

GobiMin Announces Second Quarter 2018 Results

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(Expressed in United States dollars except where otherwise indicated)

TORONTO, Aug. 23, 2018 - (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 2018. The unaudited condensed interim 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

32 months ended June 30	
2017	
\$	
Net loss for the period	(3.8 million)
LBITDA ⁽¹⁾	(2.0 million)
Basic and diluted losses per share	(0.020)
LBITDA per share ⁽¹⁾	(0.020)
Cash and cash equivalents	20.8 million
Cash and cash equivalents per share ⁽¹⁾	0.38
Working capital	20.0 million
Total liabilities	3.2 million
Total assets	82.0 million

Note:

(1) As non-IFRS measurements, LBITDA (losses before interest income and expense, income taxes, depreciation and amortisation), LBITDA per share and Cash and cash equivalents per share do not comply with 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. Change of Business

GobiMin completed its change of business from a "mining issuer" to an "investment issuer" in September 2017. The investment objective of the Company is to seek superior returns by making investments in equity, debt or other securities of publicly traded or private companies or other entities as well as direct ownership stakes in projects. New investments will be directed by an Investment Committee and guided by the Company's Investment Policy which governs its investment activities and investment strategy. For further details regarding the change of business, please see the Company's Management Information Circular dated August 3, 2017 and the Investment Policy appended thereto on SEDAR at www.sedar.com.

(a) Equity Investments

Equity investments represent equity interests of publicly-trading or privately-held companies that the Company has acquired. The equity investments portfolio is summarized as follows:

(i) Gold Project in Xinjiang

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing and operating the Gold Project in Xinjiang. In this quarter, we have obtained the renewed mining licence with valid period up to December 31, 2018 while the renewal application on the existing exploration licence was still under processing by the Department of Land Resources of Xinjiang. It is estimated to obtain the renewed exploration licence in 2018. In respect of the application for conversion of the mining and exploration licences into mining licence, the third Chinese standard geological reports concerning the development plan is under schedule of preparation as required. Meanwhile, GobiMin is seeking potential partners to jointly develop the project.

As at June 30, 2018, there was no addition to the exploration and evaluation assets and the Group had a contractual commitment of \$1.5 million for the future development of the Gold Project.

(ii) Base Metal Exploration Projects in Xinjiang

During the period under review, the Group owned a 40% equity interest in each of the three companies incorporated in Xinjiang, China, which are engaged in exploration of nickel, copper, and gold. The dissolution procedures of these three exploration companies have been commenced since November 2017. In May 2018, the deregistration of Xinjiang Tongcheng Minerals Limited (“Tongcheng”) has been approved by the local industry and commerce departments. In July 2018, the Company received \$59,436 (RMB401,052) as return of capital and Tongcheng was dissolved and derecognised as an associate of the Group. As at June 30, 2018, the carrying value of the remaining two exploration companies, which are regarded as associates of the Group, amounted to \$0.1 million (RMB0.9 million) in aggregate.

(iii) Others

The Group holds 40,260,000 shares, representing 8.38% of the total outstanding shares, of Loco Hong Kong Holdings Limited (“Loco HK”). Loco HK is a company incorporated in Hong Kong and the shares of which are listed on the GEM of The Stock Exchange of Hong Kong Limited under the stock code 8162. For the six months ended June 30, 2018, the fair value loss on investment in Loco HK were \$0.6 million (2017: \$1.0 million).

The Group invested about \$4.12 million in Dragon Silver Holdings Limited (“Dragon Silver”) by way of (1) an equity investment of \$1.1 million in 670,000 shares, representing 9.90% of its total issued capital and (2) a loan of \$3 million, bearing interest at the rate of 8.5% per annum and repayable on demand at a notice of 7 days. Dragon Silver is a Hong Kong based company mainly engaged in trading, production, processing and investment in precious metals and non-ferrous metals and related products.

In April 2018, the Group invested about \$1.5 million (equivalent to RMB10 million), through its China indirect wholly-owned subsidiary, in an agriculture project for development, planting and sales of primary agricultural products and plants cultivation in Hami City, Xinjiang, China. The project is in preparatory stage for plantation of Hami red dates or any cash crops. The invested funding would be mainly used for land acquisition, infrastructure facilities, crops and staff costs as well as general working capital.

In June 2018, the Group acquired certain listed securities at a total cost of \$193,000 and invested about \$260,000 in an investment fund managed by experienced fund manager equipped with knowledge for investment in worldwide securities market.

(b) Debentures

The Group would hold debentures bearing low risks and reasonable interest return from various industries through the open market. Debentures are held to receive coupon interest payments as well as to realize

potential gains. The Group may dispose of debentures through the open market when the Group requires funds for operational or investment needs.

As at June 30, 2018, the Group held \$7.1 million debentures with coupon rates ranged from 4.250% to 9.000% per annum and maturities ranged between November 14, 2018 and perpetual.

1. Liquidity and Capital Resources

As at June 30, 2018, the working capital of the Group amounted to approximately \$19.4 million (December 31, 2017: \$21.7 million), by netting off its current assets of \$21.6 million (December 31, 2017: \$25.4 million) with current liabilities of \$2.2 million (December 31, 2017: \$3.7 million).

Taking into account of its financial position, the 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 \$1.5 million.

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