

GobiMin Announces Second Quarter 2020 Results

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MONTREAL, Aug. 18, 2020 - (TSXV: GMN) [GobiMin Inc.](#) (the "Company" or the "Group") reports its financial and operating results for the second quarter of 2020. 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

	3 months ended June 30 2020	3 months ended June 30 2019
	\$	\$
Revenue	0.2 million	0.2 million
Gain on disposal of financial assets	0.0 million	0.0 million
Fair value gain on financial assets	0.2 million	0.2 million
Net loss for the period/year	(0.3 million)	(0.3 million)
Loss attributable to shareholders of the Company	(0.3 million)	(0.3 million)
EBITDA/(LBITDA) ⁽¹⁾	(0.5 million)	(0.5 million)
Basic and diluted loss per share	(0.007)	(0.007)
EBITDA/(LBITDA) per share ⁽¹⁾	(0.002)	(0.002)
Cash and cash equivalents	16.9 million	16.9 million
Cash and cash equivalents per share ⁽¹⁾	0.36	0.36
Working capital	22.2 million	22.2 million
Total current liabilities	2.3 million	2.3 million
Total non-current financial liabilities	0.4 million	0.4 million
Total assets	76.8 million	76.8 million

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 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. COVID-19 Pandemic Impacts

During the reporting period under review, the ongoing COVID-19 pandemic has caused intense disruptions for the global supply chains and regular business operations. In consideration of the long term effect of the pandemic, public have become less optimistic about the global economy and more cautious in their views on potential scenarios for COVID-19 recovery. To date there have been significant wide-spread stock market declines.

The Company has been monitoring the potential impact of COVID-19 pandemic on our operations since mid-February 2020. At this time, it is unknown the duration and extent of the impact of the coronavirus pandemic may have on the Company as this will depend on future developments that are highly uncertain and cannot be predicted with confidence. The Group's operations may be adversely affected if significant portions of its workforce are unable to work effectively due to illness, quarantines, government-mandated closures of specific activities or other restrictions in connection with future waves of COVID-19 pandemic. As at June 30, 2020, the management determined that its general operation of business, working capital and the value of the Company's assets were not materially impacted. Given the importance of cash flow in times like this, 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, strengthening cost control measures and salary reduction programme. 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.

As uncertainties from the outbreak are likely to persist, the management will monitor closely the rapidly evolving situation and compile an assessment of the longer-term structural changes that may come out of the pandemic.

2. Gold Project in Xinjiang

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which holds the Sawayaerdun Gold Project (Sawayaerdun Gold Project) in Xinjiang. The exploration licence has an expiry date on August 22, 2021. The mining licence was expired on December 23, 2019 and renewal application had been accepted by both the Department of Land and Resources of Wujia County and the Department of Land and Resources of Kezilesu Prefecture. In this quarter, we were requested to submit the land rehabilitation report which was submitted to Department of Land and Resources of Xinjiang in July 2020. As at the reporting date, public services of the Department of Land and Resources was further impacted by the local resurgence of COVID-19 in Xinjiang. It is expected that the renewal application of the mining licence will be processed after determination of reserve by the Department of Land and Resources as well as payment for the related fee based on the assessed reserve. However, due to work piled up during the pandemic, it may take longer time to proceed our renewal of the mining licence.

The on-site industrial test on applying bio-tech methodology on extraction of metals from large-scale samples of gold ores was in pre-oxidation stage. The cultured bacteria reached its target volume with warmer weather in Xinjiang, and large-scale sample has been taken and delivered for further testing in May and June 2020. Based on the analysis of the samples collected, the cultured bacteria were found active in the ore heap which indicated the pre-oxidation of ores has gone well. Impacted by the local resurgence of COVID-19, the remaining monthly samples will take longer time to deliver for analysis results. Due to the more strengthened control implemented on procurement of sulphuric acid, the testing suffered from short of sulphuric acid for about 8 weeks until the end of this quarter. After the pre-oxidation stage and subject to the analysis result of the samples, the industrial test would enter the final stage of immersion gold process probably in year 2021.

Considering the upward trend of gold price and positive progress with respect to the on-site industrial test of the Gold Project, there was no impairment indication related to the assets of the Gold Project. For the period ended June 30, 2020, there was addition of \$0.1 million in the exploration and evaluation assets and the Group had a contractual commitment of \$1.5 million for the future development of the Gold Project.

3. Financial Assets

(i) Listed Securities

As at June 30, 2020, the fair value of listed securities held by the Group amounted to \$0.4 million (December 31, 2019: \$0.1 million) which mainly include \$0.3 million (December 31, 2019: \$11,000) investment in listed stock, futures and options trading through registered brokerage firms in Hong Kong and \$49,000 (December 31, 2019: \$0.1 million) for a listed stock in Canada. For the six months ended June 30, 2020, the gain on disposal from trading of listed stock, indexes, futures and options amounted to \$0.1 million (Q2 2019: nil) and fair value loss was \$0.1 million (Q2 2019: gain of \$0.9 million).

(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 \$1.1 million (HK\$8,710,000). 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. On April 28, 2020, the Group waived the profit guarantee compensation for the years ended June 30, 2019 and June 30, 2020 in consideration of the difficult market conditions caused by US-China trade tensions, weakening global manufacturing and supply chain and outbreak of COVID-19 pandemic. The carrying value of the investment, together with the related Profit Guarantee, Dividend Guarantee and Put Option, as at June 30, 2020 was \$1.4 million (December 31, 2019: \$1.4 million).

As at June 30, 2020, other unlisted investments held by the Group amounted to \$0.2 million (December 31, 2019: \$0.2 million). During the period under review, the fair value gain on other unlisted investments was \$5,000 (Q2 2019: nil).

(iii) Debentures and Certificate of Deposit

The Group would hold debentures and certificate of deposit 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 other investment needs.

As at June 30, 2020, the Group held debentures of \$3.0 million (December 31, 2019: \$4.6 million) with coupon rates ranged from 4.250% to 7.375% (December 31, 2019: 4.250% to 7.750%) per annum and maturities ranged between November 4, 2020 and perpetual (December 31, 2019: January 17, 2020 and perpetual).

For the six months ended June 30, 2020, the interest income on debentures and certificate of deposit was \$0.1 million (2019 Q2: \$0.1 million) and fair value loss was \$0.1 million (2019 Q2: gain of \$0.1 million) respectively.

4. Liquidity and Capital Resources

As at June 30, 2020, working capital of the Group amounted to about \$21.2 million (December 31, 2019: \$21.3 million), by netting off its current assets of \$23.5 million (December 31, 2019: \$23.8 million) with current liabilities of \$2.3 million (December 31, 2019: \$2.5 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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