

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

June 30, 2020

(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements and the accompanying notes thereto contained in this report have been prepared by the management and have not been reviewed or audited by the Company's external auditor.

GobiMin Inc.
Condensed Interim Statements of Financial Position (Unaudited)
As at June 30, 2020 and December 31, 2019
(Expressed in United States Dollars)

	<i>Note</i>	(Unaudited) June 30, 2020	(Audited) December 31, 2019
		\$	\$
ASSETS			
Current			
Cash and cash equivalents	5	17,886,443	17,777,915
Prepayments, deposits and other receivables	6	4,874,484	4,794,314
Financial assets	7	700,886	1,208,037
Total current assets		23,461,813	23,780,266
Non-current			
Property, plant and equipment	8	9,811,864	10,184,927
Investment properties	9	6,025,389	6,283,828
Exploration and evaluation assets	10	29,696,291	30,189,063
Right-of-use assets	12	-	408,209
Financial assets	7	4,300,391	5,173,980
Total non-current assets		49,833,935	52,240,007
Total assets		73,295,748	76,020,273
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	11	1,146,946	1,278,048
Income taxes payable		1,124,615	1,124,615
Lease liabilities	12	-	64,180
Total current liabilities		2,271,561	2,466,843
Non-current			
Lease liabilities	12	-	354,390
Total non-current liabilities		-	354,390
Total liabilities		2,271,561	2,821,233
SHAREHOLDERS' EQUITY			
Share capital	13	21,738,070	21,936,915
Reserves and retained earnings		49,289,340	51,195,822
Equity attributable to shareholders of the Company		71,027,410	73,132,737
Non-controlling interests		(3,223)	66,303
Total shareholders' equity		71,024,187	73,199,040
Total liabilities and shareholders' equity		73,295,748	76,020,273

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

APPROVED BY THE BOARD ON August 18, 2020 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Hubert Marleau
Director

GobiMin Inc.
Condensed Interim Statements of Comprehensive Income (Unaudited)
For the six months ended June 30, 2020 and 2019
(Expressed in United States Dollars)

	Note	Three Months Ended		Six Months Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		\$	\$	\$	\$
Interest income		145,520	240,751	287,957	488,589
Rental income		53,358	83,132	103,521	163,592
Dividend income		3,559	-	3,559	-
Other income	14	65,357	-	65,357	-
Gain on disposal of financial assets		123,710	746	87,825	25,442
Fair value (loss)/gain on financial assets at fair value through profit or loss		193,904	116,964	(208,413)	1,078,796
Gross profit		585,408	441,593	339,806	1,756,419
General and administrative expenses		(699,416)	(773,550)	(1,425,805)	(1,504,408)
Operating (loss)/profit		(114,008)	(331,957)	(1,085,999)	252,011
Write-off of property, plant and equipment		(6,898)	-	(6,898)	-
Loss on dissolution of a subsidiary		-	(74,775)	-	(74,775)
Exchange (loss)/gain		51,201	9,170	(199,098)	9,127
Finance costs		(629)	(999)	(7,599)	(3,122)
Net (loss)/profit for the period		(70,334)	(398,561)	(1,299,594)	183,241
Other comprehensive (loss)/income, net of tax					
Other comprehensive (loss)/income to be reclassified to profit or loss in the subsequent period:					
Exchange difference released upon dissolution of a subsidiary		-	74,775	-	74,775
Exchange difference on translation of foreign operations		209,086	221,912	(803,134)	221,903
Total comprehensive (loss)/income for the period		138,752	(101,874)	(2,102,728)	479,919
(Loss)/profit for the period attributable to:					
Shareholders of the Company		(30,166)	(361,332)	(1,231,366)	257,697
Non-controlling interests		(40,168)	(37,229)	(68,228)	(74,456)
		(70,334)	(398,561)	(1,299,594)	183,241
Total comprehensive (loss)/income for the period attributable to:					
Shareholders of the Company		178,623	(130,478)	(2,033,202)	488,542
Non-controlling interests		(39,871)	28,604	(69,526)	(8,623)
		138,752	(101,874)	(2,102,728)	479,919
(Loss)/earnings per share					
Basic and diluted	13.7	(0.001)	(0.007)	(0.025)	0.005
Weighted average number of shares outstanding		Share	Share	Share	Share
Basic and diluted	13.7	49,252,235	49,893,224	49,428,345	49,897,566

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

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the six months ended June 30, 2020 and 2019
(Expressed in United States Dollars)

	Attributable to shareholders of the Company					Retained earnings	Non-controlling interests	Total equity
	Share capital Note 13.1	Contributed surplus	Share option reserve	General reserve Note 13.3	Translation reserve Note 13.4			
At January 1, 2019	\$ 22,054,895	\$ 2,399,939	\$ 37,060	\$ 501,965	\$ (640,365)	\$ 50,108,072	\$ 139,590	\$ 74,601,156
Profit/(loss) for the period	-	-	-	-	-	257,697	(74,456)	183,241
Other comprehensive income	-	-	-	-	230,845	-	65,833	296,678
Total comprehensive income/(loss)	-	-	-	-	230,845	257,697	(8,623)	479,919
Payment of dividend	-	-	-	-	-	(368,102)	-	(368,102)
Shares repurchased	(61,872)	-	-	-	-	38,684	-	(23,188)
Options forfeited	-	-	(2,647)	-	-	2,647	-	-
At June 30, 2019	21,993,023	2,399,939	34,413	501,965	(409,520)	50,038,998	130,967	74,689,785
At January 1, 2020	21,936,915	2,399,939	-	501,965	(1,181,599)	49,475,517	66,303	73,199,040
Loss for the period	-	-	-	-	-	(1,231,366)	(68,228)	(1,299,594)
Other comprehensive loss	-	-	-	-	(801,836)	-	(1,298)	(803,134)
Total comprehensive loss	-	-	-	-	(801,836)	(1,231,366)	(69,526)	(2,102,728)
Shares repurchased	(198,845)	-	-	-	-	126,720	-	(72,125)
At June 30, 2020	21,738,070	2,399,939	-	501,965	(1,983,435)	48,370,871	(3,223)	71,024,187

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

GobiMin Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
For the six months ended June 30, 2020 and 2019
(Expressed in United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	\$	\$	\$	\$
Operating activities				
(Loss)/profit before income tax	(70,334)	(398,561)	(1,299,594)	183,241
Adjustments for items not involving cash:				
- Depreciation	226,378	187,245	463,255	375,441
- Write-off of property, plant and equipment	6,898	-	6,898	-
- Gain on disposal of financial assets	(123,710)	(746)	(87,825)	(25,442)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	(193,904)	(116,964)	208,413	(1,078,796)
- Loss on dissolution of a subsidiary	-	74,775	-	74,775
- Exchange difference	(51,201)	(9,170)	199,098	(9,127)
- Dividend income	(3,559)	-	(3,559)	-
- Interest income	(145,520)	(240,751)	(287,957)	(488,589)
- Interest expense	23	-	5,048	-
	(354,929)	(504,172)	(796,223)	(968,497)
Working capital adjustments:				
- Prepayments, deposits and other receivables	(45,410)	(18,603)	(214,976)	(114,804)
- Other payables, receipts in advance and accrued liabilities	(61,594)	(774,989)	(131,102)	(1,352,995)
Net cash flow used in operating activities	(461,933)	(1,297,764)	(1,142,301)	(2,436,296)
Financing activities				
Shares repurchased	(44,685)	(21,882)	(72,125)	(23,188)
Payment of dividend	-	(368,102)	-	(368,102)
Net cash flow used in financing activities	(44,685)	(389,984)	(72,125)	(391,290)
Investing activities				
Interest received	145,520	240,751	287,957	488,589
Additions of property, plant and equipment	-	(13,084)	-	(28,907)
Additions of exploration and evaluation assets	(54,667)	(45,320)	(98,111)	(92,078)
Net disposal and maturity/(addition) of debentures	-	(496,750)	1,486,040	1,006,540
Net maturity/(addition) of certificate of deposit	-	1,096,198	-	(1,001,770)
Disposal of unlisted investment	-	-	-	197,047
Net addition of listed securities	(2,498)	-	(239,155)	-
Repayment from a related company	-	2,089,455	-	2,089,455
Net cash flow from investing activities	88,355	2,871,250	1,436,731	2,658,876
Increase/(decrease) in cash and cash equivalents	(418,263)	1,183,502	222,305	(168,710)
Effect of foreign exchange rate changes	46,331	-	(113,777)	-
Cash and cash equivalents at beginning of the period	18,258,375	15,725,028	17,777,915	17,077,240
Cash and cash equivalents at end of the period	17,886,443	16,908,530	17,886,443	16,908,530

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(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 investment 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”).

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2019. Operating results for this interim period are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2020.

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended December 31, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are consistent with the policies disclosed in notes 2 and 3 to the consolidated financial statements for the year ended December 31, 2019, except for those related to new or revised International Financial Reporting Standards (“IFRS”) effective from January 1, 2020. The adoption of these new or revised IFRS has no material effect on the Group’s condensed interim financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued by the International Accounting Standards Board but is not yet effective.

4. SEGMENT INFORMATION

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

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

As at	June 30, 2020	December 31, 2019
	\$	\$
Segment assets		
Investment Business	15,744,619	17,340,902
Mining Business	34,793,708	35,233,683
Total segment assets	50,538,327	52,574,585
Unallocated	22,757,421	23,455,688
Consolidated assets	73,295,748	76,020,273
Segment liabilities		
Investment Business	38,464	62,804
Mining Business	838,918	883,099
Total segment liabilities	877,382	945,903
Unallocated	1,394,179	1,875,330
Consolidated liabilities	2,271,561	2,821,233

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

For the six months ended	June 30, 2020	June 30, 2019
	\$	\$
Segment revenue and results		
Investment Business	84,444	1,626,510
Mining Business	(258,231)	(323,845)
	(173,787)	1,302,665
Other income and gains	69,029	69,319
Unallocated corporate expenses	(981,241)	(1,119,973)
Write-off of property, plant and equipment	(6,898)	-
Loss on dissolution of a subsidiary	-	(74,775)
Exchange (loss)/gain	(199,098)	9,127
Finance costs	(7,599)	(3,122)
(Loss)/profit before income tax	(1,299,594)	183,241

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	June 30, 2020	December 31, 2019
	\$	\$
Canada	566,406	842,486
Hong Kong	16,612,374	16,377,836
China	707,663	557,593
Total	17,886,443	17,777,915

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.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

The balance located in Hong Kong included \$1,760,845 deposit placed with a brokerage firm (December 31, 2019: nil).

The fair market values of cash and cash equivalents approximate their carrying values at the respective reporting date.

6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at	June 30, 2020	December 31, 2019
	\$	\$
Prepayments	31,652	34,122
Loan	4,677,566	4,594,645
Deposits	17,893	37,171
Other receivables	147,373	128,376
	4,874,484	4,794,314

As at June 30, 2020, the loan balance represented a loan to Mr. Wu Donghai (“Borrower”), a controlling shareholder and director of Dragon Silver Holdings Limited (“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.

7. FINANCIAL ASSETS

As at		June 30, 2020	December 31, 2019
		\$	\$
Current			
Listed securities	(a)	303,172	11,301
Debentures	(b)	397,714	1,196,736
		700,886	1,208,037
Non-current			
Listed securities	(a)	48,527	93,794
Debentures	(b)	2,618,495	3,439,592
Unlisted investments	(c)	1,633,369	1,640,594
		4,300,391	5,173,980
Total		5,001,277	6,382,017

(a) As at June 30, 2020, the listed securities represented investment in listed shares, futures and options trading worldwide (December 31, 2019: listed shares in Hong Kong and Canada). The fair value of the investment is determined with reference to quoted market price. For the six months ended June 30, 2020, the Group recognized a fair value loss of \$35,136 (June 30, 2019: fair value gain of \$906,756).

(b) Debentures represented the debentures held by the Group with coupon rates ranging from 4.250% to 7.375% (December 31, 2019: 4.250% to 7.750%) per annum and maturities ending between November 4, 2020 and perpetual (December 31, 2019: January 17, 2020 and perpetual).

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020

(Express in United States Dollars)

- (c) 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 June 30, 2020 (December 31, 2019: \$1,407,562).

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2019	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
Exchange difference	(122,462)	(143)	(7,739)	(12)	(13,717)	(144,073)
Write-off	-	(7,203)	-	-	-	(7,203)
At June 30, 2020	12,960,611	238,496	429,274	546	742,218	14,371,145
Depreciation:						
At January 1, 2019	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
Exchange difference	(24,587)	(3)	(6,266)	(12)	(13,029)	(43,897)
Depreciation for the period	258,668	461	6,510	-	350	265,989
Write-off	-	(305)	-	-	-	(305)
At June 30, 2020	3,253,678	237,752	360,783	546	706,522	4,559,281
Net book value:						
At December 31, 2019	10,063,476	8,243	76,474	-	36,734	10,184,927
At June 30, 2020	9,706,933	744	68,491	-	35,696	9,811,864

As at June 30, 2020, the carrying amount of property, plant and equipment located in Hong Kong amounted to \$4,940,717 (December 31, 2019: \$5,077,939). The remaining property, plant and equipment were located in China.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

9. INVESTMENT PROPERTIES

Cost:	\$
At January 1, 2019	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
Exchange difference	(91,994)
At June 30, 2020	7,701,193
Depreciation:	
At January 1, 2019	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
Exchange difference	(19,164)
Depreciation for the period	185,609
At June 30, 2020	1,675,804
Net book value:	
At December 31, 2019	6,283,828
At June 30, 2020	6,025,389

Investment properties are commercial properties, of which \$4,280,224 (December 31, 2019: \$4,484,466) are located in China and \$1,745,165 (December 31, 2019: 1,799,362) are located in Hong Kong. As at June 30, 2020, all the investment properties were leased to third parties and related parties (note 15.2) with fixed lease payments except the investment properties of \$3,126,564 purchased in December 2019 which were leased out subsequently in August 2020. The estimated fair value of the investment properties as at June 30, 2020 was approximately \$8,544,426 (December 31, 2019: \$9,180,367). The estimated fair value was determined by management assessment with reference to recent market prices for similar properties in the same locations and similar conditions.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

10. EXPLORATION AND EVALUATION ASSETS

Cost:	\$
At January 1, 2019	29,877,546
Addition	713,387
Exchange difference	(401,870)
At December 31, 2019	30,189,063
Addition	98,111
Exchange difference	(590,883)
At June 30, 2020	29,696,291

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. The exploration licence has an expiry date on August 22, 2021. Its mining licence has an expiry date 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. To continue the renewal process with the Department of Land and Resources of Xinjiang, we submitted the required geological documents electronically in March 2020 and the land rehabilitation report in early July 2020. The renewal application of the mining licence will be processed pending the assessment of reserve by the Department of Land and Resources as well as payment for the related fee based on the assessment.

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.

11. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at June 30, 2020 and December 31, 2019, the balances of other payables, receipts in advance and accrued liabilities comprised mainly the payables related to the construction work of the office building, exploration work, mine design and related facilities of the Gold Project and accrual of office expenses.

<u>As at</u>	<u>June 30, 2020</u>	<u>December 31, 2019</u>
	\$	\$
Other payables	900,298	931,554
Accrued liabilities	195,242	273,359
Receipts in advance	38,464	62,804
Deposit received	12,942	10,331
Total	1,146,946	1,278,048

12. LEASES

(a) Right-of-Use Assets

The Group entered a lease contract for office premise with lease terms of 9 years in 2019. On June 11, 2020, the lease contract was terminated and the balance of right-of-use assets and lease liabilities was charged to profit and loss in the current period.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

The carrying amounts of the right-of-use assets and the movements are as follows:

Cost:	\$
At January 1, 2019	-
Additions	428,025
At December 31, 2019	428,025
Exchange difference	(8,378)
Write-off upon termination of lease	(419,647)
At June 30, 2020	-
Depreciation:	
At January 1, 2019	-
Depreciation for the year	19,816
At December 31, 2019	19,816
Exchange difference	(388)
Depreciation for the period	11,657
Write-off upon termination of lease	(31,085)
At June 30, 2020	-
Net book value:	
At December 31, 2019	408,209
At June 30, 2020	-

(b) Lease Liabilities

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

	\$
Carrying amount at January 1, 2019	-
New lease	428,025
Accretion of interest recognized	8,625
Payments	(18,080)
Carrying amount at December 31, 2019	418,570
Accretion of interest recognized	5,048
Exchange difference	(8,193)
Write-off upon termination of lease	(415,425)
Carrying amount at June 30, 2020	-

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 2020.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

13. SHARE CAPITAL AND STOCK OPTIONS

13.1 Common Shares

	Number	Amount
<u>Authorized:</u>		\$
Unlimited number of common shares		
<u>Issued and outstanding:</u>		
At January 1, 2019	49,911,982	22,054,895
Shares repurchased and cancelled	(267,000)	(117,980)
At December 31, 2019	49,644,982	21,936,915
Shares repurchased and cancelled	(450,000)	(198,845)
At June 30, 2020	49,194,982	21,738,070

13.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

13.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the six months ended June 30, 2020, there was no movement in the general reserve.

13.4 Translation Reserve

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

13.5 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 ("2019/2020 NCIB"). Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months commenced on August 8, 2019 and ended on August 7, 2020 pursuant to the 2019/2020 NCIB. For the six months ended June 30, 2020, a total of 450,000 common shares were repurchased at an aggregate cost of \$72,125 (CAD98,985). All shares repurchased have been returned to treasury for cancellation.

13.6 Stock Options

On May 26, 2005, the Company adopted a resolution cancelling all of its outstanding stock option plans and creating a new stock option plan to grant options to its employees, directors and officers to purchase common shares. A total number of 6,700,000 (December 31, 2019: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

a) **Status of the outstanding employee stock options:**

	<u>Six months ended June 30, 2020</u>		<u>Six months ended June 30, 2019</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the period	-	\$ -	280,000	\$ 0.37
Forfeited during the period	-	-	(20,000)	0.37
Outstanding, end of the period	-	-	260,000	0.37

b) **Share-Based Payments**

There were no options granted during the period. The Company determines fair value of the employee stock options using the Black-Scholes option pricing model.

13.7 **Basic and Diluted (Loss)/Earnings Per Share**

<u>For the three months ended</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Net loss attributable to shareholders		
Basic and diluted	(\$30,166)	(\$361,332)
Weighted average number of shares outstanding		
Basic and diluted	49,252,235	49,893,224
Basic and diluted loss per share	(\$0.001)	(\$0.007)
<u>For the six months ended</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Net (loss)/earnings attributable to shareholders		
Basic and diluted	(\$1,231,366)	\$257,697
Weighted average number of shares outstanding		
Basic and diluted	49,428,345	49,897,566
Basic and diluted (loss)/earnings per share	(\$0.025)	\$0.005

For the three months and six months ended June 30, 2020, there was no diluting event existed.

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

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

14. OTHER INCOME

For the three months and six months ended	June 30, 2020	June 30, 2019
	\$	\$
Employment Support Scheme from government	42,994	-
Other income	22,363	-
	65,357	-

On May 12, 2020, the Hong Kong Government announced the launch of the Employment Support Scheme to provide financial support to employers to retain their employees and the Group received \$42,994 (2019: nil) in June 2020.

15. RELATED PARTY TRANSACTIONS

15.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	June 30, 2020	June 30, 2019
	\$	\$
Salaries, fees and other benefits	117,291	99,775
Payment to defined contribution plans	1,052	928
	118,343	100,703

For the six months ended	June 30, 2020	June 30, 2019
	\$	\$
Salaries, fees and other benefits	214,758	171,844
Payment to defined contribution plans	2,516	1,507
	217,274	173,351

15.2 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.

Relationship	Type of transactions	For the three months ended	
		June 30, 2020	June 30, 2019
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	17,210	12,038
	Share of office common expenses	3,770	1,432
A company with common director who has controlling interest in the Company	Rental income	-	16,731
	Interest income	-	29,047
	Share of office common expenses and staff cost	-	3,820

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

Relationship	Type of transactions	For the six months ended	
		June 30, 2020	June 30, 2019
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	34,369	24,076
	Share of office common expenses	7,906	2,335
A company with common director who has controlling interest in the Company	Rental income	-	41,828
	Interest income	-	59,252
	Share of office common expenses and staff cost	-	8,335

16. COMMITMENTS

16.1 Capital commitments

The Group has the following capital commitment:

As at June 30, 2020	Contract Date	Contracted Sum	Capital Commitments
		\$	\$
Mine design and related facilities	October 31, 2011	1,125,434	618,989
Office building renovation	March 2, 2013	1,847,102	825,714
Research on gold processing method	June 20, 2018	239,155	98,475
Total capital commitments for the Gold Project		3,211,691	1,543,178

16.2 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	June 30, 2020	December 31, 2019
	\$	\$
Within one year	102,833	3,907
In the second to fifth years inclusive	148,182	195,350
Total future minimum lease receivables	251,015	199,257

17. FINANCIAL INSTRUMENTS

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

are significantly affected by the assumptions used concerning the amounts and timing of estimated cash flows and discount rates which reflect varying degrees of risk.

The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<u>As at June 30, 2020</u>				
Listed securities	351,699	-	-	351,699
Unlisted investments	-	225,807	1,407,562	1,633,369
Debentures	3,016,209	-	-	3,016,209
	3,367,908	225,807	1,407,562	5,001,277
<u>As at December 31, 2019</u>				
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

18. RISK MANAGEMENT

18.1 Risks arising from financial instruments and risk management

The Group is exposed to various types of market risks, including changes in foreign exchange rates, and interest rates in the normal course of business. The Group’s overall risk management program focuses on mitigating these risks on a cost-effective basis.

(a) **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 currently has not hedged its exposure to currency fluctuations. However, the Group will keep monitoring the exposure of exchange rate risk and will consider utilizing applicable derivatives to hedge against the risk when necessary.

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

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

(b) **Credit Risk**

The Group is exposed to credit risk with respect to cash and cash equivalents, deposits paid, loan receivable, other receivables 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. Deposits paid mainly composed of deposit paid to a licensed securities firm in Hong Kong that the risk of default is considered minimal. See note 6 for additional information related to loans receivable.

(c) **Liquidity Risk**

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2020, the Group held cash and cash equivalents of \$17,886,443 and net current assets of \$21,190,252. 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.

(d) **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.

18.2 COVID-19

In March 2020, the World Health Organization declared a global pandemic related to novel coronavirus ("COVID-19") and the public health containment measures in place to limit the spread of COVID-19 have significantly reduced economic activity. The Company has been monitoring the potential impact of COVID-19 pandemic on our operations.

At the reporting date, it is unknown the duration and extent of the impact of the coronavirus pandemic may have on the Company as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. The Group's operations may be adversely affected if significant portions of its workforce are unable to work effectively due to illness, quarantines, government-mandated closures of specific activities or other restrictions in connection with future waves of COVID-19 pandemic.

As at June 30, 2020, the management determined that its general operation of business, working capital and the value of the Company's assets were not materially impacted. Considering the existing liquidity position of the Group, accompany with upward trend of gold price and positive progress with respect of the on-site industrial test of the Gold Project, there was no impairment indication related to the assets of the Gold

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2020
(Express in United States Dollars)

Project. For investment properties and properties, plant and equipment which mainly composed of leasehold land and building, the decline in market value was still moderate and the fair value with reference to the recent market prices of similar properties in the same locations was higher or close to the carrying amount.

Given the importance of cash flow in times like this, we have developed treasury strategies for cash management as part of our overall business risk plans, including but not limited to suspension of dividend distribution, strengthening cost control measures and salary reduction programme. Meanwhile, the Company continues to work on timely adjustment on investment plans in light of the current conditions and will explore opportunities in a proactive manner.

19. 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 \$71,024,187 consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Group manages the capital structure and makes adjustment to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.