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NEWS RELEASE

TSX-V: GMN

GobiMin Announces First Quarter 2020 Results
(Expressed in United States dollars except where otherwise indicated)

Toronto, Canada, May 27, 2020 – (TSXV: GMN) GobiMin Inc. (“GobiMin” or the “Company”, together with its subsidiaries collectively the “Group”) reports its financial and operating results for the first quarter of 2020. The unaudited condensed interim financial statements along with quarterly highlights of management’s discussion and analysis have been filed with SEDAR (www.sedar.com) and are also available at the website of the Company (www.gobimin.com).

Financial Highlights

| | 3 months ended March 31 | 12 months ended | |
|---|--------------------------------|-----------------|-------------------|
| | 2020 | 2019 | December 31, 2019 |
| | \$ | \$ | \$ |
| Revenue | 0.2 million | 0.3 million | 1.3 million |
| (Loss)/gain on disposal of financial assets | (36,000) | 25,000 | 0.6 million |
| Fair value (loss)/gain on financial assets | (0.4 million) | 1.0 million | 0.9 million |
| Net (loss)/profit for the period/year | (1.2 million) | 0.6 million | (0.5 million) |
| (Loss)/Profit attributable to shareholders of the Company | (1.2 million) | 0.6 million | (0.3 million) |
| (LBITDA)/EBITDA ⁽¹⁾ | (1.1 million) | 0.5 million | (0.6 million) |
| Basic and diluted (loss)/earnings per share | (0.024) | 0.012 | (0.007) |
| (LBITDA)/EBITDA per share ⁽¹⁾ | (0.023) | 0.010 | (0.013) |
| Cash and cash equivalents | 16.5 million | 15.7 million | 17.8 million |
| Cash and cash equivalents per share ⁽¹⁾ | 0.33 | 0.32 | 0.36 |
| Working capital | 21.1 million | 21.5 million | 21.3 million |
| Total current liabilities | 2.4 million | 2.9 million | 2.5 million |
| Total non-current financial liabilities | 0.4 million | - | 0.4 million |
| Total assets | 73.7 million | 78.1 million | 76.0 million |

Note:

(1) As non-IFRS measurements, (LBITDA)/EBITDA ((loss)/earnings before interest income and expense, income taxes, depreciation and amortization), (LBITDA)/EBITDA 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.

Business Summary and Development

1. COVID-19 Pandemic Impacts

Beginning in January 2020, COVID-19 pandemic resulted in travel and border restrictions, self-imposed quarantine periods and physical distancing, supply chain disruptions, leading to volatility and disruptions in global regular business operations. Furthermore, impact of the COVID-19 pandemic on the global economy triggered material and rapid decline of the investment and market sentiment.

The Company has assessed the impacts of the COVID-19 pandemic on the Group. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations and potential disruptions in commodity prices and capital market. As at March 31, 2020, management has determined that its general operation of business, working capital and the value of the Company's assets are not materially impacted. Although the values of our level 1 financial instruments and investment properties held by the Group were not significantly declined since COVID-19 outbreak, the duration and long-term impact of the pandemic on GobiMin's business, financial condition, results of operations and prospects remain uncertain. Confronted with such dilemma, we have implemented several capital preservation strategies to cope with the downturn of the economy, including but not limited to suspension of dividend distribution, strengthening cost control measures and salary reduction programme. Meanwhile, the Company is exercising caution in conducting investment activities and will explore opportunities in a proactive manner.

As uncertainties from the outbreak are likely to persist, we shall take more steps to reduce the risks of our portfolio. To weather the crisis and better navigate changing market conditions, resilience and diversification will be a prominent part of our strategy. The management will monitor closely the rapidly evolving situation and compile an assessment of the longer-term structural changes that may come out of the pandemic.

2. Gold Project in Xinjiang

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which holds the Sawayaerdun Gold Project (the "Gold Project") in Xinjiang. The exploration licence has been renewed with expiry date on August 22, 2021. The mining licence was expired on December 23, 2019 and renewal application has been accepted by both the Department of Land and Resources of Wuqia County and the Department of Land and Resources of Kezilesu Prefecture on March 28, 2020 and May 14, 2020 respectively. After obtained both acceptance letter, we are eligible to continue the renewal process with the Department of Land and Resources of Xinjiang Province where we already submitted the required documents electronically on March 31, 2020. It is expected that the renewal application of the mining licence will be processed after determination of reserve by the Department of Land and Resources as well as payment for mining royalties based on the assessed reserve. The on-site reserve evaluation work has been completed by the end of November 2019, while the calculation of mining royalties was delayed by the outbreak of COVID-19. As at the reporting date, public services of the Department of Land and Resources have been resumed. However, due to work piled up during the pandemic, it may take longer time to proceed our renewal of the mining licence.

The on-site industrial test on applying bio-tech methodology on extraction of metals from large-scale samples of gold ores was in pre-oxidation and the progress was positive. Since the suspension of transplantation of cultured bacteria from November 2019 impacted by the rough weather, GobiMin

has focused on indoor scale-up culture of biological bacteria conducted by staff on duty. However, the cultured bacteria have not reached the target volume due to the low activity affected by the cold weather in Xinjiang by the end of March 2020. Therefore, transplantation of newly-cultured bacteria to the ore heap may be delayed until it was getting warm. In addition, attributable to the reduction of social contact triggered by COVID-19, repairment of solution tank and sulphuric acid storehouse were postponed until resumption of work since late March 2020. By mid-May 2020, the tank and storehouse has passed the completion-based check and GobiMin has procured more sulphuric acid to speed up acid spray to the heap. As a result of the travel restrictions caused by the coronavirus pandemic, the progress of the industrial test was delayed by the inadequacy of technical manpower. In this regard, GobiMin has arranged temporarily transfer of workers from third parties to fill the vacancies arising from the absence of skilled workers, and will continue to seek for employing more technicians to supplement our labour force. By virtue of the entrance curbs due to COVID-19, professional researchers of the Research Institute have not been able to return to Xinjiang, and have to rely on remote working to give guidance on our industrial test. GobiMin has kept on communicating with the Research Institute and it promised to arrange researchers to return to the industrial site as soon as the government releases the travel restrictions. In May 2020, the bacteria was found active in the heap, indicating that the pre-oxidation of ores has gone well.

Considering the existing sound liquidity of the Group, accompany with upward trend of gold price and positive progress with respect to the on-site industrial test of the Gold Project, there is no impairment indication related to the assets of the Gold Project. As at March 31, 2020, there was addition of \$43,000 in the exploration and evaluation assets and the Group had a contractual commitment of \$1.5 million for the future development of the Gold Project.

3. Financial Assets

(i) Listed Securities

As at March 31, 2020, the fair value of listed securities held by the Group amounted to \$0.2 million (December 31, 2019: \$0.1 million) which include \$0.2 million (December 31, 2019: \$11,000) investment in listed stock, futures and options trading through registered brokerage firms in Hong Kong and \$27,000 (December 31, 2019: \$0.1 million) for a listed stock in Canada. For the three months ended March 31, 2020, the loss on disposal from trading of listed stock, indexes, futures and options amounted to \$39,000 (Q1 2019: nil) and fair value loss was \$80,000 (Q1 2019: gain of \$0.9 million).

(ii) Unlisted Investments

The Group holds 670,000 shares of Dragon Silver Holdings Limited (“Dragon Silver”) representing 9.90% of its total issued capital at an investment cost of \$1.1 million (HK\$8,710,000). 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. The loan of \$3 million bearing interest at 8.5% per annum advanced by the Group was repaid in full by Dragon Silver in December 2019.

In addition, the major shareholder (the “Guarantor”) of Dragon Silver irrevocably guaranteed to the Group that (i) the audited net profit after tax of Dragon Silver shall not be less than \$1.93 million (HK\$15 million) (the “Guaranteed Profit”) for each of the financial years ending from June 30, 2018 to 2022 (the “Relevant Years”); and (ii) the amount of dividends declared and paid by Dragon Silver during each of the Relevant Years shall not be less than \$0.16 (HK\$1.25) per share. On April 28, 2020,

the Board approved waiver of the profit guarantee compensation of \$0.11 million (HK\$856,000) for the years ended June 30, 2019 and June 30, 2020 in consideration of the difficult market conditions caused by US-China trade tensions, weakening global manufacturing and supply chain and outbreak of COVID-19 pandemic.

As at March 31, 2020, other unlisted investments held by the Group amounted to \$0.2 million (December 31, 2019: \$0.2 million). During the period under review, the fair value loss on other unlisted investments was \$10,000 (Q1 2019: nil).

(iii) 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, 2020, the Group held debentures of \$2.8 million (December 31, 2019: \$4.6 million) with coupon rates ranged from 4.250% to 7.375% (December 31, 2019: 4.250% to 7.750%) per annum and maturities ranged between November 4, 2020 and perpetual (December 31, 2019: January 17, 2020 and perpetual).

For the three months ended March 31, 2020, interest income from debentures and certificate of deposit was \$46,000 (Q1 2019: \$86,000), fair value loss on debentures and certificate of deposit amounted to \$0.3 million (Q1 2019: gain of \$0.1 million) and gain from disposal of debentures and maturity of certificate of deposit was \$4,000 (Q1 2019: \$25,000).

4. Investment Properties

On December 10, 2019, the Group acquired two investment properties for \$3.1 million in Shenzhen, China for recurring rental income. However, leasing of our properties were affected by weakened demand under the COVID-19 pandemic. The decline in market value of such properties is still moderate and the fair value with reference to the recent market prices of similar properties in the same locations is higher or close to the carrying amount. Property agencies have been engaged to help seeking for proper tenants. We expect a recovery in property demand after more industries returned to normal since China starting to loosen lockdown measures.

5. Liquidity and Capital Resources

As at March 31, 2020, working capital of the Group was amounted to about \$21.1 million (December 31, 2019: \$21.3 million), by netting off its current assets of \$23.5 million (December 31, 2019: \$23.8 million) with current liabilities of \$2.4 million (December 31, 2019: \$2.5 million).

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 \$1.5 million.

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Certain statements contained in this press release constitute forward-looking information. Such statements are based on the current expectations of management of GobiMin. You are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause actual results, future circumstances or events to differ materially from those projected in the forward-looking information. Forward looking information includes without limitation, statements regarding the size and quality of the Company's mineral resources, progress in development of mineral properties, the prospective mineralization of the properties, and planned exploration programs. The reader should not place undue reliance on the forward-looking information included in this press release given that (i) actual results could differ materially from a conclusion, forecast or projection in the forward-looking information, and (ii) certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information could prove to be inaccurate. These statements speak only as of the date they are made, and GobiMin assumes no obligation to revise such statements as a result of any event, circumstance or otherwise, except in accordance with law.

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