



GobiMin Inc.

Brookfield Place, 181 Bay St., Suite 4400, Toronto, Ontario M5J 2T3, Canada
 T 852 35860280 F 852 25275052 E info@gobimin.com

NEWS RELEASE

TSX-V: GMN

GobiMin Announces Third Quarter 2022 Results

(Expressed in United States dollars except where otherwise indicated)

Toronto, Canada, November 4, 2022 – (TSXV: GMN) GobiMin Inc. (“GobiMin” or the “Company”, together with its subsidiaries collectively the “Group”) reports its financial and operating results for the third 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 September 30,		Year ended
	2022	2021	December 31, 2021
	\$'000	\$'000	\$'000
Continuing operations			
Revenue	399	311	937
Loss on disposal of financial assets	(105)	(114)	(250)
Fair value (loss)/gain on financial assets	(117)	54	(168)
Net profit/(loss) for the period/year from:			
- continuing operations	(7,479)	(366)	(1,258)
- discontinued operations	33,913	(246)	(1,105)
	26,434	(612)	(2,363)
Profit/(loss) attributable to shareholders of the Company from:			
- continuing operations	(7,479)	(366)	(1,270)
- discontinued operations	33,952	(182)	(815)
	26,473	(548)	(2,085)
Basic and diluted earnings/(loss) per share (in \$) from:			
- continuing operations	(0.152)	(0.007)	(0.026)
- discontinued operations	0.690	(0.004)	(0.016)
- continuing and discontinued operations	0.538	(0.011)	(0.042)
EBITDA/(LBITDA) ⁽¹⁾	29,783	(538)	(2,109)
EBITDA/(LBITDA) per share (in \$) ⁽¹⁾	0.606	(0.011)	(0.043)

	As at September 30,		As at
	2022	2021	December 31, 2021
	\$'000	\$'000	\$'000
Cash and cash equivalents	70,736	15,403	15,456
Cash and cash equivalents per share (in \$) ⁽¹⁾	1.44	0.31	0.31
Working capital ⁽¹⁾	79,812	17,385	17,215
Total current liabilities	2,446	2,604	2,659
Total assets	95,394	73,764	73,725

Note: (1) As non-IFRS measurements, EBITDA/(LBITDA) (earnings/(loss) before interest income and expense, income taxes, depreciation and amortization), EBITDA/(LBITDA) per share and 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 previous periods, the Company owned, through the 100% indirect equity interest in a wholly-owned subsidiary, the 70% indirect equity interest in Xinjiang Tongyuan Minerals Limited which holds the Gold Project in Xinjiang (collectively the “Disposal Group”). On July 14, 2022, GobiMin entered into a definitive agreement to sell the Disposal Group to a subsidiary of a Hong Kong listed company (the “Buyer”), which is an independent third party to the Group, for RMB493,627,000 (approximately \$74,045,000) in cash, including the consideration for the equity transfer of RMB461,084,000 (approximately \$69,163,000) and repayment of loans to the Group of RMB32,543,000 (approximately \$4,882,000) (the “Disposal”). The registration of equity transfer with the local authority for the Disposal was completed on July 25, 2022. The operating results of the Disposal Group were classified as discontinued operations for the nine months ended September 30, 2022. As at September 30, 2022 and up to the date hereof, the Group received RMB419,867,000 (approximately \$62,981,000), 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 Group recorded a gain on the Disposal of \$37,451,000. The cash and cash equivalents of the Group has been increased from \$15,456,000 as at December 31, 2021 to \$70,736,000 as at September 30, 2022 and the working capital also improved from \$17,215,000 as at December 31, 2021 to \$79,812,000 as at September 30, 2022. Due to the recent COVID-19 lockdown measures implemented in Xinjiang, the Buyer was unable to proceed with the foreign exchange remittance procedures and the final instalment of RMB50,000,000 (approximately \$6,987,000) cannot be remitted to the bank account of the Group within 35 days from the payment of the first instalment. The Group has fulfilled all obligations stipulated in the agreement which are precedent to the receipt of the final instalment. As there has been a rebound in cases in the past weeks and restriction measures are continuing, the completion of foreign exchange remittance procedures remains uncertain.

2. Financial Assets

- (i) **Listed Securities** - As at September 30, 2022, the fair value of listed securities held by the Group amounted to \$350,000 (December 31, 2021: \$758,000) which include investments in listed stock, futures and options trading through registered brokerage firm in Hong Kong and listed stocks in Canada. For the nine months ended September 30, 2022, the loss on disposal of listed stocks, indexes, futures and options amounted to \$381,000 (nine months ended September 30, 2021: \$250,000) and fair value loss on listed securities was \$228,000 (nine months ended September 30, 2021: \$6,000).
- (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 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 September 30, 2022 was \$1,226,000 (December 31, 2021: \$1,226,000).

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 September 30, 2022 was \$1,500,000 (December 31, 2021: \$1,500,000).

As at September 30, 2022, unlisted investments held by the Group other than Dragon Silver and Infinity Tech amounted to \$213,000 (December 31, 2021: \$268,000). During the period under review, the fair value loss on other unlisted investments was \$33,000 (nine months ended September 30, 2021: fair value gain of \$4,000).

(iii) **Debentures** - As at September 30, 2022, the Group held debentures of \$1,354,000 (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 nine months ended September 30, 2022, interest income from debentures was \$76,000 (nine months ended September 30, 2021: \$115,000) and fair value loss on debentures amounted to \$248,000 (nine months ended September 30, 2021: \$18,000).

3. **Investment Properties**

As at September 30, 2022, the Group held investment properties with carrying amount of \$4,203,000 (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 as at September 30, 2022 was approximately \$4,404,000 (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. Up to the date hereof, all investment properties were leased to third parties and related parties. For the nine months ended September 30, 2022, rental income from the leased properties was \$150,000 (nine months ended September 30, 2021: \$156,000).

4. **Normal Course Issuer Bid (“NCIB”)**

On April 27, 2022, TSX Venture Exchange (“TSXV”) approved the Company to commence a Normal Course Issuer Bid (“NCIB”) to repurchase up to an additional 2,459,749 common shares, representing 5% of the issued and outstanding common shares of the Company. Purchases will be made in accordance with applicable regulations over a maximum period of 12 months commenced on April 29, 2022 and ended on April 28, 2023 or on such earlier date as GobiMin may complete its purchases pursuant to the NCIB or as it may otherwise determine. For the nine months ended September 30, 2022, a total of 34,000 common shares were repurchased at an aggregate cost of \$11,748 (CAD16,260). For the period from October 1, 2022 to November 4, 2022, no common shares were repurchased under the NCIB. All shares repurchased will be/have been returned to treasury for cancellation.

5. **Liquidity and Capital Resources**

As at September 30, 2022, working capital of the Group amounted to about \$79,812,000 (December 31, 2021: \$17,215,000), which is computed by netting off its current assets of \$82,258,000 (December 31, 2021: \$19,875,000) with current liabilities of \$2,446,000 (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 and meeting its obligations as and when they fall due.

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

For further information, please contact:

Felipe Tan, Chief Executive Officer

Tel: (852) 3586-6500

Email: felipe.tan@gobimin.com

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