

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

June 30, 2019

(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 June 30, 2019 and December 31, 2018
(Expressed in United States Dollars)

	<i>Note</i>	(Unaudited) June 30, 2019	(Audited) December 31, 2018
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	16,908,530	17,077,240
Prepayments, deposits and other receivables	6	3,531,985	3,405,596
Financial assets	7	4,083,742	2,353,948
Total current assets		24,524,257	22,836,784
Non-current			
Property, plant and equipment	8	12,403,266	12,689,210
Investment properties		1,450,524	1,511,114
Exploration and evaluation assets	9	30,189,069	29,877,546
Financial assets	7	6,848,550	7,675,922
Amount due from a related company	10	1,410,545	3,500,000
Total non-current assets		52,301,954	55,253,792
Total assets		76,826,211	78,090,576
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	11	1,009,319	2,362,313
Income taxes payable		1,127,107	1,127,107
Total current liabilities		2,136,426	3,489,420
Total liabilities		2,136,426	3,489,420
SHAREHOLDERS' EQUITY			
Share capital	12	21,993,023	22,054,895
Reserves and retained earnings		52,565,795	52,406,671
Equity attributable to shareholders of the Company		74,558,818	74,461,566
Non-controlling interests		130,967	139,590
Total shareholders' equity		74,689,785	74,601,156
Total liabilities and shareholders' equity		76,826,211	78,090,576

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

APPROVED BY THE BOARD ON AUGUST 23, 2019 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 six months ended June 30, 2019 and 2018
(Expressed in United States Dollars)

	Three Months Ended		Six Months Ended		
	<i>Note</i>	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		\$	\$	\$	\$
Interest income		240,751	297,969	488,589	533,502
Rental income		83,132	71,225	163,592	145,282
Gain on disposal of financial assets		746	1,518	25,442	1,518
Fair value gain/(loss) on financial assets at fair value through profit or loss		116,964	(810,964)	1,078,796	(1,008,580)
Gross profit/(loss)		441,593	(440,252)	1,756,419	(328,278)
General and administrative expenses		(773,550)	(737,213)	(1,504,408)	(1,452,121)
Share of results of associates		-	(4,406)	-	(4,285)
Operating profit/(loss)		(331,957)	(1,181,871)	252,011	(1,784,684)
Gain on disposal of property, plant and equipment		-	35,881	-	35,881
Loss on disposal of a subsidiary	<i>13</i>	(74,775)	-	(74,775)	-
Exchange gain/(loss)		9,170	(192,013)	9,127	(192,013)
Finance costs		(999)	(3,459)	(3,122)	(12,287)
Profit/(loss) before income tax		(398,561)	(1,341,462)	183,241	(1,953,103)
Income tax		-	-	-	-
Net profit/(loss) for the period		(398,561)	(1,341,462)	183,241	(1,953,103)
Other comprehensive income/(loss), net of tax					
Other comprehensive income/(loss) to be reclassified to profit or loss in the subsequent period:					
Exchange difference released upon disposal of a subsidiary		74,775	-	74,775	-
Exchange difference on translation of foreign operations		221,912	(1,585,196)	221,903	(1,585,196)
Total comprehensive income/(loss) for the period		(101,874)	(2,926,658)	479,919	(3,538,299)
Profit/(loss) for the period attributable to:					
Shareholders of the Company		(361,332)	(1,317,928)	257,697	(1,890,836)
Non-controlling interests		(37,229)	(23,534)	(74,456)	(62,267)
		(398,561)	(1,341,462)	183,241	(1,953,103)
Total comprehensive income/(loss) for the period attributable to:					
Shareholders of the Company		(130,478)	(2,889,589)	488,542	(3,462,497)
Non-controlling interests		28,604	(37,069)	(8,623)	(75,802)
		(101,874)	(2,926,658)	479,919	(3,538,299)
Net earnings/(loss) per share					
Basic and diluted	12.7	(0.007)	(0.026)	0.005	(0.038)
Weighted average number of shares outstanding		Share	Share	Share	Share
Basic and diluted	12.7	49,893,224	50,005,482	49,897,566	50,005,482

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

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the six months ended June 30, 2019 and 2018
(Expressed in United States Dollars)

	Attributable to shareholders of the Company					Retained earnings	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			
At January 1, 2018	\$ 22,096,211	\$ 2,399,939	\$ 35,274	\$ 501,965	\$ 1,606,110	\$ 53,262,413	\$ 360,873	\$ 80,262,785
Loss for the period	-	-	-	-	-	(1,890,836)	(62,267)	(1,953,103)
Other comprehensive loss	-	-	-	-	(1,571,661)	-	(13,535)	(1,585,196)
Total comprehensive loss	-	-	-	-	(1,571,661)	(1,890,836)	(75,802)	(3,538,299)
Payment of dividend	-	-	-	-	-	(387,227)	-	(387,227)
Share based payment	-	-	963	-	-	-	-	963
At June 30, 2018	22,096,211	2,399,939	36,237	501,965	34,449	50,984,350	285,071	76,338,222
At January 1, 2019	22,054,895	2,399,939	37,060	501,965	(640,365)	50,108,072	139,590	74,601,156
Profit/(loss) for the period	-	-	-	-	-	257,697	(74,456)	183,241
Other comprehensive income	-	-	-	-	230,845	-	65,833	296,678
Total comprehensive income/(loss)	-	-	-	-	230,845	257,697	(8,623)	479,919
Payment of dividend	-	-	-	-	-	(368,102)	-	(368,102)
Shares repurchased	(61,872)	-	-	-	-	38,684	-	(23,188)
Options forfeited	-	-	(2,647)	-	-	2,647	-	-
At June 30, 2019	21,993,023	2,399,939	34,413	501,965	(409,520)	50,038,998	130,967	74,689,785

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

GobiMin Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
For the six months ended June 30, 2019 and 2018
(Expressed in United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	\$	\$	\$	\$
Operating activities				
Profit/(loss) before income tax	(398,561)	(1,341,462)	183,241	(1,953,103)
Adjustments for items not involving cash:				
- Depreciation	187,245	198,583	375,441	406,724
- Share-based payment	-	468	-	963
- Share of results of associates	-	4,406	-	4,285
- Gain on disposal of property, plant and equipment	-	(35,881)	-	(35,881)
- Gain on disposal of financial assets	(746)	(1,518)	(25,442)	(1,518)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	(116,964)	810,964	(1,078,796)	1,008,580
- Loss on disposal of a subsidiary	74,775	-	74,775	-
- Exchange difference	(9,170)	192,013	(9,127)	192,013
- Interest income	(240,751)	(297,969)	(488,589)	(533,502)
- Interest expense	-	2,428	-	9,075
	(504,172)	(467,968)	(968,497)	(902,364)
Working capital adjustments:				
- Prepayments, deposits and other receivables	(18,603)	(58,184)	(114,804)	(77,938)
- Other payables, receipts in advance and accrued liabilities	(774,989)	(91,213)	(1,352,995)	(404,294)
Net cash flow used in operating activities	(1,297,764)	(617,365)	(2,436,296)	(1,384,596)
Financing activities				
Interest paid	-	(2,428)	-	(9,075)
Shares repurchased	(21,882)	-	(23,188)	-
Payment of dividend	(368,102)	(387,227)	(368,102)	(387,227)
Repayment of bank loan	-	(965,380)	-	(1,011,326)
Net cash flow used in financing activities	(389,984)	(1,355,035)	(391,290)	(1,407,628)
Investing activities				
Interest received	240,751	296,813	488,589	532,346
Additions of property, plant and equipment	(13,084)	(5,266)	(28,907)	(8,234)
Additions of exploration and evaluation assets	(45,320)	-	(92,078)	-
Proceeds from disposal of property, plant and equipment	-	41,251	-	41,251
Net disposal/(addition) of debentures	(496,750)	583,556	1,006,540	(399,604)
Net maturity/(addition) of certificate of deposit	1,096,198	-	(1,001,770)	499,825
Disposal/(acquisition) of unlisted securities	-	(257,400)	197,047	(257,400)
Acquisition of listed securities	-	(193,399)	-	(193,399)
Repayment from a related company	2,089,455	-	2,089,455	-
Net cash flow from investing activities	2,871,250	465,555	2,658,876	214,785
Increase/(decrease) in cash and cash equivalents	1,183,502	(1,506,845)	(168,710)	(2,577,439)
Effect of foreign exchange rate changes	-	(331,829)	-	(331,829)
Cash and cash equivalents at beginning of the period	15,725,028	17,996,879	17,077,240	19,067,473
Cash and cash equivalents at end of the period	16,908,530	16,158,205	16,908,530	16,158,205

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

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 1000 Sherbrooke Street West, Suite 2700, Montreal, Quebec H3A 3G4, Canada.

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”).

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, 2018. Operating results for this interim period are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2019.

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, 2018.

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, 2018, except for those related to new or revised International Financial Reporting Standards (“IFRS”) effective from January 1, 2019. The adoption of these new or revised IFRS has no material effect on the Group’s condensed interim financial statements. 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

The Group is engaged in two operating segments, namely (i) the investment in investment properties, equity, debt or other securities as well as direct ownership stakes in projects (“Investment Business”); and (ii) the development, exploration and exploitation of mineral properties, mainly in Xinjiang, China (“Mining Business”).

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

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

As at	June 30, 2019	December 31, 2018
	\$	\$
Segment assets		
Investment Business	16,914,205	18,166,475
Mining Business	36,792,146	35,933,210
Total segment assets	53,706,351	54,099,685
Unallocated	23,119,860	23,990,891
Consolidated assets	76,826,211	78,090,576
Segment liabilities		
Investment Business	37,058	135,430
Mining Business	866,261	1,848,023
Total segment liabilities	903,319	1,983,453
Unallocated	1,233,107	1,505,967
Consolidated liabilities	2,136,426	3,489,420

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

For the six months ended	June 30, 2019	June 30, 2018
	\$	\$
Segment revenue and results		
Investment Business	1,626,510	(451,279)
Mining Business	(323,845)	(351,191)
	1,302,665	(802,470)
Other income and gains	69,319	123,001
Unallocated corporate expenses	(1,119,973)	(1,105,215)
Gain on disposal of property, plant and equipment	-	35,881
Loss on disposal of a subsidiary	(74,775)	-
Exchange gain/(loss)	9,127	(192,013)
Finance costs	(3,122)	(12,287)
Profit/(loss) before income tax	183,241	(1,953,103)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	June 30, 2019	December 31, 2018
	\$	\$
Canada	1,069,188	233,120
Hong Kong	14,355,828	13,717,374
China	1,483,514	3,126,746
Total	16,908,530	17,077,240

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

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. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at June 30, 2019, the prepayments, deposits and other receivables balance mainly represented a loan of \$3,000,000 (December 31, 2018: \$3,000,000) to an investment company of the Group, Dragon Silver Holdings Limited (“Dragon Silver”), and interest receivables from debentures, certificate of deposits and time deposit of \$120,844 (December 31, 2018: \$123,035). The loan to Dragon Silver is secured by the personal guarantee of a director of Dragon Silver, bears interest at the rate of 8.5% per annum and is repayable on demand with 7 days’ notice. For the six months ended June 30, 2019, the Group received interest income from loan to Dragon Silver of \$128,208 (2018: \$130,333).

7. FINANCIAL ASSETS

As at		June 30, 2019	December 31, 2018
		\$	\$
Current			
Listed securities	<i>(a)</i>	2,383,475	1,476,718
Debentures	<i>(b)</i>	700,477	680,183
Unlisted securities	<i>(c)</i>	-	197,047
Certificate of deposit	<i>(d)</i>	999,790	-
		4,083,742	2,353,948
Non-current			
Listed securities	<i>(a)</i>	184,526	151,721
Debentures	<i>(b)</i>	5,068,271	5,928,448
Unlisted securities	<i>(c)</i>	1,595,753	1,595,753
		6,848,550	7,675,922
Total		10,932,292	10,029,870

- (a) As at June 30, 2019 and December 31, 2018, the listed securities represented the investment in 40,260,000 shares of Loco Hong Kong Holdings Limited (“LocoHK”) and other listed securities that are designated at fair value through profit or loss. The fair value of the investment is determined with reference to quoted market price.
- (b) Debentures are classified as financial assets at fair value through profit or loss, with coupon rates ranged from 4.250% to 7.750% (December 31, 2018: 4.250% to 9.000%) per annum and maturities ending between September 17, 2019 and perpetual (December 31, 2018: November 3, 2019 and perpetual).
- (c) Unlisted securities represented a 9.90% interest in Dragon Silver which is a company incorporated in Hong Kong engaged in metal trading and processing. There is no change in the fair value of the unlisted securities for the six months ended June 30, 2019.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

As at December 31, 2018, the current portion of unlisted securities represented an investment in equity of a fund managed by an experienced fund manager and was disposed in January 2019.

- (d) Certificate of deposit represented deposit placed with a bank with coupon rate ranged from 2.50% to 2.76% per annum and maturities on September 12, 2019 (December 31, 2018: nil).

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2018	15,712,195	237,107	415,726	602	890,458	17,256,088
Exchange difference	(325,248)	-	(18,268)	(31)	(36,521)	(380,068)
Additions	-	1,918	23,648	-	2,806	28,372
Disposals	-	-	-	-	(85,914)	(85,914)
At December 31, 2018	15,386,947	239,025	421,106	571	770,829	16,818,478
Additions	15,823	-	13,084	-	-	28,907
At June 30, 2019	15,402,770	239,025	434,190	571	770,829	16,847,385
Accumulated depreciation:						
At January 1, 2018	2,230,449	222,719	350,434	602	825,422	3,629,626
Exchange difference	(39,524)	-	(15,097)	(31)	(34,695)	(89,347)
Depreciation for the year	613,495	13,596	19,973	-	22,469	669,533
Elimination on disposal	-	-	-	-	(80,544)	(80,544)
At December 31, 2018	2,804,420	236,315	355,310	571	732,652	4,129,268
Depreciation for the period	307,374	1,326	5,801	-	350	314,851
At June 30, 2019	3,111,794	237,641	361,111	571	733,002	4,444,119
Net book value:						
At December 31, 2018	12,582,527	2,710	65,796	-	38,177	12,689,210
At June 30, 2019	12,290,976	1,384	73,079	-	37,827	12,403,266

As at June 30, 2019, the carrying amount of property, plant and equipment which were located in Hong Kong amounted to \$7,073,522 (December 31, 2018: \$7,255,509). The remaining property, plant and equipment were located in China.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

9. EXPLORATION AND EVALUATION ASSETS

	Total
Cost:	\$
At January 1, 2018	31,533,596
Exchange difference	94,613
Disposals	(1,750,663)
At December 31, 2018	29,877,546
Cost:	\$
At January 1, 2019	29,877,546
Exchange difference	219,445
Addition	92,078
At June 30, 2019	30,189,069

The exploration and evaluation assets represented the mining and exploration rights and geological and geophysical costs, mine site and facilities construction, drilling and exploration costs of the Sawayaerdun Gold Project (“Gold Project”) located at 200 km northwest of the city of Kashi, western Xinjiang, China. Its mining licence has been renewed with expiry date on December 31, 2019 and the original of the mining licence will be collectable after the reassessment of reserve by the Department of Land and Resources as well as payment for mining royalties based on the assessed reserve. For the exploration licence expired by the end of 2018, we submitted the application materials to Department of Land and Resources for the retention of the exploration licence on December 18, 2017. Following normal procedures, subsequent to the review and approval by the relevant authorities and passing of the public notice period, the new licence shall be issued. At the reporting date, the application documents have been reviewed by the relevant authorities and pending for approval at the departmental meeting. 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 Company has engaged General Research Institute for Nonferrous Metals for an on-site industrial test on the gold processing methodology by applying large scale samples started in 2019. Subject to satisfactory on-site test results, the production costs of the Gold Project are expected to be reduced.

10. AMOUNT DUE FROM A RELATED COMPANY

Amount due from a related company represented a loan of \$1,410,545 to China Precision Material Limited (“CPM”), a subsidiary of LocoHK. The Group owns 40,260,000 shares of LocoHK which is classified as financial assets as disclosed in note 7 to the financial statements. As at June 30, 2019, Mr. Felipe Tan, Chief Executive Officer of GobiMin, was a director of LocoHK and CPM. Subsequently in July 2019, CPM ceased to be a related company when Mr. Felipe Tan resigned as director of LocoHK and CPM.

The loan to CPM is unsecured, bears interest at the rate of 3.5% per annum and is repayable on demand with 3 days’ notice.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

11. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at June 30, 2019 and December 31, 2018, 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>June 30, 2019</u>	<u>December 31, 2018</u>
	\$	\$
Other payables	865,771	1,830,644
Accrued liabilities	101,801	391,550
Receipts in advance	37,058	135,430
Deposit received	4,689	4,689
Total	1,009,319	2,362,313

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, 2018	50,005,482	22,096,211
Shares repurchased and cancelled	(93,500)	(41,316)
At December 31, 2018	49,911,982	22,054,895
Shares repurchased and cancelled	(90,500)	(61,872)
At June 30, 2019	49,821,482	21,993,023

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 six months ended June 30, 2019, 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 July 23, 2018, GobiMin was granted approval by TSX Venture Exchange to renew its normal course issuer bid 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 ended on July 24, 2019 or on such earlier date as GobiMin may complete its purchases pursuant to the normal course issuer bid or as it may otherwise determine. For the six months ended June 30, 2019, a total of 90,500 common shares were

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

repurchased at an aggregate cost of \$23,188 (CAD31,384). All shares repurchased have been returned to treasury for cancellation.

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, 2018: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

a) Status of the outstanding employee stock options:

	<u>Six months ended</u> <u>June 30, 2019</u>		<u>Six months ended</u> <u>June 30, 2018</u>	
	<u>Number</u> <u>of Options</u>	<u>Weighted Average</u> <u>Exercise Price</u>	<u>Number</u> <u>of Options</u>	<u>Weighted Average</u> <u>Exercise Price</u>
		\$		\$
Outstanding, beginning of the period	280,000	0.37	280,000	0.37
Forfeited during the period	(20,000)	0.37	-	-
Outstanding, end of the period	260,000	0.37	280,000	0.37

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

<u>Exercise</u> <u>Price</u>	<u>Exercise</u> <u>Price</u>	<u>Number of</u> <u>Options</u> <u>Outstanding</u>	<u>Weighted</u> <u>Average</u> <u>Remaining</u> <u>Contractual</u> <u>Life</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>	<u>Number of</u> <u>Options</u> <u>Exercisable</u>	<u>Weighted</u> <u>Average</u> <u>Remaining</u> <u>Contractual</u> <u>Life</u>	<u>Weighted</u> <u>Average</u> <u>Exercise</u> <u>Price</u>
<u>CAD</u>	<u>\$</u>		<u>(Years)</u>	<u>\$</u>		<u>(Years)</u>	<u>\$</u>
<u>At June 30, 2019</u>							
0.50	0.37	260,000	0.50	0.37	260,000	0.50	0.37
<u>At December 31, 2018</u>							
0.50	0.37	280,000	1.00	0.37	280,000	1.00	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.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

12.7 Basic and Diluted Earnings/(Loss) Per Share

For the three months ended	June 30, 2019	June 30, 2018
Net loss attributable to shareholders		
Basic and diluted	(\$361,332)	(\$1,317,928)
Weighted average number of shares outstanding		
Basic and diluted	49,893,224	50,005,482
Basic and diluted loss per share	(\$0.007)	(\$0.026)
For the six months ended	June 30, 2019	June 30, 2018
Net earnings/(loss) attributable to shareholders		
Basic and diluted	\$257,697	(\$1,890,836)
Weighted average number of shares outstanding		
Basic and diluted	49,897,566	50,005,482
Basic and diluted earnings/(loss) per share	\$0.005	(\$0.038)

For the three months ended June 30, 2018 and 2019 and six months ended June 30, 2018, the stock options outstanding during the period had an anti-dilutive effect on the basic loss per share and as such, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share.

For the six months ended June 30, 2019, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options is higher than the average market price of the shares for the period.

13. LOSS ON DISPOSAL OF A SUBSIDIARY

In April 2018, the Group invested about \$1.5 million (equivalent to RMB10 million) to an indirect wholly-owned subsidiary in China, targeting for development, planting and sales of primary agricultural products and plants cultivation in Hami City, Xinjiang, China. As the agriculture project has not achieved any virtual progress since its incorporation due to the difficulties and challenges in obtaining suitable land use rights, the subsidiary has been deregistered in April 2019. The net assets upon deregistration solely represented cash of \$1,460,480 (equivalent to RMB9,968,315) which has been received as return of capital in April 2019.

For the three months and six months ended	June 30, 2019
	\$
Return of capital	1,460,480
Less: net assets disposed of	(1,460,480)
Less: Cumulative exchange differences in respect of the net assets of the subsidiary reclassified from equity to profit or loss	(74,775)
Loss on disposal of a subsidiary	(74,775)

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

14. RELATED PARTY TRANSACTIONS

14.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	June 30, 2019	June 30, 2018
	\$	\$
Wages, fees and other benefits	99,775	122,476
Payment to defined contribution plans	928	934
Share-based payment	-	96
	100,703	123,506
<hr/>		
For the six months ended	June 30, 2019	June 30, 2018
	\$	\$
Wages, fees and other benefits	171,844	216,024
Payment to defined contribution plans	1,507	1,513
Share-based payment	-	308
	173,351	217,845

14.2 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	
		June 30, 2019	June 30, 2018
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	12,038	11,875
	Share of office common expenses	1,432	941
	Disposal of property, plant and equipment (Note)	-	41,251
A company with common director who has controlling interest in the Company	Rental income	16,731	30,116
	Interest income	29,047	30,542
	Share of office common expenses and staff cost	3,820	24,311
Director of the company	Purchase of property, plant and equipment	-	2,806

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

Relationship	Type of transactions	For the six months ended	
		June 30, 2019	June 30, 2018
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	24,076	24,212
	Share of office common expenses	2,335	1,898
	Disposal of property, plant and equipment (Note)	-	41,251
A company with common director who has controlling interest in the Company	Rental income	41,828	60,232
	Interest income	59,252	60,747
	Share of office common expenses and staff cost	8,335	50,810
Director of the company	Purchase of property, plant and equipment	-	2,806

Note: During the three months and six months ended June 30, 2018, the Group disposed of a motor vehicle to a company controlled by a director and recognised a gain on disposal of property, plant and equipment of \$35,881.

15. COMMITMENTS

15.1 Capital commitments

The Group has the following capital commitment:

As at June 30, 2019	Contract Date	Contracted Sum	Capital Commitments
		\$	\$
Mine design and related facilities	October 31, 2011	1,172,098	644,654
Office building renovation	March 2, 2013	1,923,689	858,252
Research on gold processing method	June 20, 2018	249,071	175,815
Total capital commitments for the Gold Project		3,344,858	1,678,721

15.2 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:

As at	June 30, 2019	December 31, 2018
	\$	\$
Within one year	96,844	47,584
In the second to fifth years inclusive	236,373	277,396
Total future minimum lease receivables	333,217	324,980

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

16. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of listed securities, unlisted equity securities, debentures and certificate of deposit.

16.1 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 Using			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>As at June 30, 2019</u>				
Listed securities	2,568,001	-	-	2,568,001
Unlisted securities	-	-	1,595,753	1,595,753
Debentures	5,768,748	-	-	5,768,748
Certificate of deposit	-	999,790	-	999,790
	8,336,749	999,790	1,595,753	10,932,292
<u>As at December 31, 2018</u>				
Listed securities	1,628,439	-	-	1,628,439
Unlisted securities	-	197,047	1,595,753	1,792,800
Debentures	6,608,631	-	-	6,608,631
	8,327,070	197,047	1,595,753	10,029,870

16.2 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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2019
(Express in United States Dollars)

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.

16.3 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.

16.4 Credit Risk

The Group is exposed to credit risk with respect to cash and cash equivalents, other receivables, amount due from a related company and financial assets. The maximum exposure is 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. Other receivables mainly composed of a loan to Dragon Silver of \$3,000,000. The management reviews the financial statements provided by Dragon Silver on a monthly basis. Management believes the risk of loss to be remote.

16.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2019, the Group held cash and cash equivalents of \$16,908,530 and net current assets of \$22,387,831. 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.

16.6 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.

17. 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 \$74,689,785 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 adjustment 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.

18. EVENTS AFTER THE REPORTING DATE

- 18.1 On August 1, 2019, GobiMin was granted approval by the TSX Venture Exchange to renew its Normal Course Issuer Bid ("NCIB") to repurchase up to an additional 2,491,074 common shares, representing approximately 5% 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 August 8, 2019 and ending on August 7, 2020 or on such earlier date as GobiMin may complete its purchases pursuant to the normal course issuer bid or as it may otherwise determine.
- 18.2 For the period from July 1, 2019 to August 23, 2019, a total of 6,500 common shares were repurchased at an aggregate cost of \$1,357 (CAD1,836) under the NCIB. All shares repurchased will be/have been returned to treasury for cancellation.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

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

June 30, 2019

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 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 August 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 June 30, 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 June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

2. Financial Highlights

	3 months ended June 30		12 months ended
	2019	2018	December 31, 2018
	\$	\$	\$
Revenue	0.3 million	0.4 million	1.5 million
Fair value gain/(loss) on financial assets	0.1 million	(0.8 million)	(1.1 million)
Net loss for the period/year	(0.4 million)	(1.3 million)	(2.9 million)
Loss attributable to shareholders of the Company	(0.4 million)	(1.3 million)	(2.8 million)
LBITDA ⁽¹⁾	(0.5 million)	(1.4 million)	(3.2 million)
Basic and diluted loss per share	(0.007)	(0.026)	(0.056)
LBITDA per share ⁽¹⁾	(0.009)	(0.029)	(0.064)
Cash and cash equivalents	16.9 million	16.2 million	17.1 million
Cash and cash equivalents per share ⁽¹⁾	0.34	0.32	0.34
Working capital	22.4 million	19.4 million	19.3 million
Total liabilities	2.1 million	2.2 million	3.5 million
Total assets	76.8 million	78.6 million	78.1 million
Annual dividend per share	0.01	0.01	0.01

Note:

(1) As non-IFRS measurements, **LBITDA** (loss before interest income and expense, income taxes, depreciation and amortisation), **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 Financial Assets

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. Its mining licence has been renewed with expiry date on December 31, 2019 and the original of the mining licence will be collectable after the reassessment of reserve by the Department of Land and Resources as well as payment for mining royalties based on the assessed reserve. For the exploration licence expired by the end of 2018, we submitted the application materials to Department of Land and Resources for the retention of the exploration licence

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

on December 18, 2017. Following normal procedures, subsequent to the review and approval by the relevant authorities and passing of the public notice period, the new licence shall be issued. At the reporting date, the application documents have been reviewed by the relevant authorities and pending for approval at the departmental meeting. 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.

As at June 30, 2019, there was addition of \$92,000 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

As at June 30, 2019, the fair value of listed securities held by the Group amounted to \$2.6 million, of which \$2.4 million represented the shareholding in Loco Hong Kong Holdings Limited (“LocoHK”). Its shares are listed on GEM of The Stock Exchange of Hong Kong Limited under the stock code 8162. For the six months ended June 30, 2019, the fair value gain on investment in LocoHK was \$0.9 million (2018: loss of \$0.6 million). As at June 30, 2019, there was an amount due from a related company of \$1.4 million, being the loan due from China Precision Material Limited (“CPM”), a subsidiary of LocoHK. Compared to \$3.5 million as at December 31, 2018, the decrease represented the repayment of \$2.1 million from CPM during the quarter. As at June 30, 2019, Mr. Felipe Tan, Chief Executive Officer of GobiMin, was a director of LocoHK and CPM. Subsequently in July 2019, CPM ceased to be a related company when Mr. Felipe Tan resigned as director of LocoHK and CPM. For the six months ended June 30, 2019, the Group received from CPM interest income of \$0.1 million (2018: \$0.1 million).

For the six months ended June 30, 2019, the fair value gain on other listed securities was \$33,000 (2018: nil) and certain unlisted securities was disposed at carrying value.

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 six months ended June 30, 2019, the Group received from Dragon Silver interest income of \$0.1 million (2018: \$0.1 million).

(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 June 30, 2019, the Group held \$5.8 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

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

and maturities ranged between September 17, 2019 and perpetual (December 31, 2018: November 3, 2019 and perpetual).

As at June 30, 2019, the Group held \$1.0 million (December 31, 2018: nil) certificate of deposit with coupon rates ranged from 2.500% to 2.760% per annum and maturities on September 12, 2019.

For the six months ended June 30, 2019, the interest income and fair value gain on debentures and certificate of deposit were \$0.1 million (2018: \$0.2 million) and \$0.1 million (2018: loss of \$0.4 million) respectively.

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 made in accordance with applicable regulations over a maximum period of 12 months commenced on July 25, 2018 and ended 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 six months ended June 30, 2019, a total of 90,500 common shares were repurchased at an aggregate cost of \$23,188 (CAD31,384). For the period from July 1, 2019 to August 23, 2019, a total of 6,500 common shares were repurchased at an aggregate cost of \$1,357 (CAD1,836) 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 June 30, 2019, the working capital of the Group amounted to approximately \$22.4 million (December 31, 2018: \$19.3 million), by netting off its current assets of \$24.5 million (December 31, 2018: \$22.8 million) with current liabilities of \$2.1 million (December 31, 2018: \$3.5 million).

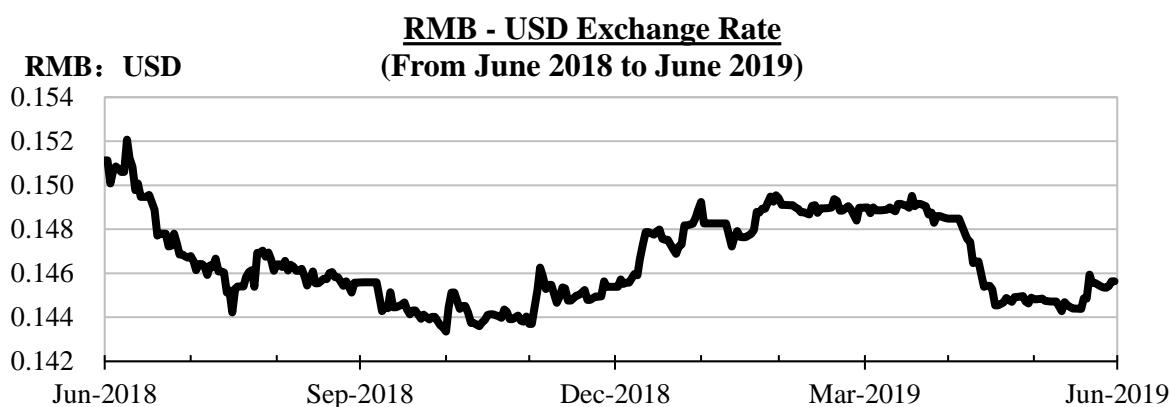
Among the cash and cash equivalents of \$16.9 million, approximately \$1.5 million were held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the relevant documentation required by applicable regulations, subject to the risks 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

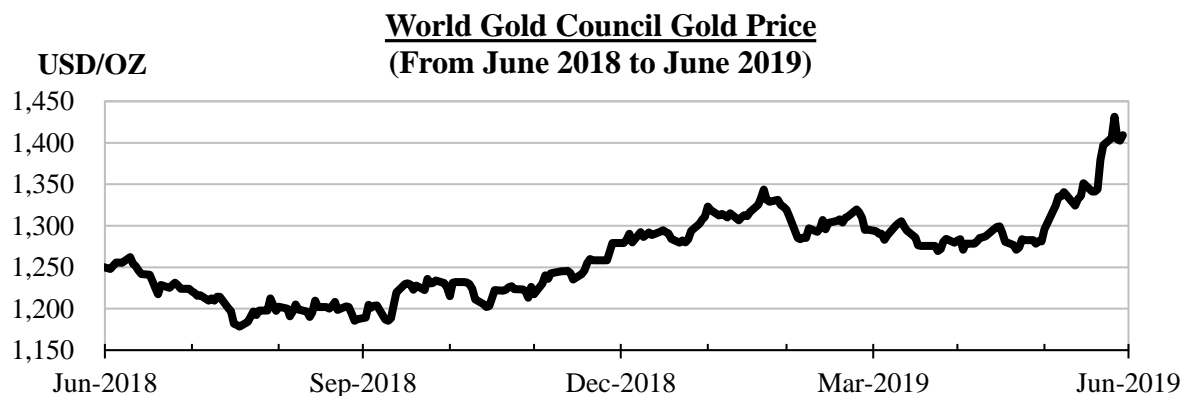
4.1 China Economy

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 June 30, 2019, the exchange rate of the Chinese Renminbi against the U.S. dollar decreased by 3.64%, as compared with that as at June 30, 2018.



4.2 Gold Market

The changes in price of gold have a strong influence on the Gold Project’s value. As at June 30, 2019, the gold price increased by 12.68% from that as at June 30, 2018.



5. Selected Quarterly Information

For the three months ended June 30, 2019, the Group reported a net loss of \$0.4 million (Q2 2018: \$1.3 million) which mainly comprised of fair value gain on financial assets of \$0.1 million (Q2 2018: loss of \$0.8 million) and interest income of \$0.2 million (Q2 2018: \$0.3 million), netting of the administrative expenses of \$0.8 million (Q2 2018: \$0.7 million).

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

In this quarter, the Group recorded a net cash inflow of \$1.2 million (Q2 2018: cash outflow of \$1.5 million). It was mainly the combined effect of cash inflow from repayment of \$2.1 million from a related company (Q2 2018: nil) and net maturity of certificate of deposit of \$1.1 million (Q2 2018: nil), netting off cash outflow for addition of debentures of \$0.5 million (Q2 2018: cash inflow from disposal of debentures of \$0.5 million), settlement of payable of \$0.8 million (Q2 2018: \$0.1 million) and payment of office expenses of \$0.5 million (Q2 2018: \$0.5 million).

The total assets decreased by \$1.3 million from \$78.1 million as at December 31, 2018 to \$76.8 million at this quarter end which mainly represented the payment for office expenses of \$1.0 million and payment of dividend of \$0.4 million.

6. Results of Operations

6.1 Revenue

Interest income and rental income in the second quarter of 2019 were \$0.2 million (3 months Q2 2018: \$0.3 million) and \$0.1 million (3 months Q2 2018: \$0.1 million) respectively.

Interest income and rental income for the six months ended June 30, 2019 were \$0.5 million (6 months Q2 2018: \$0.5 million) and \$0.2 million (6 months Q2 2018: \$0.1 million) respectively.

6.2 Fair Value Gain/(Loss) on Financial Assets

For the three months ended June 30, 2019, fair value gain on financial assets at fair value through profit or loss was \$0.1 million (3 months Q2 2018: fair value loss of \$0.8 million). It mainly represented the fair value gain on debentures of \$0.1 million (3 months Q2 2018: loss of \$0.2 million) with reference to quoted market prices at the end of the reporting period.

For the six months ended June 30, 2019, fair value gain on financial assets at fair value through profit or loss was \$1.1 million (6 months Q2 2018: fair value loss of \$1.0 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 (6 months Q2 2018: fair value loss of \$0.6 million) and the fair value gain on debentures of \$0.1 million (6 months Q2 2018: fair value loss of \$0.4 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 \$0.8 million for this quarter (3 months Q2 2018: \$0.7 million) and \$1.5 million for the six months ended June 30, 2019 (6 months Q2 2018: \$1.5 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 loss per share were \$0.007 for this quarter (3 months Q2 2018: \$0.026) and earnings per share of \$0.005 for the six months ended June 30, 2019 (6 months Q2 2018: loss of \$0.038).

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

6.5 LBITDA

The loss before interest income and expense, income taxes, depreciation and amortisation (“LBITDA”), a non-IFRS performance measure, for this quarter were \$0.5 million as compared to loss of \$1.5 million incurred in the corresponding period last year. The calculation of LBITDA was set out in the table below:

For the three months ended	June 30, 2019	June 30, 2018
	\$	\$
Loss for the period	(398,561)	(1,341,462)
Interest income	(240,751)	(297,969)
Interest expense	-	2,428
Income tax	-	-
Depreciation	187,245	198,583
LBITDA ⁽¹⁾	(452,067)	(1,438,420)
LBITDA per share ⁽²⁾	(0.009)	(0.029)

Note:

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

6.6 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 was paid on June 21, 2019 to shareholders of record on May 22, 2019.

7. Cash Flows

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

As at	June 30, 2019	December 31, 2018
	\$	\$
Cash and cash equivalents	16,908,530	17,077,240
Working capital ⁽¹⁾	22,387,831	19,347,364

For the three months ended	June 30, 2019	June 30, 2018
	\$	\$
Net cash flow used in operating activities	(1,297,764)	(617,365)
Net cash flow used in financing activities	(389,984)	(1,355,035)
Net cash flow from investing activities	2,871,250	465,555
Increase/(decrease) in cash and cash equivalents	1,183,502	(1,506,845)

For the six months ended	June 30, 2019	June 30, 2018
	\$	\$
Net cash flow used in operating activities	(2,436,296)	(1,384,596)
Net cash flow used in financing activities	(391,290)	(1,407,628)
Net cash flow from investing activities	2,658,876	214,785
Decrease in cash and cash equivalents	(168,710)	(2,577,439)

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

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 June 30, 2019

In this quarter, the Company recorded a net cash outflow from operating activities of \$1.3 million (3 months Q2 2018: cash outflow of \$0.6 million) which comprised of net cash payment of office expenses of \$0.5 million (3 months Q2 2018: \$0.5 million) and settlement of payables of \$0.8 million (3 months Q2 2018: \$0.1 million).

For the six months ended June 30, 2019

For the six months ended June 30, 2019, net cash outflow from operating activities was \$2.4 million (6 months Q2 2018: \$1.4 million), which comprised of net cash payment of the office expenses of \$1.0 million (6 months Q2 2018: \$0.9 million) and settlement of payables of \$1.4 million (6 months Q2 2018: \$0.4 million).

7.2 Financing Activities

For the three months ended June 30, 2019

In this quarter, the Company recorded a cash outflow from financing activities of \$0.4 million (3 months Q2 2018: \$1.4 million) which mainly represented payment of dividend of \$0.4 million (3 months Q2 2018: 0.4 million) while there was repayment of bank loan of \$1.0 million in 2018.

For the six months ended June 30, 2019

The cash outflow from financing activities was \$0.4 million for the six months ended June 30, 2019 (6 months Q2 2018: \$1.4 million) which mainly represented payment of dividend of \$0.4 million (6 months Q2 2018: \$0.4 million) while there was repayment of bank loan of \$1.0 million in 2018.

7.3 Investing Activities

For the three months ended June 30, 2019

In this quarter, the Company recorded a cash inflow from investing activities of \$2.8 million (3 months Q2 2018: \$0.5 million), mainly representing the cash inflow from repayment from a related company of \$2.1 million (3 months Q2 2018: nil), net maturity of certificate of deposit of \$1.1 million (3 months Q2 2018: nil) and interest income of \$0.2 million (3 months Q2 2018: \$0.3 million), netting off the net addition of debentures of \$0.5 million (3 months Q2 2018: net disposal of debentures of \$0.6 million).

For the six months ended June 30, 2019

For the six months ended June 30, 2019, net cash inflow from investing activities was \$2.7 million (6 months Q2 2018: \$0.2 million) which mainly represented the cash inflow from repayment from a related company of \$2.1 million (6 months Q2 2018: nil), disposal of unlisted securities of \$0.2 million (6 months Q2 2018: acquisition of unlisted securities of \$0.3 million) and interest income of \$0.5 million (6 months Q2 2018: \$0.5 million). The increase in net cash inflow was mainly due to repayment from a related company in 2019.

8. Statements of Financial Position

8.1 Cash and Cash Equivalents

The Group had approximately \$16.9 million in cash and cash equivalents as at June 30, 2019, compared to \$17.1 million as at December 31, 2018. The decrease of \$0.2 million was mainly the cash inflow from repayment from a related company of \$2.1 million and interest income of \$0.5 million netting off against the net payment of the office expenses of \$1.0 million, settlement of payables of \$1.4 million and payment of dividend 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 six months ended June 30, 2019, there were addition of \$0.1 million in exploration and evaluation assets.

8.3 Financial Assets

As at June 30, 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 5.500% per annum and maturities ranged between September 17, 2019 and November 4, 2019.
- (c) \$1.0 million certificate of deposit with coupon rates ranged from 2.500% to 2.760% per annum and maturities on September 12, 2019.

Non-current Portion

- (d) \$0.2 million investment for listed securities.
- (e) \$5.1 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 investment in Dragon Silver, a Hong Kong based metal trading and processing company.

8.4 Share Capital

As at June 30, 2019, GobiMin had 49,821,482 common shares issued and outstanding. For the six months ended June 30, 2019, 90,500 shares were repurchased and cancelled.

GobiMin Inc.
Interim MD&A – Quarterly Highlights
For the quarter ended June 30, 2019
(Expressed in United States Dollars)
August 23, 2019

9. Related Party Transactions

The Group had the following transactions with related parties:

9.1 During the six months ended June 30, 2019

- (a) Fees and other remunerations to directors and key management amounted to \$0.2 million (Q2 2018: \$0.2 million).
- (b) Rental income of \$24,076 (Q2 2018: \$24,212) and share of office common expenses of \$2,335 (Q2 2018: \$1,898) from companies in which a director of the Company has equity interest.
- (c) Rental income of \$41,828 (Q2 2018: \$60,232) from a company with common director.
- (d) Interest income of \$59,252 (Q2 2018: \$60,747) from a company with common director.
- (e) Share of office common expenses and staff cost of \$8,335 (Q2 2018: \$50,810) from a company with common director.

9.2 As at June 30, 2019

The principal amount of a loan of \$1.4 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 June 30, 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	June 30, 2019	August 23, 2019
Number of Common Shares Outstanding	49,911,982	49,821,482	49,814,982
Number of Options Outstanding	280,000	260,000	260,000
Number of Common Shares Fully Diluted	50,191,982	50,081,482	50,074,982

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.