GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

June 30, 2013

(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 Statements of Financial Position (Unaudited)
As at June 30, 2013
(Expressed in United States Dollars)

	Note	**June 30, 2013**	December 31, 2012
ASSETS		**$**	$
Current assets			
Cash and cash equivalents	5	**32,567,452**	46,608,027
Prepayments, deposits and other receivables	6	**4,331,305**	3,807,903
Amounts due from an associate	7	**7,611,041**	2,074,557
Other financial assets	13	**26,620,721**	26,620,721
Total current assets		**71,130,519**	79,111,208
Non-current assets			
Property, plant and equipment	8	**8,058,049**	1,652,263
Investment properties	9	**2,406,937**	2,467,322
Exploration and evaluation assets	10	**30,875,579**	29,948,601
Share of investments in associates and a joint venture	11,12	**3,396,220**	2,954,918
Other financial assets	13	**4,368,523**	4,368,523
Deposit paid to related parties	14	**587,672**	580,150
Total non-current assets		**49,692,980**	41,971,777
Total assets		**120,823,499**	121,082,985
LIABILITIES			
Current liabilities			
Other payables, receipts in advance and accrued liabilities	15	**27,093,634**	29,837,345
Deferred tax liabilities		**3,409,122**	3,409,122
Bank loans	16	**2,688,593**	-
Total current liabilities		**33,191,349**	33,246,467
Non-current liabilities			
Other payables, receipts in advance and accrued liabilities	15	**8,192**	32,380
Bank loans	16	**1,944,612**	-
Total non-current liabilities		**1,952,804**	32,380
Total liabilities		**35,144,153**	33,278,847
EQUITY			
Share capital	17	**25,982,263**	26,119,074
Reserves		**58,413,719**	60,257,127
Equity attributable to shareholders of the Company		**84,395,982**	86,376,201
Non-controlling interests	18	**1,283,364**	1,427,937
Total equity		**85,679,346**	87,804,138
Total liabilities and equity		**120,823,499**	121,082,985

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

APPROVED BY THE BOARD ON AUGUST 22, 2013 AND SIGNED ON ITS BEHALF BY:

(Signed)	(Signed)
Felipe Tan	**Hubert Marleau**
Director	Director

GobiMin Inc.
Condensed Interim Statements of Comprehensive Income (Unaudited)
For the quarter ended June 30, 2013
(Expressed in United States Dollars)

		Three Months Ended		Six Months Ended	
	Note	**June 30, 2013**	June 30, 2012	**June 30, 2013**	June 30, 2012
		$	$	**$**	$
Revenue		**-**	-	**-**	-
Cost of sales		**-**	-	**-**	-
Selling and distribution cost		**-**	-	**-**	-
Gross profit		**-**	-	**-**	-
Other revenue	19	**204,912**	395,613	**366,943**	948,642
General and administrative expenses	20	**(1,151,882)**	(1,202,435)	**(2,251,875)**	(2,277,747)
Share of results of associates and a joint venture	11,12	**122,144**	(76,302)	**286,849**	187,848
Operating loss		**(824,826)**	(883,124)	**(1,598,083)**	(1,141,257)
Gain on disposal of property, plant and equipment		**-**	-	**75,194**	-
Exchange gain/(loss)		**10,877**	(23,310)	**(54,084)**	(40,148)
Finance costs	21	**(12,492)**	(2,498)	**(15,168)**	(5,962)
Loss before income tax		**(826,441)**	(908,932)	**(1,592,141)**	(1,187,367)
Income tax expense		**-**	-	**-**	-
Loss for the period		**(826,441)**	(908,932)	**(1,592,141)**	(1,187,367)
Other comprehensive income, net of tax					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		**-**	-	**145,630**	-
Total comprehensive loss for the period		**(826,441)**	(908,932)	**(1,446,511)**	(1,187,367)
Loss for the period attributable to:					
Shareholders of the Company		**(737,457)**	(825,473)	**(1,447,568)**	(1,014,478)
Non-controlling interests	18	**(88,984)**	(83,459)	**(144,573)**	(172,889)
		(826,441)	(908,932)	**(1,592,141)**	(1,187,367)
Total comprehensive loss for the period attributable to:					
Shareholders of the Company		**(737,457)**	(825,473)	**(1,301,938)**	(1,014,478)
Non-controlling interests	18	**(88,984)**	(83,459)	**(144,573)**	(172,889)
		(826,441)	(908,932)	**(1,446,511)**	(1,187,367)
Net losses per share					
Basic and diluted	17.7	**(0.012)**	(0.013)	**(0.024)**	(0.016)
Weighted average number of shares outstanding					
Basic	17.7	**59,295,281**	61,577,164	**59,277,859**	62,018,576
Diluted	17.7	**59,295,281**	61,588,929	**59,277,859**	62,034,069

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

GobiMin Inc.

Condensed Interim Statements of Changes in Equity (Unaudited)
For the quarter ended June 30, 2013
(Expressed in United States Dollars)

	Attributable to shareholders of the Company							
	Share capital Note 17.1	**Contributed surplus**	**Share option reserve**	**General reserve** Note 17.3	**Translation reserve** Note 17.4	**Retained earnings**	**Non-controlling interests** Note 18	**Total equity**
	$	$	$	$	$	$	$	$
At January 1, 2012 (Restated)	**27,461,311**	**2,468,142**	**701,260**	**7,666**	**3,395,392**	**50,780,617**	**1,811,923**	**86,626,311**
Loss for the period	-	-	-	-	-	(1,014,478)	(172,889)	(1,187,367)
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(1,014,478)	(172,889)	(1,187,367)
Dividend paid (Note 24)	-	-	-	-	-	(607,520)	-	(607,520)
Shares repurchased	(1,005,979)	-	-	-	-	-	-	(1,005,979)
Options cancelled	-	-	(4,999)	-	-	4,999	-	-
Share-based compensation	-	-	208,659	-	-	-	-	208,659
At June 30, 2012 (Restated)	**26,455,332**	**2,468,142**	**904,920**	**7,666**	**3,395,392**	**49,163,618**	**1,639,034**	**84,034,104**
At January 1, 2013	**26,119,074**	**2,399,939**	**958,362**	**7,666**	**3,920,996**	**52,970,164**	**1,427,937**	**87,804,138**
Loss for the period	-	-	-	-	-	**(1,447,568)**	**(144,573)**	**(1,592,141)**
Other comprehensive income	-	-	-	-	**145,630**	-	-	**145,630**
Total comprehensive loss	-	-	-	-	**145,630**	**(1,447,568)**	**(144,573)**	**(1,446,511)**
Dividend paid (Note 24)	-	-	-	-	-	**(592,165)**	-	**(592,165)**
Shares repurchased	**(136,811)**	-	-	-	-	-	-	**(136,811)**
Share-based compensation	-	-	**50,695**	-	-	-	-	**50,695**
At June 30, 2013	**25,982,263**	**2,399,939**	**1,009,057**	**7,666**	**4,066,626**	**50,930,431**	**1,283,364**	**85,679,346**

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

GobiMin Inc.

Condensed Interim Statements of Cash Flows (Unaudited)
For the quarter ended June 30, 2013
(Expressed in United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2013	**June 30, 2012**	**June 30, 2013**	**June 30, 2012**
	$	**$**	**$**	**$**
Operating activities				
Loss before income tax	**(826,441)**	(908,932)	**(1,592,141)**	(1,187,367)
Adjustments for items not involving cash:				
- Depreciation	**106,943**	109,903	**218,572**	210,661
- Share-based payment	**11,337**	104,330	**50,695**	208,659
- Share of results of associates and a joint venture	**(122,144)**	76,302	**(286,849)**	(187,848)
- Gain on disposal of property, plant and equipment	**-**	-	**(75,194)**	(275,033)
- Exchange difference	**(10,877)**	23,310	**54,084**	40,148
- Interest income	**(139,949)**	(336,477)	**(254,924)**	(570,424)
- Interest expense	**10,807**	1,307	**11,710**	2,779
	(970,324)	(930,257)	**(1,874,047)**	(1,758,425)
Working capital adjustments:				
- Prepayments, deposits and other receivables	**227,806**	(1,237,008)	**(836,184)**	(831,664)
- Amount due from an associate	**(3,574,048)**	10,181,554	**(5,598,286)**	1,140,303
- Other payables, receipts in advance and accrued liabilities	**275,490**	(126,621)	**(2,744,842)**	(1,183,441)
Net cash flow from/(used in) operating activities	**(4,041,076)**	7,887,668	**(11,053,359)**	(2,633,227)
Financing activities				
Interest paid	**(10,807)**	(1,307)	**(11,710)**	(2,779)
Shares repurchased	**(84,684)**	(682,324)	**(136,811)**	(1,005,979)
New bank loans raised	**4,633,205**	-	**4,633,205**	-
Repayment of obligations under finance lease	**(11,598)**	(11,010)	**(23,057)**	(26,173)
Dividend paid	**(592,165)**	(607,520)	**(592,165)**	(607,520)
Net cash flow from/(used in) financing activities	**3,933,951**	(1,302,161)	**3,869,462**	(1,642,451)
Investing activities				
Interest received	**139,949**	336,477	**254,924**	570,424
Dividend received	**-**	259,541	**61,802**	385,667
Capital injection to an associate	**(128,700)**	-	**(128,700)**	-
Additions of property, plant and equipment	**(5,453,301)**	(4,347)	**(6,572,888)**	(620,639)
Additions of exploration and evaluation assets	**(805,581)**	(16,357)	**(856,974)**	(21,176)
Disposal of property, plant and equipment	**-**	-	**99,713**	447,998
Net cash flow from/(used in) investing activities	**(6,247,633)**	575,314	**(7,142,123)**	762,274
(Decrease)/Increase in cash and cash equivalents	**(6,354,758)**	7,160,821	**(14,326,020)**	(3,513,404)
Effect of foreign exchange rate changes	**-**	-	**285,445**	-
Cash and cash equivalents at beginning of the period	**38,922,210**	51,631,409	**46,608,027**	62,305,634
Cash and cash equivalents at end of the period	**32,567,452**	58,792,230	**32,567,452**	58,792,230

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

1. CORPORATE INFORMATION

GobiMin Inc. (the "Company" or "GobiMin") is a limited liability company incorporated in Canada under the Canada Business Corporations Act. It is listed on the TSX Venture Exchange, having the symbol GMN-V, as a Tier 2 mining issuer. Its registered office is situated at Suite 1250, 120 Adelaide Street West, Toronto, Ontario M5H 1T1, Canada.

The Company together with its subsidiaries (collectively the "Group") is engaged in the development and exploration of mineral properties mainly in the Xinjiang Uygur Autonomous Region ("Xinjiang") of the People's Republic of China ("China").

2. BASIS OF PRESENTATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"), with disclosure and accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these condensed interim financial statements are consistent with the policies disclosed in notes 2 and 3 to the consolidated financial statements for the year ended December 31, 2012, except for the change referred to note 4 below. Accounting principles for condensed interim financial statements do not conform in all respects to the disclosures required for annual consolidated financial statements and, accordingly, these condensed interim financial statements should be read in conjunction with the Company's consolidated financial statements for the year ended December 31, 2012. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited condensed interim financial statements. These adjustments consist only of normal recurring adjustments. 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, 2013.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Group applies for the first time the following new standards and amendments to IFRS effective as of January 1, 2013:

IAS 12 Income Taxes – Amendments regarding Deferred Tax
IFRS 10 Consolidated Financial Statements
IFRS 12 Disclosure of Interests in Other Entities
IFRS 13 Fair Value Measurements
IAS 28 Investments in Associates and Joint Ventures
IFRS 11 Joint Arrangements
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
Amendments to IAS7 Disclosure of Financial Instruments

The amendment IAS 1 Presentation of Items of Other Comprehensive Income that became effective as of July 1, 2012 is also applied by the Group for the first time in the condensed interim financial statements. The adoption of these amendments to IFRS did not result in substantial changes to the Group's accounting policies and amounts reported for the current period and prior years.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

(Express in United States Dollars)

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held in different locations:

Location	**June 30, 2013**	December 31, 2012
	$	$
Canada	**321,115**	26,906
Hong Kong	**11,025,193**	24,276,195
China	**21,221,144**	22,304,926
Total	**32,567,452**	46,608,027

The RMB 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 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	Note	**June 30, 2013**	December 31, 2012
		$	$
Deferred expenditure	6.1	**2,749,266**	2,060,713
Prepayments		**36,578**	18,605
Deposits	6.2	**1,468,630**	1,624,576
Other receivables		**76,831**	104,009
Total		**4,331,305**	3,807,903

6.1 <u>Deferred expenditure</u>

Pursuant to the supplemental agreement dated May 31, 2012 in relation to the disposal of Yanxi Copper Property, the Group was entitled to an additional consideration of $10,831,459 (HK$84,160,440) based on the resource estimate of the area which is adjacent to the Yanxi Copper Property (the "New Area"). In return, the Group is responsible for applying for a mining licence for the New Area. The licence should be obtained on or before June 30, 2014. As at June 30, 2013, the Group had incurred expenditure of $2,746,266 (December 31, 2012: $2,060,713) in relation to the mining licence application and this expenditure was recognized as deferred expenditure.

6.2 <u>Deposits</u>

As at June 30, 2013, the deposits mainly represented the deposit of $1,374,428 (December 31, 2012: $1,508,018) paid for construction work of the office building, mine design and related facilities of the Sawayaerdun Gold Project (the "Gold Project").

7. AMOUNTS DUE FROM AN ASSOCIATE

As at June 30, 2013, the amount due from an associate is the advance to China Precision Material Limited ("China Precision"), in which the Group has an indirect equity interest of 48.02%. Such advance is unsecured, bears interest rate at 2% per annum and is due on demand.

As at December 31, 2012, the amount due from an associate included an advance of $2,012,755 and dividend of $61,802 receivable from China Precision. The advance is unsecured, bears interest at a rate of 2% per annum and is due on demand.

(Express in United States Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & building	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	$	$	$	$	$	$
At January 1, 2012	**450,928**	**121,135**	**372,905**	**666**	**843,172**	**1,788,806**
Exchange differences	4,782	1,274	3,952	7	8,922	18,937
Reclassification from exploration and evaluation assets	105,661	-	-	-	-	105,661
Additions	208,256	-	5,244	-	622,827	836,327
Disposals	-	-	-	-	(377,281)	(377,281)
At December 31, 2012	**769,627**	**122,409**	**382,101**	**673**	**1,097,640**	**2,372,450**
Exchange differences	**1,799**	**(1,274)**	**615**	**2**	**(133)**	**1,009**
Additions	**6,567,277**	**-**	**5,611**	**-**	**-**	**6,572,888**
Disposals	**-**	**-**	**-**	**-**	**(102,156)**	**(102,156)**
At June 30, 2013	**7,338,703**	**121,135**	**388,327**	**675**	**995,351**	**8,844,191**
Depreciation and impairment:						
At January 1, 2012	**35,184**	**121,135**	**92,055**	**266**	**354,910**	**603,550**
Exchange differences	126	1,274	975	3	10,759	13,137
Provided for the year	37,373	-	53,177	123	215,310	305,983
Disposals	-	-	-	-	(202,483)	(202,483)
At December 31, 2012	**72,683**	**122,409**	**146,207**	**392**	**378,496**	**720,187**
Exchange differences	**115**	**(1,274)**	**93**	**1**	**(7,385)**	**(8,450)**
Provided for the period	**21,206**	**-**	**26,909**	**68**	**103,859**	**152,042**
Disposals	**-**	**-**	**-**	**-**	**(77,637)**	**(77,637)**
At June 30, 2013	**94,004**	**121,135**	**173,209**	**461**	**397,333**	**786,142**
Net book value:						
At December 31, 2012	**696,944**	**-**	**235,894**	**281**	**719,144**	**1,652,263**
At June 30, 2013	**7,244,699**	**-**	**215,118**	**214**	**598,018**	**8,058,049**

At June 30, 2013, the net carrying amount of property, plant and equipment includes motor vehicles of $87,516 (December 31, 2012: $106,123) in respect of assets held under finance leases. None of the leases includes contingent rentals. Leased assets are pledged as security for related finance lease.

The addition of leasehold land and buildings during the period comprised an office premises situated in Hong Kong and will be used by the Group upon the expiry of the current lease to a third party on March 31, 2014. The leasehold land and buildings are stated at cost less accumulated depreciation and accumulated impairment, if any. The said leasehold land and buildings are depreciated on a straight-line basis over 25 years and are under a remaining land lease term of 881 years.

The said leasehold land and buildings has been pledged as security of a mortgage loan of $2,059,202 (HK$16,000,000). The outstanding balance amounted to $2,059,202 (HK$16,000,000) as at June 30, 2013. For details of the bank loan, please refer to note 16 to the financial statements.

(Express in United States Dollars)

9. INVESTMENT PROPERTIES

Cost:	$
At January 1, 2012	**2,765,646**
Exchange differences	29,326
At December 31, 2012	**2,794,972**
Exchange differences	**6,533**
At June 30, 2013	**2,801,505**
Depreciation and impairment:	
At January 1, 2012	**194,552**
Exchange differences	348
Depreciation for the year	132,750
At December 31, 2012	**327,650**
Exchange differences	**388**
Depreciation for the period	**66,530**
At June 30, 2013	**394,568**
Net book value:	
At December 31, 2012	**2,467,322**
At June 30, 2013	**2,406,937**

Investment properties comprised commercial properties in China that are leased to third parties and related parties (note 22.2). Investment properties are stated at cost less accumulated depreciation and accumulated impairment, if any. The investment properties are depreciated on a straight-line basis over 20 years and are under a remaining land lease term of 38 years.

The investment properties has been pledged for a bank facilities of $4,826,255 (RMB30,000,000), of which $2,574,003 (RMB16,000,000) was utilized at the end of the reporting period. For details of the bank loan, please refer to note 16 to the financial statements.

The estimated fair value of the Group's investment properties as at June 30, 2013 was approximately $8,108,460 (December 31, 2012: $8,108,460). The estimated fair value was arrived at based on management assessment by reference to recent market prices for similar properties in the same locations and conditions.

10. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note (a)	**Others** Note (b)	**Total**
Cost:	$	$	$
At January 1, 2012	**1,086,126**	**10,632,776**	**11,718,902**
Exchange differences	11,517	112,758	124,275
Additions	7,108,826	11,102,259	18,211,085
Reclassification to property, plant and equipment	-	(105,661)	(105,661)
At December 31, 2012	**8,206,469**	**21,742,132**	**29,948,601**
Exchange differences	**19,183**	**50,821**	**70,004**
Additions	**51,393**	**805,581**	**856,974**
At June 30, 2013	**8,277,045**	**22,598,534**	**30,875,579**

Note:

(a) The mining rights represents the mining and exploration rights of the Gold Project which is located 200 km northwest of the city of Kashi, western Xinjiang, China. The mining licence was granted for an initial period of 8 years and the exploration licence was granted for an initial period of 1.5 years. As at June 30, 2013, the remaining valid period of the mining licence was approximately 5 years and exploration licence was less than 1 year.

(Express in United States Dollars)

(b) Others represent the geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses for the Gold Project.

11. SHARE OF INVESTMENTS IN A JOINT VENTURE

As at	**June 30, 2013**	December 31, 2012
	$	$
Share of net assets	**843,093**	825,227

The summarized financial information in respect of the Group's joint venture is as follows:

As at	**June 30, 2013**	December 31, 2012
	$	$
Current assets	**1,666,789**	1,640,365
Non-current assets	**19,704**	19,626
Current liabilities	**(306)**	(9,537)
Non-current liabilities	**-**	-
Net assets	**1,686,187**	1,650,454

For the six months ended	**June 30, 2013**	June 30, 2012
	$	$
Income	**14,892**	15,675
Expenses	**(559)**	(7,157)
Profit before income tax	**14,333**	8,518
Income tax	**-**	-
Profit for the period	**14,333**	8,518
Group's share of results of a joint venture for the period	**7,166**	4,259
Dividend received from a joint venture for the period	**-**	(48,577)

Particulars of the joint venture as at June 30, 2013:

Company name	**Place of incorporation**	**Total issued and paid-up capital**	**Attributable interest held by the Company**	**Principal activities**
新疆兴亚矿业有限责任公司 Xinjiang Xinya Minerals Limited [1]	Xinjiang, China	RMB10,000,000	50%	Exploration of mineral resources

Note: (1) unofficial English name translated from Chinese registered name of the company.

12. SHARE OF INVESTMENTS IN ASSOCIATES

As at	**June 30, 2013**	December 31, 2012
	$	$
Share of net assets	**2,553,127**	2,129,691

(Express in United States Dollars)

The summarized financial information in respect of the Group's associates is as follows:

As at	June 30, 2013	December 31, 2012
	$	$
Total assets	**15,864,312**	20,448,638
Total liabilities	**(9,998,324)**	(15,526,436)
Net assets	**5,865,988**	4,922,202

For the six months ended	June 30, 2013	June 30, 2012
	$	$
Revenue	**82,876,430**	63,155,910
Profit for the period	**82,876,430**	63,155,910
Group's share of results of associates for the period	**279,683**	183,589
Dividend received from associates for the period	**-**	(337,089)

Particulars of associates as at June 30, 2013:

Company name	Place of incorporation	Total issued and paid-up capital	Attributable interest held by the Company	Principal activities
China Precision Material Limited	Hong Kong, China	HK$10,000,000	48.02%	Trading of silver
CPM Silver Limited	Hong Kong, China	HK$10,000	48.02%	Processing of silver
United Bridge Limited	Hong Kong, China	HK$10,000	48.02%	Property holding
新疆同安矿业有限公司 Xinjiang Tongan Minerals Limited (1)	Xinjiang, China	RMB5,000,000	40.00%	Exploration of mineral resources
新疆天宏矿业有限责任公司 Xinjiang Tianhong Minerals Limited (1)	Xinjiang, China	RMB10,000,000	40.00%	Exploration of mineral resources
新疆同德矿业有限责任公司 Xinjiang Tongde Minerals Limited (1)	Xinjiang, China	RMB10,000,000	40.00%	Exploration of mineral resources
新疆同成矿业有限责任公司 Xinjiang Tongcheng Minerals Limited (1)	Xinjiang, China	RMB2,000,000	40.00%	Exploration of mineral resources

Note: (1) unofficial English name translated from Chinese registered name of the company.

In June 2013, the Group has invested in a 40% equity interest of Xinjiang Tongcheng Minerals Limited, a company newly incorporated in Xinjiang, China for potential exploration projects. The Group's total committed capital cost is $643,501 (RMB4,000,000) and $128,700 (RMB800,000) has been injected as capital contribution as at June 30, 2013. Its remaining 60% equity interests are owned by two local partners.

(Express in United States Dollars)

13. OTHER FINANCIAL ASSETS

As at	Note	June 30, 2013	December 31, 2012
		$	$
Current portion of other financial assets			
Convertible bonds	13.1	**26,620,721**	26,620,721
Total		**26,620,721**	26,620,721
Non-current portion of other financial assets			
Listed debentures	13.2	**1,035,190**	1,035,190
Available-for-sale financial asset	13.3	**3,333,333**	3,333,333
Total		**4,368,523**	4,368,523

13.1 Convertible bonds

It represents convertible bonds with principal amount of $28,314,028 (HK$220,000,000) (December 31, 2012: $28,314,028 (HK$220,000,000)) issued by China Daye Non-Ferrous Metals Mining Limited ("China Daye"). These bonds are convertible into common shares of China Daye on or before the maturity date of December 31, 2013 at $0.068 (HK$0.528) per share and bear interest at the rate of 1% per annum for the period from July 22, 2010 to July 22, 2012 if the Group does not exercise the conversion right on or before the maturity date. The convertible bonds are stated at $26,620,721 (December 31, 2012: $26,620,721) based on the fair value as determined by an independent professional valuator as at December 31, 2012.

13.2 Listed debentures

It represents the listed debentures held by the Group with coupon rates ranged from 5.125% to 9.75% per annum and maturity ending between December 23, 2013 and perpetual.

13.3 Available-for-sale financial asset

It represents an 8% equity interest in Xinjiang Tongxing Minerals Limited, formerly an associate of the Group. It is measured at cost less any identified impairment loss.

14. DEPOSIT PAID TO RELATED PARTIES

(a) A deposit of $80,438 (December 31, 2012: $79,408) was paid to a non-controlling shareholder of an associate for exploration services.

(b) A deposit of $507,234 (December 31, 2012: $500,742) was paid to a non-controlling shareholder of a non-wholly owned subsidiary for exploration services.

The deposit paid to related parties will be reclassified as additions to exploration and evaluation assets upon the completion of exploration services.

(Express in United States Dollars)

15. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at June 30, 2013, the balances of other payables, receipts in advance and accrued liabilities comprised mainly the payable for the mining licence fee, stamp duty and related payments of $20.0 million (December 31, 2012: $21.0 million) arising from the disposal of the Yanxi Copper Property.

As at	June 30, 2013	December 31, 2012
	$	$
Other payables	21,303,170	23,451,713
Accrued liabilities	75,715	655,815
Receipts in advance	60,462	100,980
Deposit received	5,606,483	5,582,164
Obligation under finance leases – current	47,804	46,673
	27,093,634	29,837,345

At June 30, 2013, deposit received included an amount of $5,415,730 (HK$42,080,220) (December 31, 2012: $5,415,730 (HK$42,080,220)) received from China Daye as partial settlement of the consideration for the New Area.

At June 30, 2013, the Group has obligation under finance leases of $55,996 (December 31, 2012: $79,053). Future lease payments are due as follows:

As at June 30, 2013	Minimum lease payments	Interest	Present value
	$	$	$
Within one year	49,449	1,645	47,804
In the second to fifth years inclusive	8,241	49	8,192
Total	57,690	1,694	55,996

As at December 31, 2012	Minimum lease payments	Interest	Present value
	$	$	$
Within one year	49,449	2,776	46,673
In the second to fifth years inclusive	32,966	586	32,380
Total	82,415	3,362	79,053

As at	June 30, 2013	December 31, 2012
	$	$
Current liabilities	47,804	46,673
Non-current liabilities	8,192	32,380
Total present value of future lease payments	55,996	79,053

16. BANK LOANS

As at	Note	June 30, 2013	December 31, 2012
		$	$
Bank loan due for repayment within one year	16.1	2,574,003	-
Mortgage loan due for repayment within one year	16.2	114,590	-
Mortgage loan due for repayment after one year	16.2	1,944,612	-
Total bank loans, secured and interest bearing		4,633,205	-

At June 30, 2013, the total bank loans were scheduled to repay as follows:

As at	**June 30, 2013**	December 31, 2012
	$	$
On demand or within one year	**2,688,593**	-
More than one year, but not exceeding five years	**487,954**	-
More than five years	**1,456,658**	-
	4,633,205	-

16.1 Bank loan due for repayment within one year

The bank loan of $2,574,003 (RMB16,000,000) is denominated in RMB and bears interest at the rate of 6.00% per annum. It is secured by the investment properties as disclosed in note 9 to the financial statements and is due for repayment by May 6, 2014.

16.2 Mortgage loan

The mortgage loan of $2,059,202 (HK$16,000,000) is denominated in Hong Kong dollars and bears interest at Hong Kong Prime Rate minus 2.5% per annum. It is secured by the leasehold land and building of the Group; an unlimited corporate guarantee given by an associate; and an unlimited personal guarantee given by a director as disclosed in notes 8 and 22.2 to the financial statements. The mortgage loan is repayable by 180 monthly installments with the last installment on June 26, 2028.

17. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS

17.1 Common Shares

	Number	Amount
Authorized:		$
Unlimited number of common shares		
Issued and outstanding:		
At January 1, 2012	62,596,296	27,461,311
Shares repurchased and cancelled	(3,129,814)	(1,342,237)
At December 31, 2012	59,466,482	26,119,074
Shares repurchased and cancelled	(250,000)	(136,811)
At June 30, 2013	**59,216,482**	**25,982,263**

17.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

17.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the six months ended June 30, 2013, there was no movement in the general reserve.

17.4 Translation Reserve

Translation reserve represents net unrealized exchange gain on translation of foreign operations.

17.5 Normal Course Issuer Bid

On January 16, 2013, GobiMin renewed its normal course issuer bid to repurchase up to an additional 2,973,324 common shares (2012: 3,129,814), representing approximately 5% of the then common shares outstanding. Purchases are made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2014. For the six months ended June 30, 2013, a total of 250,000 common shares were repurchased for an aggregate cost of $136,811 (CAD136,811). All shares repurchased are returned to treasury for cancellation.

(Express in United States Dollars)

17.6 Stock Options

On May 26, 2005, the Company adopted a resolution cancelling all of its 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 (2012: 6,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

a) Status of the outstanding employee stock options as at June 30, 2013 and changes during the period:

	Six months ended June 30, 2013		Six months ended June 30, 2012	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding at beginning of the period	**2,832,000**	**0.69**	3,159,000	0.87
Forfeited during the period	**-**	**-**	(15,800)	0.68
Outstanding at end of the period	**2,832,000**	**0.69**	3,143,200	0.87

b) Summary of the employee stock options outstanding and exercisable:

Exercise Price	**Exercise Price**	**Number of Options Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Number of Options Exercisable**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**
CAD	**$**		**(Years)**	**$**		**(Years)**	**$**
At June 30, 2013							
1.10	**1.06**	**94,000**	**0.17**	**1.06**	**94,000**	**0.17**	**1.06**
0.79	**0.76**	**1,000,000**	**0.01**	**0.76**	**1,000,000**	**0.01**	**0.76**
0.79	**0.76**	**283,000**	**2.00**	**0.76**	**169,800**	**2.00**	**0.76**
0.60	**0.60**	**1,300,000**	**1.50**	**0.60**	**780,000**	**1.50**	**0.60**
0.60	**0.60**	**155,000**	**3.50**	**0.60**	**62,000**	**3.50**	**0.60**
		2,832,000	**1.09**	**0.69**	**2,105,800**	**0.83**	**0.71**
At December 31, 2012							
1.10	1.06	94,000	0.67	1.06	94,000	0.67	1.06
0.79	0.76	1,000,000	0.50	0.76	1,000,000	0.50	0.76
0.79	0.76	283,000	2.50	0.76	169,800	2.50	0.76
0.60	0.60	1,300,000	2.00	0.60	780,000	2.00	0.60
0.60	0.60	155,000	4.00	0.60	62,000	4.00	0.60
		2,832,000	1.59	0.69	2,105,800	1.33	0.71

(i) The weighted average remaining contractual life for the options exercisable as at June 30, 2013 was 0.83 year.
(ii) The weighted average remaining contractual life for the options outstanding as at June 30, 2013 was 1.09 years.
(iii) The range of exercise price for options outstanding as at June 30, 2013 was $0.60 to $1.06.

c) Share-Based Payments

There were no options granted during the period. The Company determines fair value of the employee stock options using the Black-Scholes option pricing model. In determining the fair value of these employee stock options, the following assumptions were used:

(Express in United States Dollars)

Grant date	November 23, 2011	November 23, 2011	July 7, 2010	July 7, 2010	August 25, 2008
Exercise Price (CAD)	0.6000	0.6000	0.7900	0.7900	1.1000
Expected life (year)	3	5	3	5	5
Expected volatility	53%	53%	48%	48%	90%
Dividend yield	-	-	-	-	-
Discount rate	0.40%	0.88%	1.01%	1.79%	3.22%
Forfeiture rate	0%	0%	0%	0%	0%

The expected life of the stock options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumptions that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome either.

17.7 Basic and Diluted Losses Per Share

	For the three months ended	
	June 30, 2013	June 30, 2012
Net losses attributable to shareholders		
Basic and diluted	**($737,457)**	($825,473)
Weighted average number of shares outstanding		
Basic	**59,295,281**	61,577,164
Effect of dilutive stock options and warrants	**-**	11,765
Diluted	**59,295,281**	61,588,929
Basic and diluted losses per share	**($0.012)**	($0.013)

	For the six months ended	
	June 30, 2013	June 30, 2012
Net losses attributable to shareholders		
Basic and diluted	**($1,447,568)**	($1,014,478)
Weighted average number of shares outstanding		
Basic	**59,277,859**	62,018,576
Effect of dilutive stock options and warrants	**-**	15,493
Diluted	**59,277,859**	62,034,069
Basic and diluted losses per share	**($0.024)**	($0.016)

The stock options outstanding during the period had an anti-dilutive effect on the basic earnings per share and as such, the conversion of the above potential dilutive shares is not assumed in the computation of diluted earnings per share.

18. NON-CONTROLLING INTERESTS

Non-controlling interests represent the 30% (2012: 30%) equity interest in Tongyuan not held by the Group.

(Express in United States Dollars)

19. OTHER REVENUE

	For the three months ended	
	June 30, 2013	June 30, 2012
	$	$
Interest income	**139,949**	336,477
Rental income	**64,963**	59,136
Total other revenue	**204,912**	395,613

	For the six months ended	
	June 30, 2013	June 30, 2012
	$	$
Interest income	**254,924**	570,424
Rental income	**112,019**	103,185
Gain on disposal of property, plant and equipment	**-**	275,033
Total other revenue	**366,943**	948,642

20. NATURE OF EXPENSES

The Condensed Interim Statements of Comprehensive Income include the following general and administrative expenses by nature:

20.1 Employee costs (including remuneration of key management and directors as stated in note 22.1):

	For the three months ended	
	June 30, 2013	June 30, 2012
	$	$
Wages and other benefits	**423,221**	401,517
Payment to defined contribution plans	**26,314**	30,705
Share-based payment	**11,337**	104,330
Total employee costs	**460,872**	536,552

	For the six months ended	
	June 30, 2013	June 30, 2012
	$	$
Wages and other benefits	**834,975**	846,664
Payment to defined contribution plans	**51,806**	52,662
Share-based payment	**50,695**	208,659
Total employee costs	**937,476**	1,107,985

20.2 Depreciation:

	For the three months ended	
	June 30, 2013	June 30, 2012
	$	$
Depreciation	**106,943**	109,903

	For the six months ended	
	June 30, 2013	June 30, 2012
	$	$
Depreciation	**218,572**	210,661

(Express in United States Dollars)

21. FINANCE COSTS

	For the three months ended	
	June 30, 2013	June 30, 2012
	$	$
Finance charge under finance leases	**765**	1,307
Loan interest	**10,042**	-
Bank charges	**1,685**	1,191
Total finance costs	**12,492**	2,498

	For the six months ended	
	June 30, 2013	June 30, 2012
	$	$
Finance charge under finance leases	**1,668**	2,779
Loan interest	**10,042**	-
Bank charges	**3,458**	3,183
Total finance costs	**15,168**	5,962

22. RELATED PARTY TRANSACTIONS

22.1 Key management compensation

The remuneration of key management and directors is as follows:

	For the three months ended	
	June 30, 2013	June 30, 2012
	$	$
Wages, fees and other benefits	**152,821**	144,674
Payment to defined contribution plans	**3,570**	3,665
Share-based payment	**8,651**	93,742
	165,042	242,081

	For the six months ended	
	June 30, 2013	June 30, 2012
	$	$
Wages, fees and other benefits	**287,765**	262,796
Payment to defined contribution plans	**6,059**	6,347
Share-based payment	**45,253**	187,483
	339,077	456,626

22.2 Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties:

(Express in United States Dollars)

Relationship	Type of transactions	For the three months ended June 30, 2013	June 30, 2012
		$	$
Company controlled by a director	Rental income	**6,435**	6,352
An associate	Loan interest income	**44,048**	69,541
Associates	Dividend income	**-**	259,541

Relationship	Type of transactions	For the six months ended June 30, 2013	June 30, 2012
		$	$
Company controlled by a director	Rental income	**12,870**	12,705
Company controlled by a director	Gain on disposal of a motor vehicle	**75,194**	-
An associate	Loan interest income	**68,286**	122,732
Associates	Dividend income	**-**	385,667

As at June 30, 2013, the Group has a mortgage loan facility as disclosed in note 16.2 to the financial statements, which was secured by an unlimited guarantee given by an associate and an unlimited guarantee given by a director.

The Group provided a second legal charge over its leasehold land and building to secure a banking facility of $1,700,000 (December 31, 2012: Nil) granted to an associate, of which none was utilized as at June 30, 2013.

22.3 Advances to related parties

Advances made by the Group to related parties were disclosed as amounts due from an associate and deposit paid to related parties in notes 7 and 14 to the financial statements respectively.

Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

23. COMMITMENTS

23.1 Capital commitments

At June 30, 2013	Contract Date	Contracted Sum	Capital Commitments
		$	**$**
Exploration services relating to the Gold Project	April 7, 2010	740,026	**232,791**
Mine design and related facilities of the Gold Project	October 31, 2011	1,287,000	**637,850**
Office building of the Gold Project	April 18, 2012	4,459,592	**1,213,461**
Drilling and exploration services relating to the Gold Project	June 25, 2012	10,363,948	**3,852,268**
Office building decoration of the Gold Project	March 2, 2013	2,340,530	**2,340,530**
Total capital commitments for the Gold Project		19,191,096	**8,276,900**

Other than the above capital commitments, the Group has contracted commitment for capital contributions payable to an associate of $514,800 (RMB3,200,000).

23.2 Operating lease commitments

(a) The Group as lessor

The Group has entered into commercial property leases on its investment properties, with leases negotiated for terms ranging from one to five years.

(Express in United States Dollars)

At the end of reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

As at	**June 30, 2013**	December 31, 2012
	$	$
Within one year	**246,118**	93,903
In the second to fifth years inclusive	**240,884**	322,703
Total future minimum lease receivables	**487,002**	416,606

(b) The Group as lessee

The Group has entered into commercial property leases on certain office premises, with leases negotiated for terms of three to nine years.

At the end of reporting period, the Group had total future minimum lease payables under non-cancellable operating leases with its landlords falling due as follows:

As at	**June 30, 2013**	December 31, 2012
	$	$
Within one year	**180,388**	254,186
In the second to fifth years inclusive	**25,579**	72,003
After five years	**6,371**	11,435
Total future minimum lease payables	**212,338**	337,624

24. DIVIDEND PAID

In May 2013, GobiMin paid an annual dividend of CAD0.01 per share for a total amount of $592,165 (2012: $607,520) in accordance with the Company's dividend policy and 2012 annual performance.

25. SEGMENTED INFORMATION

The Group conducted its business as a single operating segment, being the development, exploration and exploitation of mineral properties. It has engaged in the development of the Gold Project and other exploration projects. All mineral property interests and capital assets are located in China.

26. FINANCIAL INSTRUMENTS

All financial instruments are classified into a defined category, namely, held-to-maturity investments, held-for-trading financial assets, loans and receivables, available-for-sale financial assets, and other financial liabilities.

26.1 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.

	Fair Value Measurements at Reporting Date Using			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
June 30, 2013				
Convertible bonds	**-**	**-**	**26,620,721**	**26,620,721**
Listed debentures	**1,035,190**	**-**	**-**	**1,035,190**
Available-for-sale financial asset	**-**	**3,333,333**	**-**	**3,333,333**
	1,035,190	**3,333,333**	**26,620,721**	**30,989,244**
December 31, 2012				
Convertible bonds	-	-	26,620,721	26,620,721
Listed debentures	1,035,190	-	-	1,035,190
Available-for-sale financial asset	-	3,333,333	-	3,333,333
	1,035,190	3,333,333	26,620,721	30,989,244

26.2 Risks arising from financial instruments and risk management

The Group is exposed to various types of market risks, including changes in foreign exchange rates, and interest rates in the normal course of business. The Group's overall risk management program focuses on mitigating these risks on a cost-effective basis. The Group's policy is to use derivatives only for managing existing financial exposures but not for trading or speculative purpose.

26.3 Exchange Rate Risk

The Group generates revenues and incurs expenditures primarily in Canada, Hong Kong and China and is exposed to risk from changes in foreign currency rates. In addition, the Group holds financial assets and liabilities in foreign currencies that expose the Group to foreign exchange risks. A significant change in the currency exchange rates between the United States dollars relative to the Hong Kong dollars, RMB or Canadian dollars could have an effect on the Group's financial position and cash flows. The Group has not hedged its exposure to currency fluctuations.

Many foreign currency exchange transactions involving RMB, including foreign exchange transactions under the Group's capital account, are subject to foreign exchange controls and require the approval of the China State Administration of Foreign Exchange. Developments relating to the Chinese's economy and actions taken by the China government could cause future foreign exchange rates to vary significantly from current or historical rates. The Group cannot predict nor give any assurance of its future stability. Future fluctuations in exchange rates may adversely affect the value, translated or converted into United States dollars of the Group's net assets, net profits and any declared dividends. The Group cannot give any assurance that any future movements in the exchange rates of RMB against the United States dollars and other foreign currencies will not adversely affect its results of operations, financial condition and cash flows.

As at June 30, 2013, with other variables unchanged, a 1% strengthening (weakening) of the Chinese RMB against the Canadian dollar would have increased (decreased) net loss and other comprehensive loss both by $0.004 million. No sensitivity analysis is carried out in respect of balances denominated in Hong Kong dollars as the exchange rate between United States dollars and Hong Kong dollars is pegged.

26.4 Credit Risk

The Group is exposed to credit risk with respect to cash equivalents, other receivables, amounts due from investee companies, amounts due from related parties and other financial assets. The maximum exposure is equal to the carrying amount of these assets included on the consolidated statements of financial position. There is a concentration of credit risk arising from the convertible bonds issued by China Daye stated at $26,620,721 as at June 30, 2013. Management believes that the risk of credit loss on the convertible bonds is minimal as the issuer of the convertible bonds is a Hong Kong listed company. The cash equivalents are call deposits at banks or time deposit of terms less than 90 days. None of the cash equivalents are in asset backed commercial paper products. The Group has deposited the cash equivalents in banks that meet minimum requirements for quality and liquidity as stipulated by the Company's Board of Directors. Management believes the risk of loss to be remote.

26.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2013, the Group held cash and cash equivalents of $32,567,452. The Group has determined that its cash and cash equivalents is more than sufficient to fund its requirements for investments in working capital and capital assets. The financial liabilities of $33,191,349 (December 31, 2012: $33,246,467) are due within one year.

26.6 Interest Risk

As the Group has no significant variable interest-bearing assets and liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rate.

27. CAPITAL MANAGEMENT

The Group's objectives of capital management are intended to safeguard the entity's ability to support the Group's normal operating requirement on an ongoing basis, continue the development, exploration and exploitation of its mineral properties, and support any expansionary plans. The capital of the Group amounted to $85,679,346 consists of the items included in equity. The Board of Directors does not establish a quantitative return on capital criteria for management but promotes year-over-year sustainable earnings growth targets. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Group is not subject to externally imposed capital requirements.

28. EVENTS AFTER THE REPORTING DATE

(a) For the period from July 1, 2013 to August 22, 2013, a total of 880,000 common shares were repurchased at an aggregate cost of $359,320 (CAD359,320). All shares repurchased will be returned to treasury for cancellation.

(b) A total of 1,000,000 options issued on July 7, 2010 to the directors of the Company with an exercise price of $0.79 (CAD0.79) were expired and forfeited on July 6, 2013.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

June 30, 2013

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Management's Discussion and Analysis of Financial Results
For the quarter ended June 30, 2013
(Expressed in United States Dollars)
August 22, 2013

The following discussion and analysis of the condensed operating results and financial condition of GobiMin Inc. for the quarter ended June 30, 2013 should be read in conjunction with its condensed interim financial statements for the quarter ended June 30, 2013 prepared in accordance with International Financial Reporting Standards ("IFRS") and its audited consolidated financial statements for the year ended December 31, 2012 prepared in accordance with IFRS.

Certain statements included in this discussion constitute forward-looking statements. Such forward-looking statements can often, but not always, be identified by the use of words such as "can", "could", "believe", "propose", "anticipate", "intend", "consider", "estimate", "expect", or other variations of such expressions, or forward-looking statements may declare that certain measures, events or results "can", "could" or "will" be taken or occur or be attained. Such forward-looking statements involve known and unknown risks and uncertainties as well as other factors that could cause actual results, performances or achievements of the Company to differ materially from the future results, performances or achievements implied or suggested in such forward-looking statements. Such risks, uncertainties and other factors include but are not limited to the risk factors discussed under the heading "Risk Factors" below. Accordingly, shareholders are cautioned not to put undue reliance on forward-looking statements. These forward-looking statements are made as of the date of this discussion and the Company disclaims any obligations to update any forward-looking statements in order to account for any events or circumstances that might occur after the date that such forward-looking statements were established.

1. Corporate Overview

GobiMin Inc. (the "Company" or "GobiMin"), together with its subsidiaries (collectively referred to herein as the "Group"), is engaged in the development and exploration of mineral properties, mainly in the Xinjiang Uygur Autonomous Region ("Xinjiang") of the People's Republic of China ("China").

GobiMin holds an equity interest of 70% in a company incorporated in China to explore, develop and operate the Sawayaerdun Gold Project (the "Gold Project") located in Xinjiang.

GobiMin also holds an equity interest of 48.02% in China Precision Material Limited ("China Precision"), a company incorporated in Hong Kong, which is principally engaged in metal trading, predominately silver and operates a small processing workshop.

In addition, GobiMin owns 40% to 50% equity interests in five companies incorporated in China to engage in base metals and precious metal exploration, including nickel, copper, and gold, in Xinjiang, and an 8% equity interest in the Yanxi Copper Property (the "Yanxi Copper Property") .

(Expressed in United States Dollars)

2. Financial Highlights

	3 months ended June 30, 2013	12 months ended December 31, 2012	3 months ended June 30, 2012
	$	$	$
Revenue	**-**	-	-
Other revenue	**0.2 million**	1.1 million	0.4 million
Share of results of associates and a joint venture	**0.1 million**	0.4 million	(0.08 million)
(Loss)/Profit for the period	**(0.8 million)**	2.9 million	(0.9 million)
(LBITDA)/EBITDA[(1)]	**(0.8 million)**	5.8 million	(1.1 million)
Basic and diluted (losses)/earnings per share	**(0.012)**	0.06	(0.013)
(LBITDA)/EBITDA per share[(1)]	**(0.014)**	0.10	(0.018)
Cash and cash equivalents	**32.6 million**	46.6 million	58.8 million
Cash and cash equivalents per share[(1)]	**0.55**	0.78	0.96
Working capital	**37.9 million**	45.9 million	50.6 million
Total non-current financial liabilities	**1,950,000**	32,000	56,000
Total liabilities	**35.1 million**	33.3 million	32.8 million
Total assets	**120.8 million**	121.1 million	116.8 million

Note:

*(1) As non-IFRS measurements, **(LBITDA)/EBITDA** ((losses)/earnings before interest income and expense, income taxes, depreciation and amortisation), **(LBITDA)/EBITDA 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.*

3. Business Summary and Development

3.1. Gold Project in Xinjiang

The Group owns a 70% equity interest in Xinjiang Tongyuan Minerals Ltd. ("Tongyuan") which is developing and operating the Gold Project.

(a) NI 43-101 Resource Estimate

The NI 43-101 compliant resource estimate update prepared by Mr. Neil Gow and Mr. Reno Pressacco of RPA Inc., the Qualified Persons as defined in NI 43-101, was published in May 2013. At a cut-off grade of 1.0 grams/tonne gold, its Zone IV and Zone I are estimated to contain a total of about 20 million tonnes at an average grade of 1.90 grams/tonne Au (about 1.24 million contained oz Au) in the Measured and Indicated Resources category and an additional amount of about 33 million tonnes averaging 1.47 grams/tonne Au (about 1.6 million contained oz Au) in the Inferred Resources category. The full report can be viewed at www.sedar.com and the Company's website at www.gobimin.com.

(b) Commitments

As at June 30, 2013, Tongyuan has commitments of $8.3 million (RMB51.4 million) for the further development of the Gold Project including the drilling and exploration service, construction of an office building and design of mine and related facilities.

(c) Update

Due to the winter weather conditions, the 2013 drilling campaign of 12,000 meters and mine development has commenced in early May 2013. In addition to the ongoing Zone IV, the planned 2013 drilling program also covers Zone I, Zone II and Zone XI. For this quarter, drilling of approximately 4,300 meters has been completed. Among the total ongoing 10 drill holes, 6 drill holes were from Zone IV, 2 drill holes were from Zone I and the remaining 2 drill holes were from Zone XI. Other exploration works done during this quarter include relevant core logging and sampling of relevant Zones. GobiMin will continue to pursue the major design and construction including tailing ponds, camp facilities and access roads and applications for the related licenses.

GobiMin estimates that the Gold Project has now achieved a sufficiently advanced stage of exploration to warrant negotiations with potential investors for co-operation or disposal of an equity interest in the Gold Project. Early-stage negotiations also involve additional financing in order to accelerate the construction phase of the Gold Project.

3.2. Silver Operation

The Group holds an equity interest of 48.02% in China Precision which engages in metal trading and processing, predominantly in silver. China Precision has established a small processing workshop in Hong Kong for silver processing and refining into bars and granules for sale to industrial customers.

(a) Update

The Group has made advances to China Precision from time to time to finance its silver inventory. As at June 30, 2013, amounts due from China Precision to the Group amounted to $7.6 million while China Precision had a silver inventory of 15.1 tonnes with a market value of $9.5 million. The Group recorded interest income of $68,286 on these advances for the six months ended June 30, 2013. China Precision had a net profit of about $0.6 million for the period, with GobiMin's share amounting to $0.3 million.

3.3. Base Metal Exploration Projects in Xinjiang

(a) Five Exploration Companies

During the quarter, the Group has invested in a 40% equity interest of a company newly incorporated in Xinjiang, China for potential exploration projects. The Group's total committed capital cost is $0.6 million (RMB4 million) and $0.1 million (RMB0.8 million) has been injected as capital contributions as at June 30, 2013. Its remaining 60% equity interests are owned by two local partners. It is treated as an associate of the Group.

Other than this new exploration company, the Group owns 40% to 50% equity interests in four exploration companies in Xinjiang, China for nickel, copper, and gold, of which three are treated as associates of the Group and one as a joint venture. The net cost of the investment in these four exploration companies amounted to $2.1 million (RMB13,365,779). The carrying value of these companies as at June 30, 2013 was $2.0 million (RMB12,616,664). Among the projects of the four exploration companies, two projects located in Hejing and Nileke showed good indication of copper mineralization. Exploration works on these projects will be continued.

(b) Yanxi Copper Property

Pursuant to the share transfer agreement dated July 14, 2010 and various supplemental agreements entered into with China Daye Non-Ferrous Metals Mining Limited, a public company with its shares listed on the Stock Exchange of Hong Kong Limited (HKEx Stock Code: 661) ("China Daye"), the total consideration for the transfer of 80% of the Yanxi Copper Property together with an area which is adjacent to the Property (the "New Area") was $44.2 million (HK$343,160,440). Among the equity interest disposed, 32% was held by GobiMin and the remaining 48% was held by two local partners.

The total consideration comprised (i) the consideration for the Yanxi Copper Property of $33.3 million (HK$259,000,000); and (ii) the additional consideration for the New Area (the "Additional Consideration") of $10.8 million (HK$84,160,440).

As at June 30, 2013, the consideration was settled except for $5.4 million (HK$42,080,220) that was withheld by China Daye to settle the fee related to the application for the mining licence of the New Area (the "New Mining Licence"). The balance, if any, will be payable by China Daye upon obtaining the New Mining Licence. GobiMin is entitled to 40% of the balance payment.

The Group is responsible for applying for the New Mining Licence on or before June 2014. The application for the New Mining Licence is in process and GobiMin is liaising with the relevant government departments to facilitate the application.

3.4. Full Revocation of Cease Trade Order

The Company announced on April 30, 2013 that the release of the financial results for the year ended December 31, 2012 (the "2012 Results") and the filing of the related audited consolidated financial statements, management's discussion and analysis and certificates of annual filings would be delayed after April 30, 2013. As a result, the cease trade orders had been imposed on the Company by the Alberta Securities Commission ("ASC") and the British Columbia Securities Commission ("BCSC") on May 1, 2013. Upon publication of the 2012 Results and the related filings with SEDAR on May 16, 2013, the Company had immediately made the application to the ASC for revocation of the cease trade orders. A full revocation of the cease trade orders was granted to the Company by ASC and BCSC in mid July and the trading of the Company's shares was reinstated by TSX Venture Exchange on July 30, 2013.

3.5. Normal Course Issuer Bid

On January 16, 2013, GobiMin announced the renewal of its normal course issuer bid to repurchase an additional 2,973,324 common shares, representing approximately 5% of the then common shares outstanding. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2014. For the six months ended June 30, 2013, a total of 250,000 common shares were repurchased at an aggregate cost of $136,811 (CAD136,811). For the period from July 1, 2013 to August 22, 2013, a total of 880,000 common shares were repurchased at an aggregate cost of $359,320 (CAD359,320). All shares repurchased will be returned to treasury for cancellation.

Management believes that the repurchase by the Company of its own shares can maximize shareholder value and is in the best interest of the Company and its shareholders. A copy of the related Notice of Intention to Make a Normal Course Issuer Bid for 2013 will be provided to shareholders upon receipt of written request to the Company at its registered office.

3.6. Liquidity and Capital Resources

As at June 30, 2013, the Group had a working capital of about $37.9 million (December 31, 2012: $45.9 million), by netting off its current assets of $71.1 million (December 31, 2012: $79.1 million) with current liabilities of $33.2 million (December 31, 2012: $33.2 million).

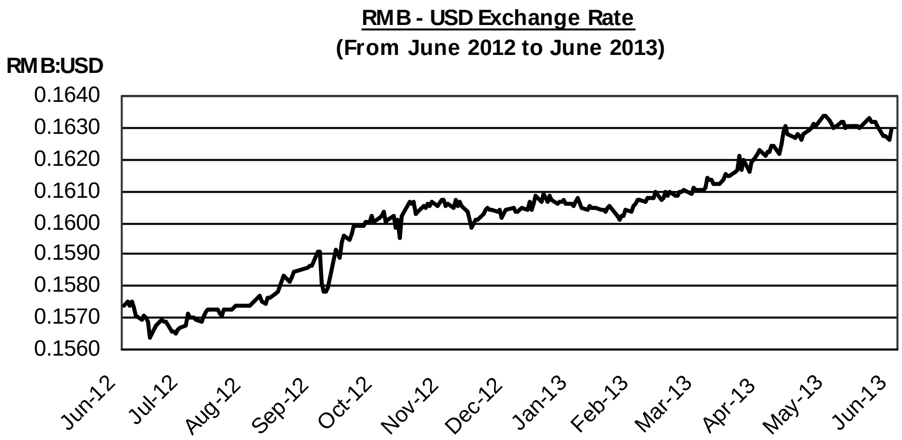
Among the cash and cash equivalents of $32.6 million, about $21.2 million are held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the proper documentation under current regulations, subject to the risks outlined hereinafter under the section "Risk Factors". The Group will carefully plan ahead to match the available funding with various payment obligations in China and elsewhere.

The Group has no difficulties in meeting obligations associated with its financial liabilities. The Group has determined that its cash and cash equivalents will be more than sufficient to fund its requirements, including the current commitments of the Gold Project of approximately $8.3 million and the commitment for the capital contributions to the exploration company newly incorporated in Xinjiang of $0.5 million (RMB3.2 million).

4. Key Economic Trends

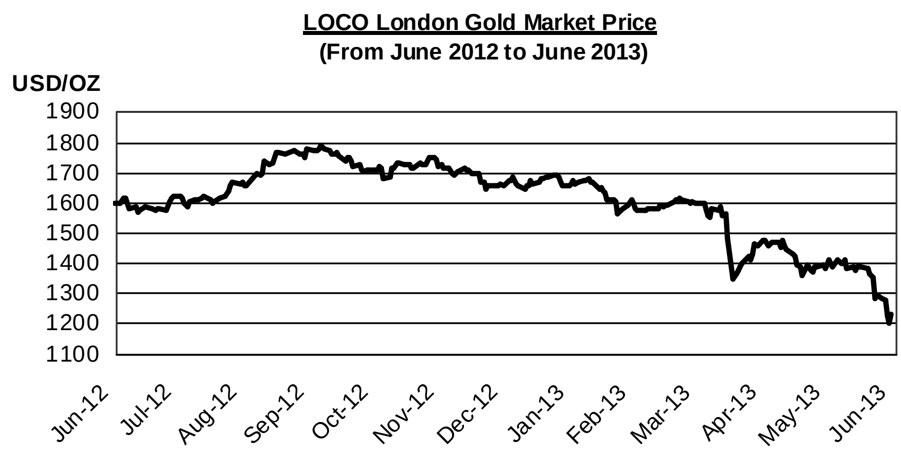
4.1. China Economy

Since GobiMin's activities are mostly conducted in China, the condition of the Chinese economy is a key factor on the Group's exploration business. Currency fluctuations may also have an impact on the Group's cost structure as the Group reports in U.S. dollars. For the quarter ended June 28, 2013 (last trading date of June 2013), the Chinese Renminbi ("RMB") appreciated by 3.53% against the U.S. dollar comparing with the exchange rate on June 29, 2012 (last trading date of June 2012).



4.2. <u>Gold Market</u>

The price of gold has a strong influence on the Gold Project's value. As at June 28, 2013 (last trading date of June 2013), the gold price has decreased by around 22.72% against the price on June 29, 2012 (last trading date of June 2012).



5. Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported results. Changes to these estimates could materially impact the financial statements. The estimates made by the Group that are considered to be most critical are described below.

5.1. <u>Exploration and evaluation assets</u>

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits will flow to the Group, which may be based on assumptions about future events or circumstances. Judgments made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written off in the statement of comprehensive income in the year the new information becomes available. The Company has determined that there is no indicator of impairment for the expenditure capitalized as at the reporting date.

5.2. Income taxes

There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognizes liabilities and contingencies for anticipated tax audit issues based on the Group's current understanding of the applicable tax law. For matters where it is probable that an adjustment will be made, the Group records its best estimate of the tax liability including the related interest and penalties (if any) in the current tax provision. Management believes they have adequately provided for the probable outcome of these matters; however, the final outcome may be materially different from the amount included in the tax liabilities.

5.3. Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the stock option, volatility and dividend yield and making assumptions about them.

5.4. Functional currency

The determination the functional currency for the Company's subsidiaries, joint venture and associates is a significant judgement. The determination of functional currency requires the Company to assess the primary economic environment in which each of these entities operations and affects how the Company translates foreign currency balances and transactions.

5.5. Impairment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts exceed their recoverable amounts and are subject to judgment. Judgment is required in establishing whether there are indicators of impairment related to these assets such as changes in market price, the extent or manner in which it is being used or in its physical condition, operations and business environment.

5.6. Development stage of a mine

When the technical feasibility and commercial viability of extracting mineral resources become demonstrable, previously recognized exploration and evaluation assets are reclassified as mining structures and mineral properties under property, plant, and equipment. The determination of when technical feasibility and commercial viability is achieved is subject to significant judgment.

5.7. Production stage of a mine

The determination of the date on which a mine enters production stage is a significant judgment since capitalization of certain costs ceases upon entering production. As mine is constructed, costs incurred are capitalized and proceeds from mineral sales are offset against the capitalized costs. This continues until the mine is available for use in the manner intended by management which requires significant judgment in its determination.

5.8. Estimate of rehabilitation provision

Management assesses its provision for rehabilitation at the end of each reporting period. This includes the assessment of any changes to government regulations, estimation of future rehabilitation costs, the timing of these expenditures, and the impact of changes in discount rates and foreign exchange rates. The actual future expenditure may differ from the amounts currently provided if the estimates made are significantly different from the actual results or if there are significant changes in environmental and/or regulatory requirements in the future.

6. Future Changes in Significant Accounting Policies

Standards issued but not yet effective up to the date of issuance of the Group's financial statements are listed below. The Group intends to adopt these standards when they become effective.

(Expressed in United States Dollars)

6.1. IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 was issued in October 2010. This standard is the first step in the process to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 introduces new requirements for recognising, derecognising, classifying and measuring assets and liabilities, which may affect the Group's accounting for its financial assets. IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The Group is currently evaluating the impact of adoption of this new standard on its consolidated financial statements.

6.2. Amendments to IAS 32 – Offsetting Financial Assets and Liabilities

This standard clarifies that a legally enforceable right to set-off exists if the right is not contingent on a future event, and is enforceable both in the normal course of business and in default, insolvency or bankruptcy of all parties to the liability. We are not able at this time to reasonably estimate the impact of the IAS 32 amendments.

7. Selected Quarterly Information

As at / For the quarter ended	**June 30, 2013**	March 31, 2013	December 31, 2012	September 30, 2012
	$	$	$	$
Revenue	**-**	-	-	-
(Loss)/Profit for the period	**(826,441)**	(765,700)	(639,989)	4,704,839
Basic and diluted (losses)/earnings per share	**(0.012)**	(0.012)	(0.010)	0.084
Cash and cash equivalents	**32,567,452**	38,922,210	46,608,027	50,255,823
Total assets	**120,823,499**	117,418,355	121,082,985	112,206,072

As at / For the quarter ended	June 30, 2012	March 31, 2012	(Restated) December 31, 2011	September 30, 2011
	$	$	$	$
Revenue	-	-	-	-
(Loss)/profit for the period	(908,932)	(278,435)	(3,818,653)	7,977,321
Basic and diluted (losses)/earnings per share	(0.013)	(0.003)	(0.060)	0.126
Cash and cash equivalents	58,792,230	51,631,409	62,305,634	62,963,423
Total assets	116,829,716	119,061,793	109,995,167	123,474,296

The above financial information was prepared in accordance with IFRS.

For the three months ended June 30, 2013, the Group reported net loss of $0.8 million (Q2 2012: $0.9 million) which mainly comprised the general and administrative expenses of $1.2 million (Q2 2012: $1.2 million) netting off other revenue and share of results of associates and a joint venture of $0.3 million (Q2 2012: $0.3 million).

In this quarter, the Group recorded net cash outflow of $6.4 million (Q2 2012: cash inflow of $7.2 million). It was mainly the combined effect of the $4.6 million bank loans received netting off the $3.6 million additional advances to China Precision for the silver operation; $5.4 million final payment for the acquisition of an office in Hong Kong; payments for the Gold Project of $0.8 million; dividend paid of $0.6 million and office expenses and the settlement of other payables of $0.8 million.

The total assets decreased by $0.3 million from $121.1 million as at December 31, 2012 to $120.8 million in this quarter which is mainly due to the payment of $2.6 million to settle the amounts payable for the Gold Project and the office expenses incurred of $2.3 million netting off the cash received from bank loans of $4.6 million.

(Expressed in United States Dollars)

8. Results of Operations

8.1. Revenue

No revenue (3 months and 6 months Q2 2012: $Nil) from operations has been recorded in this quarter.

Other revenue in the second quarter of 2013 were $0.2 million (3 months Q2 2012: $0.4 million) including interest income of $0.1 million (3 months Q2 2012: $0.3 million) and rental income from the office building in Xinjiang of $0.1 million (3 months Q2 2012: $0.1 million).

While the other revenue and gains for the six months ended June 30, 2013 were $0.4 million (6 months Q2 2012: $0.9 million) including interest income of $0.3 million (6 months Q2 2012: $0.6 million), rental income from the office building in Xinjiang of $0.1 million (6 months Q2 2012: $0.1 million).

8.2. General and Administrative Expenses

General and administrative expenses incurred in this quarter were $1.2 million (3 months Q2 2012: $1.2 million) and $2.3 million for the six months period ended June 30, 2013 (6 months Q2 2012: $2.3 million). It mainly represents pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

The amortised portion of the total share-based compensation in this quarter and for the six months ended June 30, 2013 amounted to $11,337 (3 months Q2 2012: $0.1 million) and $50,695 (6 months Q2 2012: $0.2 million) respectively.

8.3. Losses Per Share

The basic and diluted losses per share for this quarter were $0.012 (3 months Q2 2012: $0.013) and $0.024 for the six months ended June 30, 2012 (6 months Q2 2012: $0.016).

8.4. LBITDA

The losses before interest income and expense, income taxes, depreciation and amortisation ("LBITDA"), a non-IFRS performance measure, for the quarter were $0.8 million as compared to $1,1 million in 2012 Q2. The following table presents the calculation of LBITDA for the year:

For the quarter ended	**June 30, 2013**	June 30, 2012
	$	$
Loss for the period	**(826,441)**	(908,932)
Interest income	**(139,949)**	(336,477)
Interest expense	**10,807**	1,307
Depreciation	**106,943**	109,903
LBITDA (1)	**(848,640)**	(1,134,199)
LBITDA per share (2)	**(0.014)**	(0.018)

Note:
1. *As non-IFRS measurements, **LBITDA** and **LBITDA 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.*
2. *Based on weighted average number of shares outstanding, a non-IFRS measure.*

8.5. Annual Dividend

On May 16, 2013, the Company declared an annual dividend of $0.01 (CAD0.01) per share in accordance with its dividend policy and the 2012 annual performance. The dividend was paid on June 24, 2013 to shareholders of record on May 29, 2013.

(Expressed in United States Dollars)

9. Cash Flows

The following table summarises the Group's cash flows and cash on hand:

As at	**June 30, 2013**	December 31, 2012
	$	$
Cash and cash equivalents	**32,567,452**	46,608,027
Working capital (1)	**37,939,170**	45,864,741

For the three months ended	**June 30, 2013**	June 30, 2012
	$	**$**
Net cash flow from/(used in) operating activities	**(4,041,076)**	7,887,668
Net cash flow from/(used in) financing activities	**3,933,951**	(1,302,161)
Net cash flow from/(used in) investing activities	**(6,247,633)**	575,314
(Decrease)/Increase in cash and cash equivalents	**(6,354,758)**	7,160,821

For the six months ended	**June 30, 2013**	June 30, 2012
	$	**$**
Net cash flow used in operating activities	**(11,053,359)**	(2,633,227)
Net cash flow from/(used in) financing activities	**3,869,462**	(1,642,451)
Net cash flow from/(used in) investing activities	**(7,142,123)**	762,274
Decrease in cash and cash equivalents	**(14,326,020)**	(3,513,404)

Note:
(1) Working capital is a non-IFRS measurement, which is the difference between current assets and current liabilities.

9.1. Operating Activities

For the three months ended June 30, 2013

In this quarter, net cash outflow from operating activities was $4.0 million (3 months Q2 2012: cash inflow of $7.9 million) which mainly represents a $3.6 million additional advance to China Precision (3 months Q2 2012: $10.2 million repayment from China Precision); office expenses incurred and the settlement of other payable of $0.4 million.

For the six months ended June 30, 2013

For the six months ended June 30, 2013, net cash outflow from operating activities was $11.1 million (6 months Q2 2012: cash outflow of $2.6 million) which mainly represents a $5.6 million advance to China Precision (6 months Q2 2012: $1.1 million repayment from China Precision); payments for the Gold Project of $3.6 million (6 months Q2 2012: $1.9 million); office expenses incurred and the settlement of other payable of $1.9 million (6 months Q2 2012: $1.8 million).

9.2. Financing Activities

For the three months ended June 30, 2013

The cash inflow from financing activities was $3.9 million in this quarter (3 months Q2 2012: cash outflow of $1.3 million). The cash inflow for this quarter mainly comprises the cash received from bank loans of $4.6 million (3 months Q2 2012: Nil) netting off the payment for shares repurchases of $84,684 (3 months Q2 2012: $0.7 million) and dividend payment of $592,165 (3 months Q2 2012: $607,520).

For the six months ended June 30, 2013

The net cash flow from financing activities was $3.9 million for the six months ended June 30, 2013 (6 months Q2 2012: cash outflow of $1.6 million) which mainly represents the new bank loans raised of $4.6 million (6 months Q2 2012: Nil). The decrease of $5.5 million cash outflow was mainly due to the cash received from bank loans of $4.6 million and the decrease in shares repurchased from $1.0 million for the six months ended June 30, 2012 to $0.1 million for the six month ended June 30, 2013.

9.3. Investing Activities

For the three months ended June 30, 2013

The cash used in investing activities was $6.2 million in this quarter (3 months Q2 2012: cash inflow of $0.6 million). The cash outflow in this quarter mainly represents the final payment for the acquisition of an office in Hong Kong of $5.4 million and payment for the exploration and evaluation assets of $0.8 million netting off the interest received of $0.1 million (3 months Q2 2012: $0.3 million).

For the six months ended June 30, 2013

For the six months ended June 30, 2013, net cash outflow from investing activities was $7.1 million (6 months Q2 2012: cash inflow of $0.8 million) which mainly represents the additions of property, plant and equipment of $6.6 million (6 months Q2 2012: $0.6 million) and additions of exploration and evaluation assets of $0.9 million (6 months Q2 2012: $21,176) net off with the interest received of $0.3 million (6 months Q2 2012: $0.6 million). The decrease of $6.3 million was mainly due to the payment for an office premises situated in Hong Kong of $6.6 million.

10. Statements of Financial Position

10.1. Cash and Cash Equivalents

The Group had approximately $32.6 million in cash and cash equivalents as at June 30, 2013, compared to $46.6 million as at December 31, 2012. The decrease of $14 million was mainly the combined effect of a $5.6 million advance to China Precision; the $6.6 million payment for the acquisition of an office in Hong Kong; $0.7 million in deferred expenditure incurred for the mining licence application of the Yanxi Copper Property; dividend payment of $0.6 million; payments for the Gold Project of $2.9 million and the payment for office expenses of $2.3 million netting off the cash received from bank loans of $4.6 million.

10.2. Exploration and Evaluation Assets

All the exploration and evaluation assets are related to the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the quarter ended June 30, 2013, additions in exploration and evaluation assets amounted to $0.8 million.

10.3. Prepayments, deposits and other receivables

As at June 30, 2013, the deposits are mainly represented the deposit of $1.4 million (December 31, 2012: $1.5 million) paid for construction work of the office building, mine design and related facilities of the Gold Project.

10.4. Deferred Expenditure

Pursuant to the supplemental agreement dated May 31, 2012 in relation to the disposal of Yanxi Copper Property, the Group was entitled to an additional consideration of $10.8 million based on the resource estimate of the New Area. In return, the Group is responsible for applying for a mining licence for the New Area. The licence should be obtained on or before June 30, 2014. At June 30, 2013, the Group had incurred expenditures of $2.7 million (December 31, 2012: $2.1 million) in relation to the mining licence application and this expenditure was recognized as deferred expenditure in the statement of financial position.

10.5. Other Financial Assets

Part of these financial assets represent the Convertible Bonds with a principal amount of $28.3 million (HK$220,000,000) issued by China Daye as partial consideration for the disposal of the equity interest in the Yanxi Copper Property. The Convertible Bonds are stated at $26.6 million (December 31, 2012: $26.6 million) as at June 30, 2013 based on their fair value as determined by an independent professional valuator as at December 31, 2012. These bonds are convertible into common shares of China Daye on or before their maturity date of December 31, 2013 at a price of $0.068 (HK$0.528) and bear interest at the rate of 1% per annum for the period from July 22, 2010 to July 22, 2012 if the Group does not exercise the conversion before the maturity date.

The remaining balance represents the $1.0 million listed debentures and the 8% indirect unlisted equity interest in Tongxing of $3.3 million.

10.6. Other Payables, Receipts in Advance and Accrued Liabilities

As at June 30, 2013, other payables, receipts in advance and accrued liabilities are mainly composed of the payables for the mining licence fee, tax, stamp duty and related payments of $20.0 million arising from the disposal of the Yanxi Copper Property.

10.7. Share Capital

As at June 30, 2013, GobiMin had 59,216,482 common shares issued and outstanding. During this quarter, 156,500 common shares were repurchased and cancelled.

11. Related Party Transactions

The Group had the following transactions with related parties:

11.1. During the six months ended June 30, 2013

(a) Share-based payment expenses of $45,253 (Q2 2012: $0.2 million) in respect of options previously granted to directors and key management personnel.
(b) Fees and other remunerations to directors and key management personnel of $0.3 million (Q2 2012: $0.3 million).
(c) Rental income of $12,870 (Q2 2012: $12,705) from the office building in Xinjiang received from related parties.
(d) Gain on disposal of a motor vehicle of $75,194 (Q2 2012: Nil) to a related party.
(e) Interest income of $68,286 (Q2 2012: $0.1 million) received from China Precision.
(f) No dividend income has been received from the associates in this quarter (Q2 2012: $0.4 million).

11.2. As at June 30, 2013

(a) Advance to China Precision of $7.6 million (December 31, 2012: advance of $2 million and dividend receivable of $61,802), which were recorded as amounts due from an associate. Such advance is unsecured, bears interest at the rate of 2% per annum and is due on demand.
(b) A deposit of $80,438 (December 31, 2012: $79,408) paid to the non-controlling shareholder of an associate for exploration services.
(c) A deposit of $0.5 million (December 31, 2012: $0.5 million) paid to the non-controlling shareholder of a non-wholly owned subsidiary for exploration services.
(d) Mortgage loan of a total outstanding balance of $2.1 million (December 31, 2012: Nil) was secured by the corporate guarantee given by China Precision and the personal guarantee given by a director.
(e) Second legal charge over the Group's leasehold land and building to secure a banking facility of $1.7 million (December 31, 2012: Nil) granted to China Precision, of which none was utilized as at June 30, 2013.

(Expressed in United States Dollars)

12. Capital Commitment

As at June 30, 2013, the Group had the following capital commitments for a total of $8.8 million that the Group had contracted, but not provided for:

(a) The Group has entered into agreements for exploration services, construction of an office building and mine design and related facilities relating to the Gold Project. The total contracted amount is $19.2 million (RMB119,291,859) of which $10.9 million (RMB67,842,646) was paid with remaining balance of $8.3 million (RMB51,449,213).

(b) The Group has contracted commitment for capital contributions payable to an associate of $0.5 million (RMB3,200,000).

13. Off-Balance Sheet Arrangements

The Group does not have any off-balance sheet arrangements.

14. Proposed Transaction: Yanxi Copper Property - New Area

According to the share transfer agreement dated July 14, 2010 and various supplemental agreements in respect of the disposal of the Yanxi Copper Property, the Group is responsible for applying for the New Mining Licence. The remaining balance of $5.4 million (HK$42,080,220) is withheld by China Daye and will be used to settle the fee related to the application for the New Mining Licence. The balance, if any, will be payable in cash by China Daye upon obtaining the New Mining Licence by June 2014. GobiMin is entitled to 40% of the balance payment (Please see also Note 3.3 (b)).

15. Outstanding Share Data

The following table provides information concerning the Company's share capital and convertible securities:

As at	December 31, 2012	**June 30, 2013**	**August 22, 2013**
Number of Common Shares Outstanding	59,466,482	**59,216,482**	**58,336,082**
Options	2,832,000	**2,832,000**	**1,832,000**
Total Number of Common Shares Fully Diluted	62,298,482	**62,048,482**	**60,168,482**

16. Risk Factors

The mining business conducted by the Group is subject to a number of risks, including those outlined below. These risk factors could materially affect the Group's future operating results and could cause actual events to differ materially from those described in the forward-looking statements relating to the Group. Readers should also be aware that there are particular risks of doing business in China, some of which are outlined below.

16.1. <u>Metal Prices</u>

The profitability of the Group may be significantly affected by changes in the market price of metals. Metal prices fluctuate on a daily basis and are affected by numerous factors beyond the control of the Group. Interest rates, inflation, exchange rates and world supply of mineral commodities can all cause fluctuations in the market prices for these metals. Such external economic factors are in turn influenced by changes in international economic growth patterns and political developments.

The Group may apply its free cash balances to metal trading operations. These transactions are by their very nature speculative and could result in GobiMin suffering financial losses.

16.2. <u>Currency Risks</u>

The Group's operating expenses and revenues from operations are in RMB, one of the main currencies used by the Group. Currently, the RMB is linked to the US dollar by exchange rates managed through China's central bank. Accordingly, exchange rate fluctuations with the RMB may adversely affect the Group's financial position and operating results. The Group does not currently engage in foreign currency hedging activities.

Under current regulations, there is no restriction on foreign exchange conversion of the RMB on the current account, although any foreign exchange transaction on the capital account is subject to prior approval from the State Administration of Foreign Exchange ("SAFE") or review by the payment bank in accordance with regulations issued by SAFE. However, even on the current account the RMB is not a freely convertible currency. Foreign invested enterprises in China are currently allowed to repatriate profit to their foreign parents or pay outstanding current account obligations in foreign exchange but must present the proper documentation to a designated foreign exchange bank in order to do so. There is no guarantee that foreign exchange control policies will not be changed so as to require government approval to convert RMB into foreign currency on the current account or repatriate profits. These limitations could affect the ability of the Group to pay dividends, obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

16.3. Exploration, Development and Operating Risks

The exploration and development of mineral deposits involves significant risks over a significant period of time, which even with a combination of careful evaluation, experience and knowledge may not be eliminated. Few properties that are explored are ultimately developed into producing mines. Major expenditures may be required to establish mineral reserves through drilling, to develop metallurgical processes and to develop the mining and processing facilities and infrastructure at any site chosen for mining. No assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis. The economic viability of a mineral deposit depends on many factors, including size, grade, cost of operations, metal prices, cost of processing equipment, continuing access to smelter facilities on acceptable terms, government regulations, land tenure, and environmental protection. The exact effect of these factors cannot be measured but the combinations of these factors may impact the success of the Group's mineral exploration, development and acquisition activities. Even after the commencement of mining operations, such operations may be subject to risks and hazards such as environmental hazards, industrial accidents, cave-ins, rock bursts, unusual or unexpected geological formations, ground control problems and flooding. The occurrence of any of the foregoing could result in damage to or destruction of mineral properties and production facilities, personal injuries, environmental damage, delays or interruptions of production, increases in production costs, monetary losses, legal liability and adverse government action.

It is not always possible to obtain insurance against all such risks and the Group may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Group. The Group does not maintain insurance against political or environmental risks.

The Group's properties are generally located in the Xinjiang region, a sector which has in the past experienced seismic activity of six to seven on the Richter scale. Therefore, planning for mines and infrastructures must consider seismicity in the design and there exist a risk that seismic activities may cause significant damages to the Group's infrastructures and operations in the area.

The development of mining properties has inherent risks. The Group may not have sufficient technical or financial resources to complete the projects. Costs over-runs are common in mining projects and may pose a risk for the Group.

16.4. Uncertainty of Ore Reserves and Resource Estimates

There are numerous uncertainties inherent in estimating mineral resources and mineral reserves. Such estimates are a subjective process, and the accuracy of any mineral resources and mineral reserves estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. These amounts are estimates only and the actual level of recovery of minerals from such deposits may be different. Differences between management's assumptions, including economic assumptions such as mineral prices, market conditions and actual events could have a material adverse effect on the Company's mineral reserve and mineral resource estimates, financial position and results of operations.

For some of its properties, the Group may prepare its own mineral reserves and resources estimate only in accordance with the former China Ministry of Geological and Mineral Resources ("CMGMR") classification system. The CMGMR classification system is not compliant with the Canadian Securities Administrators NI 43-101. These figures are only estimates and there cannot be any assurance given that the estimated mineral reserves and resources will be recovered or that they will be recovered at the rates estimated. Mineral reserve and resource estimates are determined based upon assumed commodity prices and operating costs. These factors may in the future render certain mineral reserves and resources unproductive and may ultimately result in a significant reduction in reserves and resources.

16.5. Capital Requirements

The Group does have limited financial resources. Although the Group believes it will be able to fund the development of its mineral properties through existing working capital, and a combination of debt and equity, there can be no assurance the Group will be able to raise additional funding if needed. Failure to obtain such additional funding could result in the delay or indefinite postponement of the exploration and development of some of the Group's properties.

16.6. Risks Relating to Conducting Business in China

The business operations of the Group are located in, and the revenues of the Group are derived from activities in, China. Accordingly, the business, financial condition and results of operations of the Group could be significantly and adversely affected by economic, legal, political and social changes in China. Generally, China demonstrates favourable policies towards foreign investments. However, there is no guarantee that current policy trends and the existing economic policy of China will not be changed. A change in policies in China could adversely affect the Group.

China's local, provincial and central authorities exercise a substantial degree of control over the mining industry in China. The Group's operations are subject to Chinese laws, regulations, policies, standards and requirements in relation to, among other things, mine exploration, development, production, taxation, labor standards, occupational health and safety, waste treatment and environmental protection, and operation management. Any changes to these laws, regulations, policies, standards and requirements or to the interpretation or enforcement thereof may restrict the business operations of the Group or increase the Group's operating costs and thus adversely affect the Group's results.

16.7. Permits and Licences

The operations of exploration and mining require specific licences and permits e.g. exploration licence for exploration activities and exploitation licence for exploitation activities. Any changes in regulations imposed by the governments due to any reasons are beyond the control of the Group and may adversely affect its business and its ability or retain title to its property and obtain some of the necessary licences. The changes of regulations may include, but not limited to, varying degrees of those with respect to stricter restrictions on production, price controls, export controls, income taxes, expropriation of property, employment, land use, water use, environmental legislation and mine safety.

GobiMin's exploration and exploitation licences are subject to annual audit by the Department of Land and Resources of Xinjiang, China. In their annual audit, the authorities may consider whether the Group's mining activities have been in compliance with the relevant laws and regulations. If the Group fails to meet the relevant requirements or materially breaches any laws or regulations, it may not pass such audit, in which case it may be subject to penalties in accordance with applicable laws, or be given a deadline to rectify deficiencies, or, in serious cases, have its permits and licences revoked. While the Group has never encountered such problems in the past, there can be no assurance that it will pass future audits. Should permits or licences be suspended or revoked, GobiMin's business and results of operations could be materially affected. The mining licence for the Gold Project was granted for an initial period of 8 years. As at June 30, 2013, the remaining valid period of the mining licence was approximately 5 years. There is no guarantee that such mining licence will be renewed at its expiration.

16.8. Environmental Regulation

The mining operations of the Group are subject to environmental regulations promulgated by relevant governments. The relevant environmental regulations impose restrictions and prohibitions on spills, or handling of various substances produced during mining or processing operations. In addition, approval of environmental impact assessment for certain types of the mining operations are required. In breach of such regulations or failure of the governmental approval may result in the imposition of fines and penalties. The costs of compliance with environmental regulations, such as advanced equipment which is environmental friendly, has the potential to reduce the profitability of future operations.

16.9. Dependence on Key Managerial Employees

The success of the Group is highly dependent upon the continued services of a small number of key managerial employees both in Canada and China, including Mr. Felipe Tan, the Chief Executive Officer of the Company and Mr. Zhang Ming, a Director of the Company and General Manager of the Chinese subsidiary. The Group does not currently maintain key-man life insurance policies on any member of management. Accordingly, the loss of any of these executives could have a material adverse effect on the Group.

16.10. Competition

There is significant and increasing competition within the mining industry for the discovery and acquisition of properties considered having commercial potential. The Group competes with other mining companies, some of which have greater financial resources, and as a result, the Group may not be able to acquire mineral interests on terms it considers acceptable. As well, the Group competes for the recruitment and retention of qualified employees and other personnel. The current economic growth in China and the corresponding creation of a more liquid market for skilled employees may lead to future problems in retaining local Chinese management. As a result of this competition, the Group may not be able to acquire additional mineral interests and hire or retain qualified personnel for its projects.

16.11. Dividend Policy

GobiMin has been declaring and paying an annual dividend to its shareholders since 2005. GobiMin currently intends to continue to pay annual dividends subject to earnings, capital availability and periodic determinations that cash dividends are in the best interest of the Group and our shareholders. Our dividend policy may change from time to time at the discretion of our board of directors and we may or may not continue to declare dividend payments. A change in our dividend policy could have a negative effect on our stock price.

16.12. Joint Ventures

The Group's interests in its mineral properties are usually held through joint venture companies established under and governed by the laws of China. The Group's joint venture partners in China include state-sector entities whose actions and priorities may be dictated by government policies instead of purely commercial considerations. In addition, the Group's activities and results may be affected by problems encountered with or by its joint venture partners.

16.13. Concentration of Credit Risks

The Group is exposed to credit risks with respect to cash equivalents, other receivables, amounts due from associates, amounts due from related parties and other financial assets. The maximum exposure is equal to the carrying amount of these assets included on the consolidated statements of financial position. There is a concentration of credit risk arising from the Convertible Bonds issued by China Daye stated at $26,620,721 as at December 31, 2012. Management believes that the risk of credit loss on the Convertible Bonds is minimal as the issuer of the convertible bonds is a listed company of Stock Exchange of Hong Kong Limited.