

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Consolidated Financial Statements (unaudited)

September 30, 2022

(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 September 30, 2022 and December 31, 2021**

(Expressed in United States Dollars)

	<i>Notes</i>	(Unaudited) September 30, 2022	(Audited) December 31, 2021
ASSETS		\$	\$
Current			
Cash and cash equivalents	5	70,735,505	15,455,686
Prepayments, deposits and other receivables	6	11,298,596	3,960,822
Financial assets at fair value through profit or loss	7	223,755	458,434
Total current assets		82,257,856	19,874,942
Non-current			
Property, plant and equipment	8	4,513,291	9,576,936
Investment properties	9	4,202,993	4,794,579
Exploration and evaluation assets	10	-	34,382,078
Financial assets at fair value through profit or loss	7	4,419,599	5,096,305
Total non-current assets		13,135,883	53,849,898
Total assets		95,393,739	73,724,840
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	11	1,323,140	1,536,471
Income taxes payable		1,122,974	1,122,974
Total liabilities		2,446,114	2,659,445
SHAREHOLDERS' EQUITY			
Share capital	12	21,723,047	21,738,071
Reserves		71,224,487	49,856,585
Equity attributable to shareholders of the Company		92,947,534	71,594,656
Non-controlling interests		91	(529,261)
Total shareholders' equity		92,947,625	71,065,395
Total liabilities and shareholders' equity		95,393,739	73,724,840

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

APPROVED BY THE BOARD ON NOVEMBER 4, 2022 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Philippe Marleau
Director

GobiMin Inc.**Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)****For the three months and nine months ended September 30, 2022 and 2021**

(Expressed in United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
<i>Note</i>		<i>(Restated)</i>		<i>(Restated)</i>
	\$	\$	\$	\$
Continuing operations				
Interest income	340,790	147,090	648,115	458,396
Rental income	52,670	51,150	150,483	155,941
Dividend Income	5,207	113,005	14,793	122,585
Other income	15,307	114	42,802	8,373
Loss on disposal of financial assets	(105,236)	(114,248)	(381,296)	(250,803)
Fair value (loss)/gain on financial assets at fair value through profit or loss	(116,963)	54,069	(508,724)	(20,007)
Gross profit/(loss)	191,775	251,180	(33,827)	474,485
General and administrative expenses	(2,458,096)	(634,095)	(3,602,462)	(1,762,853)
Exchange (loss)/gain, net	(5,156,902)	16,713	(5,708,512)	170,871
Operating loss	(7,423,223)	(366,202)	(9,344,801)	(1,117,497)
(Loss)/gain on disposal of property, plant and equipment	673	-	(9,174)	21,280
Loss before income tax	(7,422,550)	(366,202)	(9,353,975)	(1,096,217)
Income tax expense	(56,675)	-	(56,675)	-
Loss for the period from continuing operations	(7,479,225)	(366,202)	(9,410,650)	(1,096,217)
Discontinued operations				
Profit/(loss) for the period from discontinued operations	<i>13</i> 33,913,437	(245,940)	33,562,179	(713,715)
Profit/(loss) for the period	26,434,212	(612,142)	24,151,529	(1,809,932)
Other comprehensive (loss)/income				
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent period:				
Reclassification of cumulative translation reserve upon disposal of foreign operations	(564,945)	-	(564,945)	-
Exchange difference on translation of foreign operations	(363,200)	19,243	(2,356,407)	521,945
Total comprehensive income/(loss) for the period	25,506,067	(592,899)	21,230,177	(1,287,987)

GobiMin Inc.
Condensed Interim Consolidated Statements of Comprehensive Income (Unaudited)
For the three months and nine months ended September 30, 2022 and 2021
(Expressed in United States Dollars)

		Three Months Ended		Six Months Ended	
	<i>Note</i>	September 30,	September 30,	September 30,	September 30,
		2022	2021	2022	2021
			(Restated)		(Restated)
		\$	\$	\$	\$
Profit/(loss) for the period attributable to shareholders of the Company					
- from continuing operations		(7,479,225)	(366,202)	(9,410,650)	(1,096,217)
- from discontinued operations		33,951,882	(182,254)	33,721,387	(527,198)
		26,472,657	(548,456)	24,310,737	(1,623,415)
Loss for the period attributable to non-controlling interests					
- from continuing operations		-	-	-	-
- from discontinued operations		(38,445)	(63,686)	(159,208)	(186,517)
		(38,445)	(63,686)	(159,208)	(186,517)
Profit/(loss) for the period		26,434,212	(612,142)	24,151,529	(1,809,932)
Total comprehensive income/(loss) for the period attributable to shareholders of the Company					
- from continuing operations		(7,954,605)	(390,815)	(10,185,705)	(1,012,502)
- from discontinued operations		33,499,118	(138,292)	31,550,331	(86,013)
		25,544,513	(529,107)	21,364,626	(1,098,515)
Total comprehensive loss for the period attributable to non-controlling interests					
- from continuing operations		-	-	-	-
- from discontinued operations		(38,446)	(63,792)	(134,449)	(189,472)
		(38,446)	(63,792)	(134,449)	(189,472)
Total comprehensive income/(loss) for the period		25,506,067	(592,899)	21,230,177	(1,287,987)
Earnings/(loss) per share					
Basic and diluted					
- from continuing and discontinued operations	12.7	0.538	(0.011)	0.494	(0.033)
- from continuing operations	12.7	(0.152)	(0.007)	(0.191)	(0.022)
- from discontinued operations	12.7	0.690	(0.004)	0.685	(0.011)
Weighted average number of shares outstanding					
Basic and diluted					
	12.7	49,170,162	49,194,982	49,182,429	49,194,982

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

GobiMin Inc.**Condensed Interim Consolidated Statements of Changes in Equity (Unaudited)****For the nine months ended September 30, 2022 and 2021**

(Expressed in United States Dollars)

	Share capital Note 12.1	Contributed surplus	General reserve Note 12.3	Translation reserve Note 12.4	Retained earnings	Non- controlling interests	Total equity
At January 1, 2021	\$ 21,738,071	\$ 2,399,939	\$ 501,965	\$ 1,509,482	\$ 46,539,136	\$ (239,847)	\$ 72,448,746
Loss for the period	-	-	-	-	(1,623,415)	(186,517)	(1,809,932)
Other comprehensive income/(loss)	-	-	-	524,900	-	(2,955)	521,945
Total comprehensive income/(loss)	-	-	-	524,900	(1,623,415)	(189,472)	(1,287,987)
At September 30, 2021	21,738,071	2,399,939	501,965	2,034,382	44,915,721	(429,319)	71,160,759
At January 1, 2022	21,738,071	2,399,939	501,965	2,500,369	44,454,312	(529,261)	71,065,395
Profit/(loss) for the period	-	-	-	-	24,310,737	(159,208)	24,151,529
Other comprehensive income/(loss)	-	-	-	(2,946,111)	-	24,759	(2,921,352)
Total comprehensive income/(loss)	-	-	-	(2,946,111)	24,310,737	(134,449)	21,230,177
Share repurchased	(15,024)	-	-	-	3,276	-	(11,748)
Disposal of subsidiaries (note 13)	-	-	(501,965)	-	501,965	663,801	663,801
At September 30, 2022	21,723,047	2,399,939	-	(445,742)	69,270,290	91	92,947,625

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

GobiMin Inc.**Condensed Interim Consolidated Statements of Cash Flows (Unaudited)****For the three months and nine months ended September 30, 2022 and 2021**

(Expressed in United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30,	September 30,	September 30,	September 30,
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating activities				
Profit/(loss) from continuing and discontinued operations before income tax	29,963,603	(612,142)	27,680,920	(1,809,932)
Adjustments for items not involving cash:				
- Depreciation	161,359	221,560	595,068	638,935
- Loss on disposal of financial assets	105,236	114,248	381,296	250,803
- Fair value loss/(gain) on financial assets at fair value through profit or loss	116,963	(54,069)	508,724	20,007
- Loss/(gain) on disposal of property, plant and equipment	(673)	-	9,174	(21,280)
- Gain on disposal of subsidiaries (note 13)	(37,450,590)	-	(37,450,590)	-
- Exchange loss/(gain), net	5,156,902	(16,713)	5,708,512	(170,871)
- Dividend income	(5,207)	(113,005)	(14,793)	(122,585)
- Interest income	(340,790)	(147,179)	(648,326)	(458,742)
	(2,293,197)	(607,300)	(3,230,015)	(1,673,665)
Working capital adjustments:				
- Prepayments, deposits and other receivables	309,239	10,731	156,962	28,894
- Other payables, receipts in advance and accrued liabilities	254,735	91,718	(238,725)	85,061
Cash used in operations	(1,729,223)	(504,851)	(3,311,778)	(1,559,710)
Income tax paid	(56,675)	-	(56,675)	-
Net cash flows used in operating activities	(1,785,898)	(504,851)	(3,368,453)	(1,559,710)
Financing activity				
Shares repurchased	(9,495)	-	(11,748)	-
Cash flow used in a financing activity	(9,495)	-	(11,748)	-
Investing activities				
Interest received	340,790	147,179	648,326	458,742
Dividend received	2,794	4,993	12,380	14,573
Additions of property, plant and equipment	(19,500)	(1,128)	(19,500)	(57,151)
Additions of exploration and evaluation assets	(68,418)	(1,482,122)	(68,418)	(1,482,122)
Proceeds from disposal of property, plant and equipment	-	-	2,795	21,280
Investment in an unlisted equity security	-	(1,508,938)	-	(1,508,938)
Net proceeds from maturity of debentures	-	500,000	200,000	700,000
Net (addition)/disposal of listed securities	157,950	(375,448)	(213,111)	(662,630)
Repayment of loan previously made to disposed subsidiaries	4,881,440	-	4,881,440	-
Net cash inflow from disposal of subsidiaries (note 13)	61,500,994	-	61,500,994	-
Income tax paid in respect of disposal of subsidiaries	(3,472,716)	-	(3,472,716)	-
Net cash flows generated from/(used in) investing activities	63,323,334	(2,715,464)	63,472,190	(2,516,246)
Increase/(decrease) in cash and cash equivalents	61,527,941	(3,220,315)	60,091,989	(4,075,956)
Effect of foreign exchange rate changes	(4,785,824)	(12,153)	(4,812,170)	8,219
Cash and cash equivalents at beginning of the period	13,993,388	18,635,615	15,455,686	19,470,884
Cash and cash equivalents at end of the period	70,735,505	15,403,147	70,735,505	15,403,147

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

GobiMin Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(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 as a Tier 2 investment issuer, having the symbol GMN. Its registered office is situated at Brookfield Place, 181 Bay St., Suite 4400, Toronto, Ontario M5J 2T3, Canada.

The Group is principally engaged in investment in properties, equity, debt or other securities as well as direct ownership stakes in projects.

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, 2021. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2022.

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, 2021.

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, 2021, except for those related to new or revised International Financial Reporting Standards (“IFRSs”) effective for the annual period beginning on or after January 1, 2022. The adoption of these new or revised IFRS has no material effect on the Group’s condensed interim consolidated 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.

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Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(Express in United States Dollars)

4. SEGMENT INFORMATION

The Group is engaged in the investment in properties, equity, debt or other securities as well as direct ownership stakes in projects (“Investment Business”).

In the prior period, the Group also engaged in the development, exploration and exploitation of mineral properties, mainly in the Xinjiang Uygur Autonomous Region (“Xinjiang”) of the People’s Republic of China (“China”) (“Mining Business”). As disclosed in note 13 to the condensed interim consolidated financial statements, the operating results of the Mining Business were classified as discontinued operations of the Group and were excluded from the segment information for the nine months ended September 30, 2022. The comparative figures of segment information for the nine months ended September 30, 2021 were restated to conform with the current year presentation. Since then, no other discrete financial information is provided other than the Group’s results and financial position as a whole.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	As at	
	September 30, 2022	December 31, 2021
	\$	\$
Canada	462,106	321,470
Hong Kong	69,135,487	14,640,764
Mainland China	1,137,912	493,452
Total	70,735,505	15,455,686

The Renminbi (“RMB”) located in Mainland 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 balance located in Hong Kong included \$1,084,789 deposit placed with a brokerage firm (December 31, 2021: \$1,286,076). None of the cash equivalents are in asset backed commercial paper products.

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	
	September 30, 2022	December 31, 2021
	\$	\$
Prepayments	13,853	21,606
Loan	4,012,652	3,852,966
Deposits	65,042	21,264
Other receivables	7,207,049	64,986
	11,298,596	3,960,822

GobiMin Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(Express in United States Dollars)

As at September 30, 2022, the loan balance represented a loan secured by a property owned by the borrower in Hong Kong, bearing an interest at the rate of 4.5% per annum and repayable on December 10, 2022 or on demand by the Group whichever is earlier. The management considered that there is no significant increase in credit risk of the loan with reference to recent market prices for similar properties in the same locations and similar conditions as the pledged property.

As at September 30, 2022, other receivables mainly composed of \$6,987,152 (RMB50,000,000), being the consideration receivable from disposal of subsidiaries (December 31, 2021: nil) and interest receivables from listed debentures. The consideration receivable, is unsecured, interest-free, and is expected to be settled within one year from the end of the reporting period. The Group considered the default possibility was minimal.

7. FINANCIAL ASSETS

	Notes	As at September 30, 2022	December 31, 2021
		\$	\$
Current			
Listed securities	(a)	223,755	458,434
Non-current			
Listed securities	(a)	126,419	299,693
Debentures	(b)	1,354,075	1,802,512
Unlisted investments	(c)	2,939,105	2,994,100
		4,419,599	5,096,305
Total		4,643,354	5,554,739

- (a) As at September 30, 2022 and December 31, 2021, 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 nine months ended September 30, 2022, the Group recognised a fair value loss on listed securities of \$227,784 (nine months ended September 30, 2021: \$6,421).
- (b) Debentures represented the debentures held by the Group with coupon rates ranging from 6.000% to 7.000% (December 31, 2021: 5.000% to 7.000%) per annum and with perpetual maturities (December 31, 2021: perpetual maturities). For the nine months ended September 30, 2022, the Group recognised a fair value loss on debentures of \$248,437 (nine months ended September 30, 2021: \$17,924).
- (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 \$1,226,118 at September 30, 2022 (December 31, 2021: \$1,226,118) and 6.28% interests in Infinity Technology (Cayman) Limited (“Infinity Tech”) which is a company incorporated in the Cayman Islands with a subsidiary in Hong Kong providing a one-stop solution cloud POS system integrating automated ordering and payment, menu digitalisation, logistics, marketing analysis, supply chain and inventory management with fair value of \$1,500,269 as at September 30, 2022 (December 31, 2021: \$1,500,269).

As at September 30, 2022, other unlisted investment held by the Group amounted to \$212,718 (December 31, 2021: \$267,713). For the nine months ended September 30, 2022, the Group recognised a fair value loss on unlisted investments of \$32,503 (nine months ended September 30, 2021: fair value gain of \$4,338).

GobiMin Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(Express in United States Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2021	13,530,425	239,524	465,142	598	802,990	15,038,679
Exchange difference	147,676	(1,376)	11,620	18	20,627	178,565
Additions	-	-	8,927	-	49,863	58,790
Write-off	-	-	(11,999)	-	(126,315)	(138,314)
At December 31, 2021	13,678,101	238,148	473,690	616	747,165	15,137,720
Exchange difference	(345,944)	-	(21,583)	(14)	(74,660)	(442,201)
Additions	-	-	19,500	-	-	19,500
Disposal	-	-	-	-	(236,916)	(236,916)
Disposal of subsidiaries (note 13)	(6,175,253)	-	(411,414)	(602)	(48,219)	(6,635,488)
At September 30, 2022	7,156,904	238,148	60,193	-	387,370	7,842,615
Depreciation and impairment:						
At January 1, 2021	3,651,092	239,097	396,286	598	764,613	5,051,686
Exchange difference	36,664	(1,375)	9,936	18	19,585	64,828
Depreciation for the year	541,505	426	15,237	-	9,714	566,882
Disposal	-	-	-	-	(122,612)	(122,612)
At December 31, 2021	4,229,261	238,148	421,459	616	671,300	5,560,784
Exchange difference	(102,549)	-	(18,785)	(14)	(70,738)	(192,086)
Depreciation for the period	357,695	-	7,119	-	11,809	376,623
Disposal	-	-	-	-	(224,947)	(224,947)
Disposal of subsidiaries (note 13)	(1,791,537)	-	(353,103)	(602)	(45,808)	(2,191,050)
At September 30, 2022	2,692,870	238,148	56,690	-	341,616	3,329,324
Net book value:						
At December 31, 2021	9,448,840	-	52,231	-	75,865	9,576,936
At September 30, 2022	4,464,034	-	3,503	-	45,754	4,513,291

As at September 30, 2022, the carrying amount of property, plant and equipment located in Hong Kong amounted to \$4,348,199 (December 31, 2021: \$4,522,273). The remaining property, plant and equipment were located in Mainland China.

GobiMin Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(Express in United States Dollars)

9. INVESTMENT PROPERTIES

Cost:	\$
At January 1, 2021	8,120,510
Exchange difference	122,622
At December 31, 2021	8,243,132
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Exchange difference	(577,119)
At September 30, 2022	7,666,013
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Depreciation and impairment:	
At January 1, 2021	3,117,858
Exchange difference	38,551
Depreciation for the year	292,144
At December 31, 2021	3,448,553
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Exchange difference	(203,978)
Depreciation for the period	218,445
At September 30, 2022	3,463,020
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Net book value:	
At December 31, 2021	4,794,579
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At September 30, 2022	4,202,993

As at September 30, 2022, investment properties are commercial properties, of which \$2,644,376 (December 31, 2021: \$3,171,020) are located in Mainland China and \$1,558,617 (December 31, 2021: \$1,623,559) are located in Hong Kong. Certain investment properties were leased to third parties and related parties (notes 14.2 and 15.2) with fixed lease payments while some remain vacant. The estimated fair value of the investment properties as at September 30, 2022 was approximately \$4,404,137 (December 31, 2021: \$7,684,568). 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 quarter ended September 30, 2022

(Express in United States Dollars)

10. EXPLORATION AND EVALUATION ASSETS

	Total
Cost:	\$
At January 1, 2021	31,949,079
Exchange difference	895,032
Additions	1,537,967
At December 31, 2021	34,382,078
Exchange difference	(1,608,159)
Additions	68,418
Disposal of subsidiaries (note 13)	(32,842,337)
At September 30, 2022	-

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 March 22, 2023 respectively. The exploration and evaluation assets were all disposed of, in the disposal of subsidiaries.

11. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at September 30, 2022 and December 31, 2021, the balances of other payables, receipts in advance and accrued liabilities comprised mainly accrual of staff cost and office expenses.

	As at	
	September 30, 2022	December 31, 2021
	\$	\$
Other payables	5,728	934,714
Accrued liabilities	1,228,608	537,909
Receipts in advance	74,382	41,464
Deposit received	14,422	22,384
Total	1,323,140	1,536,471

12. SHARE CAPITAL AND STOCK OPTIONS

12.1 Common Shares

	Number	Amount
<u>Authorised:</u>		\$
Unlimited number of common shares		
<u>Issued and outstanding:</u>		
At January 1, 2021 and December 31, 2021	49,194,982	21,738,071
Shares repurchased and cancelled	(34,000)	(15,024)
At September 30, 2022	49,160,982	21,723,047

GobiMin Inc.

Notes to Condensed Interim Consolidated Financial Statements

For the quarter ended September 30, 2022

(Express in United States Dollars)

12.2 Preferred Shares

The Company did not authorise or issue any preferred shares.

12.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the nine months ended September 30, 2022, the general reserve has been released upon the disposal of subsidiaries as mentioned in note 13.

12.4 Translation Reserve

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

12.5 Normal Course Issuer Bid ("NCIB")

On April 27, 2022, GobiMin was granted approval by TSX Venture Exchange to renew its normal course issuer bid to repurchase up to an additional 2,459,749 common shares, representing approximately 5% of the then common shares outstanding ("2022 NCIB"). Purchases were made in accordance with applicable regulations over a maximum period of 12 months from April 29, 2022 to April 28, 2023. 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) under 2022 NCIB. 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 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, 2021: 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 nine months ended September 30, 2021 and 2022.

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12.7 Basic and Diluted Earnings/(Loss) Per Share

	Three Months Ended	
	September 30, 2022	September 30, 2021
Profit/(loss) for the period attributable to the shareholders of the Company		
Profit/(loss) for the period attributable to the shareholders of the Company	\$26,472,657	(\$548,456)
Less: profit/(loss) for the period attributable to the shareholders of the Company from discontinued operations	(\$33,951,882)	\$182,254
Loss for the period attributable to the shareholders of the Company for the purpose of basic and diluted loss per share from continuing operations	(\$7,479,225)	(\$366,202)
Weighted average number of shares outstanding		
Basic and diluted	49,170,162	49,194,982
Basic and diluted earnings/(loss) per share		
- from continuing and discontinued operations	\$0.538	(\$0.011)
- from continuing operations	(\$0.152)	(\$0.007)
- from discontinued operations	\$0.690	(\$0.004)

	Nine Months Ended	
	September 30, 2022	September 30, 2021
Profit/(loss) for the period attributable to the shareholders of the Company		
Profit/(loss) for the period attributable to the shareholders of the Company	\$24,310,737	(\$1,623,415)
Less: profit/(loss) for the period attributable to the shareholders of the Company from discontinued operations	(\$33,721,387)	\$527,198
Loss for the period attributable to the shareholders of the Company for the purpose of basic and diluted loss per share from continuing operations	(\$9,410,650)	(\$1,096,217)
Weighted average number of shares outstanding		
Basic and diluted	49,182,429	49,194,982
Basic and diluted earnings/(loss) per share		
- from continuing and discontinued operations	\$0.494	(\$0.033)
- from continuing operations	(\$0.191)	(\$0.022)
- from discontinued operations	\$0.685	(\$0.011)

For the three months and nine months ended September 30, 2021 and 2022, there were no stock options outstanding or other potential ordinary shares in issue and as such, there is no diluted earnings/(loss) per share presented.

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13. DISCONTINUED OPERATIONS AND GAIN ON DISPOSAL OF SUBSIDIARIES

On July 14, 2022, the Group entered into a definitive agreement to dispose of its 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 Gold Project and comprises of the Group's Mining Business, to an independent third party to the Group ("Buyer") 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) (the "Disposal"). The registration of equity transfer with the local authority for the Disposal was completed on July 25, 2022.

The Group presented the results of the Mining Business separately as "profit/(loss) for the period from discontinued operations" in the condensed interim consolidated statement of comprehensive income.

Immediately prior to the completion of the registration of equity transfer with the local authority for the Disposal, the assets and related liabilities of the subsidiaries disposed of were classified as a disposal group held for sale as their carrying amounts were recovered principally through sale and measured at the lower of carrying amounts and fair value less cost of disposal. The profit/(loss) for the period from the discontinued mining operation is set out below. The comparative figures in the condensed interim consolidated statement of comprehensive income have been restated to represent the Mining Business as a discontinued operation.

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Interest income	-	88	211	345
Other income	-	-	973	89
General and administrative expenses	(64,437)	(246,028)	(416,879)	(714,149)
Gain on disposal of subsidiaries	37,450,590	-	37,450,590	-
Income tax expense	(3,472,716)	-	(3,472,716)	-
Profit/(loss) for the period from discontinued operations	33,913,437	(245,940)	33,562,179	(713,715)

During the period, the Group's cash flows contributed by the Mining Business are summarised below:

	Three Months Ended		Nine Months Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	\$	\$	\$	\$
Net cash flows from/(used in) operating activities	61,007	(179,838)	(191,536)	(544,549)
Net cash flows used in investing activities	(68,418)	(1,482,122)	(68,418)	(1,489,789)
Net cash flows from financing activities	-	1,889,680	180,002	2,307,888
	(7,411)	227,720	(79,952)	273,550

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Analysis of assets and liabilities over which control lost

The major classes of assets and liabilities of subsidiaries over which control was lost at the date of disposal are as follows:

Net assets disposed of

	\$
Cash and cash equivalents	162,118
Prepayments, deposits and other receivables	2,620
Property, plant and equipment	4,444,438
Exploration and evaluation assets	32,842,337
Other payables, receipts in advance and accrued liabilities	(5,837,781)
Net assets disposed of	31,613,732

Gain on disposal of subsidiaries

	\$
Consideration received and receivable	69,163,178
Net assets disposed of	(31,613,732)
Non-controlling interests	(663,801)
Reclassification of cumulative translation reserve upon disposal of subsidiaries to profit or loss	564,945
Total	37,450,590

Net cash inflow arising from disposal of subsidiaries

	\$
Consideration received in cash and cash equivalents	61,663,112
Less: cash and cash equivalent balances disposed of	(162,118)
Total	61,500,994

14. RELATED PARTY TRANSACTIONS

14.1 Key Management Compensation

The remuneration of key management and directors was as follows:

	Three Months Ended	
	September 30, 2022	September 30, 2021
	\$	\$
Salaries, fees and other benefits	864,916	144,709
Payment to defined contribution plans	16	1,064
	864,932	145,773

	Nine Months Ended	
	September 30, 2022	September 30, 2021
	\$	\$
Salaries, fees and other benefits	1,079,854	333,794
Payment to defined contribution plans	8,693	2,476
	1,088,547	336,270

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14.2 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:

<u>Relationship</u>	<u>Type of transactions</u>	<u>Three Months Ended</u>	
		<u>September 30, 2022</u>	<u>September 30, 2021</u>
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	19,767	22,137
	Share of office common expenses	4,043	3,211

<u>Relationship</u>	<u>Type of transactions</u>	<u>Nine Months Ended</u>	
		<u>September 30, 2022</u>	<u>September 30, 2021</u>
		\$	\$
Companies in which a director of the Company has equity interest	Rental income	63,957	66,355
	Share of office common expenses	12,087	9,633

15. COMMITMENTS

15.1 Capital Commitments

As at September 30, 2022, the Group had no capital commitment following the Disposal. The capital commitment as at December 31, 2021 are as follow:

	<u>Contract Date</u>	<u>Contracted Sum</u>	<u>As at December 31, 2021</u>
		\$	\$
Mine design and related facilities	October 31, 2011	1,258,893	692,391
Office building renovation	March 2, 2013	2,066,139	923,631
Research on gold processing method	June 20, 2020	267,515	31,472
Total capital commitments for the Gold Project		3,592,547	1,647,494

15.2 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:

	<u>As at September 30, 2022</u>	<u>December 31, 2021</u>
	\$	\$
Within one year	99,181	95,046
In the second to fifth years inclusive	494,690	235,885
After five years	478,620	-
Total future minimum lease receivables	1,072,491	330,931

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16. 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 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.

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	\$	\$	\$	\$
<u>As at September 30, 2022</u>				
Listed securities	350,174	-	-	350,174
Unlisted investments	-	212,718	2,726,387	2,939,105
Debentures	1,354,075	-	-	1,354,075
	1,704,249	212,718	2,726,387	4,643,354
<u>As at December 31, 2021</u>				
Listed securities	758,127	-	-	758,127
Unlisted investments	-	267,713	2,726,387	2,994,100
Debentures	1,802,512	-	-	1,802,512
	2,560,639	267,713	2,726,387	5,554,739

17. 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.

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18. IMPACT OF COVID-19

During the period under review, the COVID-19 epidemic trend continued to be stabilized and many countries relaxed their lockdown and physical distancing measures. The actual and threatened spread of the virus globally has had a material adverse effect on the global economy and specifically, the regional economies in which the Company operates. Due to the recent COVID-19 lockdown measures implemented in Xinjiang, the Buyer was unable to proceed with the remittance procedures and the final instalment of \$6,987,152 (RMB50,000,000) cannot be remitted to the bank account of the Group within 35 days from the payment of the first instalment. As there has been a rebound in cases in the past weeks in Xinjiang and restriction measures are continuing, the completion of foreign exchange remittance procedures remains uncertain.

The Group further considered that since the COVID-19 outbreak, there has been no indication of an increase in risks associated with its cash balances held in Hong Kong and the Mainland China. However, there continues to be uncertainties around the long-term impact of the COVID-19 outbreak, due to the acceleration of infection cases. The Group will continue to work on timely adjustment on investment plans in light of the current conditions and will explore opportunities in a proactive manner in order to protect interest of our shareholders.

As at September 30, 2022, 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.