

# **GobiMin Inc.**

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

## **Condensed Interim Consolidated Financial Statements (unaudited)**

**June 30, 2021**

*(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 Consolidated Statements of Financial Position (Unaudited)**  
**As at June 30, 2021 and December 31, 2020**  
(Expressed in United States Dollars)

	<i>Notes</i>	<b>(Unaudited)</b> <b>June 30, 2021</b>	(Audited) December 31, 2020
		\$	\$
<b>ASSETS</b>			
<b>Current</b>			
Cash and cash equivalents	5	<b>18,635,615</b>	19,470,884
Prepayments, deposits and other receivables	6	<b>4,152,185</b>	4,043,852
Financial assets	7	<b>252,262</b>	327,132
<b>Total current assets</b>		<b>23,040,062</b>	23,841,868
<b>Non-current</b>			
Property, plant and equipment	8	<b>9,822,308</b>	9,986,993
Investment properties	9	<b>4,908,627</b>	5,002,652
Exploration and evaluation assets	10	<b>32,328,625</b>	31,949,079
Financial assets	7	<b>4,166,002</b>	4,203,939
<b>Total non-current assets</b>		<b>51,225,562</b>	51,142,663
<b>Total assets</b>		<b>74,265,624</b>	74,984,531
<b>LIABILITIES</b>			
<b>Current</b>			
Other payables, receipts in advance and accrued liabilities	11	<b>1,382,504</b>	1,406,323
Income taxes payable		<b>1,129,462</b>	1,129,462
<b>Total current liabilities</b>		<b>2,511,966</b>	2,535,785
<b>Total liabilities</b>		<b>2,511,966</b>	2,535,785
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	12	<b>21,738,071</b>	21,738,071
Reserves and retained earnings		<b>50,381,114</b>	50,950,522
<b>Equity attributable to shareholders of the Company</b>		<b>72,119,185</b>	72,688,593
Non-controlling interests		<b>(365,527)</b>	(239,847)
<b>Total shareholders' equity</b>		<b>71,753,658</b>	72,448,746
<b>Total liabilities and shareholders' equity</b>		<b>74,265,624</b>	74,984,531

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

APPROVED BY THE BOARD ON AUGUST 18, 2021 AND SIGNED ON ITS BEHALF BY:

(Signed)  
**Felipe Tan**  
Director

(Signed)  
**Hubert Marleau**  
Director

**GobiMin Inc.**  
**Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in United States Dollars)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>		
	<i>Note</i>	<b>June 30, 2021</b>	June 30, 2020	<b>June 30, 2021</b>	June 30, 2020
		\$	\$	\$	\$
Interest income		<b>158,534</b>	145,520	<b>311,563</b>	287,957
Rental income		<b>53,439</b>	53,358	<b>104,791</b>	103,521
Dividend income		<b>7,900</b>	3,559	<b>9,580</b>	3,559
Other income		<b>8,148</b>	65,357	<b>8,348</b>	65,357
(Loss)/gain on disposal of financial assets		<b>(22,376)</b>	123,710	<b>(136,555)</b>	87,825
Fair value (loss)/gain on financial assets at fair value through profit or loss		<b>(26,157)</b>	193,904	<b>(74,076)</b>	(208,413)
<b>Gross profit</b>		<b>179,488</b>	585,408	<b>223,651</b>	339,806
General and administrative expenses		<b>(877,043)</b>	(699,416)	<b>(1,596,879)</b>	(1,425,805)
Exchange gain/(loss)		<b>197,519</b>	51,201	<b>154,158</b>	(199,098)
<b>Operating loss</b>		<b>(500,036)</b>	(62,807)	<b>(1,219,070)</b>	(1,285,097)
Gain/(loss) on disposal/write-off of property, plant and equipment		<b>21,280</b>	(6,898)	<b>21,280</b>	(6,898)
Finance costs		-	(629)	-	(7,599)
<b>Loss for the period</b>		<b>(478,756)</b>	(70,334)	<b>(1,197,790)</b>	(1,299,594)
<b>Other comprehensive income/(loss), net of tax</b>					
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent period:					
Exchange difference on translation of foreign operations		<b>619,446</b>	209,086	<b>502,702</b>	(803,134)
<b>Total comprehensive income/(loss) for the period</b>		<b>140,690</b>	138,752	<b>(695,088)</b>	(2,102,728)
<b>Loss for the period attributable to:</b>					
Shareholders of the Company		<b>(401,662)</b>	(30,166)	<b>(1,074,959)</b>	(1,231,366)
Non-controlling interests		<b>(77,094)</b>	(40,168)	<b>(122,831)</b>	(68,228)
		<b>(478,756)</b>	(70,334)	<b>(1,197,790)</b>	(1,299,594)
<b>Total comprehensive income/(loss) for the period attributable to:</b>					
Shareholders of the Company		<b>221,381</b>	178,623	<b>(569,408)</b>	(2,033,202)
Non-controlling interests		<b>(80,691)</b>	(39,871)	<b>(125,680)</b>	(69,526)
		<b>140,690</b>	138,752	<b>(695,088)</b>	(2,102,728)
<b>Loss per share</b>					
Basic and diluted	<i>12.7</i>	<b>(0.008)</b>	(0.001)	<b>(0.022)</b>	(0.025)
<b>Weighted average number of shares outstanding</b>		<b>Share</b>	<b>Share</b>	<b>Share</b>	<b>Share</b>
Basic and diluted	<i>12.7</i>	<b>49,194,982</b>	49,252,235	<b>49,194,982</b>	49,428,345

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

**GobiMin Inc.**  
**Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in United States Dollars)

	<b>Attributable to shareholders of the Company</b>					<b>Non-controlling interests</b>	<b>Total equity</b>
	<b>Share capital</b> Note 12.1	<b>Contributed surplus</b>	<b>General reserve</b> Note 12.3	<b>Translation reserve</b> Note 12.4	<b>Retained earnings</b>		
	\$	\$	\$	\$	\$	\$	\$
<b>At January 1, 2020</b>	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)
<b>At June 30, 2020</b>	21,738,070	2,399,939	501,965	(1,983,435)	48,370,871	(3,223)	71,024,187
<b>At January 1, 2021</b>	<b>21,738,071</b>	<b>2,399,939</b>	<b>501,965</b>	<b>1,509,482</b>	<b>46,539,136</b>	<b>(239,847)</b>	<b>72,448,746</b>
Loss for the period	-	-	-	-	(1,074,959)	(122,831)	(1,197,790)
Other comprehensive income/(loss)	-	-	-	505,551	-	(2,849)	502,702
Total comprehensive income/(loss)	-	-	-	505,551	(1,074,959)	(125,680)	(695,088)
<b>At June 30, 2021</b>	<b>21,738,071</b>	<b>2,399,939</b>	<b>501,965</b>	<b>2,015,033</b>	<b>45,464,177</b>	<b>(365,527)</b>	<b>71,753,658</b>

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

**GobiMin Inc.**  
**Condensed Interim Consolidated Statements of Cash Flows (Unaudited)**  
**For the six months ended June 30, 2021 and 2020**  
(Expressed in United States Dollars)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30, 2021</b>	June 30, 2020	<b>June 30, 2021</b>	June 30, 2020
	\$	\$	\$	\$
<b>Operating activities</b>				
Net loss for the period	<b>(478,756)</b>	(70,334)	<b>(1,197,790)</b>	(1,299,594)
Adjustments for items not involving cash:				
- Depreciation	<b>222,819</b>	226,378	<b>417,375</b>	463,255
- Loss/(gain) on disposal of financial assets	<b>22,376</b>	(123,710)	<b>136,555</b>	(87,825)
- Fair value loss/(gain) on financial assets at fair value through profit or loss	<b>26,157</b>	(193,904)	<b>74,076</b>	208,413
- (Gain)/loss on disposal/write-off of property, plant and equipment	<b>(21,280)</b>	6,898	<b>(21,280)</b>	6,898
- Exchange (gain)/loss	<b>(197,519)</b>	(51,201)	<b>(154,158)</b>	199,098
- Dividend income	<b>(7,900)</b>	(3,559)	<b>(9,580)</b>	(3,559)
- Interest income	<b>(158,534)</b>	(145,520)	<b>(311,563)</b>	(287,957)
- Interest expense	-	23	-	5,048
	<b>(592,637)</b>	(354,929)	<b>(1,066,365)</b>	(796,223)
Working capital adjustments:				
- Prepayments, deposits and other receivables	<b>110,745</b>	(45,410)	<b>18,163</b>	(214,976)
- Other payables, receipts in advance and accrued liabilities	<b>(58,217)</b>	(61,594)	<b>(6,657)</b>	(131,102)
<b>Net cash flows used in operating activities</b>	<b>(540,109)</b>	(461,933)	<b>(1,054,859)</b>	(1,142,301)
<b>Financing activity</b>				
Shares repurchased	-	(44,685)	-	(72,125)
<b>Cash flow used in a financing activity</b>	-	(44,685)	-	(72,125)
<b>Investing activities</b>				
Interest received	<b>158,534</b>	145,520	<b>311,563</b>	287,957
Dividend received	<b>7,900</b>	-	<b>9,580</b>	-
Additions of property, plant and equipment	<b>(7,667)</b>	-	<b>(56,023)</b>	-
Additions of exploration and evaluation assets	-	(54,667)	-	(98,111)
Proceeds from disposal of property, plant and equipment	<b>21,280</b>	-	<b>21,280</b>	-
Net proceeds from disposal and maturity of debentures	<b>200,000</b>	-	<b>200,000</b>	1,486,040
Net disposal/(addition) of listed securities	<b>387,462</b>	(2,498)	<b>(287,182)</b>	(239,155)
<b>Net cash flows from investing activities</b>	<b>767,509</b>	88,355	<b>199,218</b>	1,436,731
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>227,400</b>	(418,263)	<b>(855,641)</b>	222,305
<b>Effect of foreign exchange rate changes</b>	<b>16,389</b>	46,331	<b>20,372</b>	(113,777)
<b>Cash and cash equivalents at beginning of the period</b>	<b>18,391,826</b>	18,258,375	<b>19,470,884</b>	17,777,915
<b>Cash and cash equivalents at end of the period</b>	<b>18,635,615</b>	17,886,443	<b>18,635,615</b>	17,886,443

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

**GobiMin Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the six months ended June 30, 2021**  
(Express in United States Dollars)

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**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 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”).

**2. BASIS OF PREPARATION**

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

These condensed interim consolidated 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, 2020. 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, 2021.

In preparing these condensed interim consolidated 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, 2020.

**3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies applied in these condensed interim consolidated financial statements are consistent with the policies disclosed in notes 3 and 4 to the consolidated financial statements for the year ended December 31, 2020, except for those related to new or revised International Financial Reporting Standards (“IFRSs”) effective for the annual period beginning on or after January 1, 2021. The adoption of these new or revised IFRSs has no material effect on the Group’s condensed interim consolidated financial statements. The Group has not early adopted any standards, interpretations or amendments 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 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 Consolidated Financial Statements**  
**For the six months ended June 30, 2021**  
(Express in United States Dollars)

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

	As at	
	June 30, 2021	December 31, 2020
	\$	\$
<b>Segment assets</b>		
Investment Business	13,368,095	13,493,046
Mining Business	37,404,820	37,050,694
Total segment assets	50,772,915	50,543,740
Unallocated	23,492,709	24,440,791
<b>Consolidated total assets</b>	<b>74,265,624</b>	<b>74,984,531</b>
<b>Segment liabilities</b>		
Investment Business	26,353	35,348
Mining Business	921,103	937,135
Total segment liabilities	947,456	972,483
Unallocated	1,564,510	1,563,302
<b>Consolidated total liabilities</b>	<b>2,511,966</b>	<b>2,535,785</b>

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

	Six Months Ended	
	June 30, 2021	June 30, 2020
	\$	\$
<b>Segment results</b>		
Investment Business	77,928	84,444
Mining Business	(477,325)	(258,231)
	(399,397)	(173,787)
Other income and gains	10,432	69,029
Unallocated corporate expenses	(984,263)	(981,241)
Gain/(loss) on disposal/write-off of property, plant and equipment	21,280	(6,898)
Exchange gain/(loss)	154,158	(199,098)
Finance costs	-	(7,599)
<b>Loss before income tax</b>	<b>(1,197,790)</b>	<b>(1,299,594)</b>

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	As at	
	June 30, 2021	December 31, 2020
	\$	\$
Canada	364,560	553,729
Hong Kong	17,750,983	18,385,755
China	520,072	531,400
<b>Total</b>	<b>18,635,615</b>	<b>19,470,884</b>

**GobiMin Inc.****Notes to Condensed Interim Consolidated Financial Statements****For the six months ended June 30, 2021**

(Express in United States Dollars)

The RMB located in China is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

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

**6. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	As at	
	June 30, 2021	December 31, 2020
	\$	\$
Prepayments	31,940	41,903
Loan	4,003,479	3,920,658
Deposits	21,193	18,483
Other receivables	95,573	62,808
	<b>4,152,185</b>	<b>4,043,852</b>

As at June 30, 2021, the loan balance represented a loan secured by a property owned by the borrower in Hong Kong, bearing an interest at the rate of 3.5% per annum and repayable on December 10, 2021 or on demand by the Group whichever is earlier. For the year ended December 31, 2021, an impairment loss of \$693,523 was recognized.

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

**7. FINANCIAL ASSETS**

	Notes	As at	
		June 30, 2021	December 31, 2020
		\$	\$
<b>Current</b>			
Listed securities	(a)	252,262	127,344
Debentures	(b)	-	199,788
		<b>252,262</b>	<b>327,132</b>
<b>Non-current</b>			
Listed securities	(a)	60,510	119,875
Debentures	(b)	2,551,084	2,541,154
Unlisted investments	(c)	1,554,408	1,542,910
		<b>4,166,002</b>	<b>4,203,939</b>
<b>Total</b>		<b>4,418,264</b>	<b>4,531,071</b>

(a) As at June 30, 2021 and December 31, 2020, the listed securities represented investment in listed shares, futures and options trading worldwide. The fair value of the investment is determined with reference to quoted market price. For the six months ended June 30, 2021, the Group recognized a fair value loss on listed securities of \$88,459 (six months ended June 30, 2020: \$75,574).

**GobiMin Inc.****Notes to Condensed Interim Consolidated Financial Statements****For the six months ended June 30, 2021**

(Express in United States Dollars)

- (b) Debentures represented the debentures held by the Group with coupon rates ranging from 4.250% to 7.375% (December 31, 2020: 4.250% to 7.375%) per annum and maturities ending between November 30, 2026 and perpetual (December 31, 2020: May 31, 2021 and perpetual). For the six months ended June 30, 2021, the Group recognized a fair value gain on debentures of \$10,142 (six months ended June 30, 2020: fair value loss of \$137,609).
- (c) Unlisted investments mainly composed of the 9.90% interest in Dragon Silver Holdings Limited (“Dragon Silver”) which is a company incorporated in Hong Kong engaged in metal trading and processing with fair value of \$1,285,950 at June 30, 2021 (December 31, 2020: \$1,285,950). As at June 30, 2021, other unlisted investment held by the Group amounted to \$268,458 (December 31, 2020: \$256,960). For the six months ended June 30, 2021, the Group recognized a fair value gain on unlisted investments of \$4,241 (six months ended June 30, 2020: \$4,770).

**8. PROPERTY, PLANT AND EQUIPMENT**

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
<b>Cost:</b>	\$	\$	\$	\$	\$	\$
<b>At January 1, 2020</b>	<b>13,083,073</b>	<b>245,842</b>	<b>437,013</b>	<b>558</b>	<b>755,935</b>	<b>14,522,421</b>
Exchange difference	447,352	1,100	26,595	40	47,055	522,142
Additions	-	-	1,534	-	-	1,534
Write-off	-	(7,418)	-	-	-	(7,418)
<b>At December 31, 2020</b>	<b>13,530,425</b>	<b>239,524</b>	<b>465,142</b>	<b>598</b>	<b>802,990</b>	<b>15,038,679</b>
Exchange difference	79,294	-	5,029	8	8,882	93,213
Additions	-	-	7,667	-	48,356	56,023
Disposal	-	-	-	-	(52,553)	(52,553)
<b>At June 30, 2021</b>	<b>13,609,719</b>	<b>239,524</b>	<b>477,838</b>	<b>606</b>	<b>807,675</b>	<b>15,135,362</b>
<b>Depreciation and impairment:</b>						
<b>At January 1, 2020</b>	<b>3,019,597</b>	<b>237,599</b>	<b>360,539</b>	<b>558</b>	<b>719,201</b>	<b>4,337,494</b>
Exchange difference	105,970	1,026	22,290	40	44,709	174,035
Depreciation for the year	525,525	786	13,457	-	703	540,471
Write-off	-	(314)	-	-	-	(314)
<b>At December 31, 2020</b>	<b>3,651,092</b>	<b>239,097</b>	<b>396,286</b>	<b>598</b>	<b>764,613</b>	<b>5,051,686</b>
Exchange difference	19,084	-	4,219	8	8,437	31,748
Depreciation for the period	271,108	320	7,371	-	3,374	282,173
Disposal	-	-	-	-	(52,553)	(52,553)
<b>At June 30, 2021</b>	<b>3,941,284</b>	<b>239,417</b>	<b>407,876</b>	<b>606</b>	<b>723,871</b>	<b>5,313,054</b>
<b>Net book value:</b>						
<b>At December 31, 2020</b>	<b>9,879,333</b>	<b>427</b>	<b>68,856</b>	<b>-</b>	<b>38,377</b>	<b>9,986,993</b>
<b>At June 30, 2021</b>	<b>9,668,435</b>	<b>107</b>	<b>69,962</b>	<b>-</b>	<b>83,804</b>	<b>9,822,308</b>

As at June 30, 2021, the carrying amount of property, plant and equipment located in Hong Kong amounted to \$4,731,720 (December 31, 2020: \$4,824,200). The remaining property, plant and equipment were located in China.

**GobiMin Inc.**  
**Notes to Condensed Interim Consolidated Financial Statements**  
**For the six months ended June 30, 2021**  
(Express in United States Dollars)

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**9. INVESTMENT PROPERTIES**

<b>Cost:</b>	\$
At January 1, 2020	7,793,187
Exchange difference	327,323
<b>At December 31, 2020</b>	<b>8,120,510</b>
Exchange difference	59,566
<b>At June 30, 2021</b>	<b>8,180,076</b>
<b>Depreciation and impairment:</b>	
At January 1, 2020	1,509,359
Exchange difference	95,049
Depreciation for the year	378,241
Impairment loss recognized	1,135,209
<b>At December 31, 2020</b>	<b>3,117,858</b>
Exchange difference	18,389
Depreciation for the period	135,202
<b>At June 30, 2021</b>	<b>3,271,449</b>
<b>Net book value:</b>	
<b>At December 31, 2020</b>	<b>5,002,652</b>
<b>At June 30, 2021</b>	<b>4,908,627</b>

As at June 30, 2021, investment properties are commercial properties, of which \$3,232,143 (December 31, 2020: \$3,304,396) are located in China and \$1,676,484 (December 31, 2020: \$1,698,256) are located in Hong Kong. Certain investment properties were leased to third parties and related parties (note 13.2 and 14.2) with fixed lease payments while some remain vacant. The estimated fair value of the investment properties as at June 30, 2021 was approximately \$7,090,694 (December 31, 2020: \$7,704,898). 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 Consolidated Financial Statements**  
**For the six months ended June 30, 2021**  
(Express in United States Dollars)

**10. EXPLORATION AND EVALUATION ASSETS**

<b>Cost:</b>	\$
At January 1, 2020	<b>30,189,063</b>
Exchange difference	1,608,760
Addition	151,256
<b>At December 31, 2020</b>	<b>31,949,079</b>
Exchange difference	<b>379,546</b>
<b>At June 30, 2021</b>	<b>32,328,625</b>

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 and the mining licence have expiry dates on June 15, 2023 and August 22, 2021 respectively. The mining licence was subsequently renewed with an expiry date on March 22, 2023.

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 since 2019.

**11. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES**

As at June 30, 2021 and December 31, 2020, 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, 2021</u>	<u>December 31, 2020</u>
	\$	\$
Other payables	<b>988,460</b>	984,048
Accrued liabilities	<b>344,900</b>	361,058
Receipts in advance	<b>26,353</b>	35,348
Deposit received	<b>22,791</b>	25,869
<b>Total</b>	<b>1,382,504</b>	1,406,323

**12. SHARE CAPITAL AND STOCK OPTIONS**

**12.1 Common Shares**

	<u>Number</u>	<u>Amount</u>
<b><u>Authorized:</u></b>		\$
Unlimited number of common shares		
<b><u>Issued and outstanding:</u></b>		
At January 1, 2020	<b>49,644,982</b>	<b>21,936,915</b>
Shares repurchased and cancelled	(450,000)	(198,844)
<b>At December 31, 2020 and June 30, 2021</b>	<b>49,194,982</b>	<b>21,738,071</b>

**12.2 Preferred Shares**

The Company did not authorize or issue any preferred shares.

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**12.3 General Reserve**

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the six months ended June 30, 2021, there was no movement in the general reserve.

**12.4 Translation Reserve**

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

**12.5 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 common shares, representing approximately 5% of the then common shares outstanding ("2020 NCIB"). Purchases were made in accordance with applicable regulations over a maximum period of 12 months commenced on August 8, 2019 and ended on August 7, 2020. GobiMin did not renew its normal course issuer bid upon the end of 2020 NCIB on August 7, 2020, and a total of 450,000 common shares were repurchased at an aggregate cost of \$77,745 (CAD98,985) under 2020 NCIB for the year ended December 31, 2020. All shares repurchased have been returned to treasury for cancellation.

**12.6 Stock Options**

On May 26, 2005, the Company adopted a resolution cancelling all of its outstanding stock option plans and creating a new stock option plan to grant options to its employees, directors and officers to purchase common shares. A total number of 6,700,000 (December 31, 2020: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

There was no option outstanding and granted for the six months ended June 30, 2020 and 2021.

**12.7 Basic and Diluted Loss Per Share**

	<b>Three Months Ended</b>	
	<b>June 30, 2021</b>	June 30, 2020
<b>Net loss attributable to shareholders</b>		
Basic and diluted	<b>(\$401,662)</b>	(\$30,166)
<b>Weighted average number of shares outstanding</b>		
Basic and diluted	<b>49,194,982</b>	49,252,235
<b>Basic and diluted loss per share</b>	<b>(\$0.008)</b>	(\$0.001)

	<b>Six Months Ended</b>	
	<b>June 30, 2021</b>	June 30, 2020
<b>Net loss attributable to shareholders</b>		
Basic and diluted	<b>(\$1,074,959)</b>	(\$1,231,366)
<b>Weighted average number of shares outstanding</b>		
Basic and diluted	<b>49,194,982</b>	49,428,345
<b>Basic and diluted loss per share</b>	<b>(\$0.022)</b>	(\$0.025)

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For the three months and six months ended June 30, 2020 and 2021, there were no stock options outstanding or other potential ordinary shares in issue and as such, there is no diluted loss per share presented.

**13. RELATED PARTY TRANSACTIONS**

**13.1 Key management compensation**

The remuneration of key management and directors was as follows:

	<b>Three Months Ended</b>	
	<b>June 30, 2021</b>	June 30, 2020
	\$	\$
Salaries, fees and other benefits	<b>106,720</b>	117,291
Payment to defined contribution plans	<b>832</b>	1,052
	<b>107,552</b>	118,343

  

	<b>Six months ended</b>	
	<b>June 30, 2021</b>	June 30, 2020
	\$	\$
Salaries, fees and other benefits	<b>189,085</b>	214,758
Payment to defined contribution plans	<b>1,412</b>	2,516
	<b>190,497</b>	217,274

**13.2 Related party transactions**

In addition to the transactions detailed elsewhere in these condensed interim 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.

<b>Relationship</b>	<b>Type of transactions</b>	<b>Three months ended</b>	
		<b>June 30, 2021</b>	June 30, 2020
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	<b>17,595</b>	17,210
	Share of office common expenses	<b>3,179</b>	3,770

  

<b>Relationship</b>	<b>Type of transactions</b>	<b>Six months ended</b>	
		<b>June 30, 2021</b>	June 30, 2020
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	<b>35,016</b>	34,369
	Share of office common expenses	<b>6,423</b>	7,906

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**14. COMMITMENTS**

**14.1 Capital commitments**

The Group has the following capital commitment:

<b>As at June 30, 2021</b>	<b>Contract Date</b>	<b>Contracted Sum</b>	<b>Capital Commitments</b>
		<b>\$</b>	<b>\$</b>
Mine design and related facilities	October 31, 2011	1,239,134	<b>681,524</b>
Office building renovation	March 2, 2013	2,033,711	<b>909,135</b>
Research on gold processing method	June 20, 2020	263,316	<b>61,957</b>
<b>Total capital commitments for the Gold Project</b>		<b>3,536,161</b>	<b>1,652,616</b>

**14.2 Operating lease commitments**

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:

	<b>As at June 30, 2021</b>	<b>December 31, 2020</b>
	<b>\$</b>	<b>\$</b>
Within one year	<b>110,419</b>	92,303
In the second to fifth years inclusive	<b>261,302</b>	321,913
<b>Total future minimum lease receivables</b>	<b>371,721</b>	414,216

**15. FAIR VALUE MEASUREMENT 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 assets or current liabilities approximates their fair value because of their 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.

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	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
<b><u>As at June 30, 2021</u></b>				
Listed securities	312,772	-	-	312,772
Unlisted investments	-	268,458	1,285,950	1,554,408
Debentures	2,551,084	-	-	2,551,084
	<b>2,863,856</b>	<b>268,458</b>	<b>1,285,950</b>	<b>4,418,264</b>
<b><u>As at December 31, 2020</u></b>				
Listed securities	247,219	-	-	247,219
Unlisted investments	-	256,960	1,285,950	1,542,910
Debentures	2,740,942	-	-	2,740,942
	<b>2,988,161</b>	<b>256,960</b>	<b>1,285,950</b>	<b>4,531,071</b>

**16. RISK MANAGEMENT**

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2021.

**17. IMPACT OF COVID-19**

During the period under review, a new wave of coronavirus infections demonstrated the fragile nature of the global recovery. A surge in Delta variant cases has forced some government to re-impose stricter COVID-19 restrictions. The Company is keeping a close eye on the spread of Delta variant in China recently as the outbreak is the largest in China for months and has been monitoring its potential impact on our operations, such as disruption of the supply chains and logistics setup.

As at June 30, 2021, the fair value of investment properties with reference to the recent market prices of similar properties in the same locations was close to the carrying amount and there is no significant increase in credit risk of loan receivable.

Given the importance of the sound liquidity position of the Group under current economic environment, 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 and strengthening cost control measures. 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.

**18. EVENT AFTER THE REPORTING PERIOD**

In July 2021, the Group paid the mining royalties of the Gold Project of \$1.46 million (equivalent to RMB9.56 million) and received the mining licence with an expiry date on March 22, 2023.