

# **GobiMin Inc.**

*(Incorporated in Canada under the Canada Business Corporations Act)*

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

**March 31, 2020**

*(Expressed in United States Dollars except where otherwise noted)*

**GobiMin Inc.**  
**Interim MD&A – Quarterly Highlights**  
**For the quarter ended March 31, 2020**  
(Expressed in United States Dollars)  
May 27, 2020

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The Quarterly Highlights of GobiMin Inc. (the “Company” or “GobiMin”) provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis (the “Annual MD&A”) for the fiscal year ended December 31, 2019. The Quarterly Highlights do not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

The Quarterly Highlights have been prepared by management as of May 27, 2020 and in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with its condensed interim financial statements for the quarter ended March 31, 2020 prepared in accordance with International Financial Reporting Standards (“IFRS”), its audited consolidated financial statements for the year ended December 31, 2019 prepared in accordance with IFRS and the Annual MD&A.

Additional information is accessible at the Company’s website [www.gobimin.com](http://www.gobimin.com) or through the Company’s public filing at [www.sedar.com](http://www.sedar.com).

*Certain statements included in this discussion constitute forward-looking statements. Such forward-looking statements can often, but not always, be identified by the use of words such as “can”, “could”, “believe”, “propose”, “anticipate”, “intend”, “consider”, “estimate”, “expect”, or other variations of such expressions, or forward-looking statements may declare that certain measures, events or results “can”, “could” or “will” be taken or occur or be attained. Such forward-looking statements involve known and unknown risks and uncertainties as well as other factors that could cause actual results, performances or achievements of the Company to differ materially from the future results, performances or achievements implied or suggested in such forward-looking statements. Such risks, uncertainties and other factors include but are not limited to the risk factors discussed under the heading “Risk Factors” below. The Company is not aware of any significant changes to its risk factors previously disclosed, however the gradual outbreak of COVID-19 and its eventual declaration as a pandemic has resulted in government worldwide enacting measures to combat the spread of COVID-19 and have caused material disruption to business globally and economic slowdown. It is uncertain to predict the length, extent and long-term impact of the global pandemic on the financial conditions, cash flows and results of operations of the Company. The outbreak of the COVID-19 should be considered as a new risk factor. Accordingly, shareholders are cautioned not to put undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this discussion and the Company disclaims any obligations to update any forward-looking statements in order to account for any events or circumstances that might occur after the date that such forward-looking statements were established.*

## **1. Corporate Overview**

GobiMin, the shares of which are traded on the TSX Venture Exchange under the symbol GMN, is an investment issuer under the rules of the TSX Venture Exchange. The Company, together with its subsidiaries (collectively the “Group”), is principally engaged in the investment in 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”).

Currently, GobiMin holds an equity interest of 70% in a company incorporated in China to explore, develop and operate the Sawayaerdun Gold Project (the “Gold Project”) located in Xinjiang and equity investments and debentures for reasonable return and potential capital gains.

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**2. Financial Highlights**

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

Note:

(1) As non-IFRS measurements, **(LBITDA)/EBITDA** ((loss)/earnings before interest income and expense, income taxes, depreciation and amortization), **(LBITDA)/EBITDA per share** and **Cash and cash equivalents per share** do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

**3. Business Summary and Development**

The objective of the Company is to seek superior returns by making investments in properties, equity, debt or other securities of publicly traded or private companies or other entities as well as direct ownership stakes in projects. New investments will be directed by an Investment Committee and guided by the Company's Investment Policy which governs its investment activities and investment strategy.

**3.1 COVID-19 Pandemic Impacts**

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

The Company has assessed the impacts of the COVID-19 pandemic on the Group. In making this judgment, management has assessed various criteria including, but not limited to, existing laws, regulations and potential disruptions in commodity prices and capital market. As at March 31, 2020, management has determined that its general operation of business, working capital and the value of the Company's assets are not materially impacted. Although the values of our level 1 financial instruments and investment properties held by the Group were not significantly declined since COVID-19 outbreak,

the duration and long-term impact of the pandemic on GobiMin's business, financial condition, results of operations and prospects remain uncertain. Confronted with such dilemma, we have implemented several capital preservation strategies to cope with the downturn of the economy, including but not limited to suspension of dividend distribution, strengthening cost control measures and salary reduction programme. Meanwhile, the Company is exercising caution in conducting investment activities and will explore opportunities in a proactive manner.

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

### **3.2 Gold Project in Xinjiang**

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

The on-site industrial test on applying bio-tech methodology on extraction of metals from large-scale samples of gold ores was in pre-oxidation and the progress was positive. Since the suspension of transplantation of cultured bacteria from November 2019 impacted by the rough weather, GobiMin has focused on indoor scale-up culture of biological bacteria conducted by staff on duty. However, the cultured bacteria have not reached the target volume due to the low activity affected by the cold weather in Xinjiang by the end of March 2020. Therefore, transplantation of newly-cultured bacteria to the ore heap may be delayed until it was getting warm. In addition, attributable to the reduction of social contact triggered by COVID-19, repairment of solution tank and sulphuric acid storehouse were postponed until resumption of work since late March 2020. By mid-May 2020, the tank and storehouse has passed the completion-based check and GobiMin has procured more sulphuric acid to speed up acid spray to the heap. As a result of the travel restrictions caused by the coronavirus pandemic, the progress of the industrial test was delayed by the inadequacy of technical manpower. In this regard, GobiMin has arranged temporarily transfer of workers from third parties to fill the vacancies arising from the absence of skilled workers, and will continue to seek for employing more technicians to supplement our labour force. By virtue of the entrance curbs due to COVID-19, professional researchers of the Research Institute have not been able to return to Xinjiang, and have to rely on remote working to give guidance on our industrial test. GobiMin has kept on communicating with the Research Institute and it promised to arrange researchers to return to the industrial site as soon as the government releases the travel restrictions. In May 2020, the bacteria was found active in the heap, indicating that the pre-oxidation of ores has gone well.

Considering the existing sound liquidity of the Group, accompany with upward trend of gold price and positive progress with respect to the on-site industrial test of the Gold Project, there is no impairment indication related to the assets of the Gold Project. As at March 31, 2020, there was addition of \$43,000

in the exploration and evaluation assets and the Group had a contractual commitment of \$1.5 million for the future development of the Gold Project.

### **3.3 Financial Assets**

#### **(i) Listed Securities**

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

#### **(ii) Unlisted Investments**

The Group holds 670,000 shares of Dragon Silver Holdings Limited (“Dragon Silver”) representing 9.90% of its total issued capital at an investment cost of \$1.1 million (HK\$8,710,000). Dragon Silver is a Hong Kong based company mainly engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products. The loan of \$3 million bearing interest at 8.5% per annum advanced by the Group was repaid in full by Dragon Silver in December 2019.

In addition, the major shareholder (the “Guarantor”) of Dragon Silver irrevocably guaranteed to the Group that (i) the audited net profit after tax of Dragon Silver shall not be less than \$1.93 million (HK\$15 million) (the “Guaranteed Profit”) for each of the financial years ending from June 30, 2018 to 2022 (the “Relevant Years”); and (ii) the amount of dividends declared and paid by Dragon Silver during each of the Relevant Years shall not be less than \$0.16 (HK\$1.25) per share. On April 28, 2020, the Board approved waiver of the profit guarantee compensation of \$0.11 million (HK\$856,000) for the years ended June 30, 2019 and June 30, 2020 in consideration of the difficult market conditions caused by US-China trade tensions, weakening global manufacturing and supply chain and outbreak of COVID-19 pandemic.

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

#### **(iii) Debentures and Certificate of Deposit**

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

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

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

### **3.4 Investment Properties**

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

### **3.5 Normal Course Issuer Bid (“NCIB”)**

On August 1, 2019, GobiMin was granted approval by the TSX Venture Exchange to renew its NCIB to repurchase up to an additional 2,491,074 common shares, representing approximately 5% of the then common shares outstanding. Purchases are made in accordance with applicable regulations over a maximum period of 12 months commenced on August 8, 2019 and ending on August 7, 2020 or on such earlier date as GobiMin may complete its purchases pursuant to the NCIB or as it may otherwise determine. For the three months ended March 31, 2020, a total of 167,500 common shares were repurchased at an aggregate cost of \$27,440 (CAD39,056). For the period from April 1, 2020 to May 27, 2020, a total of 282,500 common shares were repurchased at an aggregate cost of \$42,104 (CAD59,929) under the NCIB. All shares repurchased will/have been returned to treasury for cancellation.

Management believes that the repurchase by the Company of its own shares can maximize shareholder value and is in the best interest of the Company and its shareholders. A copy of the related Notice of Intention to Make a NCIB will be provided to shareholders upon receipt of written request to the Company at its registered office.

### **3.6 Liquidity and Capital Resources**

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

Among the cash and cash equivalents of \$16.5 million, approximately \$0.4 million were held by subsidiaries in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of relevant documentation required by applicable regulations, subject to the risks outlined hereinafter under the section “Risk Factors”. The Group will take careful measures ahead to ensure that the available capitals match with its various payment obligations in China and elsewhere.

Taking into account of its financial position, the management of the Group considered that its cash and cash equivalents will be more than sufficient to finance its operation, including the contractual commitments of the Gold Project of approximately \$1.5 million.

## **4. Key Economic Trends**

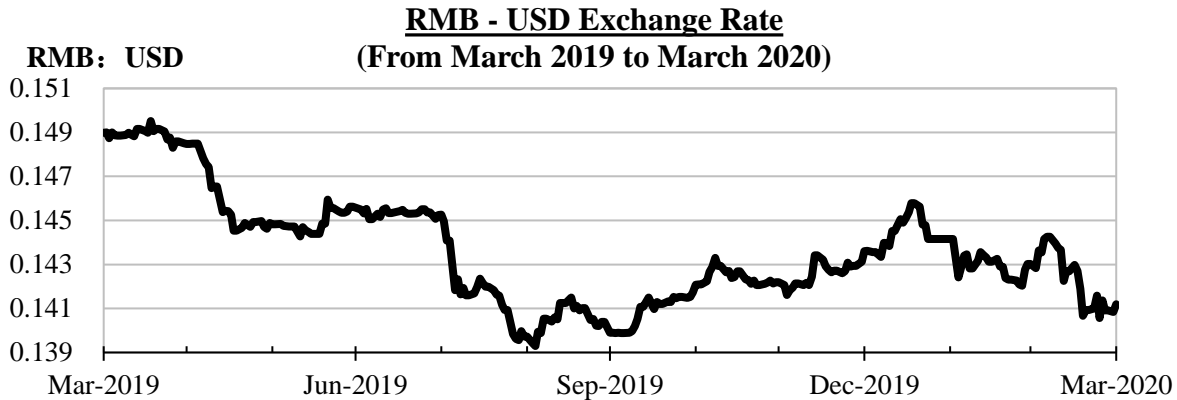
### **4.1 China Economy**

On account of the large proportion of GobiMin’s business operated in China, the condition of the Chinese economy plays a key role the Group’s exploration and development business. Currency fluctuations may also have an impact on the Group’s cost structure as the Group reports in United States dollars. As at

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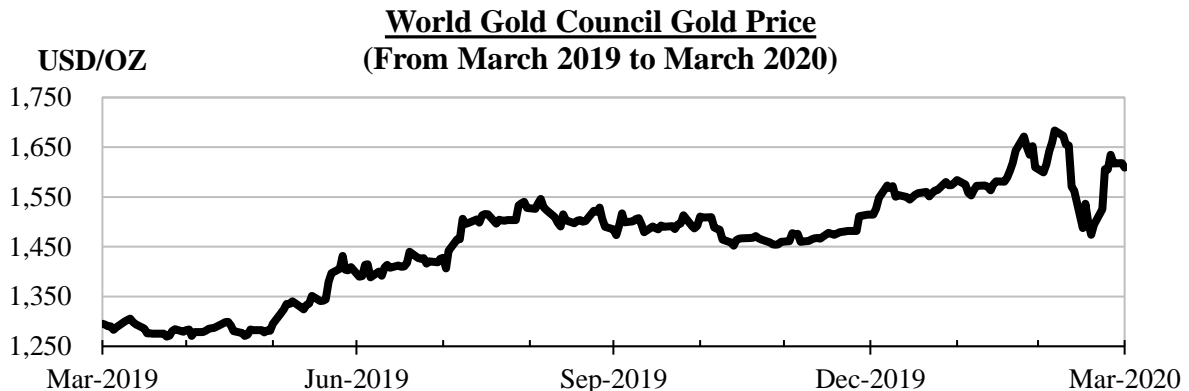
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March 31, 2020, the Chinese Renminbi (“RMB”) depreciated by approximately 5.23% against the United States dollars comparing with the exchange rate as at March 31, 2019.



**4.2 Gold Market**

The changes in price of gold have a strong influence on the Gold Project’s value. As at March 31, 2020, the gold price has increased by around 24.20% against the price as at March 31, 2019.



**5. Selected Quarterly Information**

For the three months ended March 31, 2020, the Group reported a net loss of \$1.2 million (Q1 2019: profit of \$0.6 million) which mainly comprised the fair value loss on financial assets of \$0.4 million (Q1 2019: fair value gain of \$1.0 million) and administrative expenses of \$0.7 million (Q1 2019: \$0.7 million).

In this quarter, the Group recorded a net cash outflow of \$1.3 million (Q1 2019: \$1.4 million). It was mainly the combined effect of cash inflow from disposal and mature of debentures of \$1.5 million (Q1 2019: cash outflow from net disposal of debentures and certificate of deposit of \$0.6 million), netting off cash outflow for deposit to a brokerage firm of \$2.0 million (Q1 2019: nil) of which \$0.2 million (Q1 2019: nil) was used to purchase listed shares, futures and options, \$0.2 million (Q1 2019: \$0.7 million) deposit paid and settlement of payables, payment of office expenses of \$0.5 million (Q1 2019: \$0.5 million) and \$0.2 million (Q1 2019: nil) effect of foreign exchange rate changes on opening cash.

The total assets decreased by \$2.3 million from \$76.0 million as at December 31, 2019 to \$73.7 million at this quarter end, which mainly represented the fair value loss on financial assets of \$0.4 million, exchange

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loss of \$0.3 million, the net payment of office expenses of \$0.5 million, and \$1.0 million exchange difference on translation of exploration and evaluation assets.

**6. Results of Operations**

**6.1 Revenue**

In the first quarter of 2020, interest income was \$0.1 million (Q1 2019: \$0.2 million) and rental income was \$50,000 (Q1 2019: \$80,000) respectively.

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

Fair value loss on financial assets at fair value through profit or loss for this quarter was \$0.4 million (Q1 2019: gain of \$1.0 million). It mainly represented the fair value loss on debentures of \$0.3 million (Q1 2019: gain of \$0.1 million) while the fair value gain on financial assets in the first quarter of 2019 mainly represented fair value gain on listed securities of \$0.9 million, both with reference to quoted market prices at the end of the reporting period.

**6.3 General and Administrative Expenses**

General and administrative expenses were \$0.7 million for this quarter (Q1 2019: \$0.7 million). It mainly included pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

**6.4 (Loss)/Earnings Per Share**

The basic and diluted loss per share were \$0.024 for this quarter (Q1 2019: earnings of \$0.012).

**6.5 (LBITDA)/EBITDA**

The (loss)/earnings before interest income and expense, income taxes, depreciation and amortisation (“(LBITDA)/EBITDA”), a non-IFRS performance measure, for this quarter were loss of \$1.1 million (Q1 2019: earnings of \$0.5 million). The calculation of (LBITDA)/EBITDA was set out in the table below:

<b>For the three months ended</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
	\$	\$
(Loss)/profit for the period	<b>(1,229,260)</b>	<b>581,802</b>
Interest income	<b>(142,437)</b>	<b>(247,838)</b>
Interest expense	<b>5,025</b>	<b>-</b>
Depreciation	<b>236,877</b>	<b>188,196</b>
(LBITDA)/EBITDA <sup>(1)</sup>	<b>(1,129,795)</b>	<b>522,160</b>
(LBITDA)/EBITDA per share <sup>(2)</sup>	<b>(0.023)</b>	<b>0.010</b>

Note:

(1) As non-IFRS measurements, **(LBITDA)/EBITDA** and **(LBITDA)/EBITDA per share** do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

(2) Based on weighted average number of shares outstanding, a non-IFRS measure.



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**6.6 Annual Dividend**

On June 21, 2019, the Company paid an annual dividend of \$0.01 (CAD0.01) per share for a total amount of \$0.4 million (2018: \$0.4 million) in accordance with its dividend policy and 2018 performance.

On April 28, 2020, the Board did not recommend any payment of dividend for the year ended December 31, 2019 in accordance with its dividend policy and 2019 performance.

**7. Cash Flows**

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

<b>As at</b>	<b>March 31, 2020</b>	March 31, 2019
	\$	\$
Cash and cash equivalents	<b>16,495,032</b>	<b>15,725,028</b>
Working capital <sup>(1)</sup>	<b>21,082,661</b>	<b>21,470,129</b>
<b>For the three months ended</b>	<b>March 31, 2020</b>	March 31, 2019
	\$	\$
Net cash flow used in operating activities	<b>(680,368)</b>	<b>(1,138,532)</b>
Net cash flow used in financing activities	<b>(27,440)</b>	<b>(1,306)</b>
Net cash flow used in investing activities	<b>(414,967)</b>	<b>(212,374)</b>
Decrease in cash and cash equivalents	<b>(1,122,775)</b>	<b>(1,352,212)</b>

Note:

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

**7.1 Operating Activities**

In this quarter, the Company recorded a net cash outflow from operating activities of \$0.7 million (Q1 2019: \$1.1 million), mainly representing net cash payment of the office expenses of \$0.5 million (Q1 2019: \$0.4 million) and \$0.2 million (Q1 2019: \$0.7 million) deposit paid and settlement of payables.

**7.2 Financing Activities**

In this quarter, the Company recorded a cash outflow from financing activities of \$27,000 (Q1 2019: \$1,300), solely representing the shares repurchased for the period.

**7.3 Investing Activities**

In this quarter, the Company recorded a cash outflow from investing activities of \$0.4 million (Q1 2019: \$0.2 million), mainly representing the cash inflow from disposal and mature of debentures of \$1.5 million (Q1 2019: cash outflow of \$0.6 million from net addition of debentures and certificate of deposit), netting of deposit paid to a brokerage firm of \$2.0 million (Q1 2019: nil) of which partially was used to purchase listed shares, options and futures.

## **8. Statements of Financial Position**

### **8.1 Cash and Cash Equivalents**

The Group had approximately \$16.5 million in cash and cash equivalents as at March 31, 2020, compared to \$17.8 million as at December 31, 2019. The decrease of \$1.3 million was mainly the combined effect of cash inflow from disposal and mature of debentures of \$1.5 million, netting off cash outflow for deposit to brokerage firm of \$2.0 million for trading of listed shares, option and futures of which \$0.2 million was used, payment of deposit and settlement of payables of \$0.2 million, payment of office expenses of \$0.5 million and effect of foreign exchange rate changes on opening cash of \$0.2 million .

### **8.2 Exploration and Evaluation Assets**

The exploration and evaluation assets are mainly related to the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the three months ended March 31, 2020, there were addition of \$43,000 in exploration and evaluation assets which mainly represented the research and development cost on bioleaching technique on gold ores.

### **8.3 Financial Assets**

As at March 31, 2020, financial assets comprised:

#### Current Portion

- (a) \$6,000 investment in shares listed on GEM of The Stock Exchange of Hong Kong Limited.
- (b) \$0.2 million investment in listed shares, options and futures.
- (c) \$0.2 million debentures with coupon rates ranged from 5.125% to 6.000% per annum and maturities ranged between November 4, 2020 and November 30, 2020.

#### Non-current Portion

- (d) \$2.6 million debentures with coupon rates ranged from 4.250% to 7.375% per annum and maturities ranged between May 31, 2021 and perpetual.
- (e) \$1.4 million unlisted equity investment in Dragon Silver, a Hong Kong based metal trading and processing company.
- (f) \$0.2 million investment in an investment fund.
- (g) \$27,000 investment in shares listed on TSX Venture Exchange.

### **8.4 Share Capital**

As at March 31 2020, GobiMin had 49,477,482 common shares issued and outstanding. For the three months ended March 31 2020, 167,500 common shares were repurchased and cancelled.

## **9. Related Party Transactions**

The Group had the following transactions with related parties during the three months ended March 31, 2020:

- (a) Fees and other remunerations to directors and key management personnel of \$0.1 million (Q1 2019: \$0.1 million).
- (b) Rental income of \$17,159 (Q1 2019: \$12,038) and share of office common expenses of \$4,136 (Q1 2019: \$903) from companies in which a director of the Company has equity interest.

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(c) For the first quarter of 2019, there were rental income of \$25,097, interest income of \$30,205, share of office common expenses and staff cost of \$4,515 from a company with common director . No such transaction recorded in this quarter.

**10. Capital Commitment**

As at March 31, 2020, the Group had capital commitments of \$1.5 million in relation to office building renovation, mine design and related facilities and research on gold processing method.

**11. Off-Balance Sheet Arrangements**

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

**12. Future Plans for Material Investments**

The Group intends to use its available funds to invest in equity, debt instruments and other investments as part of its focus as an investment issuer. As at the reporting date, the Company does not have any plan for material investment in the near future.

**13. Outstanding Share Data**

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

<b>As at</b>	<b>December 31, 2019</b>	<b>March 31, 2020</b>	<b>May 27, 2020</b>
Number of Common Shares Outstanding	<b>49,644,982</b>	<b>49,477,482</b>	<b>49,194,982</b>
Number of Options Outstanding	-	-	-
Number of Common Shares Fully Diluted	<b>49,644,982</b>	<b>49,477,482</b>	<b>49,194,982</b>

**14. Risk Factors**

The business conducted by the Group is subject to a number of risks. These risk factors could materially affect the Group's future operating results and could cause actual events to differ materially from those described in the forward-looking statements relating to the Group. Prospective investors should carefully consider the risks factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the financial year ended December 31, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).