combined effect of cash inflow from net disposal of debentures of \$1.5 million (Q1 2018: cash outflow of \$1.0 million for net addition of debentures) and disposal of equity investment of \$0.2 million (Q1 2018: nil), netting off cash outflow for addition of certificate of deposit of \$2.1 million (Q1 2018: cash inflow from maturity of certificate of deposit of \$0.5 million), settlement of payable of \$0.6 million (Q1 2018: \$0.3 million) and payment of office expenses of \$0.5 million (Q1 2018: \$0.4 million).

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended March 31, 2019
(Expressed in United States Dollars)
May 23, 2019

The total assets of the Group remain at \$78.1 million as at March 31, 2019.

6. Results of Operations

6.1. Revenue

Interest income and rental income in the first quarter of 2019 were \$0.2 million (Q1 2018: \$0.2 million) and \$0.1 million (Q1 2018: \$0.1 million) respectively.

6.2. Fair Value Gain/(Loss) on Financial Assets

Fair value gain on financial assets at fair value through profit or loss for this quarter was \$1.0 million (Q1 2018: fair value loss of \$0.2 million). It mainly represented the fair value gain on listed securities on the investment in 40,260,000 shares of LocoHK of \$0.9 million (Q1 2018: loss of \$26,000) and the fair value gain on debentures of \$0.1 million (Q1 2018: loss of \$0.2 million) with reference to quoted market prices at the end of the reporting period.

6.3. General and Administrative Expenses

General and administrative expenses were \$0.7 million for this quarter (Q1 2018: \$0.7 million). It mainly included pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

6.4. Earnings/(Loss) Per Share

The basic and diluted earnings per share were \$0.012 for this quarter (Q1 2018: loss of \$0.011).

6.5. EBITDA/(LBITDA)

The earnings/(loss) before interest income and expense, income taxes, depreciation and amortisation (“EBITDA/(LBITDA)”), a non-IFRS performance measure, for this quarter were earnings of \$0.5 million (Q1 2018: loss of \$0.6 million). The calculation of EBITDA/(LBITDA) was set out in the table below:

For the three months ended	March 31, 2019	March 31, 2018
	\$	\$
Profit/(loss) for the period	581,802	(611,641)
Interest income	(247,838)	(235,533)
Interest expense	-	6,647
Income tax credit	-	-
Depreciation	188,196	208,141
EBITDA/(LBITDA) ⁽¹⁾	522,160	(632,386)
EBITDA/(LBITDA) per share ⁽²⁾	0.010	(0.013)

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.*

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended March 31, 2019
(Expressed in United States Dollars)
May 23, 2019

6.6. Annual Dividend

On April 16, 2019, the Company declared an annual dividend of \$0.01 (CAD0.01) per share in accordance with its dividend policy and 2018 performance. The dividend will be payable on June 21, 2019 to shareholders of record on May 22, 2019.

7. Cash Flows

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

As at	March 31, 2019	March 31, 2018
	\$	\$
Cash and cash equivalents	15,725,028	17,966,879
Working capital ⁽¹⁾	21,470,129	20,679,226
For the three months ended	March 31, 2019	March 31, 2018
	\$	\$
Net cash flow used in operating activities	(1,138,532)	(767,231)
Net cash flow used in financing activities	(1,306)	(52,593)
Net cash flow used in investing activities	(212,374)	(250,770)
Decrease in cash and cash equivalents	(1,352,212)	(1,070,594)

Note:

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

7.1. Operating Activities

In this quarter, the Company recorded a net cash outflow from operating activities of \$1.1 million (Q1 2018: \$0.8 million), mainly representing net cash payment of the office expenses of \$0.4 million (Q1 2018: \$0.4 million) and settlement of payables of \$0.6 million (Q1 2018: \$0.3 million).

7.2. Financing Activities

In this quarter, the Company recorded a cash outflow from financing activities of \$1,300 (Q1 2018: \$53,000), mainly representing the share repurchased of \$1,300 (Q1 2018: nil). The decrease in cash outflow is due to the repayment of bank loan and corresponding interest of \$53,000 incurred only in the corresponding period last year.

7.3. Investing Activities

In this quarter, the Company recorded a cash outflow from investing activities of \$0.2 million (Q1 2018: \$0.3 million), mainly representing the cash inflow from disposal of equity investment of \$0.2 million (Q1 2018: nil) and interest income of \$0.2 million (Q1 2018: \$0.2 million), netting of the net addition of debentures and certificate of deposit of \$0.6 million (Q1 2018: \$0.5 million).

8. Statements of Financial Position

8.1. Cash and Cash Equivalents

The Group had approximately \$15.7 million in cash and cash equivalents as at March 31, 2019, compared to \$17.1 million as at December 31, 2018. The decrease of \$1.4 million was mainly due to net addition of debentures and certificate of deposit of \$0.6 million, settlement of payable of \$0.6 million and net payment of the office expenses 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 three months ended March 31, 2019, there were addition of \$47,000 in exploration and evaluation assets.

8.3. Financial Assets

As at March 31, 2019, financial assets comprised:

Current Portion

- (a) \$2.4 million investment in 40,260,000 shares of LocoHK, the shares of which are listed on the GEM of the Stock Exchange of Hong Kong Limited under the stock code 8162.
- (b) \$0.7 million debentures with coupon rates ranged from 4.850% to 5.550% per annum and maturities ranged between September 17, 2019 and November 4, 2019.
- (c) \$2.1 million certificate of deposit with coupon rates ranged from 2.380% to 2.760% per annum and maturities ranged between May 21, 2019 and September 12, 2019.

Non-current Portion

- (d) \$0.2 million investment for listed securities.
- (e) \$4.5 million debentures with coupon rates ranged from 4.250% to 7.750% per annum and maturities ranged between November 4, 2020 and perpetual.
- (f) \$1.6 million unlisted equity investment in Dragon Silver, a Hong Kong based metal trading and processing company.

8.4. Share Capital

As at March 31 2019, GobiMin had 49,904,982 common shares issued and outstanding. For the three months ended March 31 2019, 7,000 common shares were repurchased and cancelled.

9. Related Party Transactions

The Group had the following transactions with related parties:

9.1. During the three months ended March 31, 2019

- (a) Fees and other remunerations to directors and key management amounted to \$0.1 million (Q1 2018: \$0.1 million).
- (b) Rental income of \$12,038 (Q1 2018: \$12,337) and share of office common expenses of \$903 (Q1 2018: \$957) from companies in which a director of the Company has equity interest.
- (c) Rental income of \$25,097 (Q1 2018: \$30,116) from a company with common director.

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended March 31, 2019
(Expressed in United States Dollars)
May 23, 2019

- (d) Interest income of \$30,205 (Q1 2018: \$30,205) from a company with common director.
(e) Share of office common expenses and staff cost of \$4,515 (Q1 2018: \$26,499) from a company with common director.

9.2. As at March 31, 2019

The principal amount of a loan of \$3.5 million (December 31, 2018: \$3.5 million) due from a company with common director who has controlling interest in the Company.

10. Capital Commitment

As at March 31, 2019, the Group had capital commitments of \$1.7 million in relation to office building renovation, mine design and related facilities and research on gold processing method.

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. As at the report date, the Company does not have any plan for material investment in the near future.

13. Outstanding Share Data

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

As at	December 31, 2018	March 31, 2019	May 23, 2019
Number of Common Shares Outstanding	49,911,982	49,904,982	49,821,482
Number of Options Outstanding	280,000	270,000	270,000
Number of Common Shares Fully Diluted	50,191,982	50,174,982	50,091,482

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, 2018, available on SEDAR at www.sedar.com.