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

Audited Consolidated Financial Statements

December 31, 2019 and 2018
(Expressed in United States Dollars except where otherwise noted)

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of GobiMin Inc.

Opinion

We have audited the consolidated financial statements of GobiMin Inc. and its subsidiaries (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2019 and December 31, 2018 and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and December 31, 2018 and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and December 31, 2018 and its financial performance and its cash flows for the years ended December 31, 2019 and December 31, 2018 in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- The information, other than the consolidated financial statements and our auditor's report thereon, included in the GobiMin Inc. Annual Report 2019, and
- The information included in the Management's Discussion and Analysis of Financial Results for the year ended December 31, 2019.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report 2019 and the Management's Discussion and Analysis of Financial Results for the year ended December 31, 2019 prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Jeanny Gu.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Toronto, Ontario
April 28, 2020

GobiMin Inc.

Consolidated Statements of Financial Position
As at December 31, 2019 and 2018
(Expressed in United States Dollars)

	Note	**December 31, 2019**	December 31, 2018
ASSETS		**$**	$
Current			
Cash and cash equivalents	*7*	**17,777,915**	17,077,240
Prepayments, deposits and other receivables	*8*	**4,794,314**	3,405,596
Financial assets	*9*	**1,208,037**	2,353,948
Total current assets		**23,780,266**	22,836,784
Non-current			
Property, plant and equipment	*10*	**10,184,927**	12,689,210
Investment properties	*11*	**6,283,828**	1,511,114
Exploration and evaluation assets	*12*	**30,189,063**	29,877,546
Right-of-use assets	*13*	**408,209**	-
Amount due from a related company	*14*	**-**	3,500,000
Financial assets	*9*	**5,173,980**	7,675,922
Total non-current assets		**52,240,007**	55,253,792
Total assets		**76,020,273**	78,090,576
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	*15*	**1,278,048**	2,362,313
Income taxes payable		**1,124,615**	1,127,107
Lease liabilities	*13*	**64,180**	-
Total current liabilities		**2,466,843**	3,489,420
Non-current			
Lease liabilities	*13*	**354,390**	-
Total non-current liabilities		**354,390**	-
Total liabilities		**2,821,233**	3,489,420
SHAREHOLDERS' EQUITY			
Share capital	*16*	**21,936,915**	22,054,895
Reserves and retained earnings		**51,195,822**	52,406,671
Equity attributable to shareholders of the Company		**73,132,737**	74,461,566
Non-controlling interests	*17*	**66,303**	139,590
Total shareholders' equity		**73,199,040**	74,601,156
Total liabilities and shareholders' equity		**76,020,273**	78,090,576

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

APPROVED BY THE BOARD ON APRIL 28, 2020 AND SIGNED ON ITS BEHALF BY:

(Signed)	(Signed)
Felipe Tan	**Hubert Marleau**
Director	Director

GobiMin Inc.
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2019 and 2018
(Expressed in United States Dollars)

	Note	**December 31, 2019**	December 31, 2018
		$	$
Interest income		**915,909**	1,054,170
Rental income		**276,129**	290,501
Dividend income		**107,548**	107,786
Other income		**3,321**	-
Gain on disposal of financial assets		**565,473**	3,518
Fair value gain/(loss) on financial assets at fair value through profit or loss	*9*	**896,801**	(1,129,717)
Gross profit		**2,765,181**	326,258
General and administrative expenses	*18*	**(3,151,997)**	(2,930,732)
Share of results of associates		**-**	(4,783)
Operating loss		**(386,816)**	(2,609,257)
Gain on disposal of property, plant and equipment		**-**	35,881
Loss on dissolution of a subsidiary		**(74,599)**	-
Exchange loss		**(3,959)**	(353,833)
Finance costs	*19*	**(13,302)**	(14,147)
Net loss for the year		**(478,676)**	(2,941,356)
Other comprehensive income/(loss), net of tax			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent year:			
Exchange differences released upon dissolution of a subsidiary		**74,599**	-
Exchange differences on translation of foreign operations		**(554,240)**	(2,329,831)
Total comprehensive loss for the year		**(958,317)**	(5,271,187)
Loss for the year attributable to:			
Shareholders of the Company		**(343,796)**	(2,803,429)
Non-controlling interests	*17*	**(134,880)**	(137,927)
		(478,676)	(2,941,356)
Total comprehensive income/(loss) for the year attributable to:			
Shareholders of the Company		**(885,030)**	(5,049,904)
Non-controlling interests		**(73,287)**	(221,283)
		(958,317)	(5,271,187)
Net loss per share			
Basic and diluted	*16.7*	**(0.007)**	(0.056)
Weighted average number of shares outstanding			
Basic and diluted	*16.7*	**49,835,534**	49,993,550

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

GobiMin Inc.
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2019 and 2018
(Expressed in United States Dollars)

	Attributable to shareholders of the Company							
	Share capital *Note 16.1*	**Contributed surplus**	**Share option reserve**	**General reserve** *Note 16.3*	**Translation reserve** *Note 16.4*	**Retained earnings**	**Non-controlling interests** *Note 17*	**Total equity**
	$	$	$	$	$	$	$	$
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**
Net loss for the year	-	-	-	-	-	(2,803,429)	(137,927)	(2,941,356)
Other comprehensive loss	-	-	-	-	(2,246,475)	-	(83,356)	(2,329,831)
Total comprehensive loss	-	-	-	-	(2,246,475)	(2,803,429)	(221,283)	(5,271,187)
Dividend paid (Note 24)	-	-	-	-	-	(369,462)	-	(369,462)
Shares repurchased (Note 16.1)	(41,316)	-	-	-	-	18,550	-	(22,766)
Share-based payment	-	-	1,786	-	-	-	-	1,786
At December 31, 2018	**22,054,895**	**2,399,939**	**37,060**	**501,965**	**(640,365)**	**50,108,072**	**139,590**	**74,601,156**
At January 1, 2019	**22,054,895**	**2,399,939**	**37,060**	**501,965**	**(640,365)**	**50,108,072**	**139,590**	**74,601,156**
Net loss for the year	**-**	**-**	**-**	**-**	**-**	**(343,796)**	**(134,880)**	**(478,676)**
Other comprehensive income/(loss)	**-**	**-**	**-**	**-**	**(541,234)**	**-**	**61,593**	**(479,641)**
Total comprehensive loss	**-**	**-**	**-**	**-**	**(541,234)**	**(343,796)**	**(73,287)**	**(958,317)**
Dividend paid (Note 24)	**-**	**-**	**-**	**-**	**-**	**(382,716)**	**-**	**(382,716)**
Shares repurchased (Note 16.1)	**(117,980)**	**-**	**-**	**-**	**-**	**56,897**	**-**	**(61,083)**
Options forfeited/expired	**-**	**-**	**(37,060)**	**-**	**-**	**37,060**	**-**	**-**
At December 31, 2019	**21,936,915**	**2,399,939**	**-**	**501,965**	**(1,181,599)**	**49,475,517**	**66,303**	**73,199,040**

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

GobiMin Inc.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2019 and 2018
(Expressed in United States Dollars)

	December 31, 2019	December 31, 2018
	$	$
Operating activities		
Net loss for the year	**(478,676)**	(2,941,356)
Adjustments for items not involving cash:		
- Depreciation	**761,646**	790,714
- Share-based payment	**-**	1,786
- Share of results of associates	**-**	4,783
- Gain on disposal of property, plant and equipment	**-**	(35,881)
- Gain on disposal of financial assets	**(565,473)**	(3,518)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	**(896,801)**	1,129,717
- Loss on dissolution of a subsidiary	**74,599**	-
- Exchange loss	**3,959**	353,833
- Dividend income	**(107,548)**	(107,786)
- Interest income	**(915,909)**	(1,054,170)
- Interest expense	**8,625**	9,075
	(2,115,578)	(1,852,803)
Working capital adjustments:		
- Prepayments, deposits and other receivables	**322,703**	(486,434)
- Other payables, receipts in advance and accrued liabilities	**(1,086,757)**	872,917
- Deposit paid to a related company	**-**	29,302
Net cash flow used in operating activities	**(2,879,632)**	(1,437,018)
Financing activities		
Interest paid	**(8,625)**	(9,075)
Shares repurchased	**(61,083)**	(22,766)
Repayment of bank loan	**-**	(1,011,326)
Repayment of lease liabilities	**(9,455)**	-
Dividend paid	**(382,716)**	(369,462)
Net cash flow used in financing activities	**(461,879)**	(1,412,629)
Investing activities		
Interest received	**915,909**	1,054,170
Dividend received	**107,548**	107,786
Additions of property, plant and equipment	**(46,675)**	(28,372)
Additions of exploration and evaluation assets	**(713,387)**	(94,613)
Additions of investment properties	**(3,126,564)**	-
Proceeds from disposal of property, plant and equipment	**-**	41,251
Net disposal/(purchase) of listed securities	**2,938,506**	(184,526)
Net purchase of unlisted investments	**(33,405)**	(257,400)
Net disposal/(purchase) of debentures	**2,206,540**	(200,760)
Net (payment)/maturity of certificate of deposit	**(1,766)**	499,825
Net proceeds from dissolution of associates	**-**	189,529
Loan secured by a property	**(4,585,077)**	-
Repayment of loan from an investee	**3,000,000**	-
Repayment of loan from a related company	**3,500,000**	-
Net cash flow from investing activities	**4,161,629**	1,126,890
Increase/(decrease) in cash and cash equivalents	**820,118**	(1,722,757)
Effect of foreign exchange rate changes on cash	**(119,443)**	(267,476)
Cash and cash equivalents at beginning of the year	**17,077,240**	19,067,473
Cash and cash equivalents at end of the year	**17,777,915**	17,077,240

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

(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 properties, 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").

As at December 31, 2019, particulars of the major subsidiaries of the Group are as follows:

Company name	Place of incorporation	Issued & paid-up capital	Attributable interest held by the Company	Principal activities
Alexis Investments Limited	Hong Kong, China	HK$1	100%	Provision of business services and investment holding
Alexis Resources Limited	British Virgin Islands	US$10,000	100%	Investment holding
GobiMin Investments Limited	British Virgin Islands	US$1,000	100%	Investment holding
Fine Asia Development Limited	Hong Kong, China	HK$100	100%	Provision of business services and investment holding
GobiMin Mineral Limited	Hong Kong, China	HK$100	100%	Property holding and leasing
GobiMin Silver Limited	British Virgin Islands	US$1,000	100%	Investment holding
Karon Limited	Hong Kong, China	HK$1	100%	Provision of business services and investment holding
新疆偉福礦業有限公司 Xinjiang Weifu Mining Limited	Xinjiang, China	RMB230,000,000	100%	Investment holding
新疆戈壁礦業有限公司 Xinjiang Gebi Mining Limited (1)	Xinjiang, China	RMB30,000,000	100%	Property holding and leasing
新疆同源礦業有限公司 Xinjiang Tongyuan Minerals Limited (1)	Xinjiang, China	RMB50,000,000	70%	Exploration and development of gold property
珠海横琴戈壁輝亞咨詢有限公司 Zhuhai Hengqin Gebi Huiya Consultancy Limited (1)	Guangdong, China	RMB20,000,000	100%	Provision of consultancy services
深圳市戈壁輝亞咨詢有限公司 Shenzhen Gebi Huiya Consultancy Limited (1)	Guangdong, China	RMB10,000,000	100%	Provision of consultancy services and property holding

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

2. BASIS OF PREPARATION

(a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("IASB") and Interpretations (collectively "IFRSs"). The policies set out below were consistently applied to all the years presented unless otherwise stated.

The preparation of the consolidated financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires management of the Group to exercise judgement in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in note 5.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on April 28, 2020.

(b) Basis of Measurement

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

(c) Basis of Consolidation

Subsidiaries are entities controlled by the Group. Control exists when all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date that control commences until the date that control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

(d) Functional and Presentation Currency

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

(Express in United States Dollars)

3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

(a) New Standards, Interpretations and Amendments Effective from January 1, 2019

New standards impacting the Group that will be adopted in the consolidated financial statements for the year ended December 31, 2019, and which have given rise to changes in the Group's accounting policies are:

IFRS 16	*Leases*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*

IFRS 16 *Leases*

Effective on January 1, 2019, IFRS 16 has replaced IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement Contains a Lease*.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Group does not have significant leasing activities acting as a lessor.

Transition Method and Practical Expedients Utilized
The Group adopted IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (January 1, 2019), without restatement of comparative figures. The Group elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. The definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases. However, the Group has elected not to recognize right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new, or for short-term leases with a lease term of 12 months or less.

At January 1, 2019, the Group had not entered any finance lease and operating lease as lessee, the adoption of IFRS 16 has no impact on the statement of financial position as at January 1, 2019.

The Group has leased out its investment properties to a number of tenants. As the accounting under IFRS 16 for a lessor is substantially unchanged from the requirements under IAS 17, the adoption of IFRS 16 does not have significant impact on these financial statements.

IFRIC 23 *Uncertainty over Income Tax Position*

IFRIC 23 provides guidance on the accounting for current and deferred tax liabilities and assets in circumstances in which there is uncertainty over income tax treatments. The Interpretation requires:

- The Group to determine whether uncertain tax treatments should be considered separately, or together as a group, based on which approach provides better predictions of the resolution;

(Express in United States Dollars)

- The Group to determine if it is probable that the tax authorities will accept the uncertain tax treatment; and
- If it is not probable that the uncertain tax treatment will be accepted, measure the tax uncertainty based on the most likely amount or expected value, depending on whichever method better predicts the resolution of the uncertainty. This measurement is required to be based on the assumption that each of the tax authorities will examine amounts they have a right to examine and have full knowledge of all related information when making those examinations.

The Group elected to apply IFRIC 23 retrospectively with the cumulative effect recorded in retained earnings as at the date of initial application, January 1, 2019. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the authorities. Accordingly, the interpretation did not have any impact on the financial position of the Group as at January 1, 2019 that would result in an adjustment as of the date of adoption.

(b) New Standards, Interpretations and Amendments Not Yet Effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The most significant of these are:

Amendments to IFRS 3	*Definition of a Business*[1]
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 1 and IAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after January 1, 2020
2 Effective for annual periods beginning on or after January 1, 2023
3 No mandatory effective date yet determined but available for adoption

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and process needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the Group.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Foreign Currency Translation

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

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

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

(b) Cash and Cash Equivalents

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

(c) Property, Plant and Equipment

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

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

Motor vehicles:	19% - 25%

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

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

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment and other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

(d) Investment Properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live of 20 years using straight-line method. The useful live, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(e) Exploration and Evaluation Assets

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

(f) Income Taxes

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

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

Deferred income tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred income tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting income nor taxable income. Deferred income tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

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

(g) Revenue Recognition

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

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

Interest income is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(h) Earnings Per Share

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

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

(i) Financial Assets

Initial recognition and measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortized cost
The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and loss are recognized in the statement of profit or loss when the asset is derecognized, modified or impaired.

Financial assets at amortized cost include cash and cash equivalents, loans receivable and amount due from related company.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortized cost or at fair value through other comprehensive income, as described above, debt instruments may be also designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value profit or loss are recognized in the consolidated statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Financial assets at fair value through profit or loss includes listed and unlisted equity investments and listed debentures.

(j) <u>Impairment of Financial Assets</u>

The Group recognizes an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For those credit exposures that are considered credit impaired, a loss allowance is required for credit losses expected over the remaining life of the exposure, with interest income recognized on the balance net of allowance.

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effect, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(k) <u>Financial liabilities</u>

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

The Group classifies its other payables, receipts in advance and accrued liabilities as other financial liabilities.

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

(l) <u>Provisions</u>

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

(m) <u>Leases</u>

(i) Applicable from January 1, 2019
The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets
Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities
Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets
The Group applies the short-term lease recognition exemption to its short-term leases (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor
When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

(ii) Applicable before January 1, 2019
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

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

(n) Share Capital

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

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

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to makes judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements:

(i) Exploration and Evaluation Expenditures

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the Group may not recover the expenditure, the amount capitalized is written down to its recoverable amount in the year the new information becomes available. Although there was minimal spending in the exploration and evaluation activities during the year, the Company undertook various substantive activities to further the project, including activities associated with the renewal of its mining licence and retention of its exploration licence and activities associated with advancing the interest of investors to develop the Gold Project. Accordingly, the Company is of the view that there are no indicators of impairment.

(ii) Income Taxes

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

(iii) Functional Currency

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

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

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

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

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

(vi) Fair Value Measurement

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

(Express in United States Dollars)

The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are. The classification of an item into different levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

For more detailed information in relation to the fair value measurement of the items measured at fair value, please refer to the applicable notes.

6. SEGMENT INFORMATION

The Group is engaged in two operating segments, namely (i) the investment in 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").

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

As at	**December 31, 2019**	December 31, 2018
	$	$
Segment assets		
Investment business	**17,340,901**	18,166,475
Mining business	**35,233,683**	35,933,210
Total segment assets	**52,574,584**	54,099,685
Unallocated	**23,445,689**	23,990,891
Consolidated assets	**76,020,273**	78,090,576

As at	**December 31, 2019**	December 31, 2018
	$	$
Segment liabilities		
Investment business	**62,804**	135,430
Mining business	**883,099**	1,848,023
Total segment liabilities	**945,903**	1,983,453
Unallocated	**1,875,330**	1,505,967
Consolidated liabilities	**2,821,233**	3,489,420

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

For the year ended	**December 31, 2019**	December 31, 2018
	$	$
Segment revenue and results		
Investment business	**2,550,253**	29,166
Mining business	**(629,234)**	(726,852)
	1,921,019	(697,686)
Other income and gains	**94,652**	206,183
Unallocated corporate expenses	**(2,402,487)**	(2,117,754)
Gain on disposal of property, plant and equipment	**-**	35,881
Loss on dissolution of a subsidiary	**(74,599)**	-
Exchange loss	**(3,959)**	(353,833)
Finance costs	**(13,302)**	(14,147)
Loss before income tax	**(478,676)**	(2,941,356)

7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in the following locations:

Location	**December 31, 2019**	December 31, 2018
	$	$
Canada	**842,486**	233,120
Hong Kong	**16,377,836**	13,717,374
China	**557,593**	3,126,746
Total	**17,777,915**	17,077,240

As at December 31, 2019, cash and cash equivalents located in Hong Kong included cash balance of approximately $3.40 million (RMB23.71 million) (2018: $2.66 million (RMB18.18 million)) denominated in RMB. 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 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 remaining cash and cash equivalents balances are held in Hong Kong Dollar, United States Dollar and Canadian Dollar currencies.

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

(Express in United States Dollars)

8. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

For the year ended	December 31, 2019	December 31, 2018
	$	$
Prepayments	**34,122**	172,561
Deposits	**37,171**	53,837
Loan	**4,594,645**	3,000,000
Other receivables	**128,376**	179,198
	4,794,314	3,405,596

As at December 31, 2018, the loan balance represented a loan to Dragon Silver Holdings Limited ("Dragon Silver") which was secured by the personal guarantee of a director of Dragon Silver, bearing an interest at the rate of 8.5% per annum and was repayable on demand with 7 days' notice. The Group owns a 9.90% equity interest in Dragon Silver which is classified as financial assets as disclosed in note 9.3 to the consolidated financial statements. The loan was repaid in December 2019.

As at December 31, 2019, the loan balance represented a loan to Mr. Wu Donghai ("Borrower"), a controlling shareholder and director of Dragon Silver, secured by a property owned by the Borrower in Hong Kong, bearing an interest at the rate of 3.5% per annum and was repayable on demand. No significant increase in credit risk was noted since initial recognition and the Group had assessed the credit risk of the loan and considered default possibility was minimal.

Other receivables mainly composed of interest receivables from listed debt instruments and the Group considered the default possibility was minimal.

9. FINANCIAL ASSETS

As at	*Note*	December 31, 2019	December 31, 2018
		$	$
Current			
Listed securities	*9.1*	**11,301**	1,476,718
Debentures	*9.2*	**1,196,736**	680,183
Unlisted investments		**-**	197,047
		1,208,037	2,353,948
Non-current			
Listed securities	*9.1*	**93,794**	151,721
Debentures	*9.2*	**3,439,592**	5,928,448
Unlisted investments	*9.3*	**1,640,594**	1,595,753
		5,173,980	7,675,922
Total		**6,382,017**	10,029,870

9.1 Listed Securities

As at December 31, 2019, the listed securities represented the investment in listed shares in Hong Kong and Canada. The fair value of the investment is determined with reference to quoted market price. For the year ended December 31, 2019, the Group recognized a fair value gain of $869,566 (2018: loss of $1,120,913).

9.2 Debentures

Debentures represent the debentures held by the Group with coupon rates ranging from 4.250% to 7.750% (2018: 4.250% to 9.000%) per annum and maturities ending between January 17, 2020 and perpetual (2018: November 3, 2019 and perpetual). Debentures are classified as financial assets at fair value through profit or loss. The fair value of the investment is determined with reference to their quoted price in active market. For the year ended December 31, 2019, the Group recognized a fair value gain on debentures and certificate of deposit of $209,317 (2018: fair value loss of $423,225).

9.3 Unlisted Investments

Unlisted investments mainly composed of a 9.90% interest in Dragon Silver which is a company incorporated in Hong Kong engaged in metal trading and processing with fair value of $1,407,562 at December 31, 2019 (2018: $1,595,753). Pursuant to the subscription agreement and on December 29, 2017, the major shareholder of Dragon Silver (also referred to as "Guarantor" below) and the Group entered into a deed of put option which provides the Group with the right to sell all 670,000 shares to the Guarantor at the original acquisition cost of $1,120,978 (HK$8,710,000) between the fourth and fifth anniversary dates of the deed of put option. In addition, the Guarantor agreed to irrevocably warrant and guarantee to the Group that (i) the audited net profit after tax of Dragon Silver shall not be less than $1,926,233 (HK$15,000,000) 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. For the year ended December 31, 2019, the Group received guarantee dividend of $0.16 (HK$1.25) per share from Dragon Silver. However, as impacted by the unstable economic environment, Dragon Silver failed to attain the guarantee profit of $1,926,233. On April 17, 2020, the Group agreed with Dragon Silver to waive the profit guarantee for the years ending June 30, 2019 and 2020. The Group recognized a fair value loss on investment in Dragon Silver of $184,662 (2018: gain of $474,774) and fair value gain of other unlisted investment of $2,580 (2018: loss of $60,353).

(Express in United States Dollars)

10. 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**
Exchange difference	**(151,465)**	**(529)**	**(7,925)**	**(13)**	**(14,894)**	**(174,826)**
Additions	**15,497**	**7,346**	**23,832**	**-**	**-**	**46,675**
Transfer to investment properties	**(2,167,906)**	**-**	**-**	**-**	**-**	**(2,167,906)**
At December 31, 2019	**13,083,073**	**245,842**	**437,013**	**558**	**755,935**	**14,522,421**
Depreciation and impairment:						
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
Eliminated on disposals	-	-	-	-	(80,544)	(80,544)
At December 31, 2018	**2,804,420**	**236,315**	**355,310**	**571**	**732,652**	**4,129,268**
Exchange difference	**(25,096)**	**(523)**	**(6,598)**	**(13)**	**(14,151)**	**(46,381)**
Transfer to investment properties	**(368,544)**	**-**	**-**	**-**	**-**	**(368,544)**
Depreciation for the year	**608,817**	**1,807**	**11,827**	**-**	**700**	**623,151**
At December 31, 2019	**3,019,597**	**237,599**	**360,539**	**558**	**719,201**	**4,337,494**
Net book value:						
At December 31, 2018	**12,582,527**	**2,710**	**65,796**	**-**	**38,177**	**12,689,210**
At December 31, 2019	**10,063,476**	**8,243**	**76,474**	**-**	**36,734**	**10,184,927**

As at December 31, 2019, the carrying amount of property, plant and equipment located in Hong Kong amounted to $5,077,939 (December 31, 2018: $7,255,509). The remaining property, plant and equipment were located in China.

During the year ended December 31, 2019, the intended use of certain owner-occupied property was changed that it is used solely for generating rental income and for capital appreciation. The transferred property was leased out during the year. Accordingly, the cost and the related accumulated depreciation was transferred to investment properties.

(Express in United States Dollars)

11. INVESTMENT PROPERTIES

Cost:	$
At January 1, 2018	**2,681,601**
Exchange difference	(130,214)
At December 31, 2018	**2,551,387**
Exchange difference	**(52,670)**
Additions	**3,126,564**
Transfer from leasehold land and buildings	**2,167,906**
At December 31, 2019	**7,793,187**
Depreciation and impairment:	
At January 1, 2018	**957,746**
Exchange difference	(38,654)
Depreciation for the year	121,181
At December 31, 2018	**1,040,273**
Exchange difference	**(18,137)**
Transfer from leasehold land and buildings	**368,544**
Depreciation for the year	**118,679**
At December 31, 2019	**1,509,359**
Net book value:	
At December 31, 2018	**1,511,114**
At December 31, 2019	**6,283,828**

Investment properties are commercial properties of which $4,484,466 (2018: $1,511,114) are located in China and $1,799,362 (2018: nil) are located in Hong Kong. Other than the investment properties of $3,126,564 purchased in December 2019 that were vacant as at December 31, 2019, the other investment properties were leased to third parties and related parties (note 21.2) with fixed lease payments.

The estimated fair value of the investment properties as at December 31, 2019 was approximately $9,180,367 (2018: $3,666,623). The estimated fair value was determined by management assessment in reference to recent market prices for similar properties in the same locations and similar conditions.

12. EXPLORATION AND EVALUATION ASSETS

Cost:	$
At January 1, 2018	**31,533,596**
Addition	94,613
Exchange difference	(1,750,663)
At December 31, 2018	**29,877,546**

Cost:	$
At January 1, 2019	**29,877,546**
Addition	**713,387**
Exchange difference	**(401,870)**
At December 31, 2019	**30,189,063**

(Express in United States Dollars)

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 an expiry date on December 23, 2019 and renewal application has been accepted by the Department of Land and Resources of Wuqia County on March 28, 2020. Relevant documents of renewal application have been submitted to the Department of Land and Resources of Kezilesu Prefecture on March 31, 2020 for further approval. The renewal application of the mining licence will be processed pending the reassessment of reserve by the Department of Land and Resources as well as payment for mining royalties based on the assessed reserve. The renewed exploration licence has been received in September 2019 with expiry date on August 22, 2021.

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.

13. LEASES

(a) Right-of-Use Assets

The Group has lease contracts for office premises. The premises have lease terms of 9 years. The carrying amounts of the right-of-use assets and the movements during the year are as follows:

Cost:	$
At December 31, 2018	**-**
Additions	**428,025**
At December 31, 2019	**428,025**
Depreciation:	
At December 31, 2018	**-**
Depreciation for the year	**19,816**
At December 31, 2019	**19,816**
Net book value:	
At December 31, 2018	**-**
At December 31, 2019	**408,209**

(Express in United States Dollars)

(b) Lease Liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	$
Carrying amount at January 1, 2019	-
New leases	428,025
Accretion of interest recognized during the year	8,625
Payments	(18,080)
Carrying amount at December 31, 2019	**418,570**

Lease liabilities repayable:	
Within 1 year	**64,180**
After 2 years but within 5 years	**205,852**
After 5 years	**148,538**
	418,570

The effective interest rate used to calculate the lease liabilities is 4.9% per annum with reference to the Loan Prime Rate published by the People's Bank of China effective for the year 2019.

14. AMOUNT DUE FROM A RELATED COMPANY

As at December 31, 2018, the amount due from a related company represented a loan of $3,500,000 to China Precision Material Limited ("CPM"), a subsidiary of Loco Hong Kong Holdings Limited ("LocoHK") whereas 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 has been repaid on October 4, 2019.

15. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at December 31, 2019, 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.

As at	**December 31, 2019**	December 31, 2018
	$	$
Other payables	**931,554**	1,830,644
Accrued liabilities	**273,359**	391,550
Receipts in advance	**62,804**	135,430
Deposit received	**10,331**	4,689
Total	**1,278,048**	2,362,313

(Express in United States Dollars)

16. SHARE CAPITAL AND STOCK OPTIONS

16.1 Common Shares

	Number	Amount
Authorized:		$
Unlimited number of common shares		
Issued and outstanding:		
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	**(267,000)**	**(117,980)**
At December 31, 2019	**49,644,982**	**21,936,915**

16.2 Preferred Shares

The Company did not authorize or issue any preferred share.

16.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During 2019, there was no movement in the general reserve.

16.4 Translation Reserve

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

16.5 Normal Course Issuer Bid

On August 1, 2019, GobiMin was granted approval by TSX Venture Exchange to renew its normal course issuer bid to repurchase up to an additional 2,491,074 (2018: 2,500,274) common shares, representing approximately 5% of the then common shares outstanding ("2019 NCIB"). Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months commencing on August 8, 2019 and ended on August 7, 2020 or on such earlier date as GobiMin may complete its purchases pursuant to the 2019 NCIB or as it may otherwise determine. For the year ended December 31, 2019, a total of 267,000 common shares were repurchased at an aggregate cost of $61,083 (CAD79,518), of which 90,500 common shares were repurchased under the NCIB for 2018 and the remaining 176,500 common shares were repurchased under the 2019 NCIB.

16.6 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 (2018: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

(Express in United States Dollars)

(a) Status of the Outstanding Employee Stock Options:

	2019		2018	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the year	**280,000**	**0.37**	280,000	0.37
Forfeited	(280,000)	0.37	-	-
Outstanding, end of the year	**-**	**-**	280,000	0.37

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

Exercise Price	**Exercise Price**	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Number of Options Exercisable**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**
CAD	**$**		**(Year)**	**$**		**(Year)**	**$**
At December 31, 2018							
0.50	0.37	280,000	1.00	0.37	280,000	1.00	0.37

As at December 31, 2019, all the stock option has been expired and there are no outstanding and exercisable option.

16.7 Basic and Diluted Loss Per Share

For the year ended	**December 31, 2019**	December 31, 2018
Net loss attributable to shareholders		
Basic and diluted	**($343,796)**	($2,803,429)
Weighted average number of shares outstanding		
Basic and diluted	**49,835,534**	49,993,550
Basic and diluted loss per share	**($0.007)**	($0.056)

For the year ended December 31, 2018, the stock options outstanding during the year 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 earnings per share. There was no stock option outstanding as at December 31, 2019.

(Express in United States Dollars)

17. NON-CONTROLLING INTERESTS

Non-controlling interests represented the 30% (2018: 30%) equity interest in Xinjiang Tongyuan Minerals Limited ("Tongyuan") not held by the Group.

As at	**December 31, 2019**	December 31, 2018
	$	$
Non-controlling interest	**66,303**	139,590

The summarized financial information of Tongyuan is as follows:

For the year ended	**December 31, 2019**	December 31, 2018
	$	$
Revenue	**-**	-
Total expenses and comprehensive loss	**449,600**	459,755
Loss for the year allocated to non-controlling interest	**134,880**	137,927

As at	**December 31, 2019**	December 31, 2018
	$	$
Current assets	**99,747**	726,267
Non-current assets	**35,031,456**	35,033,167
Current liabilities	**(857,300)**	(1,817,146)
Non-current liabilities	**(34,052,894)**	(33,476,989)
Net assets	**221,009**	465,299

For the year ended	**December 31, 2019**	December 31, 2018
	$	$
Net cash flow used in operating activities	**(619,329)**	(453,425)
Net cash flow used in investing activities	**(195,111)**	(29,956)
Net cash flow from financing activities	**334,326**	537,700
Net (decrease)/increase in cash and cash equivalents	**(480,114)**	54,319

(Express in United States Dollars)

18. NATURE OF EXPENSES

18.1 Employee Costs (including remuneration of key management and directors as stated in note 21.1)

For the year ended	December 31, 2019	December 31, 2018
	$	$
Wages and other benefits	**1,226,160**	1,287,328
Payment to defined contribution plans	**25,331**	28,419
Share-based payment	**-**	1,786
Total employee costs	**1,251,491**	1,317,533

18.2 Depreciation

For the year ended	December 31, 2019	December 31, 2018
	$	$
Depreciation	**761,646**	790,714

19. FINANCE COSTS

For the year ended	December 31, 2019	December 31, 2018
	$	$
Finance charge under lease liabilities	**8,625**	-
Loan interest	**-**	9,075
Bank charges	**4,677**	5,072
Total finance costs	**13,302**	14,147

20. INCOME TAX

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

For the year ended	December 31, 2019	December 31, 2018
	$	$
Loss before income tax	**(478,676)**	(2,941,356)
Statutory tax rates	**26.5%**	26.5%
Tax charged at statutory tax rates	**(126,849)**	(779,459)
Tax rate differential	**(317,786)**	373,466
Non-taxable revenues	**(146,370)**	(162,993)
Non-deductible expenses and other differences	**194,936**	281,259
Operating loss not set up as deferred tax asset	**432,899**	493,032
Tax effect of tax loss utilized	**(36,830)**	(205,305)
Income tax expense	**-**	-

As at December 31, 2019, the Group has unused tax loss of $1,613,147 (2018: $1,406,703) available for offset future profits which is subject to the final approval of respective tax authorities. The Group was required to include certain inter-company loans into income for Canadian tax purposes resulting in a reduction of tax loss carry forwards. When these loans are subsequently repaid, they will be deductible against income at that time. Furthermore, property income from controlled foreign affiliates are reported as earnings on an accrued basis for income tax purposes. This also contributes to a reduction in tax loss carry forwards. As at December 31, 2019, no deferred tax asset has been recognized in respect of the unused tax loss due to the unpredictability of future profit streams. The following table summarized the unrecognized tax loss by year of expiry:

(Express in United States Dollars)

Unrecognized Tax Loss:

For the year ended	**December 31, 2019**	December 31, 2018
Year of expiry	**$**	$
- December 31, 2037	**1,369,873**	1,406,703
- December 31, 2038	**243,274**	-
Total	**1,613,147**	1,406,703

21. RELATED PARTY TRANSACTIONS

21.1 Key Management Compensation

The remuneration of key management and directors was as follows:

For the year ended	**December 31, 2019**	December 31, 2018
	$	$
Salaries, fees and other benefits	**411,728**	437,394
Payment to defined contribution plans	**2,855**	2,994
Share-based payment	**-**	765
	414,583	441,153

21.2 Related Party Transactions

In addition to the transactions detailed elsewhere in these consolidated financial statements, the Group had the following transactions with related parties. These transactions were conducted in the normal course of the Group's business with terms mutually agreed by both parties.

For the year ended		**December 31, 2019**	December 31, 2018
Related party relationship	**Type of transactions**	**$**	$
Companies in which a director of the Company has equity interest	Rental income	**47,614**	48,152
	Share of office common expenses	**5,156**	4,329
A company with common director who has controlling interest in the Company*	Rental income	**50,082**	120,463
	Interest income	**61,350**	122,500
	Share of office common expenses and staff cost	**8,316**	82,489

**In July 2019, CPM ceased to be a related company when Mr. Felipe Tan resigned as director of LocoHK and CPM.*

(Express in United States Dollars)

22. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

22.1 Major Non-Cash Transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of $428,025 and $428,025 respectively, in respect of lease arrangements for office premises (2018: nil).

22.2 Changes in Liabilities Arising from Financing Activities

	Lease liabilities
	$
At January 1, 2019	**-**
Changes from financing cash flows	(9,455)
New leases	428,025
At December 31, 2019	418,570

22.3 Total Cash Outflow for Leases

The total cash outflow for leases included in the statement of cash flows is $9,455.

23. COMMITMENTS

23.1 Capital Commitments

The Group has the following capital commitments:

As at December 31, 2019	**Contract Date**	**Contracted Sum**	**Commitments**
		$	**$**
Mine design and related facilities	October 31, 2011	1,147,901	**631,346**
Office building renovation	March 2, 2013	1,883,976	**840,535**
Research on gold processing method	June 20, 2019	243,929	**100,441**
Total capital commitments for the Gold Project		3,275,806	**1,572,322**

23.2 Operating Lease Commitments

The Group as Lessor

The Group, as lessor, has entered into operating leases on its investment properties, with lease terms ranging from one to five years. Future minimum lease receivables under non-cancellable operating leases are as follows:

As at	**December 31, 2019**	December 31, 2018
	$	$
Within one year	**3,907**	47,584
In the second to fifth years inclusive	**195,350**	277,396
Total future minimum lease receivables	**199,257**	324,980

(Express in United States Dollars)

24. DIVIDEND PAID

In June 2019, GobiMin paid an annual dividend of CAD0.01 per share for a total amount of $382,716 (2018: $369,462) in accordance with the Company's dividend policy and 2018 annual performance.

25. FINANCIAL INSTRUMENTS

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

25.1 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 of Financial Assets at Reporting Date Using			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
As at December 31, 2019				
Listed securities	**105,095**	**-**	**-**	**105,095**
Unlisted investments	**-**	**233,032**	**1,407,562**	**1,640,594**
Debentures	**4,636,328**	**-**	**-**	**4,636,328**
	4,741,423	**233,032**	**1,407,562**	**6,382,017**
As at December 31, 2018				
Listed securities	1,628,439	-	-	1,628,439
Unlisted investments	-	197,047	1,595,753	1,792,800
Debentures	6,608,631	-	-	6,608,631
	8,237,070	197,047	1,595,753	10,029,870

(Express in United States Dollars)

25.2 Exchange Rate Risk

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

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

The following table indicates the approximate change in the Group's loss after income tax and retained profits and other components of consolidated equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of reporting period. The sensitivity analysis includes balances between group companies where the denomination of the balances is in a currency other than the functional currencies of the lender or the borrower.

	2019			2018		
The Group	Increase (decrease) in foreign exchange rate	Increase (decrease) in loss for the year and retained profits	Effect on other components of equity	Increase (decrease) in foreign exchange rate	Increase (decrease) in profit for the year and retained profits	Effect on other components of equity
		US$	US$		US$	US$
RMB	**5%**	**27,331**	**2,169,387**	5%	56,226	2,053,192
	(5%)	**(27,331)**	**(2,169,387)**	(5%)	(56,226)	(2,053,192)
CAD	**1%**	**4,137**	**11,037**	1%	3,426	17,573
	(1%)	**(4,137)**	**(11,037)**	(1%)	(3,426)	(17,573)

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

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the Hong Kong dollars and the United States dollars would be materially unaffected by any changes in movement in value of the United States dollars against other currencies. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' profit (loss) for the year and equity measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of reporting period for presentation purposes. The analysis is performed on the same basis for 2018.

25.3 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. See note 8 for additional information related to loans receivable.

25.4 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at December 31, 2019, the Group held cash and cash equivalents of $17,777,915 and net current assets of $21,313,423. 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.

25.5 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.

26. 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 $73,199,040 consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

27. EVENTS AFTER THE REPORTING DATE

27.1 For the period from January 1, 2020 to April 28, 2020, a total of 423,500 common shares were repurchased at an aggregate cost of $71,790 (CAD93,456) under the NCIB. All shares repurchased will be/have been returned to treasury for cancellation.

27.2 On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

As a result of the COVID-19 outbreak, the on-site industrial test on applying bio-tech methodology on extraction of metals of Gold Project has been delayed from the original planned February 2020 to April 2020. It is anticipated that the industrial test will complete in 2021. The delay does not significantly impact the project timeline and it is therefore not anticipated to cause impairment to the exploration and evaluation assets of the Group. The Group further considered that since the COVID-19 outbreak, there has not been significant declines in the values of its level 1 financial instruments and investment properties held by the Group by reference to the relevant economic indices for Hong Kong and the PRC. The Group also noted that there has been no indication of an increase in risks associated with its cash balances held in Hong Kong and the PRC and ECL on its loan receivable balance. However, there continues to be uncertainties around the long-term impact of the COVID-19 outbreak. The board and the management of the Group will continue to closely monitor the impact of the outbreak on the operations of the Group to allow for a more fluid management of the Group's resources in order to minimize any negative impacts of the COVID-19 outbreak and preserve the value of the Group and the interests of its shareholders.