

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

September 30, 2015

(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 September 30, 2015 and December 31, 2014
(Expressed in United States Dollars)

	Note	September 30, 2015	December 31, 2014
ASSETS		\$	\$
Current			
Cash and cash equivalents	4	28,812,950	31,797,897
Prepayments, deposits and other receivables		185,177	530,672
Total current assets		28,998,127	32,328,569
Non-current			
Property, plant and equipment	5	9,322,149	7,555,171
Investment properties		2,105,736	2,205,451
Exploration and evaluation assets	6	38,629,519	37,729,607
Interests in associates		4,726,278	5,756,390
Other financial assets	7	2,424,719	2,025,705
Deposit paid to related parties	8	545,408	587,202
Total non-current assets		57,753,809	55,859,526
Total assets		86,751,936	88,188,095
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	9	4,135,721	4,695,989
Income taxes payable		1,538,176	1,635,208
Total current liabilities		5,673,897	6,331,197
Non-current			
Other payables, receipts in advance and accrued liabilities	9	40,194	42,487
Total non-current liabilities		40,194	42,487
Total liabilities		5,714,091	6,373,684
SHAREHOLDERS' EQUITY			
Share capital	10	23,219,017	24,804,948
Reserves		57,100,560	56,206,818
Equity attributable to shareholders of the Company		80,319,577	81,011,766
Non-controlling interests		718,268	802,645
Total shareholders' equity		81,037,845	81,814,411
Total liabilities and shareholders' equity		86,751,936	88,188,095

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

APPROVED BY THE BOARD ON NOVEMBER 25, 2015 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 three months and nine months ended September 30, 2015 and 2014
(Expressed in United States Dollars)

	<i>Note</i>	Three Months Ended		Nine Months Ended	
		September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
		\$	\$	\$	\$
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Selling and distribution cost		-	-	-	-
Gross profit		-	-	-	-
Other revenue		151,590	152,880	487,691	588,336
General and administrative expenses		(870,973)	(1,008,830)	(2,750,666)	(3,028,129)
Share of results of associates		(25,004)	467,896	10,239	434,760
Operating loss		(744,387)	(388,054)	(2,252,736)	(2,005,033)
Gain on disposal of property, plant and equipment		-	16,988	-	16,988
Loss on disposal of other financial assets		(16,000)	-	(16,000)	-
Gain on partial disposal of interest in an associate		3,475,639	-	3,475,639	-
Additional gain on disposal of an associate		-	-	-	3,963,979
Exchange loss		(207,917)	(955)	(106,258)	(197,942)
Finance costs		(1,525)	(5,667)	(8,125)	(48,281)
Profit (loss) before income tax		2,505,810	(377,688)	1,092,520	1,729,711
Income tax expense		-	-	-	(349,918)
Profit (loss) for the period		2,505,810	(377,688)	1,092,520	1,379,793
Other comprehensive income (loss), net of tax					
Other comprehensive income (loss), to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		-	-	-	272,431
Total comprehensive income (loss) for the period		2,505,810	(377,688)	1,092,520	1,652,224
Profit (loss) for the period attributable to:					
Shareholders of the Company		2,529,120	(327,942)	1,176,897	1,551,947
Non-controlling interests		(23,310)	(49,746)	(84,377)	(172,154)
		2,505,810	(377,688)	1,092,520	1,379,793
Total comprehensive income (loss) for the period attributable to:					
Shareholders of the Company		2,529,120	(327,942)	1,176,897	1,824,378
Non-controlling interests		(23,310)	(49,746)	(84,377)	(172,154)
		2,505,810	(377,688)	1,092,520	1,652,224
Net earnings (losses) per share					
Basic and diluted	10.7	0.05	(0.01)	0.02	0.03
Weighted average number of shares outstanding		Share	Share	Share	Share
Basic and diluted	10.7	52,563,422	57,759,308	54,029,123	57,884,057

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

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the nine months ended September 30, 2015 and 2014
(Expressed in United States Dollars)

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital Note 10.1	Contributed surplus	Share option reserve	General reserve Note 10.3	Translation reserve Note 10.4	Retained earnings		
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
Profit (loss) for the period	-	-	-	-	-	1,551,947	(172,154)	1,379,793
Other comprehensive income	-	-	-	-	272,431	-	-	272,431
Total comprehensive income (loss)	-	-	-	-	272,431	1,551,947	(172,154)	1,652,224
Dividend paid	-	-	-	-	-	(542,228)	-	(542,228)
Shares repurchased	(179,977)	-	-	-	-	-	-	(179,977)
Option cancelled	-	-	(5,670)	-	-	5,670	-	-
At September 30, 2014	25,320,727	2,399,939	666,993	7,666	4,715,098	50,635,508	877,367	84,623,298
At January 1, 2015	24,804,948	2,399,939	142,250	424,203	3,482,082	49,758,344	802,645	81,814,411
Profit (loss) for the period	-	-	-	-	-	1,176,897	(84,377)	1,092,520
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive Income (loss)	-	-	-	-	-	1,176,897	(84,377)	1,092,520
Dividend paid	-	-	-	-	-	(462,847)	-	(462,847)
Shares repurchased	(1,585,931)	-	-	-	-	-	-	(1,585,931)
Option cancelled	-	-	(103,798)	-	-	103,798	-	-
Share-based payment	-	-	179,692	-	-	-	-	179,692
At September 30, 2015	23,219,017	2,399,939	218,144	424,203	3,482,082	50,576,192	718,268	81,037,845

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

GobiMin Inc.**Condensed Interim Statements of Cash Flows (Unaudited)****For the three months and nine months ended September 30, 2015 and 2014**

(Expressed in United States Dollars)

	Three Months Ended		Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
	\$	\$	\$	\$
Operating activities				
Profit (loss) before income tax	2,505,810	(377,688)	1,092,520	1,729,711
Adjustments for items not involving cash:				
- Depreciation	184,266	185,962	558,392	539,147
- Share-based payment	34,356	-	179,692	-
- Share of results of associates	25,004	(467,896)	(10,239)	(434,760)
- Gain on disposal of property, plant and equipment	-	(16,988)	-	(16,988)
- Gain on partial disposal of interest in an associate	(3,475,639)	-	(3,475,639)	-
- Exchange difference	207,917	955	106,258	197,942
- Interest income	(79,878)	(78,810)	(260,062)	(353,427)
- Interest expense	938	4,841	4,442	44,986
	(597,226)	(749,624)	(1,804,636)	1,706,611
Working capital adjustments:				
- Prepayments, deposits and other receivables	149,340	(634,400)	239,238	2,024,331
- Deposit paid to related parties	-	-	41,794	-
- Amount due from an associate	-	1,209,817	-	8,047,553
- Other payables, receipts in advance and accrued liabilities	(115,259)	631,475	(528,419)	(21,091,446)
- Income tax paid	-	-	(97,031)	(825,682)
Net cash flow from (used in) operating activities	(563,145)	457,268	(2,149,054)	(10,138,633)
Financing activities				
Interest paid	(938)	(4,841)	(4,442)	(44,986)
Shares repurchased	(90,358)	(92,636)	(1,585,931)	(179,977)
Bank loans advanced	-	-	-	4,945,946
Repayment of bank loan	-	(1,944,612)	-	(10,410,442)
Repayment of obligations under finance lease	(11,830)	(8,192)	(34,144)	(32,380)
Dividend paid	-	-	(462,847)	(542,228)
Net cash flow used in financing activities	(103,126)	(2,050,281)	(2,087,364)	(6,264,067)
Investing activities				
Interest received	79,878	78,810	260,062	353,427
Dividend received	-	-	-	92,703
Additions of property, plant and equipment	(2,172,710)	(99,838)	(2,225,655)	(322,541)
Additions of exploration and evaluation assets	(899,912)	(1,968,384)	(899,912)	(2,335,457)
Net (addition) disposal of listed debentures	400,000	(1,005,000)	(399,014)	(1,205,200)
Proceed from disposal of property, plant and equipment	-	17,426	-	17,426
Acquisition of shares of an associate	-	-	(120,312)	-
Net proceeds from disposal of equity interest in an associate	4,636,302	-	4,636,302	-
Return of capital from an associate	-	329,730	192,896	329,730
Capital contribution to an associate	(192,896)	-	(192,896)	-
Net cash flow from (used in) investing activities	1,850,662	(2,647,256)	1,251,471	(3,069,912)
Increase/(Decrease) in cash and cash equivalents	1,184,391	(4,240,269)	(2,984,947)	(19,472,612)
Cash and cash equivalents at beginning of the period	27,628,559	39,255,404	31,797,897	54,487,747
Cash and cash equivalents at end of the period	28,812,950	35,015,135	28,812,950	35,015,135

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended September 30, 2015
(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, as a Tier 2 mining issuer. Its registered office is situated at Suite 2110, 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 PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

These condensed interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Company’s consolidated financial statements for the year ended December 31, 2014. 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, 2015.

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, 2014, except for the adoption of the following new standards and interpretations effective as of January 1, 2015:

International Financial Reporting Standards (Amendments)	Annual Improvements 2010-2012 Cycle
International Financial Reporting Standards (Amendments)	Annual Improvements 2011-2013 Cycle

The adoption of these new standards and amendments do not have a material impact on the annual consolidated financial statements or the condensed interim financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued by the International Accounting Standards Board but is not yet effective.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents were held in following locations:

Location	September 30, 2015	December 31, 2014
	\$	\$
Canada	200,891	451,543
Hong Kong	27,326,664	28,634,776
China	1,285,395	2,711,578
Total	28,812,950	31,797,897

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

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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.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2014	7,387,614	121,135	400,554	691	1,014,837	8,924,831
Exchange difference	(19,432)	-	(9,466)	(17)	(20,115)	(49,030)
Additions	-	196,958	40,866	-	85,913	323,737
Disposals	-	(121,135)	(18,528)	-	(69,594)	(209,257)
At December 31, 2014	7,368,182	196,958	413,426	674	1,011,041	8,990,281
Additions	2,172,710	-	501	-	52,444	2,225,655
At September 30, 2015	9,540,892	196,958	413,927	674	1,063,485	11,215,936
Depreciation and impairment:						
At January 1, 2014	249,439	121,135	204,871	541	499,414	1,075,400
Exchange difference	(2,352)	-	(4,602)	(13)	(8,988)	(15,955)
Depreciation for the year	306,278	44,040	59,237	146	174,794	584,495
Disposals	-	(121,135)	(18,101)	-	(69,594)	(208,830)
At December 31, 2014	553,365	44,040	241,405	674	595,626	1,435,110
Depreciation for the period	229,358	49,240	37,679	-	142,400	458,677
At September 30, 2015	782,723	93,280	279,084	674	738,026	1,893,787
Net book value:						
At December 31, 2014	6,814,817	152,918	172,021	-	415,415	7,555,171
At September 30, 2015	8,758,169	103,678	134,843	-	325,459	9,322,149

The net carrying amounts of the Group's motor vehicles held under finance lease at September 30, 2015 amounted to \$105,256 (December 31, 2014: \$78,754).

6. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note 6.1	Others Note 6.2	Total
Cost:	\$	\$	\$
At January 1, 2014	8,482,316	25,879,686	34,362,002
Exchange difference	(211,892)	(754,759)	(966,651)
Additions	-	4,334,256	4,334,256
At December 31, 2014	8,270,424	29,459,183	37,729,607
Additions	-	899,912	899,912
At September 30, 2015	8,270,424	30,359,095	38,629,519

GobiMin Inc.
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6.1 Mining Rights

The mining rights represented the mining and exploration rights of the Sawayaerdun Gold Project (“Gold Project”) located at 200 km northwest of the city of Kashi, western Xinjiang, China. As at September 30, 2015, the remaining valid period of the exploration licence and mining licence was approximately 2 years.

6.2 Others

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

7. OTHER FINANCIAL ASSETS

As at	Note	September 30, 2015	December 31, 2014
		\$	\$
Listed debentures	7.1	2,203,389	1,804,375
Available-for-sale financial asset	7.2	221,330	221,330
Total		2,424,719	2,025,705

7.1 Listed debentures

They represent the listed debentures held by the Group with coupon rates ranged from 5.125% to 12.000% (December 31, 2014: 5.125% to 6.125%) per annum and maturities ending between February 17, 2020 and perpetual (December 31, 2014: November 4, 2020 and perpetual). Listed debentures are classified as financial assets at fair value through profit or loss.

7.2 Available-for-sale financial asset

It represents a 2.66% equity interest in Xinjiang Tongxing Minerals Limited (“Tongxing”), a company incorporated in China, measured at cost less any identified impairment loss.

8. DEPOSIT PAID TO RELATED PARTIES

- (a) A deposit of \$38,579 (December 31, 2014: \$80,373) was paid to a non-controlling shareholder of an associate for exploration services.
- (b) A deposit of \$506,829 (December 31, 2014: \$506,829) 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.

GobiMin Inc.
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9. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at September 30, 2015 and December 31, 2014, the balances of other payables, receipts in advance and accrued liabilities comprised mainly the payable related to the construction work of the office building, exploration work, mine design and related facilities of the Gold Project and the balance payable for the disposal of the Yanxi Copper Property.

As at	September 30, 2015	December 31, 2014
	\$	\$
Other payables	3,791,408	3,991,926
Accrued liabilities	162,853	455,750
Receipts in advance	110,253	94,067
Deposit received	30,848	126,406
Obligation under finance leases – current portion	40,359	27,840
	4,135,721	4,695,989

The Group has finance lease contract for motor vehicles. The Group's obligation under finance leases are secured by the lessor's title to the leased asset. Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	September 30, 2015		December 31, 2014	
	Minimum payments	Present value	Minimum payments	Present value
	\$	\$	\$	\$
Within one year	43,283	40,359	31,177	27,840
In the second to fifth years inclusive	40,962	40,194	44,167	42,487
Total minimum lease payments	84,245	80,553	75,344	70,327
Less amounts representing finance charges	(3,692)	-	(5,017)	-
Present value of minimum lease payments	80,553	80,553	70,327	70,327

10. SHARE CAPITAL AND STOCK OPTIONS

10.1 Common Shares

	Number	Amount
<u>Authorized:</u>		\$
Unlimited number of common shares		
<u>Issued and outstanding:</u>		
At January 1, 2014	58,010,982	25,500,704
Shares repurchased and cancelled	(1,618,000)	(695,756)
At December 31, 2014	56,392,982	24,804,948
Shares repurchased and cancelled	(3,846,500)	(1,585,931)
At September 30, 2015	52,546,482	23,219,017

10.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

GobiMin Inc.
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10.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the nine months ended September 30, 2015, there was no movement in the general reserve.

10.4 Translation Reserve

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

10.5 Normal Course Issuer Bid

On February 11, 2015, GobiMin was approved to renew its normal course issuer bid to repurchase up to an additional 2,765,599 common shares (2014: 2,900,149), 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, 2016. For the nine months ended September 30, 2015, a total of 3,846,500 common shares, of which 1,081,000 common shares were under the normal course issuer bid for 2014 and 2,765,500 common shares were under the normal course issuer bid for 2015, were repurchased for an aggregate cost of \$1,585,931 (CAD1,843,609). All shares repurchased has been returned to treasury for cancellation.

10.6 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, 2014: 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:

	<u>Nine months ended September 30, 2015</u>		<u>Nine months ended September 30, 2014</u>	
	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>	<u>Number of Options</u>	<u>Weighted Average Exercise Price</u>
Outstanding, beginning of the period	2,791,400	\$ 0.47	1,738,000	\$ 0.63
Forfeited during the period	(327,400)	0.71	(20,000)	0.66
Outstanding, end of the period	2,464,000	0.44	1,718,000	0.63

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

Exercise Price	Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Remaining Contractual Life (Years)	Weighted Average Exercise Price
CAD	\$			\$			\$
At September 30, 2015							
0.60	0.60	129,000	1.25	0.60	103,200	1.25	0.60
0.50	0.43	2,000,000	2.25	0.43	600,000	2.25	0.43
0.50	0.43	335,000	4.25	0.43	71,000	4.25	0.43
		2,464,000	2.47	0.44	774,200	2.30	0.45
At December 31, 2014							
0.79	0.76	275,000	0.50	0.76	275,000	0.50	0.76
0.60	0.60	141,400	2.00	0.60	114,400	2.00	0.60
0.50	0.43	2,000,000	3.00	0.43	-	3.00	0.43
0.50	0.43	375,000	5.00	0.43	-	5.00	0.43
		2,791,400	2.97	0.47	389,400	0.94	0.71

- (i) The weighted average remaining contractual life for the options exercisable as at September 30, 2015 was 2.30 years (December 31, 2014: 0.94 years).
- (ii) The weighted average remaining contractual life for the options outstanding as at September 30, 2015 was 2.47 years (December 31, 2014: 2.97 years).
- (iii) The range of exercise price for options outstanding as at September 30, 2015 was \$0.43 to \$0.60 (December 31, 2014: \$0.43 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	December 19, 2014	December 19, 2014	November 23, 2011	July 7, 2010
Exercise Price (CAD)	0.50	0.50	0.60	0.79
Expected life (year)	3	5	5	5
Expected volatility	38%	38%	53%	48%
Dividend yield	-	-	-	-
Discount rate	1.10%	1.66%	0.88%	1.79%
Forfeiture rate	-	-	-	-

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.

GobiMin Inc.
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(Express in United States Dollars)

10.7 Basic and Diluted Earnings (Losses) Per Share

For the three months ended	September 30, 2015	September 30, 2014
Net earnings (losses) attributable to shareholders		
Basic and diluted	\$2,529,120	(\$327,942)
Weighted average number of shares outstanding		
Basic and diluted	52,563,422	57,759,308
Basic and diluted earnings (losses) per share	\$0.05	(\$0.01)
For the nine months ended	September 30, 2015	September 30, 2014
Net earnings attributable to shareholders		
Basic and diluted	\$1,176,897	\$1,551,947
Weighted average number of shares outstanding		
Basic and diluted	54,029,123	57,884,057
Basic and diluted earnings per share	\$0.02	\$0.03

Diluted earnings (losses) per share are same as the basic earnings (losses) per share as there are no dilutive potential ordinary shares in existence during the periods.

11. RELATED PARTY TRANSACTIONS

11.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	September 30, 2015	September 30, 2014
	\$	\$
Wages, fees and other benefits	148,545	177,427
Payment to defined contribution plans	2,776	3,309
Share-based payment	30,909	-
	182,230	180,736
For the nine months ended	September 30, 2015	September 30, 2014
	\$	\$
Wages, fees and other benefits	438,577	470,531
Payment to defined contribution plans	8,395	9,396
Share-based payment	160,787	-
	607,759	479,927

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11.2 Related party transactions

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

Relationship	Type of transactions	For the three months ended	
		September 30, 2015	September 30, 2014
		\$	\$
Company controlled by a director	Rental income	6,430	6,595
An associate	Rental income	14,826	10,232
An associate	Interest income	-	16,762
An associate	Share of office common expenses	2,587	1,937

Relationship	Type of transactions	For the nine months ended	
		September 30, 2015	September 30, 2014
		\$	\$
Company controlled by a director	Rental income	19,290	19,784
An associate	Rental income	44,478	21,344
An associate	Interest income	-	128,409
An associate	Share of office common expenses	7,769	22,029
An associate	Dividend income	-	92,703

11.3 Deposit paid to related parties

Advances made by the Group to related parties were disclosed as deposit paid to related parties in note 8 to the financial statements.

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

12. COMMITMENTS

12.1 Capital commitments

The Group has the following capital commitment in relation to the Gold Project:

As at September 30, 2015	Contract Date	Contracted Sum	Capital Commitments
		\$	\$
Exploration services	April 7, 2010	739,435	176,295
Mine design and related facilities	October 31, 2011	1,285,971	651,808
Office building construction	April 18, 2012	4,985,018	65,556
Office building renovation	March 2, 2013	2,110,582	774,474
Fire engineering for the office building	July 24, 2014	181,489	36,287
Total capital commitments for the Gold Project		9,302,495	1,704,420

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12.2 Operating lease commitments

(a) The Group as lessor

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

Future minimum lease receivables under non-cancellable operating leases are as follows:

As at	September 30, 2015	December 31, 2014
	\$	\$
Within one year	100,625	171,828
In the second to fifth years inclusive	290,963	80,373
Total future minimum lease receivables	391,588	252,201

(b) The Group as lessee

The Group has entered into operating leases on certain office premises, with lease terms between two to nine years.

Future minimum lease payables under non-cancellable operating leases are as follows:

As at	September 30, 2015	December 31, 2014
	\$	\$
Within one year	4,095	20,698
In the second to fifth years inclusive	18,518	23,244
After five years	-	-
Total future minimum lease payables	22,613	43,942

13. 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.

14. 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.

14.1 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.

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The following table provides an analysis of financial instruments carried at fair value by level of fair value hierarchy:

Level 1 – Quoted (unadjusted) prices for identical assets or liabilities in active markets.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, including:

- ◆ Quoted prices for similar assets/liabilities in active markets;
- ◆ Quoted prices for identical or similar assets in non-active markets (few transactions, limited information, non-current prices, high variability over time);
- ◆ Inputs other than quoted prices that are observable for the asset/liability (e.g. interest rates, yield curves, volatilities, default rates, etc.); and
- ◆ Inputs that are derived principally from or corroborated by other observable market data.

Level 3 – Unobservable inputs that cannot be corroborated by observable market data.

	<u>Fair Value Measurements Using</u>			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
<u>As at September 30, 2015</u>				
Listed debentures	2,203,389	-	-	2,203,389
	2,203,389	-	-	2,203,389
<u>As at December 31, 2014</u>				
Listed debentures	1,804,375	-	-	1,804,375
	1,804,375	-	-	1,804,375

14.2 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.

14.3 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 China, 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.

14.4 Credit Risk

The Group is exposed to credit risk with respect to cash equivalents, other receivables, 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.

14.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at September 30, 2015, the Group held cash and cash equivalents of \$28,812,950 and net current assets of \$23,324,230. 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.

14.6 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.

15. 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 \$81,037,845 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.

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(Incorporated in Canada under the Canada Business Corporations Act)

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The following discussion and analysis of the condensed operating results and financial condition of GobiMin Inc. for the quarter ended September 30, 2015 was approved by the board of directors on November 25, 2015. It should be read in conjunction with its condensed interim financial statements for the quarter ended September 30, 2015 prepared in accordance with International Financial Reporting Standards ("IFRS") and its audited consolidated financial statements for the year ended December 31, 2014 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 38.30% in Loco Hong Kong Holdings Limited ("Loco HK"), a company incorporated in Hong Kong and the shares of which are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited under the stock code 8162. Loco HK and its subsidiaries are principally engaged in trading of metals and commodity forward contracts in Hong Kong.

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 2.66% equity interest in the Yanxi Copper Property.

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2. Financial Highlights

	3 months ended September 30		12 months ended
	2015	2014	December 31, 2014
	\$	\$	\$
Revenue	-	-	-
Other revenue	0.2 million	0.2 million	0.7 million
Share of results of associates	(25,000)	0.5 million	0.1 million
Gain from reorganization of an associate	-	-	0.4 million
Gain on partial disposal of interest in an associate	3.5 million	-	-
Additional gain on disposal of an associate	-	-	3.9 million
Profit (loss) for the period	2.5 million	(0.4 million)	0.3 million
EBITDA (LBITDA) ⁽¹⁾	2.6 million	(0.3 million)	0.6 million
Basic and diluted earnings (losses) per share	0.05	(0.01)	0.01
EBITDA (LBITDA) per share ⁽¹⁾	0.05	(0.01)	0.01
Cash and cash equivalents	28.8 million	35.0 million	31.8 million
Cash and cash equivalents per share ⁽¹⁾	0.55	0.61	0.56
Working capital	23.3 million	29.2 million	26.0 million
Total non-current liabilities	40,000	50,000	42,000
Total liabilities	5.7 million	7.5 million	6.4 million
Total assets	86.8 million	92.1 million	88.2 million

Note:

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

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 (“Tongyuan”) 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 and Resource Estimate

The main zones of mineralization have been defined within the project area, and are referred to as Zone I and Zone IV. The ore domains generally consists of low to medium grade gold mineralization developed within quartz filled ductile shear zones formed within a meta-sedimentary sequence. The Zone IV domain is approximately 3 km long and has been defined to a depth of 700 m. This is the most continuous zone so far defined within the project area. The defined ore domains dip at between 60° and

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80° toward the northwest and therefore strike northeast. Mineralized zones can range from less than 1 m to 50 m in thickness.

The NI 43-101 compliant resource estimate update was published in April 2015. 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 27 million tonnes at an average grade of 1.79 grams/tonne Au (about 1.55 million contained oz Au) in the Measured and Indicated Resources category and approximately 59 million tonnes averaging 1.38 grams/tonne Au (about 2.6 million contained oz Au) in the Inferred Resources category. The exploration results of 2014 have 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.

(c) Exploration and Evaluation Assets

Upon completion of the drilling program of the Gold Project in 2014, the Company has been focusing on conserving cash and controlling expenses. The Group will strictly controlled the progress and implementation of the development plan of the Gold Project unless the economic climate and international gold price rebound.

During the third quarter of 2015, there were addition of \$0.9 million in exploration and evaluation assets which represented the completion of the internal construction work of the office building. As at September 30, 2015, the balance of the existing exploration and evaluation assets amounted to \$38.6 million in the categories of mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses.

As at September 30, 2015, the Company still had a contractual commitment of \$1.7 million for the future development of the Gold Project, including office building, design of mine and related facilities.

3.2. Silver Operation

GobiMin holds an equity interest of 38.30% in Loco HK, which together with its subsidiaries, are engaged in the processing and trading of metals and commodity forward contracts. Loco HK operates a processing workshop in Hong Kong which mainly processes silver into bars and granules at the purity rate of 99.99% for sale to customers.

(a) Update

During this quarter, GobiMin realized part of the Company's investment in Loco HK through disposal of 40,000,000 shares of Loco HK to independent third party investors for net proceeds of approximately \$4.6 million. The shareholding of the Company in Loco HK was then decreased from 48.29% to 38.30%.

Upon satisfaction of the accuracy check of the testing laboratory recently set up, Loco HK can achieve in cost reduction and promoting the effectiveness of the processing facilities through testing the raw materials by itself.

For the nine months ended September 30, 2015, the net profit recorded by Loco HK amounted to approximately \$0.17 million, of which GobiMin was entitled to a share of approximately \$0.08 million.

3.3. Base Metal Exploration Projects in Xinjiang

(a) Three Exploration Companies

The Group owns 40% equity interests each in three companies incorporated in Xinjiang, China, which are engaged in exploration of nickel, copper, and gold. As at September 30, 2015, the carrying value of these companies, which are regarded as associates of the Group, amounted to \$0.3 million (RMB1.7 million) in aggregate. During the six months ended June 30, 2015, one of the exploration companies reduced its share capital from \$0.8 million (RMB5 million) to \$0.3 million (RMB2 million) and the Group received \$0.2 million from the capital reduction. During the three months ended September 30, 2015, another exploration company increased its share capital from \$0.3 million (RMB2 million) to \$0.8 million (RMB5 million) and the Group paid \$0.2 million for the increase of share capital. The Group will seek opportunities to transfer certain exploration licences held by these three companies to third parties in due course.

(b) Yanxi Copper Property

During this quarter, the equity interest of the Group in Xinjiang Tongxing Minerals Limited ("Tongxing") was diluted from 3.50% to 2.66% due to the capital injection by one of its shareholders.

3.4. Normal Course Issuer Bid

On February 11, 2015, GobiMin was approved to renew its normal course issuer bid to repurchase an additional 2,765,599 common shares, accounting for approximately 5% of the then common shares outstanding and purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending February 11, 2016 ("2015 Normal Course Issuer Bid Program"). The Company has completed its 2015 Normal Course Issuer Bid Program and repurchased 3,846,500 common shares in total at a consideration of \$1,585,931 (CAD1,843,609) for the nine months ended September 30, 2015, of which 1,081,000 common shares were repurchased under the normal course issuer bid for 2014 and the remaining 2,765,500 common shares were repurchased under the 2015 Normal Course Issuer Bid Program. All shares repurchased were returned to treasury for cancellation.

The decision regarding repurchase of shares was made by management to maximize shareholder value. Accordingly, the Company is of the view that the repurchase is in the best interest of the Company and its shareholders as a whole. A copy of the related Notice of Intention to Make a Normal Course Issuer Bid for 2015 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 September 30, 2015, the working capital of the Group was amounted to approximately \$23.3 million (December 31, 2014: \$26.0 million), by netting off its current assets of \$29.0 million (December 31, 2014: \$32.3 million) with current liabilities of \$5.7 million (December 31, 2014: \$6.3 million).

Among the cash and cash equivalents of \$28.8 million, approximately \$1.3 million are held in China. The subsidiaries in China are allowed to transfer funds to other Group companies outside China upon presentation of the relevant documentation required by applicable regulations, subject to the risks set out under the section named "Risk Factors". The Group will take precautions to ensure that the available capitals match with its various payment obligations in China and elsewhere.

No dilemma encountered the Group in fulfilling its obligations generated from its financial liabilities and commitment. Taking into account of its financial position, the management of the Group considered that

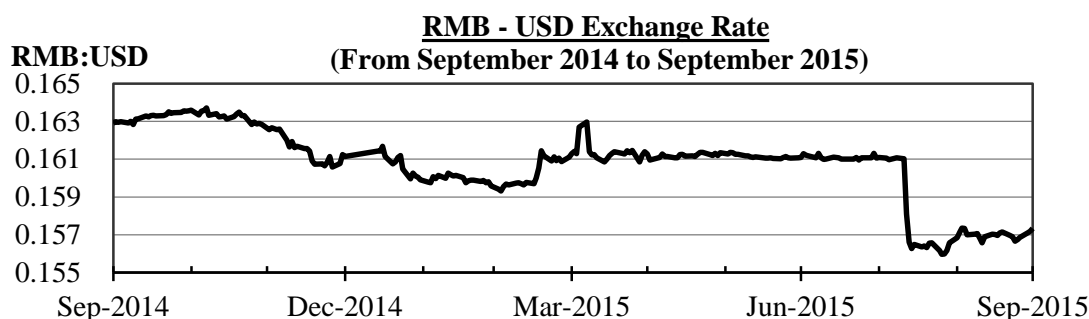
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its cash and cash equivalents will be more than sufficient to finance its operation, including the contractual commitments of the Gold Project of approximately \$1.7 million.

4. Key Economic Trends

4.1. China Economy

As the GobiMin's activity are mostly conducted in China, the conditions of the Chinese economy plays a paramount role in the Group's exploration business. Since the Group reports in U.S. dollars, the Group's cost structure may potentially be impacted by currency fluctuations. For the three months ended September 30, 2015, the exchange rate of the Chinese Renminbi against the U.S. dollar decreased by 3.68%, as compared with that as at September 30, 2014.



4.2. Gold Market

The changes in price of gold have a strong influence on the Gold Project's value. As at September 30, 2015, the gold price has decreased by around 7.70% from that on September 30, 2014.



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 not to early adopt these standards and is currently evaluating their impact on its consolidated financial statements.

6.1. Annual Improvements 2012-2014 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards which include amendments to International Accounting Standard ("IAS") 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. It is effective for annual periods beginning on or after January 1, 2016.

6.2. Amendments to IAS 16 and IAS 41 - Agriculture : Bearer Plants

The amendments change the financial reporting for bearer plants and to be accounted for in the same way as property, plant and equipment in IAS 16 in the opinion that its operation is similar to that of manufacturing. It is effective for annual periods beginning on or after January 1, 2016.

6.3. Amendments to IAS 27 - Equity Method in Separate Financial Statements

The amendment reinstates the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements and is effective for annual periods beginning on or after January 1, 2016.

6.4. Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments set out that, on a sale or contribution of assets to a joint venture or associate or on a loss of control when joint control or significant influence is retained in a transaction involving an associate or a joint venture, the extent of any gain or loss recognized depends on whether the assets or subsidiary constitute a business, as defined in IFRS 3 Business Combinations. It is effective for annual periods beginning on or after January 1, 2016.

6.5. IFRS 14 - Regulatory Deferral Accounts

This standard was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for annual periods beginning on or after January 1, 2016.

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6.6. Amendments to IFRS 11 - Accounting for Acquisitions of Interests in Joint Operations

This amendment is regarding the accounting for acquisitions of an interest in a joint operation and is effective for annual periods beginning on or after January 1, 2016.

6.7. Amendments to IAS 16 and amendments to IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortization

These amendments provide clarification of acceptable methods of depreciation and amortization and they are effective for annual periods beginning on or after January 1, 2016.

6.8. IFRS 15 - Revenue from Contracts with Customers

IFRS 15 specifies how and when the entities recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. It is effective for annual periods beginning on or after January 1, 2017.

6.9. IFRS 9 (2014) - Financial Instruments

IFRS 9 issued in July 2014 will replace IAS 39 *Financial Instruments: Recognition and Measurement*. This standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

7. Selected Quarterly Information

As at / For the three months ended	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
	\$	\$	\$	\$
Revenue	-	-	-	-
Profit (loss) for the period	2,505,810	(710,707)	(702,583)	(1,088,942)
Basic and diluted earnings (losses) per share	0.05	(0.01)	(0.01)	(0.02)
Cash and cash equivalents	28,812,950	27,628,559	29,754,577	31,797,897
Total assets	86,751,936	84,429,216	86,438,918	88,188,095

As at / For the three months ended	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
	\$	\$	\$	\$
Revenue	-	-	-	-
Profit (loss) for the period	(377,688)	2,346,445	(588,964)	(659,856)
Basic and diluted earnings (losses) per share	(0.01)	0.04	(0.01)	(0.01)
Cash and cash equivalents	35,015,135	39,255,404	40,910,039	54,487,747
Total assets	92,138,313	93,929,966	100,469,749	118,272,380

The above financial information was prepared in accordance with IFRS.

For the three months ended September 30, 2015, the Group recorded a net profit of \$2.5 million (Q3 2014: loss \$0.4 million) which mainly consists of gain on partial disposal of interest in an associate of \$3.5 million netting against the administrative expenses of \$0.9 million (Q3 2014: \$1.0 million).

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During this quarter, the net cash inflow of the Group amounted to \$1.2 million (Q3 2014: cash outflow of \$4.2 million), which was mainly attributable to the comprehensive effect of net proceeds from disposal of interest in an associate of \$4.6 million netting off with purchase of office property of \$2.2 million, addition of \$0.9 million exploration and evaluation assets of Gold Project and \$0.6 million net cash payment of office expenses which excluded depreciation and share-based payment.

As at September 30, 2015, the total assets amounted to \$86.8 million, representing a decrease of \$1.4 million as compared to \$88.2 million as at December 31, 2014. It was mainly the combined effect of profit for the period of \$1.1 million netting off \$1.6 million share repurchase, dividend paid of \$0.5 million and the net settlement of payables of \$0.5 million including income tax paid of \$0.1 million.

8. Results of Operations

8.1. Revenue

No revenue (3 months and 9 months Q3 2014: Nil) from operations has been recorded in this quarter.

Other revenue incurred in the third quarter of 2015 were \$0.2 million (3 months Q3 2014: \$0.2 million) which mainly comprises of interest income of \$0.1 million (3 months Q3 2014: \$0.1 million) and rental income of \$0.1 million (3 months Q3 2014: \$0.1 million).

Other revenue incurred for the nine months ended September 30, 2015 were \$0.5 million (9 months Q3 2014: \$0.6 million) which mainly comprises of interest income of \$0.3 million (9 months Q3 2014: \$0.4 million), rental income of \$0.2 million (9 months Q3 2014: \$0.2 million).

8.2. General and Administrative Expenses

General and administrative expenses were \$0.9 million for this quarter (3 months Q3 2014: \$1.0 million) and \$2.8 million for the nine months ended September 30, 2015 (9 months Q3 2014: \$3.0 million), which mainly included pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

8.3. Earnings (Losses) Per Share

The basic and diluted earnings per share were \$0.05 for this quarter (3 months Q3 2014: losses of \$0.01) and \$0.02 for the nine months ended September 30, 2015 (9 months Q3 2014: \$0.03).

8.4. EBITDA (LBITDA)

The earnings (losses) before interest income and expense, income taxes, depreciation and amortisation ("EBITDA (LBITDA)"), a non-IFRS performance measure, for this quarter were earnings of \$2.6 million as compared to losses of \$0.3 million incurred in the corresponding period last year. The calculation of EBITDA (LBITDA) for the period sets out in the table below:

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For the three months ended	September 30, 2015	September 30, 2014
	\$	\$
Profit (loss) for the period	2,505,810	(377,688)
Interest income	(79,878)	(78,810)
Income tax expenses	-	-
Interest expense	938	4,841
Depreciation	184,266	185,962
EBITDA (LBITDA) ⁽¹⁾	2,611,136	(265,695)
EBITDA (LBITDA) per share ⁽²⁾	0.05	(0.01)

Note:

(1) As non-IFRS measurements, **EBITDA (LBITDA)** and **EBITDA (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 23, 2015, the Company declared an annual dividend of \$0.01 (CAD0.01) per share in accordance with its 2014 performance. The dividend was paid on June 24, 2015 to shareholders of record on May 29, 2015.

9. **Cash Flows**

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

As at	September 30, 2015	December 31, 2014
	\$	\$
Cash and cash equivalents	28,812,950	31,797,897
Working capital ⁽¹⁾	23,324,230	25,997,372

For the three months ended	September 30, 2015	September 30, 2014
	\$	\$
Net cash flow from (used in) operating activities	(563,145)	457,268
Net cash flow used in financing activities	(103,126)	(2,050,281)
Net cash flow from (used in) investing activities	1,850,662	(2,647,256)
Increase/(Decrease) in cash and cash equivalents	1,184,391	(4,240,269)

For the nine months ended	September 30, 2015	September 30, 2014
	\$	\$
Net cash flow used in operating activities	(2,149,054)	(10,138,633)
Net cash flow used in financing activities	(2,087,364)	(6,264,067)
Net cash flow from (used in) investing activities	1,251,471	(3,069,912)
Decrease in cash and cash equivalents	(2,984,947)	(19,472,612)

Note:

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

9.1. Operating Activities

For the three months ended September 30, 2015

In this quarter, the Company recorded a net cash outflow from operating activities of \$0.6 million (3 months Q3 2014: cash inflow of \$0.5 million), mainly representing the net cash payment of the office expenses of \$0.6 million (3 months Q3 2014: \$1.0 million). The increase in net cash outflow was mainly due to the \$1.2 million repayment from an associate in 2014 where there is no such cash inflow in 2015.

For the nine months ended September 30, 2015

For the nine months ended September 30, 2015, the Company recorded a net cash outflow from operating activities of \$2.1 million (9 months Q3 2014: cash outflow of \$10.1 million), mainly representing the net cash payment of the office expenses of \$1.8 million (9 months Q3 2014: \$3.0 million) and net settlement of payable of \$0.3 million (9 months Q3 2014: \$20.6 million). The decrease in net cash outflow was mainly due to the net payable settlement of \$15.2 million in relation to the disposal of Yanxi Copper Property and the \$8.0 million repayment from an associate incurred only in 2014.

9.2. Financing Activities

For the three months ended September 30, 2015

In this quarter, the Company recorded a cash outflow from financing activities of \$0.1 million (3 months Q3 2014: \$2.1 million), mainly representing share repurchased of \$0.1 million (3 months Q3 2014: \$0.1 million). The decrease in net cash outflow as compared to that of the corresponding period last year was mainly due to the repayment of bank loan of \$1.9 million incurred only in 2014.

For the nine months ended September 30, 2015

For the nine months ended September 30, 2015, the Company recorded a cash outflow from financing activities of \$2.1 million (9 months Q3 2014: \$6.3 million), mainly representing share repurchased of \$1.6 million (9 months Q3 2014: \$0.2 million) and dividend paid of \$0.5 million (9 months Q3 2014: \$0.5 million). The decrease in net cash outflow as compared to that of the corresponding period last year was mainly due to the net repayment of bank loan of \$5.5 million incurred only in 2014.

9.3. Investing Activities

For the three months ended September 30, 2015

In this quarter, the Company recorded a cash inflow from investing activities of \$1.9 million (3 months Q3 2014: cash outflow of \$2.6 million), mainly representing the net proceeds from disposal of interest in an associate of \$4.6 million (3 months Q3 2014: nil) netting off purchase of office property of \$2.2 million (3 months Q3 2014: \$0.1 million), addition of \$0.9 million exploration and evaluation assets of Gold Project (3 months Q3 2014: \$2.0 million). The increase in net cash inflow was mainly due to the net proceeds from disposal of interest in an associate of \$4.6 million netting off purchase of office property of \$2.2 million incurred only in 2015.

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For the nine months ended September 30, 2015

For the nine months ended September 30, 2015, the Company recorded a cash inflow from investing activities of \$1.3 million (9 months Q3 2014: cash outflow of \$3.1 million), mainly representing the net proceeds from disposal of interest in an associate of \$4.6 million (9 months Q3 2014: nil) netting off additions of property, plant and equipment of \$2.2 million (9 months Q3 2014: \$0.3 million), addition of \$0.9 million exploration and evaluation assets of Gold Project (3 months Q3 2014: \$2.3 million). The increase in net cash inflow was mainly due to the net proceeds from disposal of interest in an associate of \$4.6 million incurred only in 2015.

10. Statements of Financial Position

10.1. Cash and Cash Equivalents

As at September 30, 2015, the Group recorded a cash and cash equivalents of approximately \$28.8 million, representing a decrease of \$3.0 million as compared to \$31.8 million as at December 31, 2014, which mainly attributable to the combined effect of net proceeds from disposal of interest in an associate of \$4.6 million netting off with purchase of office property of \$2.2 million, addition of \$0.9 million exploration and evaluation assets of Gold Project, share repurchase of \$1.6 million, dividend paid of \$0.5 million, net addition of listed debentures of \$0.4 million and \$1.8 million net cash payment of office expenses.

10.2. Exploration and Evaluation Assets

All the exploration and evaluation assets recorded by the Group in this quarter are connected with the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the three months ended September 30, 2015, there were addition of \$0.9 million exploration and evaluation assets which represented the completion of the internal construction work of the office building.

10.3. Other Financial Assets

Other financial assets represented the \$2.2 million listed debentures and the 2.66% indirect unlisted equity interest in Tongxing of \$0.2 million.

10.4. Other Payables, Receipts in Advance and Accrued Liabilities

As at September 30, 2015, the other payables balance of the Group mainly referred to the payables in relation to the disposal of the Yanxi Copper Property of \$2.4 million (HK\$18,935,280) and the payables for the construction work of Tongyuan of approximately of \$1.4 million.

10.5. Share Capital

As at September 30, 2015, GobiMin had 52,546,482 common shares issued and outstanding. For the three months ended September 30, 2015, a total of 228,500 common shares were repurchased and cancelled.

11. Related Party Transactions

The Group had the following transactions with related parties:

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11.1. During the nine months ended September 30, 2015

- (a) Fees and other remunerations to directors and key management personnel amounted to \$0.6 million (Q3 2014: \$0.5 million).
- (b) Rental Income of \$19,290 (Q3 2014: \$19,784) for the office building in Xinjiang received from related parties.
- (c) Rental income and share of office common expenses of \$52,247 (Q3 2014: \$43,373) from China Precision.

11.2. As at September 30, 2015

- (a) A deposit of \$38,579 (December 31, 2014: \$80,373) for exploration services was paid to the non-controlling shareholder of an associate.
- (b) A deposit of \$0.5 million (December 31, 2014: \$0.5 million) for exploration services was paid to the non-controlling shareholder of a non-wholly owned subsidiary.

12. Capital Commitment

As at September 30, 2015, the Group had capital commitments with an aggregate amount of \$1.7 million in relation to the construction of an office building, mine design and related facilities. The total contracted amount is \$9.3 million (RMB57,870,000), of which \$7.6 million (RMB47,267,000) has been provided and a balance of \$1.7 million (RMB10,603,000) as contractual commitment remains outstanding.

13. Off-Balance Sheet Arrangements

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

14. Future plans for material investments

The Group does not have any plan for material investments in the near future.

15. Outstanding Share Data

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

As at	December 31, 2014	September 30, 2015	November 25, 2015
Number of Common Shares Outstanding	56,392,982	52,546,482	52,546,482
Number of Options Outstanding	2,791,400	2,464,000	2,459,000
Number of Common Shares Fully Diluted	59,184,382	55,010,482	55,005,482

16. Risk Factors

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

16.1. 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 September 30, 2015, the remaining valid period of the mining licence was approximately 2 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.