



GobiMin Inc.

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NEWS RELEASE

TSX-V: GMN

GobiMin Announces Second Quarter 2022 Results
(Expressed in United States dollars except where otherwise indicated)

Toronto, Canada, August 18, 2022 – (TSXV: GMN) GobiMin Inc. (“GobiMin” or the “Company”, together with its subsidiaries collectively the “Group”) reports its financial and operating results for the second quarter of 2022. The unaudited condensed interim consolidated financial statements along with quarterly highlights of management’s discussion and analysis have been filed with SEDAR (www.sedar.com) and are also available at the website of the Company (www.gobimin.com).

Financial Highlights

	Three months ended June 30,		Year ended
	2022	2021	December 31, 2021
	\$'000	\$'000	\$'000
Continuing operations			
Revenue	202	220	937
Loss on disposal of financial assets	(120)	(22)	(250)
Fair value loss on financial assets	(262)	(26)	(168)
Net loss for the period/year from continuing operations	(1,328)	(192)	(1,258)
Net loss for the period/year from discontinued operations	(177)	(287)	(1,105)
Net loss for the period/year	(1,505)	(479)	(2,363)
Loss attributable to shareholders of the Company from:			
- continuing operations	(1,328)	(192)	(1,270)
- discontinued operations	(133)	(210)	(815)
Loss attributable to shareholders of the Company	(1,461)	(402)	(2,085)
Basic and diluted loss per share from:			
- continuing operations (in \$)	(0.027)	(0.004)	(0.026)
- discontinued operations (in \$)	(0.003)	(0.004)	(0.016)
- continuing and discontinued operations (in \$)	(0.030)	(0.008)	(0.042)
LBITDA ⁽¹⁾	(1,448)	(415)	(2,109)
LBITDA per share (in \$) ⁽¹⁾	(0.029)	(0.008)	(0.043)

	As at June 30,		As at
	2022	2021	December 31, 2021
	\$'000	\$'000	\$'000
Cash and cash equivalents	13,824	18,636	15,456
Cash and cash equivalents per share (in \$) ⁽¹⁾	0.28	0.38	0.31
Working capital	53,149	20,528	17,215
Total current liabilities	1,800	2,512	2,659
Total assets	69,480	74,266	73,725

Note:

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

Business Summary and Development

1. Gold Project in Xinjiang

The Company owned 100% indirect equity interest in a wholly-owned subsidiary, which owns the 70% indirect equity interest in the company holding the mining licence of the Sawayaerdun Gold Project (the “Gold Project”) in Xinjiang (collectively the “Disposal Group”) as at June 30, 2022. Subsequent to the end of the reporting period on July 14, 2022, GobiMin entered into a definitive agreement to sell the Disposal Group to a subsidiary of a Hong Kong listed mining company, which is an independent third party to the Group, for approximately \$74,045,000 (RMB493,627,000) in cash, including the consideration for the equity transfer of approximately \$69,163,000 (RMB461,084,000) and repayment of loans to the Group of approximately \$4,882,000 (RMB32,543,000) (“Disposal”). The registration of the equity transfer with the local authority for the Disposal was completed on July 25, 2022. Up to the date hereof, the Group received \$62,981,000 (RMB419,867,000), including first instalment of the consideration for the equity transfer and full settlement of loans due to the Group after deducting Chinese taxes and transaction related expenses. The final instalment of \$7,500,000 (RMB50,000,000) will be paid to the Company within 35 days from the payment of the first instalment.

2. Financial Assets

- (i) **Listed Securities** - As at June 30, 2022, the fair value of listed securities held by the Group amounted to \$660,000 (December 31, 2021: \$758,000) which include investments in listed stock, futures and options trading through a registered brokerage firm in Hong Kong and for listed stocks in Canada. For the six months ended June 30, 2022, the loss on trading of listed stock, indexes, futures and options amounted to \$276,000 (six months ended June 30, 2021: \$137,000) and fair value loss on listed securities was \$193,000 (six months ended June 30, 2021: \$88,000).
- (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 \$1,121,000 (equivalent to HK\$8,710,000). Due to continuous difficult market conditions and the impact of COVID-19, the Group agreed with the guarantor and Dragon Silver to waive the compensation for Profit Guarantee for the financial years ended up to June 30, 2022, and to extend (i) the Dividend Guarantee of not less than \$0.16 (HKD1.25) per share to the Group to the financial years ending from June 30, 2022 to June 30, 2027; and (ii) the exercisable period of the Put Option in respect of the right to sell to the guarantor all the shares held by the Group at the investment cost to December 28, 2027. The fair value of the investment in Dragon Silver as at June 30, 2022 was \$1,226,000 (December 31, 2021: \$1,226,000) and there was no material fair value change for such investment for the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

The Group also holds 40,153,000 shares, representing about 6.28% equity interest, in Infinity Technology (Cayman) Limited (“Infinity Tech”) whose group provides in Hong Kong a one-stop solution cloud POS system integrating automated ordering and payment, menu digitalisation, logistics, marketing analysis, supply chains and inventory management at an investment cost of \$1,500,000. The fair value of such investment as at June 30, 2022 was \$1,500,000 (December 31, 2021: \$1,500,000) and there was no material fair value change for the six months ended June 30, 2022 (six months ended June 30, 2021: not applicable).

As at June 30, 2022, unlisted investments held by the Group other than Dragon Silver and Infinity Tech amounted to \$233,000 (December 31, 2021: \$268,000). During the period under review, the fair value loss on other unlisted investments was \$32,000 (six months ended June 30, 2021: fair value gain of \$4,000).

(iii) **Debentures** - As at June 30, 2022, the Group held debentures of \$1,435,000 (December 31, 2021: \$1,803,000) with coupon rates ranged from 6% to 7% (December 31, 2021: 5% to 7%) per annum and with perpetual maturities (December 31, 2021: perpetual maturities). For the six months ended June 30, 2022, interest income from debentures was \$52,000 (six months ended June 30, 2021: \$79,000) and fair value loss on debentures amounted to \$167,000 (six months ended June 30, 2021: fair value gain of \$10,000).

3. **Investment Properties**

As at June 30, 2022, the Group held investment properties with carrying amount of \$4,486,000 (December 31, 2021: \$4,795,000) in Shenzhen, Xinjiang and Hong Kong for rental income and/or capital appreciation. The estimated fair value of the investment properties was approximately \$7,801,000 as at June 30, 2022 (December 31, 2021: \$7,685,000) as determined by management assessment with reference to recent market prices for similar properties in the same locations and similar conditions. Certain investment properties were leased to third parties and related parties while some remain vacant. For the six months ended June 30, 2022, rental income from the leased properties was \$98,000 (six months ended June 30, 2021: \$105,000).

4. **Liquidity and Capital Resources**

As at June 30, 2022, working capital of the Group amounted to about \$53,149,000 (December 31, 2021: \$17,215,000), which is computed by netting off its current assets of \$55,841,000 (December 31, 2021: \$19,875,000) with its current liabilities of \$2,692,000 (December 31, 2021: \$2,660,000). Taking into account of its financial position, 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 \$1,570,000 as at June 30, 2022 (December 31, 2021: \$1,647,000).

Full Financial Results and Management's Discussion and Analysis - Quarterly Highlights are posted to www.sedar.com.

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