GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

March 31, 2014

(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 March 31, 2014
(Expressed in United States Dollars)

	Note	**March 31, 2014**	December 31, 2013
ASSETS		**$**	$
Current			
Cash and cash equivalents	5	**40,910,039**	54,487,747
Prepayments, deposits and other receivables	6	**5,552,376**	3,610,871
Amounts due from an associate	7	**5,544,082**	11,614,413
Total current assets		**52,006,497**	69,713,031
Non-current			
Property, plant and equipment	8	**7,719,506**	7,849,431
Investment properties	9	**2,368,370**	2,402,460
Exploration and evaluation assets	10	**34,363,249**	34,362,002
Interests in associates	11	**2,177,736**	2,111,065
Other financial assets	12	**1,232,145**	1,232,145
Deposit paid to related parties	13	**602,246**	602,246
Total non-current assets		**48,463,252**	48,559,349
Total assets		**100,469,749**	118,272,380
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	14	**7,809,788**	26,475,416
Bank loans	15	**5,062,697**	3,578,196
Total current liabilities		**12,872,485**	30,053,612
Non-current			
Bank loans	15	**1,856,678**	1,886,300
Deferred tax liabilities		**2,639,189**	2,639,189
Total non-current liabilities		**4,495,867**	4,525,489
Total liabilities		**17,368,352**	34,579,101
SHAREHOLDERS' EQUITY			
Share capital	16	**25,497,786**	25,500,704
Reserves		**56,622,811**	57,143,054
Equity attributable to shareholders of the Company		**82,120,597**	82,643,758
Non-controlling interests	17	**980,800**	1,049,521
Total shareholders' equity		**83,101,397**	83,693,279
Total liabilities and shareholders' equity		**100,469,749**	118,272,380

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

APPROVED BY THE BOARD ON MAY 27, 2014 AND SIGNED ON ITS BEHALF BY:

(Signed)
Felipe Tan
Director

(Signed)
Hubert Marleau
Director

GobiMin Inc.
Condensed Interim Statements of Comprehensive Income (Unaudited)
For the quarter ended March 31, 2014
(Expressed in United States Dollars)

	Note	Three Months Ended **March 31 , 2014**	March 31, 2013
		$	**$**
Revenue		**-**	-
Cost of sales		**-**	-
Selling and distribution cost		**-**	-
Gross profit			-
Other revenue	18	**248,918**	162,031
General and administrative expenses	19	**(1,025,307)**	(1,099,993)
Share of results of associates and a joint venture		**159,374**	164,705
Operating loss		**(617,015)**	(773,257)
Gain on disposal of property, plant and equipment		**-**	75,194
Exchange gain (loss)		**58,005**	(64,961)
Finance costs	20	**(29,954)**	(2,676)
Loss before income tax		**(588,964)**	(765,700)
Income tax expense		**-**	-
Loss for the period		**(588,964)**	(765,700)
Other comprehensive loss, net of tax			
Exchange differences on translation of foreign operations that will or may be reclassified to profit or loss:		**-**	145,630
Total comprehensive loss for the period		**(588,964)**	(620,070)
Loss for the period attributable to:			
Shareholders of the Company		**(520,243)**	(710,111)
Non-controlling interests	17	**(68,721)**	(55,589)
		(588,964)	(765,700)
Total comprehensive income (loss) for the period attributable to:			
Shareholders of the Company		**(520,243)**	(564,481)
Non-controlling interests	17	**(68,721)**	(55,589)
		(588,964)	(620,070)
Net losses per share			
Basic and diluted	16.7	**(0.009)**	(0.012)
Weighted average number of shares outstanding		**Share**	Share
Basic and diluted	16.7	**58,004,204**	59,450,099

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 March 31, 2014
(Expressed in United States Dollars)

	Attributable to shareholders of the Company							
	Share capital Note 16.1	**Contributed surplus**	**Share option reserve**	**General reserve** Note 16.3	**Translation reserve** Note 16.4	**Retained earnings**	**Non-controlling interests** Note 17	**Total equity**
	$	$	$	$	$	$	$	$
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	-	-	-	-	-	(710,111)	(55,589)	(765,700)
Other comprehensive income	-	-	-	-	145,630	-	-	145,630
Total comprehensive income (loss)	-	-	-	-	145,630	(710,111)	(55,589)	(620,070)
Shares repurchased	(52,127)	-	-	-	-	-	-	(52,127)
Share-based compensation	-	-	39,358	-	-	-	-	39,358
At March 31, 2013	**26,066,947**	**2,399,939**	**997,720**	**7,666**	**4,066,626**	**52,260,053**	**1,372,348**	**87,171,299**
At January 1, 2014	**25,500,704**	**2,399,939**	**672,663**	**7,666**	**4,442,667**	**49,620,119**	**1,049,521**	**83,693,279**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(520,243)**	**(68,721)**	**(588,964)**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**(520,243)**	**(68,721)**	**(588,964)**
Shares repurchased	**(2,918)**	**-**	**-**	**-**	**-**	**-**	**-**	**(2,918)**
Options cancelled	**-**	**-**	**(1,544)**	**-**	**-**	**1,544**	**-**	**-**
At March 31, 2014	**25,497,786**	**2,399,939**	**671,119**	**7,666**	**4,442,667**	**49,101,420**	**980,800**	**83,101,397**

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

GobiMin Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
For the quarter ended March 31, 2014
(Expressed in United States Dollars)

	Three Months Ended	
	March 31, 2014	March 31, 2013
	$	$
Operating activities		
Loss before income tax	**(588,964)**	(765,700)
Adjustments for items not involving cash:		
- Depreciation	**171,414**	111,629
- Share-based payment	**-**	39,358
- Share of results of associates and a joint venture	**(159,374)**	(164,705)
- Gain on disposal of property, plant and equipment	**-**	(75,194)
- Exchange difference	**(58,005)**	64,961
- Interest income	**(171,565)**	(114,975)
- Interest expense	**27,575**	903
	(778,919)	(903,623)
Working capital adjustments:		
- Prepayments, deposits and other receivables	**(1,883,500)**	(1,063,990)
- Amount due from an associate	**6,070,331**	(2,024,238)
- Other payables, receipts in advance and accrued liabilities	**(18,653,605)**	(3,020,332)
Net cash flow used in operating activities	**(15,245,693)**	(7,012,283)
Financing activities		
Interest paid	**(27,575)**	(903)
Shares repurchased	**(2,918)**	(52,127)
New bank loans raised	**4,945,946**	-
Repayment of bank loan	**(3,491,067)**	-
Repayment of obligations under finance lease	**(12,022)**	(11,459)
Net cash flow from (used in) financing activities	**1,412,364**	(64,489)
Investing activities		
Interest received	**171,565**	114,975
Dividend received	**92,703**	61,802
Additions of property, plant and equipment	**(7,400)**	(512)
Additions of exploration and evaluation assets	**(1,247)**	(51,393)
Payment for acquisition of leasehold land and buildings	**-**	(1,119,075)
Disposal of property, plant and equipment	**-**	99,713
Net cash flow from (used in) investing activities	**255,621**	(894,490)
Decrease in cash and cash equivalents	**(13,577,708)**	(7,971,262)
Effect of foreign exchange rate changes	**-**	285,445
Cash and cash equivalents at beginning of the period	**54,487,747**	46,608,027
Cash and cash equivalents at end of the period	**40,910,039**	38,922,210

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

(Express in United States Dollars)

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, 2013, 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, 2013. 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, 2014.

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of the previous year, except for the adoption of the following new standards and interpretations effective as of January 1, 2014.

IFRS 10, IFRS 12 and IAS 27 (2011) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (2011) – *Investment Entities*[1]
IAS 32 Amendments	Amendments to IAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities1*
IFRIC 21	*Levies*[1]

IFRS 10 Amendments defines an investment entity and requires a parent that is an investment entity to measure its investments in particular subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. The amendments also introduce disclosure requirements for investment entities into IFRS 12 *Disclosure of Interest in Other Entities* and amends IAS 27 *Separate Financial Statements*. The amendments have no impact to the Group since none of the entities in the Group qualifies to be an investment entity under IFRS 10.

IAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set-off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. These amendments have no impact on the Group.

IFRIC 21 interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity that triggers the payment of the levy, as identified by the legislation. These amendments have no impact on the Group.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents held in different locations:

Location	March 31, 2014	December 31, 2013
	$	$
Canada	**361,824**	452,508
Hong Kong	**13,863,958**	49,532,763
China	**26,684,257**	4,502,476
Total	**40,910,039**	54,487,747

As at March 31, 2014, it included approximately $4.3 million (RMB26 million) (December 31, 2013: $15.8 million (RMB96 million)) cash balance denominated in RMB among the cash and cash equivalents located in Hong Kong.

The RMB located in China is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business.

The 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	March 31, 2014	December 31, 2013
		$	$
Deferred expenditure	6.1	**3,424,942**	2,749,266
Prepayments	6.2	**1,043,725**	47,028
Deposits	6.3	**965,603**	714,749
Other receivables		**118,106**	99,828
Total		**5,552,376**	3,610,871

6.1 Deferred expenditure

Pursuant to the supplemental agreement dated May 31, 2012 in relation to the disposal of Yanxi Copper Property, the Group, together with the 2 shareholders of Xinjiang Tongxing Minerals Limited ("Tongxing"), was entitled to an additional consideration of $10,831,459 (HK$84,160,440) for the area 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 March 31, 2014, the Group had incurred expenditure of $3,424,942 (December 31, 2013: $2,749,266) in relation to the mining licence application and this expenditure was recognized as deferred expenditure.

(Express in United States Dollars)

6.2 Prepayments

As at March 31, 2014, the balance mainly represented the consideration for New Area paid to the shareholders of Tongxing of $1,005,566 (December 31, 2013: Nil).

6.3 Deposits

As at March 31, 2014, the deposits mainly represented the deposit of $767,743 (December 31, 2013: $614,599) 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 March 31, 2014 and December 31, 2013, the amount due from an associate was 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.

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	$	$	$	$	$	$
At January 1, 2013	**769,627**	**122,409**	**382,101**	**673**	**1,097,640**	**2,372,450**
Exchange difference	20,465	(1,274)	9,570	18	21,886	50,665
Additions	6,597,522	-	8,883	-	-	6,606,405
Disposals	-	-	-	-	(104,689)	(104,689)
At December 31, 2013	**7,387,614**	**121,135**	**400,554**	**691**	**1,014,837**	**8,924,831**
Additions	**-**	**7,400**	**-**	**-**	**-**	**7,400**
At March 31, 2014	**7,387,614**	**128,535**	**400,554**	**691**	**1,014,837**	**8,932,231**
Depreciation and impairment:						
At January 1, 2013	**72,683**	**122,409**	**146,207**	**392**	**378,496**	**720,187**
Exchange difference	1,342	(1,274)	3,242	11	(596)	2,725
Depreciation for the year	175,414	-	55,422	138	201,076	432,050
Disposals	-	-	-	-	(79,562)	(79,562)
At December 31, 2013	**249,439**	**121,135**	**204,871**	**541**	**499,414**	**1,075,400**
Depreciation for the period	**76,841**	**-**	**14,048**	**35**	**46,401**	**137,325**
At March 31, 2014	**326,280**	**121,135**	**218,919**	**576**	**545,815**	**1,212,725**
Net book value:						
At December 31, 2013	**7,138,175**	**-**	**195,683**	**150**	**515,423**	**7,849,431**
At March 31, 2014	**7,061,334**	**7,400**	**181,635**	**115**	**469,022**	**7,719,506**

(Express in United States Dollars)

At March 31, 2014, the net carrying amount of property, plant and equipment which are located in Hong Kong amounted to $6,468,913 (December 31, 2013: $6,536,567). The remaining property, plant and equipment are located in China.

At March 31, 2014, the net carrying amount of property, plant and equipment included motor vehicles of $61,261 (December 31, 2013: $70,013) 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 was used by the Group upon the expiry of the 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 facility of $2,059,202 (HK$16,000,000). The outstanding balance amounted to $1,973,429 (HK$15,333,540) as at March 31, 2014. For details of the bank loan, please refer to note 15 to the financial statements.

9. INVESTMENT PROPERTIES

Cost:	$
At January 1, 2013	2,794,972
Exchange difference	76,011
At December 31, 2013 and March 31, 2014	**2,870,983**
Depreciation and impairment:	
At January 1, 2013	327,650
Exchange difference	4,513
Depreciation for the year	136,360
At December 31, 2013	**468,523**
Depreciation for the period	**34,090**
At March 31, 2014	**502,613**
Net book value:	
At December 31, 2013	**2,402,460**
At March 31, 2014	**2,368,370**

Investment properties comprised commercial properties in China that are leased to third parties and related parties (note 21.2). 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 have been pledged for a bank facilities of $4,826,255 (RMB30,000,000), of which $2,574,003 (RMB16,000,000) was utilized at December 31, 2013 and fully repaid in January 2014. For details of the bank loan, please refer to note 15 to the financial statements.

(Express in United States Dollars)

The estimated fair value of the Group's investment properties as at March 31, 2014 was approximately $7,490,534 (December 31, 2013: $7,940,534). 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 similar conditions.

10. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note (a)	**Others** Note (b)	**Total**
Cost:	$	$	$
At January 1, 2013	**8,206,469**	**21,742,132**	**34,362,002**
Exchange difference	223,179	591,286	814,465
Additions	52,668	3,546,268	3,598,936
At December 31, 2013	**8,482,316**	**25,879,686**	**34,362,002**
Additions	**-**	**1,247**	**1,247**
At March 31, 2014	**8,482,316**	**25,880,933**	**34,363,249**

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 years. As at March 31, 2014, the remaining valid period of the mining licence was approximately 4 years and exploration licence was less than 1 year.

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

11. INTERESTS IN ASSOCIATES

As at	**March 31, 2014**	December 31, 2013
	$	**$**
Share of net assets	**2,177,736**	2,111,065

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

As at March 31, 2014	**Hong Kong Companies**	**China Companies**	**Total**
	$	**$**	**$**
Current assets	**13,551,736**	**1,745,603**	**15,297,339**
Non-current assets	**682,604**	**45,874**	**728,478**
Current liabilities	**(11,074,221)**	**(140,859)**	**(11,215,080)**
Non-current liabilities	**-**	**-**	**-**
Net assets	**3,160,119**	**1,650,618**	**4,810,737**

As at December 31, 2013	**Hong Kong Companies**	**China Companies**	**Total**
	$	**$**	**$**
Current assets	17,523,088	1,828,797	19,351,885
Non-current assets	709,933	46,596	756,529
Current liabilities	(15,223,634)	(210,500)	(15,434,134)
Non-current liabilities	-	-	-
Net assets	3,009,387	1,664,893	4,674,280

(Express in United States Dollars)

Particulars of associates as at March 31, 2014 and December 31, 2013:

Company name	**Place of incorporation and principal place of business**	**Total issued and paid-up capital**	**Attributable interest held by the Company**	**Principal activities**
China Precision Material Limited	Hong Kong, China	HK$20,000,000	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
新疆同安礦業有限公司 Xinjiang Tongan Minerals Limited (1)	Xinjiang, China	RMB5,000,000	40.00%	Exploration of mineral resources
新疆同德礦業有限責任公司 Xinjiang Tongde Minerals Limited (1)	Xinjiang, China	RMB10,000,000	40.00%	Exploration of mineral resources
新疆同成礦業有限責任公司 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 is $659,460 (RMB4,000,000) and $131,892 (RMB800,000) has been contributed as capital as at March 31, 2014 (note 22.1). The remaining 60% equity interest is owned by two local partners.

12. OTHER FINANCIAL ASSETS

As at	Note	**March 31, 2014**	December 31, 2013
		$	$
Listed debentures	12.1	**1,005,145**	1,005,145
Available-for-sale financial asset	12.2	**227,000**	227,000
Total		**1,232,145**	1,232,145

12.1 Listed debentures

They represent 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.

12.2 Available-for-sale financial asset

It represents a 3.5% equity interest in Tongxing, a company incorporated in China. It is measured at cost less any identified impairment loss.

For the year ended December 31, 2013, an impairment of $3,106,333 was recognised in the statement of comprehensive income.

(Express in United States Dollars)

13. DEPOSIT PAID TO RELATED PARTIES

(a) A deposit of $82,432 (December 31, 2013: $82,432) was paid to a non-controlling shareholder of an associate for exploration services.

(b) A deposit of $519,814 (December 31, 2013: $519,814) 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 exploration and evaluation assets upon the completion of exploration services.

14. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at	**March 31, 2014**	December 31, 2013
	$	$
Other payables	**1,979,236**	20,322,946
Accrued liabilities	**121,199**	373,505
Receipts in advance	**132,079**	158,919
Deposit received	**5,556,915**	5,587,666
Obligation under finance leases – current	**20,359**	32,380
	7,809,788	26,475,416

At March 31, 2014, deposit received included an amount of $5,415,730 (HK$42,080,220) (December 31, 2013: $5,415,730 (HK$42,080,220)) received from China Daye Non-Ferrous Metals Mining Limited as partial settlement of the consideration for the New Area.

At March 31, 2014, the Group had obligation under finance leases of $20,359 (December 31, 2013: $32,380). Future lease payments are due as follows:

As at March 31, 2014	**Minimum lease payments**	**Interest**	**Present value**
	$	**$**	**$**
Within one year	**20,604**	**245**	**20,359**
In the second to fifth years inclusive	**-**	**-**	**-**
Total	**20,604**	**245**	**20,359**

As at December 31, 2013	**Minimum lease payments**	**Interest**	**Present value**
	$	$	$
Within one year	32,966	586	32,380
In the second to fifth years inclusive	-	-	-
Total	32,396	586	32,380

15. BANK LOANS

As at	Note	**March 31, 2014**	December 31, 2013
		$	$
Bank loan due for repayment within one year	15.1	**4,945,946**	3,462,162
Mortgage loan due for repayment within one year	15.2	**116,751**	116,034
Mortgage loan due for repayment after one year	15.2	**1,856,678**	1,886,300
Total bank loans, secured and interest bearing		**6,919,375**	5,464,496

These bank loans were scheduled to repay as follows:

As at	March 31, 2014	December 31, 2013
	$	$
On demand or within one year	**5,062,697**	3,578,196
More than one year, but not exceeding five years	**497,155**	494,103
More than five years	**1,359,523**	1,392,197
	6,919,375	5,464,496

15.1 Bank loan due for repayment within one year

As at March 31, 2014, the balance represented $2,574,003 (RMB30,000,000) bank loan which denominated in RMB and bears interest rate at 5.60% per annum. The bank loan is due for repayment by May 27, 2014.

As at December 31, 2013, the balance comprised of $2,574,003 (RMB16,000,000) and $804,376 (RMB5,000,000) bank loan which denominated in RMB and bears interest rate at 6.00% per annum and 7.28% per annum respectively. The RMB16,000,000 loan is secured by the investment properties as disclosed in note 9 to the financial statements and is due for repayment by May 6, 2014. The RMB5,000,000 was repaid at January 12, 2014.

15.2 Mortgage loan

The mortgage loan with principal of $2,030,926 (HK$15,780,295) is denominated in Hong Kong dollars and bears interest at Hong Kong Prime Rate minus 2.5% per annum. It is secured by (i) the leasehold land and buildings of the Group; (ii) a corporate guarantee given by an associate to the extent of HK$16,000,000; and (iii) a personal guarantee given by a director to the extent of HK$16,000,000 as disclosed in notes 9 and 21.2 to the financial statements. The mortgage loan is repayable by 180 monthly installments with the last installment on June 26, 2028.

16. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS

16.1 Common Shares

	Number	Amount
Authorized:		$
Unlimited number of common shares		
Issued and outstanding:		
At January 1, 2013	59,466,482	26,119,074
Shares repurchased and cancelled	(1,455,500)	(618,370)
At December 31, 2013	**58,010,982**	**25,500,704**
Shares repurchased and cancelled	**(8,000)**	**(2,918)**
At March 31, 2014	**58,002,982**	**25,497,786**

16.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

(Express in United States Dollars)

16.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the three months ended March 31, 2014, there was no movement in the general reserve.

16.4 Translation Reserve

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

16.5 Normal Course Issuer Bid

On February 11, 2014, GobiMin was approved to renew its normal course issuer bid to repurchase up to an additional 2,900,149 common shares (2013: 2,973,324), 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 February 11, 2015. All shares repurchased will be returned to treasury for cancellation.

During the period from January 1 to March 31, 2014, a total of 8,000 common shares were repurchased at an aggregate cost of $2,918 (CAD3,110) under the normal course issuer bid renewed on January 16, 2013. All shares repurchased were returned to treasury for cancellation.

16.6 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 (December 31, 2013: 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:

	Three months ended March 31, 2014		Three months ended March 31, 2013	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
		$		$
Outstanding, beginning of the period	**1,738,000**	**0.63**	2,832,000	0.69
Forfeited during the period	**(4,800)**	**0.76**	-	-
Outstanding, end of the period	**1,733,200**	**0.63**	2,832,000	0.69

(Express in United States Dollars)

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 March 31, 2014							
0.79	0.76	281,400	1.25	0.76	226,400	1.25	0.76
0.60	0.60	1,300,000	0.75	0.60	1,300,000	0.75	0.60
0.60	0.60	151,800	2.75	0.60	93,000	2.75	0.60
		1,733,200	1.01	0.63	1,619,400	0.93	0.63
At December 31, 2013							
0.79	0.76	283,000	1.50	0.76	226,400	1.50	0.76
0.60	0.60	1,300,000	1.00	0.60	1,300,000	1.00	0.60
0.60	0.60	155,000	3.00	0.60	93,000	3.00	0.60
		1,738,000	1.26	0.63	1,619,400	1.18	0.63

(i) The weighted average remaining contractual life for the options exercisable as at March 31, 2014 was 0.93 years. (December 31, 2013: 1.18 years)
(ii) The weighted average remaining contractual life for the options outstanding as at March 31, 2014 was 1.01 years. (December 31, 2013: 1.26 years)
(iii) The range of exercise price for options outstanding as at March 31, 2014 was $0.60 to $0.76. (December 31, 2013: $0.60 to $0.76)

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:

Grant date	November 23, 2011	November 23, 2011	July 7, 2010
Exercise Price (CAD)	0.6000	0.6000	0.7900
Expected life (year)	3	5	5
Expected volatility	53%	53%	48%
Dividend yield	-	-	-
Discount rate	0.40%	0.88%	1.79%
Forfeiture rate	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.

(Express in United States Dollars)

16.7 Basic and Diluted Losses Per Share

For the three months ended	March 31, 2014	March 31, 2013
Net losses attributable to shareholders		
Basic and diluted	**($520,243)**	($710,111)
Weighted average number of shares outstanding		
Basic	**58,004,204**	59,450,099
Diluted	**58,004,204**	59,450,099
Basic and diluted losses per share	**($0.009)**	($0.012)

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.

17. NON-CONTROLLING INTERESTS

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

18. OTHER REVENUE

For the three months ended	March 31, 2014	March 31, 2013
	$	$
Interest income	**171,565**	114,975
Rental income	**77,353**	47,056
Total other revenue	**248,918**	162,031

19. NATURE OF EXPENSES

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

19.1 Employee costs (including remuneration of key management and directors as stated in note 21.1):

For the three months ended	March 31, 2014	March 31, 2013
	$	$
Wages and other benefits	**499,095**	411,754
Payment to defined contribution plans	**26,462**	25,492
Share-based payment	**-**	39,358
Total employee costs	**525,557**	476,604

19.2 Depreciation:

For the three months ended	March 31, 2014	March 31, 2013
	$	$
Depreciation	**171,414**	111,629

(Express in United States Dollars)

20. FINANCE COSTS

For the three months ended	March 31, 2014	March 31, 2013
	$	$
Finance charge under finance leases	**341**	1,773
Loan interest	**27,234**	-
Bank charges	**2,379**	903
Total finance costs	**29,954**	2,676

21. RELATED PARTY TRANSACTIONS

21.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	March 31, 2014	March 31, 2013
	$	$
Wages, fees and other benefits	**134,228**	134,944
Payment to defined contribution plans	**2,959**	2,489
Share-based payment	**-**	36,602
	137,187	174,035

21.2 Related party transactions

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

		For the three months ended	
Relationship	**Type of transactions**	**March 31, 2014**	March 31, 2013
		$	$
Company controlled by a director	Rental income	**6,595**	6,435
Company controlled by a director	Gain on disposal of a motor vehicle	**-**	75,194
An associate	Interest income	**78,134**	24,238
An associate	Share of office common expenses	**18,710**	-
An associate	Dividend income	**92,703**	-

As at March 31, 2014 and December 31, 2013, the Group has a mortgage loan facility as disclosed in note 15.2 to the financial statements, which was secured by a guarantee given by an associate and a guarantee given by a director both to the extent of $2,059,202 (HK$16,000,000).

The Group provided a second legal charge over its leasehold land and buildings to secure a banking facility of $1,700,000 (December 31, 2013: $1,700,000) granted to an associate. As at March 31, 2014, the full amount of $1,700,000 was being utilized.

21.3 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 13 to the financial statements respectively.

(Express in United States Dollars)

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

22. COMMITMENTS

22.1 Capital commitments

As at March 31, 2014	Contract Date	Contracted Sum	Capital Commitments
		$	$
Exploration services relating to the Gold Project	April 7, 2010	758,378	**238,564**
Mine design and related facilities of the Gold Project	October 31, 2011	1,318,919	**668,507**
Office building of the Gold Project	April 18, 2012	4,570,190	**615,665**
Drilling and exploration services relating to the Gold Project	June 25, 2012	10,620,974	**2,816,562**
Office building decoration of the Gold Project	March 2, 2013	2,398,575	**2,398,575**
Retaining wall and leveling for the office building of the Gold Project	December 16, 2013	542,547	**381,160**
Total capital commitments for the Gold Project		20,209,583	**7,119,033**

Other than the above capital commitments, the Group has contracted commitment for capital contributions payable to an associate of $527,568 (RMB3,200,000) (note 11).

22.2 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.

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	March 31, 2014	December 31, 2013
	$	$
Within one year	**103,398**	94,392
In the second to fifth years inclusive	**214,214**	78,778
Total future minimum lease receivables	**317,612**	173,170

(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:

(Express in United States Dollars)

As at	March 31, 2014	December 31, 2013
	$	$
Within one year	**33,778**	89,425
In the second to fifth years inclusive	**43,923**	50,834
After five years	**1,187**	2,968
Total future minimum lease payables	**78,888**	143,227

23. 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.

24. 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.

24.1 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**
	$	$	$	$
March 31, 2014				
Listed debentures	**1,005,145**	**-**	**-**	**1,005,145**
Available-for-sale financial asset	**-**	**227,000**	**-**	**227,000**
	1,005,145	**227,000**	**-**	**1,232,145**

December 31, 2013				
Listed debentures	1,005,145	-	-	1,005,145
Available-for-sale financial asset	-	227,000	-	227,000
	1,005,145	227,000	-	1,232,145

24.2 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.

24.3 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 located in PRC, 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 March 31, 2014, 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 $6,000. 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.

24.4 Credit Risk

The Group is exposed to credit risk with respect to cash equivalents, other receivables, amount due from an associate, deposit paid to related parties and other financial assets. The maximum exposure equal to the carrying amount of these assets included on the consolidated statements of financial position. 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.

24.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at March 31, 2014, the Group held cash and cash equivalents of $40,910,039 and net current assets of $39,134,012. The Group considered that its cash and cash equivalents is more than sufficient in meeting its obligations associated with financial liabilities and fulfilling its capital commitments.

24.6 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.

25. 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 $83,101,397 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.

26. EVENTS AFTER THE REPORTING DATE

26.1 For the period from April 1, 2014 to May 27, 2014, a total of 210,000 common shares were repurchased at an aggregate cost of $79,339 (CAD84,563). All shares repurchased will be returned to treasury for cancellation.

26.2 On April 23, 2014, GobiMin announced that China Precision kicked off its plan to apply for listing on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("HKEx") by way of placing. In order to have the silver operation listed publicly, the capital structure of China Precision would be reorganised. All the shares held by the existing shareholders of China Precision will be swapped for the shares in a newly incorporated Hong Kong company ("New HK Listco"). In order to partially settle the amount due to GobiMin Silver Limited ("GobiMin Silver"), New HK Listco would issue shares to GobiMin Silver credited as fully paid-up by capitalisation of part of the loan amount. The remaining loan balance would be settled by cash upon listing. Concurrently with its listing, New HK Listco would complete an offering of shares. The equity interest of GobiMin, through GobiMin Silver, in New HK Listco would remain approximately 48.02%. Subject to the successful listing, New HK Listco would be the listed holding company of China Precision and its subsidiaries. The application for listing and details of the transaction are subject to approval of the HKEx.

26.3 On April 24, 2014, the Company declared an annual dividend of $0.01 (CAD0.01) per share in accordance with its dividend policy. The dividend will be paid on June 24, 2014 to shareholders of record on May 29, 2014.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

March 31, 2014

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Management's Discussion and Analysis of Financial Results
For the quarter ended March 31, 2014
(Expressed in United States Dollars)
May 27, 2014

The following discussion and analysis of the condensed operating results and financial condition of GobiMin Inc. for the quarter ended March 31, 2014 should be read in conjunction with its condensed interim financial statements for the quarter ended March 31, 2014 prepared in accordance with International Financial Reporting Standards ("IFRS") and its audited consolidated financial statements for the year ended December 31, 2013 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% equity interests each in three companies incorporated in China to engage in base metals and precious metal exploration, including nickel, copper and gold, in Xinjiang, and a 3.5% equity interest in the Yanxi Copper Property (the "Yanxi Copper Property").

2. Financial Highlights

	3 months ended March 31		12 months ended
	2014	2013	December 31, 2013
	$	$	$
Revenue	**-**	-	-
Other revenue	**0.2 million**	0.2 million	1.5 million
Share of results of associates and a joint venture	**0.2 million**	0.2 million	0.3 million
Loss for the period	**(0.6 million)**	(0.8 million)	(3.6 million)
LBITDA [(1)]	**(0.6 million)**	(0.8 million)	(4.2 million)
Basic and diluted losses per share	**(0.009)**	(0.012)	(0.05)
LBITDA per share[(1)]	**(0.010)**	(0.013)	(0.07)
Cash and cash equivalents	**40.9 million**	38.9 million	54.5 million
Cash and cash equivalents per share[(1)]	**0.71**	0.66	0.94
Working capital	**39.1 million**	45.0 million	39.7 million
Total non-current financial liabilities	**4.5 million**	20,000	4.5 million
Total liabilities	**17.4 million**	30.2 million	34.6 million
Total assets	**100.5 million**	117.4 million	118.3 million

Note:
(1) As non-IFRS measurements, ***LBITDA (****losses before interest income and expense, income taxes, depreciation and amortisation),* ***LBITDA per share*** *and* ***Cash and cash equivalents per share*** *do not comply with IFRS and, therefore, the amounts presented in the above table may not be comparable to similar data presented by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.*

3. Business Summary and Development

3.1. Gold Project in Xinjiang

(a) Background and Location

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing and operating the Gold Project in Xinjiang.

The Gold Project is located 200 km northwest of the city of Kashi, western Xinjiang, China and lies within the Tian Shan Gold Belt, which is one of the most promising gold belts in China.

(b) Mineralisation

Mineralisation is separated into two main areas, a western zone and an eastern zone, known as "Zone IV" and "Zone I" respectively, which form two distinct mineralised zones. Both areas contain multiple veins or mineralised bodies which have strike and dip extensions however all strike NE-SW, crosscut the stratigraphy at a low angle and generally dip steeply (60° to 80°) to the northwest. The bulk of the currently defined mineralisation is contained within two very continuous mineralised bodies, one in Zone IV and one in Zone I.

(c) Update

The NI 43-101 compliant resource estimate update has been published in April 2014. At a cut-off grade of 1.0 grams/tonne gold, its Zone I and Zone IV are estimated to contain a total of approximately 22 million tonnes at an average grade of 1.8 grams/tonne Au (about 1.27 million contained oz Au) in the Measured and Indicated Resources category and approximately 62 million tonnes averaging 1.4 grams/tonne Au (about 2.7 million contained oz Au) in the Inferred Resources category. The exploration results of 2013 has further increased the confidence and understanding of the mineralization and thus provide more reliable data for the mining plan. The full report is available on SEDAR at www.sedar.com and the Company's website at www.gobimin.com.

Due to the snowing weather of the Gold Project area, no exploration activity was conducted during the four months ended April 30, 2014. GobiMin plans to commence the 2014 drilling programs by early June 2014.

(d) Exploration and Evaluation Assets

During the first quarter of 2014, there were no significant addition of exploration and evaluation assets, leaving the balance of $34.4 million as at March 31, 2014. The exploration and evaluation assets include mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses.

As at March 31, 2014, the Company also has a remaining contractual commitment of $7.2 million for the further development of the Gold Project, including drilling and exploration services, office building, design of mine and related facilities.

(e) Plan for 2014

In view of the current market situation, GobiMin plans to reduce the drilling program to approximately 6,500 meters for 2014. Along with this, GobiMin will continue to pursue the major design and/or construction of mine development, tailing ponds, camp facilities and access roads but in less extent as planned before.

GobiMin will keep negotiations for cooperation with major gold producer in China for development of the Gold Project.

3.2. <u>Silver Operation</u>

GobiMin 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 since August 2010 for processing the silver into bars and granules with 99.99% purity for sale to industrial customers. To increase product variety and profit contribution, it will continue to source and explore new potential business opportunities in this sector.

(a) Update

The Group has made advances to China Precision from time to time to finance its silver inventory. As at March 31, 2014, amounts due from China Precision to the Group amounted to $5.5 million while China Precision had a silver inventory of 14.5 tonnes with a market value of $9.1 million. The Group recorded interest income of $78,134 on these advances for the three months ended March 31, 2014. China Precision recorded a net profit of about $0.34 million for three months ended March 31, 2014, with GobiMin's share amounting to $0.16 million.

On April 23, 2014, GobiMin announced that China Precision kicked off its plan to apply for listing on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("HKEx") by way of placing. As at March 31, 2014, an amount of approximately $5.6 million was due to from China Precision that would be fully settled upon listing partially by cash and partially by new issue of share of listed company. The equity interest of GobiMin in China Precision would remain approximately 48.02%. The application for listing is subject to approval of the HKEx.

3.3. <u>Base Metal Exploration Projects in Xinjiang</u>

(a) Three Exploration Companies

The Group owns 40% equity interests each in three exploration companies incorporated in Xinjiang, China for nickel, copper, and gold. They are treated as associates of the Group. The net cost of the investment in these three exploration companies amounted to $1.0 million (RMB6.3 million). The carrying value of these companies as at March 31, 2014 was $0.7 million (RMB4.0 million). Exploration programs of the three exploration companies will continue in 2014.

(b) Yanxi Copper Property

During the year ended December 31, 2012, GobiMin recorded a gain on disposal of the Yanxi Copper Property of $8.2 million. After this disposal, GobiMin held 8% equity interest in Xinjiang Tongxing Minerals Limited ("Tongxing"), which is the licence holding company of the Yanxi Copper Property. In November 2013, the equity interest in Tongxing owned by the Group was further diluted from 8% to 3.5% due to the capital injection by one of its shareholders.

In respect of an area adjacent to the Yanxi Copper Property (the "New Area"), the Group and the two local shareholders is entitled to an additional consideration (the "Additional Consideration") of $10.8 million (HK$84,160,440), of which $5.4 million (HK$42,080,220) was received and recorded as deposit received in 2012. The remaining $5.4 million (HK$42,080,220) is withheld by China Daye Non-Ferrous Metals Mining Limitd ("China Daye") to settle the fee relating 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 payment. The Group is responsible for applying for the New Mining Licence on or before June 30, 2014. The application for the New Mining Licence is in process and GobiMin is liaising with the relevant government departments to facilitate the application. Up to March 31, 2014, the Group had incurred expenditures of $3.4 million in relation to the New Area. These expenditures were recognized as deferred expenditure in the statement of financial position.

3.4. Normal Course Issuer Bid

On February 11, 2014, GobiMin was approved to renew its normal course issuer bid to repurchase an additional 2,900,149 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 February 11, 2015. For the three months ended March 31, 2014, a total of 8,000 common shares were repurchased at an aggregate cost of $2,918 (CAD3,110) under the normal course issuer bid for 2013. For the period from April 1, 2014 to May 27, 2014, a total of 210,000 common shares were repurchased under the normal course issuer bid for 2014 at an aggregate cost of $79,339 (CAD84,563). 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 2014 will be provided to shareholders upon receipt of written request to the Company at its registered office.

3.5. Liquidity and Capital Resources

As at March 31, 2014, the Group had a working capital of about $39.1 million (December 31, 2013: $39.7 million), by netting off its current assets of $52.0 million (December 31, 2013: $69.7 million) with current liabilities of $12.9 million (December 31, 2013: $30.0 million).

Among the cash and cash equivalents of $40.9 million, about $26.7 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.

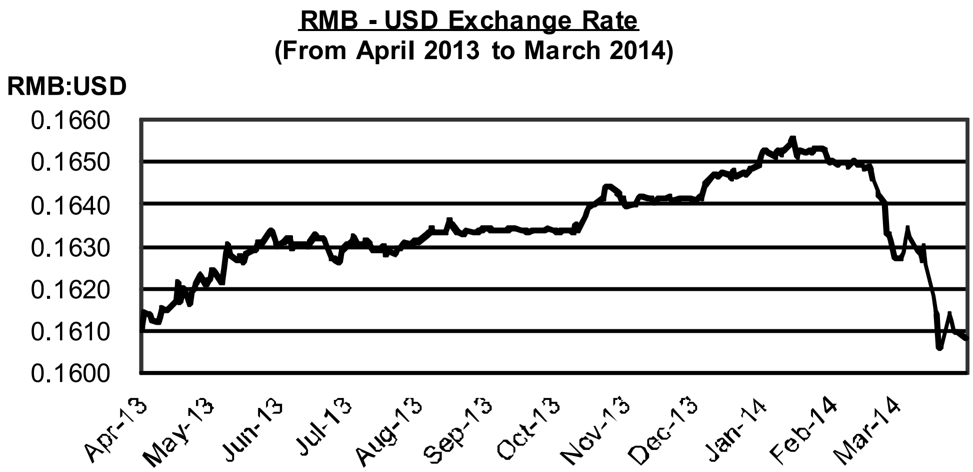
The Group has no difficulties in meeting obligations associated with its financial liabilities and commitment. The Group has determined that its cash and cash equivalents will be more than sufficient to finance its operation, including the current commitments of the Gold Project of approximately $7.1

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

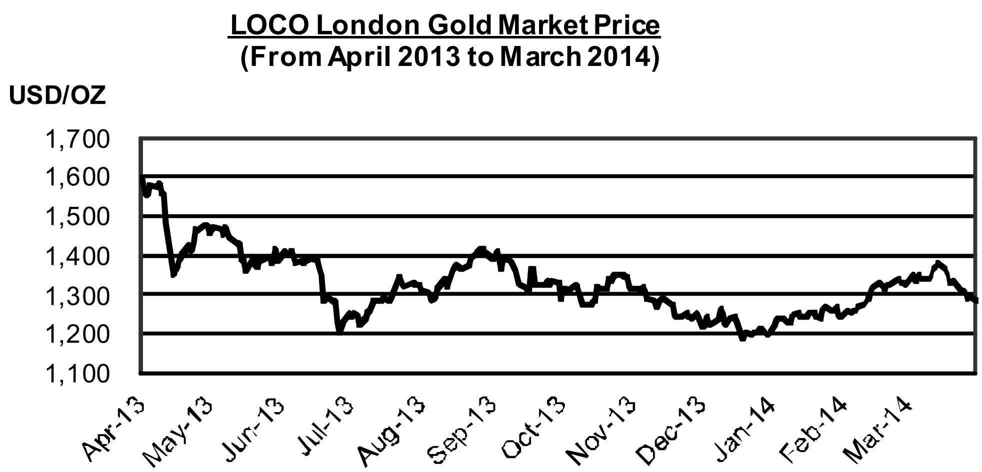
4.1. China Economy

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 March 31, 2014, the Chinese Renminbi ("RMB") appreciated by 2.70% against the U.S. dollar comparing with the exchange rate on March 31, 2013.



4.2. Gold Market

The price of gold has a strong influence on the Gold Project's value. As at March 31, 2014, the gold price has decreased by around 25% against the price on March 31, 2013.



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. Exploration and evaluation assets

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 these condensed financial statements are listed below. The Group intends to adopt these standards when they become effective.

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.

(Expressed in United States Dollars)

7. Selected Quarterly Information

As at / For the three months ended	**March 31, 2014**	December 31, 2013	September 30, 2013	June 30, 2013
	$	$	$	$
Revenue	**-**	-	-	-
Loss for the period	**(588,964)**	(659,856)	(1,342,659)	(826,441)
Basic and diluted losses per share	**(0.009)**	(0.01)	(0.018)	(0.012)
Cash and cash equivalents	**40,910,039**	54,487,747	33,830,149	32,567,452
Total assets	**100,469,749**	118,272,380	120,803,054	120,823,499

As at / For the three months ended	March 31, 2013	December 31, 2012	September 30, 2012	June 30, 2012
	$	$	$	$
Revenue	-	-	-	-
Profit/(Loss) for the period	(765,700)	(639,989)	4,704,839	(908,932)
Basic and diluted earnings/(losses) per share	(0.012)	(0.010)	0.084	(0.013)
Cash and cash equivalents	38,922,210	46,608,027	50,255,823	58,792,230
Total assets	117,418,355	121,082,985	112,206,072	116,829,716

The above financial information was prepared in accordance with IFRS.

For the three months ended March 31, 2014, the Group reported a net loss of $0.6 million (Q1 2013: loss $0.8 million) which mainly comprised the general and administrative expenses of $1.0 million (Q1 2013: $1.1 million) netting off other revenue and share of results of associates of $0.4 million (Q1 2013: $0.3 million).

In this quarter, the Group recorded net cash outflow of $13.6 million (Q1 2013: cash outflow of $8.0 million). It was mainly the combined effect of $19.8 million settlement of payable related to the disposal of Yanxi Copper Property and prepayment for New Area, repayment of bank loan of $3.5 million and the cash outflow for the office expenses of $1.0 million, netted against the repayment from China Precision of $6.0 million and new bank loan raised of $4.9 million.

The total assets decreased by $17.8 million from $118.3 million as at December 31, 2013 to $100.5 million in this quarter. It was mainly due to the payment of $19.8 million to settle the amounts payable related to the disposal of Yanxi Copper Property and prepayment for New Area, repayment of bank loan of $3.5 million and the office expenses incurred of $1.0 million, net of the increase in prepayment and deferred expenditure related to the disposal of Yanxi Copper Property of $1.7 million and cash received from the drawdown of bank loans of $4.9 million.

8. Results of Operations

8.1. <u>Revenue</u>

No revenue (3 months Q1 2013: Nil) from operations has been recorded in this quarter.

Other revenue in the first quarter of 2014 was $0.2 million (3 months Q1 2013: $0.2 million) including interest income of $0.1 million (3 months Q1 2013: $0.1 million) and rental income of $0.1 million from the office building in Xinjiang (3 months Q1 2013: $0.1 million).

(Expressed in United States Dollars)

8.2. General and Administrative Expenses

General and administrative expenses were $1.0 million in this quarter (3 months Q1 2013: $1.1 million). They mainly represent pre-operating expenses incurred for the Gold Project, office rental, staff costs and professional fees.

8.3. Losses Per Share

The basic and diluted losses per share were $0.009 for this quarter (3 months Q1 2013: $0.012).

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 $0.6 million as compared to $0.8 million in 2013 Q1. The following table presents the calculation of LBITDA for the period:

For the three months ended	**March 31, 2014**	March 31, 2013
	$	$
Losses for the period	**(588,964)**	(765,700)
Interest income	**(171,565)**	(114,975)
Interest expense	**-**	-
Depreciation	**171,414**	111,629
LBITDA (1)	**(589,115)**	(769,046)
LBITDA per share (2)	**(0.010)**	(0.013)

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 April 24, 2014, the Company declared an annual dividend of $0.01 (CAD0.01) per share in accordance with its dividend policy. The dividend will be paid on June 24, 2014 to shareholders of record on May 29, 2014.

9. Cash Flows

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

As at	**March 31, 2014**	December 31, 2013
	$	$
Cash and cash equivalents	**40,910,039**	54,487,747
Working capital (1)	**39,134,012**	39,659,419

For the three months ended	**March 31, 2014**	March 31, 2013
	$	$
Net cash flow used in operating activities	**(15,245,693)**	(7,012,283)
Net cash flow from (used in) financing activities	**1,412,364**	(64,489)
Net cash flow from (used in) investing activities	**255,621**	(894,490)

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

9.1. Operating Activities

In this quarter, net cash outflow from operating activities was $15.2 million (3 months Q1 2013: cash outflow of $7.0 million) which mainly represents a $6.1 million repayment from China Precision (3 months Q1 2013: advance of $2 million) netting off the settlement of other payables related to Yanxi Disposal of $19.1 million.

9.2. Financing Activities

The cash inflow from financing activities was $1.4 million in this quarter (3 months Q1 2013: cash outflow of $64,489). It mainly comprises the cash received from drawdown of bank loans of $4.9 million (3 months Q1 2013: Nil) netting off the repayment of bank loan of $3.5 million (3 months Q1 2013: Nil).

9.3. Investing Activities

The cash inflow from investing activities was $0.3 million in this quarter (3 months Q1 2013: cash outflow of $0.9 million). It mainly represents the $0.2 million interest income (3 months Q1 2013: $0.1 million) and dividend received from an associate of $0.1 million (3 months Q1 2013: $0.1 million), while there is a payment of $1.1 million for the acquisition of leasehold land and buildings in Q1 2013.

10. Statements of Financial Position

10.1. Cash and Cash Equivalents

The Group had approximately $40.9 million in cash and cash equivalents as at March 31, 2014, compared to $54.5 million as at December 31, 2013. The decrease of $13.6 million was mainly the combined effect settlement of payable of $19.8 million related to the disposal of Yanxi Copper Property and prepayment for New Area, repayment of bank loan of $3.5 million and the office expenses of $1.0 million, netted against the repayment from China Precision of $6.0 million and new bank loan raised of $4.9 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 three months ended March 31, 2014, no significant additions in exploration and evaluation assets.

10.3. Prepayments, deposits and other receivables

As at March 31, 2014, prepayments, deposits and other receivables included $3.4 million deferred expenditure (note 10.4) and the balance of $2.1 million which mainly represented prepayment of cash consideration of $1.0 million (December 31, 2013: Nil) for New Area to the 2 local shareholders of Tongxing and deposit of $0.8 million (December 31, 2013: $0.6 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 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 March 31, 2014, the Group had incurred expenditures of $3.4 million (December 31, 2013: $2.7 million) in relation to New Area and this expenditure was recognized as deferred expenditure in the statement of financial position.

10.5. Other Financial Assets

Other financial assets represents the $1.0 million listed debentures and the 3.5% indirect unlisted equity interest in Tongxing of $0.2 million.

10.6. Other Payables, Receipts in Advance and Accrued Liabilities

As at March 31, 2014, other payables, receipts in advance and accrued liabilities are mainly composed of deposit of $5.4 million (HK$42,080,220) (December 31, 2013: $5.4 million (HK$42,080,220)) received from China Daye as partial settlement of the cash consideration for the New Area. The decrease of other payable by $18.7 million is mainly due to the settlement of $19.1 million for the disposal of the Yanxi Copper Property.

10.7. Share Capital

As at March 31, 2014, GobiMin had 58,002,982 common shares issued and outstanding. During this quarter ended March 31, 2014, 8,000 common shares were repurchased and cancelled respectively.

11. Related Party Transactions

The Group had the following transactions with related parties:

11.1. During the three months ended March 31, 2014

(a) No share-based payment expenses (Q1 2013: $36,602) in respect of options previously granted to directors and key management personnel.
(b) Fees and other remunerations to directors and key management personnel of $0.1 million (Q1 2013: $0.1 million).
(c) Rental income of $6,595 (Q1 2013: $6,435) from the office building in Xinjiang received from related parties.
(d) No gain on disposal of a motor vehicle (Q1 2013: $75,194) to a related party.
(e) Interest income of $78,134 (Q1 2013: $24,238) from China Precision.
(f) Expenses recharge of $18,710 (Q1 2013: Nil) from China Precision.
(g) Dividend income of $92,703 (Q1 2013: Nil) from the associates in this quarter.
(h) Mortgage loan of outstanding balance of $2.0 million (Q1 2013: $2.0 million) was secured by a corporate guarantee given by China Precision and a personal guarantee given by a director.
(i) Second legal charge over the Group's leasehold land and buildings to secure a banking facility of $1.7 million (Q1 2013: $1.7 million) granted to China Precision, of which $1.7 million (December 31, 2013: $1.7 million) was utilized as at March 31, 2014.

(Expressed in United States Dollars)

11.2. As at March 31, 2014

(a) Advance to China Precision of $5.5 million (December 31, 2013: $11.6 million), which were recorded as amount due from an associate. Such advance is unsecured, bears interest at the rate of 2% per annum and is repayable on demand.
(b) A deposit of $82,432 (December 31, 2013: $82,432) was paid to the non-controlling shareholder of an associate for exploration services.
(c) A deposit of $0.5 million (December 31, 2013: $0.5 million) was paid to the non-controlling shareholder of a non-wholly owned subsidiary for exploration services.

12. Capital Commitment

As at March 31, 2014, the Group had the following capital commitments of $7.1 million in total that the Group had contracted, but not provided for:

(a) The Group had entered into agreements for exploration services, construction of an office building and mine design and related facilities in relation to the Gold Project. The total contracted amount is $20.2 million (RMB122,582,716), of which $13.1 million (RMB79,401,696) was paid with remaining balance of $7.1 million (RMB43,181,020) as contractual commitment.
(b) The Group had 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 the additional consideration of $5.4 million (HK$42,080,220) is withheld by China Daye and will be used to settle the fee relating 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 30, 2014. GobiMin is entitled to 40% of the 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, 2013	**March 31, 2014**	**May 27, 2014**
Number of Common Shares Outstanding	58,010,982	**58,002,982**	**57,792,982**
Number of Options Outstanding	1,738,000	**1,733,200**	**1,733,200**
Number of Common Shares Fully Diluted	59,748,982	**59,736,182**	**59,526,182**

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. Metal Prices

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. Currency Risks

Part of 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, and 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, and 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 March 31, 2014, the remaining valid period of the mining licence was approximately 4 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.