

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Condensed Interim Financial Statements (unaudited)

June 30, 2016

(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements and the accompanying notes thereto contained in this report have been prepared by the management and have not been reviewed or audited by the Company's external auditor.

GobiMin Inc.
Condensed Interim Statements of Financial Position (Unaudited)
As at June 30, 2016 and December 31, 2015
(Expressed in United States Dollars)

	Note	June 30, 2016	December 31, 2015
ASSETS		\$	\$
Current			
Cash and cash equivalents	4	20,863,213	26,065,086
Prepayments, deposits and other receivables		237,053	156,088
Amounts due from an associate	5	1,912,753	-
Total current assets		23,013,019	26,221,174
Non-current			
Property, plant and equipment	6	14,550,452	14,949,444
Investment properties		1,908,829	1,972,325
Exploration and evaluation assets	7	31,462,765	31,462,765
Interests in associates		4,758,830	4,562,089
Other financial assets	8	4,543,920	2,116,420
Deposit paid to related parties	12.3	30,708	30,708
Total non-current assets		57,255,504	55,093,751
Total assets		80,268,523	81,314,925
LIABILITIES			
Current			
Other payables, receipts in advance and accrued liabilities	9	1,308,968	1,606,029
Income taxes payable		1,243,175	1,519,746
Bank loan	10	183,784	-
Total current liabilities		2,735,927	3,125,775
Non-current			
Other payables, receipts in advance and accrued liabilities		8,052	28,778
Bank loan	10	1,103,218	-
Total non-current liabilities		1,111,270	28,778
Total liabilities		3,847,197	3,154,553
SHAREHOLDERS' EQUITY			
Share capital	11	22,826,853	23,219,017
Reserves and retained earnings		53,035,199	54,314,248
Equity attributable to shareholders of the Company		75,862,052	77,533,265
Non-controlling interests		559,274	627,107
Total shareholders' equity		76,421,326	78,160,372
Total liabilities and shareholders' equity		80,268,523	81,314,925

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

APPROVED BY THE BOARD ON AUGUST 25, 2016 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 six months ended June 30, 2016 and 2015
(Expressed in United States Dollars)

	<i>Note</i>	Three Months Ended		Six Months Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		\$	\$	\$	\$
Revenue		-	-	-	-
Cost of sales		-	-	-	-
Selling and distribution cost		-	-	-	-
Gross profit		-	-	-	-
Other revenue		169,327	177,468	323,032	336,101
General and administrative expenses		(798,930)	(929,330)	(1,598,277)	(1,879,693)
Share of results of associates		205,190	(13,204)	196,741	35,243
Operating loss		(424,413)	(765,066)	(1,078,504)	(1,508,349)
Gain on disposal of other financial assets		26,700	-	31,100	-
Exchange gain (loss)		(59,695)	56,696	(77,189)	101,659
Finance costs		(1,195)	(2,337)	(3,703)	(6,600)
Loss before income tax		(458,603)	(710,707)	(1,128,296)	(1,413,290)
Income tax expense		-	-	-	-
Loss for the period		(458,603)	(710,707)	(1,128,296)	(1,413,290)
Other comprehensive loss, net of tax					
Other comprehensive loss, to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		-	-	-	-
		-	-	-	-
Total comprehensive loss for the period		(458,603)	(710,707)	(1,128,296)	(1,413,290)
Loss for the period attributable to:					
Shareholders of the Company		(426,243)	(691,154)	(1,060,463)	(1,352,223)
Non-controlling interests		(32,360)	(19,553)	(67,833)	(61,067)
		(458,603)	(710,707)	(1,128,296)	(1,413,290)
Total comprehensive loss for the period attributable to:					
Shareholders of the Company		(426,243)	(691,154)	(1,060,463)	(1,352,223)
Non-controlling interests		(32,360)	(19,553)	(67,833)	(61,067)
		(458,603)	(710,707)	(1,128,296)	(1,413,290)
Net losses per share					
Basic and diluted	11.7	(0.008)	(0.013)	(0.020)	(0.025)
Weighted average number of shares outstanding		Share	Share	Share	Share
Basic and diluted	11.7	51,899,817	54,061,993	52,223,150	54,774,120

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

GobiMin Inc.
Condensed Interim Statements of Changes in Equity (Unaudited)
For the six months ended June 30, 2016 and 2015
(Expressed in United States Dollars)

	Attributable to shareholders of the Company						Non-controlling interests	Total equity
	Share capital Note 11.1	Contributed surplus	Share option reserve	General reserve Note 11.3	Translation reserve Note 11.4	Retained earnings		
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
Loss for the period	-	-	-	-	-	(1,352,223)	(61,067)	(1,413,290)
Other comprehensive loss	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(1,352,223)	(61,067)	(1,413,290)
Dividend paid	-	-	-	-	-	(462,847)	-	(462,847)
Shares repurchased	(1,495,573)	-	-	-	-	-	-	(1,495,573)
Option cancelled	-	-	(5,454)	-	-	5,454	-	-
Share based payment	-	-	145,336	-	-	-	-	145,336
At June 30, 2015	23,309,375	2,399,939	282,132	424,203	3,482,082	47,948,728	741,578	78,588,037
At January 1, 2016	23,219,017	2,399,939	208,349	501,965	1,637,358	49,566,637	627,107	78,160,372
Loss for the period	-	-	-	-	-	(1,060,463)	(67,833)	(1,128,296)
Other comprehensive loss	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(1,060,463)	(67,833)	(1,128,296)
Dividend paid	-	-	-	-	-	(373,701)	-	(373,701)
Shares repurchased	(392,164)	2,177	-	-	-	128,884	-	(261,103)
Option cancelled	-	-	(774)	-	-	774	-	-
Share based payment	-	-	24,054	-	-	-	-	24,054
At June 30, 2016	22,826,853	2,402,116	231,629	501,965	1,637,358	48,262,131	559,274	76,421,326

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

GobiMin Inc.
Condensed Interim Statements of Cash Flows (Unaudited)
For the six months ended June 30, 2016 and 2015
(Expressed in United States Dollars)

	Three Months Ended		Six Months Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	\$	\$	\$	\$
Operating activities				
Loss before income tax	(458,603)	(710,707)	(1,128,296)	(1,413,290)
Adjustments for items not involving cash:				
- Depreciation	252,711	186,714	504,285	374,126
- Share-based payment	12,027	70,394	24,054	145,336
- Share of results of associates	(205,190)	13,204	(196,741)	(35,243)
- Gain on disposal of other financial assets	(26,700)	-	(31,100)	-
- Exchange difference	59,695	(56,696)	77,189	(101,659)
- Interest income	(73,121)	(91,404)	(134,474)	(180,184)
- Interest expense	695	1,370	1,558	3,504
	(438,486)	(587,125)	(883,525)	(1,207,410)
Working capital adjustments:				
- Prepayments, deposits and other receivables	(127,554)	70,599	(158,154)	89,898
- Amount due from an associate	(1,912,753)	-	(1,912,753)	-
- Deposit paid to related parties	-	41,794	-	41,794
- Other payables, receipts in advance and accrued liabilities	(82,253)	(31,875)	(294,128)	(413,160)
- Income tax paid	(13,023)	-	(276,571)	(97,031)
Net cash flow used in operating activities	(2,574,069)	(506,607)	(3,525,131)	(1,585,909)
Financing activities				
Interest paid	(695)	(1,370)	(1,558)	(3,504)
Shares repurchased	(261,103)	(907,838)	(261,103)	(1,495,573)
Repayment of obligations under finance lease	(11,829)	(11,829)	(23,659)	(22,314)
Dividend paid	(373,701)	(462,847)	(373,701)	(462,847)
Proceeds from bank loan	1,287,002	-	1,287,002	-
Net cash flow from/(used in) financing activities	639,674	(1,383,884)	626,981	(1,984,238)
Investing activities				
Interest received	73,121	91,404	134,474	180,184
Additions of property, plant and equipment	(1,648)	(501)	(41,797)	(52,945)
Net disposal/(addition) of listed debentures	218,450	(399,014)	(2,396,400)	(799,014)
Purchase of shares of an associate	-	(120,312)	-	(120,312)
Return of capital from an associate	-	192,896	-	192,896
Net cash flow from/(used in) investing activities	289,923	(235,527)	(2,303,723)	(599,191)
Decrease in cash and cash equivalents	(1,644,472)	(2,126,018)	(5,201,873)	(4,169,338)
Cash and cash equivalents at beginning of the period	22,507,685	29,754,577	26,065,086	31,797,897
Cash and cash equivalents at end of the period	20,863,213	27,628,559	20,863,213	27,628,559

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

GobiMin Inc.
Notes to Condensed Interim Financial Statements
For the quarter ended June 30, 2016
(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, 2015. 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, 2016.

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, 2015, except for the adoption of the following new standards and interpretations effective as of January 1, 2016:

International Financial Reporting Standards (Amendments)	Annual Improvements 2012-2014 Cycle
Amendments to International Accounting Standards 1	Disclosure Initiative
Amendments to International Financial Reporting	Sale or Contribution of Assets between
Standards 10 and International Accounting Standards 28	an Investor and its Associate or Joint
	Venture

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	June 30, 2016	December 31, 2015
	\$	\$
Canada	372,478	121,731
Hong Kong	18,688,993	23,448,555
China	1,801,742	2,494,800
Total	20,863,213	26,065,086

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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.

5. AMOUNTS DUE FROM AN ASSOCIATE

On April 7, 2016, the Group has entered into a loan agreement with China Precision Material Limited ("China Precision"), in which the Group has an indirect equity interest of 38.30%, with respect to a US\$4,000,000 revolving loan facility in favor of China Precision. The loan is unsecured, bears interest rate at 3.5% per annum and is repayable on demand with 3 days' notice. The agreement has an initial 6-month term ending on 6 October 2016 and may be extended by mutual consent. For details of the loan, please refer to the Company's press release dated April 7, 2016.

6. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings	Leasehold improvements	Furniture, fixture & equipment	Computer hardware & equipment	Motor vehicles	Total
Cost:	\$	\$	\$	\$	\$	\$
At January 1, 2015	7,368,182	196,958	413,426	674	1,011,041	8,990,281
Exchange difference	(34,005)	-	(16,765)	(30)	(35,201)	(86,001)
Additions	2,172,710	-	958	-	52,444	2,226,112
Transfer from exploration and evaluation assets	5,950,830	-	-	-	-	5,950,830
At December 31, 2015	15,457,717	196,958	397,619	644	1,028,284	17,081,222
Additions	-	40,149	1,648	-	-	41,797
At June 30, 2016	15,457,717	237,107	399,267	644	1,028,284	17,123,019
Depreciation and impairment:						
At January 1, 2015	553,365	44,040	241,405	674	595,626	1,435,110
Exchange difference	(6,015)	-	(10,228)	(30)	(21,676)	(37,949)
Depreciation for the year	438,501	65,653	46,408	-	184,055	734,617
At December 31, 2015	985,851	109,693	277,585	644	758,005	2,131,778
Depreciation for the period	308,038	38,512	20,343	-	73,896	440,789
At June 30, 2016	1,293,889	148,205	297,928	644	831,901	2,572,567
Net book value:						
At December 31, 2015	14,471,866	87,265	120,034	-	270,279	14,949,444
At June 30, 2016	14,163,828	88,902	101,339	-	196,383	14,550,452

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The net carrying amount of the motor vehicles held under finance lease at June 30, 2016 amounted to \$79,314 (December 31, 2015: \$96,608). The lease does not include contingent rentals. The leased asset was pledged as security for the related finance lease.

The leasehold land and buildings with carrying value of \$5,805,819 has been pledged as security of a loan facility of \$1,287,002. The outstanding balance amounted to \$1,287,002 as at June 30, 2016. For details of the bank loan, please refer to note 10 to the financial statements.

7. EXPLORATION AND EVALUATION ASSETS

	Mining rights Note 7.1	Others Note 7.2	Total
Cost:	\$	\$	\$
At January 1, 2015	8,270,424	29,459,183	37,729,607
Exchange difference	(370,812)	(1,320,828)	(1,691,640)
Additions	-	1,375,628	1,375,628
Transfer to property, plant and equipment	-	(5,950,830)	(5,950,830)
At December 31, 2015 and June 30, 2016	7,899,612	23,563,153	31,462,765

7.1 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 June 30, 2016, the remaining valid period of the exploration licence and mining licence was approximately 2 years.

7.2 Others

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

8. OTHER FINANCIAL ASSETS

As at	June 30, 2016	December 31, 2015
	\$	\$
Listed debentures	4,332,514	1,905,014
Available-for-sale financial asset	211,406	211,406
Total	4,543,920	2,116,420

Other financial assets mainly represent the listed debentures held by the Group with coupon rates ranged from 4.650% to 9.000% (December 31, 2015: 5.125% to 9.000%) per annum and maturities ending between May 21, 2020 and perpetual (December 31, 2015: May 21, 2020 and perpetual). Listed debentures are classified as financial assets at fair value through profit or loss.

GobiMin Inc.
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(Express in United States Dollars)

9. OTHER PAYABLES, RECEIPTS IN ADVANCE AND ACCRUED LIABILITIES

As at June 30, 2016 and December 31, 2015, 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.

As at	June 30, 2016	December 31, 2015
	\$	\$
Other payables	1,052,296	1,117,440
Accrued liabilities	113,052	307,552
Receipts in advance	80,213	110,985
Deposit received	23,338	29,075
Dividend payable	467	-
Obligation under finance leases – current	39,602	40,977
	1,308,968	1,606,029

10. BANK LOAN

As at	June 30, 2016	December 31, 2015
	\$	\$
Bank loan due for repayment within one year	183,784	-
Bank loan due for repayment after one year	1,103,218	-
Total bank loan, secured and interest bearing	1,287,002	-

The bank loan with principal of \$1,287,002 (HK\$10,000,000) is denominated in Hong Kong dollars and bears interest at Hong Kong Interbank Offered Rate minus 2.5% per annum. It is secured by (i) the leasehold land and buildings of the Group; and (ii) a personal guarantee given by a director as disclosed in notes 6 and 12.2 to the financial statements. The bank loan is repayable by 84 monthly installments with the last installment on June 28, 2023.

11. SHARE CAPITAL AND STOCK OPTIONS

11.1 Common Shares

	Number	Amount
Authorized:		\$
Unlimited number of common shares		
Issued and outstanding:		
At January 1, 2015	56,392,982	24,804,948
Shares repurchased and cancelled	(3,846,500)	(1,585,931)
At December 31, 2015	52,546,482	23,219,017
Shares repurchased and cancelled	(887,500)	(392,164)
At June 30, 2016	51,658,982	22,826,853

11.2 Preferred Shares

The Company did not authorize or issue any preferred shares.

GobiMin Inc.
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11.3 General Reserve

The general reserve represents statutory reserves of the Group's Chinese operating subsidiaries. During the three months ended June 30, 2016, there was no movement in the general reserve.

11.4 Translation Reserve

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

11.5 Normal Course Issuer Bid

On January 25, 2016, GobiMin was approved to renew its normal course issuer bid to repurchase up to an additional 2,627,324 common shares (2015: 2,765,599), 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, 2017. For the six months ended June 30, 2016, 887,500 common shares were repurchased at an aggregate cost of \$261,103 (CAD362,281) under the renewed issuer bid. All shares repurchased has been returned to treasury for cancellation.

11.6 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, 2015: 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:

	Six months ended June 30, 2016		Six months ended June 30, 2015	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of the period	2,450,000	0.43	2,791,400	0.47
Forfeited during the period	(6,000)	0.43	(35,600)	0.54
Outstanding, end of the period	2,444,000	0.43	2,755,800	0.47

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	\$		(Years)	\$		(Years)	\$
At June 30, 2016							
0.60	0.60	129,000	0.50	0.60	129,000	0.50	0.60
0.50	0.43	2,000,000	1.50	0.43	1,200,000	1.50	0.43
0.50	0.43	315,000	3.50	0.43	126,000	3.50	0.43
		2,444,000	1.70	0.43	1,455,000	1.58	0.45

GobiMin Inc.
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At December 31, 2015

0.60	0.60	129,000	1.00	0.60	129,000	1.00	0.60
0.50	0.43	2,000,000	2.00	0.43	1,200,000	2.00	0.43
0.50	0.43	321,000	4.00	0.43	132,000	4.00	0.43
		2,450,000	2.21	0.43	1,461,000	2.09	0.45

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
Exercise Price (CAD)	0.50	0.50	0.60
Expected life (year)	3	5	5
Expected volatility	38%	38%	53%
Dividend yield	-	-	-
Discount rate	1.10%	1.66%	0.88%
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.

11.7 **Basic and Diluted Losses Per Share**

For the three months ended	June 30, 2016	June 30, 2015
Net losses attributable to shareholders		
Basic and diluted	(\$426,243)	(\$691,154)
Weighted average number of shares outstanding		
Basic and diluted	51,899,817	54,061,993
Basic and diluted losses per share	(\$0.008)	(\$0.013)
For the six months ended	June 30, 2016	June 30, 2015
Net losses attributable to shareholders		
Basic and diluted	(\$1,060,463)	(\$1,352,223)
Weighted average number of shares outstanding		
Basic and diluted	52,223,150	54,774,120
Basic and diluted losses per share	(\$0.020)	(\$0.025)

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 losses per share.

GobiMin Inc.
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12. RELATED PARTY TRANSACTIONS

12.1 Key management compensation

The remuneration of key management and directors was as follows:

For the three months ended	June 30, 2016	June 30, 2015
	\$	\$
Wages, fees and other benefits	147,157	158,316
Payment to defined contribution plans	2,658	2,750
Share-based payment	10,439	67,741
	160,254	228,807
For the six months ended	June 30, 2016	June 30, 2015
	\$	\$
Wages, fees and other benefits	277,521	290,032
Payment to defined contribution plans	5,299	5,619
Share-based payment	20,878	134,738
	303,698	430,389

12.2 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	
		June 30, 2016	June 30, 2015
		\$	\$
Companies controlled by a director	Rental income	12,320	6,430
An associate	Rental income	30,116	14,826
An associate	Interest income	12,753	-
An associate	Share of office common expenses	4,892	2,565
An associate	Share of staff cost	15,438	-
Relationship	Type of transactions	For the six months ended	
		June 30, 2016	June 30, 2015
		\$	\$
Companies controlled by a director	Rental income	20,521	12,860
An associate	Rental income	60,232	29,652
An associate	Interest income	12,753	-
An associate	Share of office common expenses	9,735	5,182
An associate	Share of staff cost	57,531	-

As at June 30, 2016, the Group has a loan facility as disclosed in note 10 to the financial statements, which was secured by a guarantee given by a director.

12.3 Advances to related parties

The deposit paid to related parties represented deposit payment to a non-controlling shareholder of an associate for exploration services.

Amount due from an associate was disclosed in note 5 to the financial statements.

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Notes to Condensed Interim Financial Statements
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Other than the aforementioned, there were no other significant related party transactions requiring disclosure in the financial statements.

13. COMMITMENTS

13.1 Capital commitments

The Group has the following capital commitment:

<u>As at June 30, 2016</u>	<u>Contract Date</u>	<u>Contracted Sum</u>	<u>Capital Commitments</u>
		\$	\$
Exploration services	April 7, 2010	706,281	168,391
Mine design and related facilities	October 31, 2011	1,228,314	639,169
Office building renovation	March 2, 2013	2,015,953	888,606
Research on gold processing method	June 1, 2016	130,508	69,092
Total capital commitments for the Gold Project		4,081,056	1,765,258

13.2 Operating lease commitments

The Group as lessor

The Group has entered into operating 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:

<u>As at</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
	\$	\$
Within one year	161,905	103,660
In the second to fifth years inclusive	185,553	260,175
Total future minimum lease receivables	347,458	363,835

14. 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.

15. 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.

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15.1 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
	\$	\$	\$	\$
<u>As at June 30, 2016</u>				
Listed debentures	4,332,514	-	-	4,332,514
	4,332,514	-	-	4,332,514
<u>As at December 31, 2015</u>				
Listed debentures	1,905,014	-	-	1,905,014
	1,905,014	-	-	1,905,014

15.2 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.

15.3 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.

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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.

15.4 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.

15.5 Liquidity Risk

Liquidity risk is the risk that the Group may encounter difficulties in meeting obligations associated with financial liabilities. As at June 30, 2016, the Group held cash and cash equivalents of \$20,863,213 and net current assets of \$20,277,092. 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.

15.6 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.

16. 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 \$76,421,326 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.

17. EVENTS AFTER THE REPORTING DATE

On August 23, 2016, GobiMin sold the Company's investment in 113,000,000 shares, being its partial shareholding, of Loco Hong Kong Holdings Limited ("Loco HK") to third parties (the "Transaction") for gross proceeds of approximately \$10.62 million which will be received on August 26, 2016. After the Transaction, GobiMin remains having a 10% equity interest in Loco HK.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Interim Management's Discussion and Analysis of Financial Results - Quarterly Highlights

June 30, 2016

(Expressed in United States Dollars except where otherwise noted)

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Interim MD&A – Quarterly Highlights
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The Quarterly Highlights of GobiMin Inc. (the “Company” or “GobiMin”) provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management Discussion & Analysis (the “Annual MD&A”) for the fiscal year ended December 31, 2015. The Quarterly Highlights do not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

The Quarterly Highlights have been prepared by management as of August 25, 2016 and in compliance with the requirements of section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with its condensed interim financial statements for the quarter ended June 30, 2016 prepared in accordance with International Financial Reporting Standards (“IFRS”), its audited consolidated financial statements for the year ended December 31, 2015 prepared in accordance with IFRS and the Annual MD&A.

Additional information is accessible at the Company’s website www.gobimin.com or through the Company’s public filing at www.sedar.com.

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, 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”).

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 (collectively, the “Loco HK Group”) are principally engaged in the 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 (the “Yanxi Copper Property”).

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2. Financial Highlights

	3 months ended June 30		12 months ended
	2016	2015	December 31, 2015
	\$	\$	\$
Net profit (loss) for the period	(0.5 million)	(0.7 million)	46,000
EBITDA (LBITDA) ⁽¹⁾	(0.3 million)	(0.6 million)	0.6 million
Basic and diluted earnings (losses) per share	(0.008)	(0.013)	0.003
EBITDA (LBITDA) per share ⁽¹⁾	(0.005)	(0.011)	0.012
Cash and cash equivalents	20.9 million	27.6 million	26.1 million
Cash and cash equivalents per share ⁽¹⁾	0.40	0.52	0.50
Working capital	20.3 million	22.4 million	23.1 million
Total liabilities	3.8 million	5.8 million	3.2 million
Total assets	80.3 million	84.4 million	81.3 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

The Company owns a 70% equity interest in Xinjiang Tongyuan Minerals Limited which is developing and operating the Gold Project in Xinjiang. After delaying the development plan of the Gold Project in 2015, the Company has been concentrating in undertaking the process for conversion of the exploration licence into a mining licence. As at 30 June 2016, the Company submitted and was awaiting the approval of the first of the three required Chinese standard geological reports. If the process goes well, a mining licence would be obtained by the end of 2017. In addition, GobiMin continues to seek potential investors to develop the Gold Project.

During the second quarter of 2016, there were no additions of exploration and evaluation assets and the balance remained at \$31.5 million as at June 30, 2016, mainly composed of mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses for the Gold Project.

As at June 30, 2016, the Group still had a contractual commitment of \$1.8 million for the future development of the Gold Project, including research on gold processing method, design of mine and related facilities and office building renovation.

3.2 Silver Operation

GobiMin held an equity interest of 38.3% in Loco HK as at June 30, 2016. Loco HK Group engages in the trading of metals and commodity forward contracts. Loco HK Group's income was mainly generated from the sales of metals, including silver, tin and gold. During the period under review, benefit from resumption of gold and tin trading and increase in silver processing activities, Loco HK Group achieved a significant increase of 101% in turnover for the six months ended 30 June 2016 as compared with the corresponding period last year.

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Loco HK recorded a net profit of approximately \$0.5 million for the three months ended June 30, 2016, with GobiMin's share amounting to approximately \$0.2 million.

On August 23, 2016, GobiMin realized part of its investment by disposal of 113,000,000 shares of Loco HK to third parties (the "Transaction") for gross proceeds of approximately \$10.62 million which will be received on August 26, 2016. After the Transaction, GobiMin remains having a 10% equity interest in Loco HK. In view of the market price of Loco HK shares and the economic conditions, the Group believed that it was a good timing and value for GobiMin to realise part of its investment in Loco HK. GobiMin can increase the flexibility to invest in more potential assets or projects in future and strengthen its financial resources.

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 June 30, 2016, the carrying value of these companies, which are regarded as associates of the Group, amounted to \$0.2 million (RMB1.4 million) in aggregate.

(b) Yanxi Copper Property

GobiMin held 2.66% equity interest in Xinjiang Tongxing Minerals Limited ("Tongxing"), which is the licence holding company of the Yanxi Copper Property.

3.4 Normal Course Issuer Bid

On January 25, 2016, the TSX Venture Exchange approved GobiMin's renewal of its normal course issuer bid to repurchase up to an additional 2,627,324 common shares (2015: 2,765,599), 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, 2017. For the six months ended June 30, 2016, 887,500 common shares were repurchased at an aggregate cost of \$261,103 (CAD362,281) under the normal course issuer bid. No common share was repurchased for the period from July 1, 2016 to August 25, 2016. All shares repurchased were or 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 2016 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 June 30, 2016, the working capital of the Group amounted to approximately \$20.3 million (December 31, 2015: \$23.1 million), by netting off its current assets of \$23.0 million (December 31, 2015: \$26.2 million) with current liabilities of \$2.7 million (December 31, 2015: \$3.1 million).

Among the cash and cash equivalents of \$20.9 million, approximately \$1.8 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

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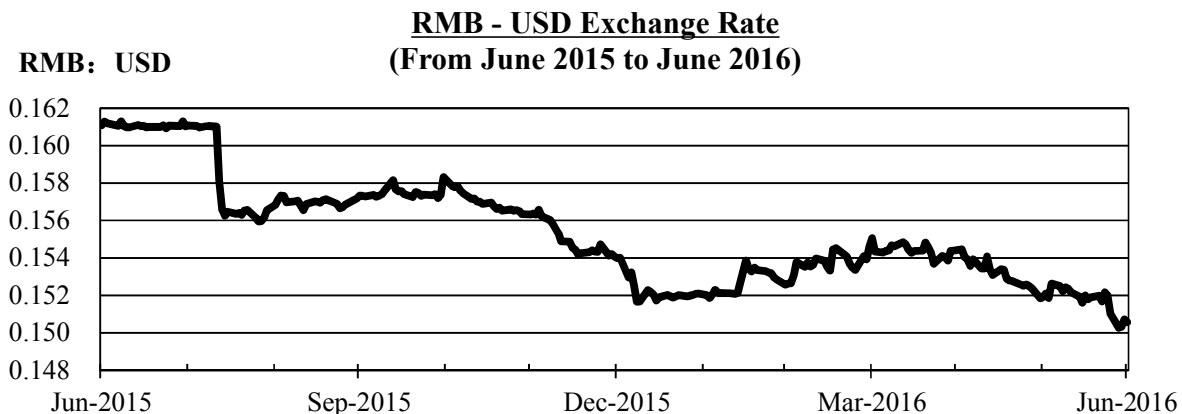
under the section named “Risk Factors”. The Group will take precautions to ensure that the available capitals match with its various payment obligations in China and elsewhere.

Taking into account of its financial position, the management of the Group considered that its cash and cash equivalents will be more than sufficient to finance its operation, including the contractual commitments of the Gold Project of approximately \$1.8 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. As at June 30, 2016, the exchange rate of the Chinese Renminbi against the U.S. dollar decreased by 6.52%, as compared with that as at June 30, 2015.



4.2 Gold Market

The changes in price of gold have a strong influence on the Gold Project’s value. As at June 30, 2016, the gold price increased by 12.76% from that on June 30, 2015.



5. Selected Quarterly Information

For the three months ended June 30, 2016, the Group reported a net loss of \$0.5 million (Q2 2015: \$0.7 million) which mainly comprised administrative expenses of \$0.8 million (Q2 2015: \$0.9 million), netting against other revenue of \$0.2 million (Q2 2015: \$0.2 million).

In this quarter, the Group recorded a net cash outflow of \$1.6 million (Q2 2015: cash outflow of \$2.1 million). It was mainly the combined effect of loan to an associate of \$1.9 million, dividend paid of \$0.4 million, share repurchase of \$0.3 million, payment of the office expenses of \$0.8 million netting off the new bank loan raised of \$1.3 million and net proceeds from sales of listed debentures of \$0.2 million.

The total assets decreased by \$1.0 million from \$81.3 million as at December 31, 2015 to \$80.3 million in this quarter. It was mainly due to dividend paid of \$0.4 million, share repurchase of \$0.3 million and payment of the office expenses of \$1.6 million netting off the new bank loan raised of \$1.3 million.

6. Results of Operations

6.1 Revenue

No revenue (3 months and 6 months Q2 2015: Nil) from operations has been recorded in this quarter.

Other revenue in the second quarter of 2016 were \$0.2 million (3 months Q2 2015: \$0.2 million) which mainly comprises of interest income of \$0.1 million (3 months Q2 2015: \$0.1 million) and rental income of \$0.1 million (3 months Q2 2015: \$0.1 million).

Other revenue for the six months ended June 30, 2016 were \$0.3 million (6 months Q2 2015: \$0.3 million) which mainly comprises of interest income of \$0.1 million (6 months Q2 2015: \$0.2 million) and rental income of \$0.2 million (6 months Q2 2015: \$0.1 million).

6.2 General and Administrative Expenses

General and administrative expenses were \$0.8 million for this quarter (3 months Q2 2015: \$0.9 million) and \$1.6 million for the six months ended June 30, 2016 (6 months Q2 2015: \$1.9 million). It mainly included pre-operating expenses incurred for the Gold Project, office rental, staff costs and legal and professional fees.

6.3 Losses Per Share

The basic and diluted losses per share were \$0.008 for this quarter (3 months Q2 2015: \$0.013) and \$0.020 for the six months ended June 30, 2016 (6 months Q2 2015: \$0.025).

6.4 LBITDA

The losses before interest income and expense, income taxes, depreciation and amortisation (“LBITDA”), a non-IFRS performance measure, for this quarter were \$0.3 million as compared to \$0.6 million incurred in the corresponding period last year. The calculation of LBITDA for the period sets out in the table below:

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For the three months ended	June 30, 2016	June 30, 2015
	\$	\$
Loss for the period	(458,603)	(710,707)
Interest income	(73,121)	(91,404)
Interest expense	695	1,370
Depreciation	252,711	186,714
LBITDA ⁽¹⁾	(278,318)	(614,027)
LBITDA per share ⁽²⁾	(0.005)	(0.011)

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.*

6.5 **Annual Dividend**

On April 21, 2016, the Company declared an annual dividend of \$0.01 (CAD0.01) per share in accordance with its dividend policy and 2015 performance. The dividend was paid on June 23, 2016 to shareholders of record on May 27, 2016.

7. **Cash Flows**

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

As at	June 30, 2016	December 31, 2015
	\$	\$
Cash and cash equivalents	20,863,213	26,065,086
Working capital ⁽¹⁾	20,277,092	23,095,399

For the three months ended	June 30, 2016	June 30, 2015
	\$	\$
Net cash flow used in operating activities	(2,574,069)	(506,607)
Net cash flow from (used in) financing activities	639,674	(1,383,884)
Net cash flow from (used in) investing activities	289,923	(235,527)
Decrease in cash and cash equivalents	(1,644,472)	(2,126,018)

For the six months ended	June 30, 2016	June 30, 2015
	\$	\$
Net cash flow used in operating activities	(3,525,131)	(1,585,909)
Net cash flow from (used in) financing activities	626,981	(1,984,238)
Net cash flow used in investing activities	(2,303,723)	(599,191)
Decrease in cash and cash equivalents	(5,201,873)	(4,169,338)

Note:

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

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7.1 Operating Activities

For the three months ended June 30, 2016

In this quarter, the Company recorded a net cash outflow from operating activities of \$2.6 million (3 months Q2 2015: \$0.5 million), mainly representing loan to an associate of \$1.9 million (3 months Q2 2015: nil) and net cash payment of the office expenses of \$0.8 million (3 months Q2 2015: \$0.6 million). The increase in net cash outflow was mainly contributed by the loan to an associate of \$1.9 million in current period.

For the six months ended June 30, 2016

For the six months ended June 30, 2016, net cash outflow from operating activities was \$3.5 million (6 months Q2 2015: cash outflow of \$1.6 million) which mainly represented loan to an associate of \$1.9 million (6 months Q2 2015: nil) and net cash payment of the office expenses of \$1.6 million (6 months Q2 2015: \$1.2 million).

7.2 Financing Activities

For the three months ended June 30, 2016

In this quarter, the Company recorded a cash inflow from financing activities of \$0.6 million (3 months Q2 2015: cash outflow of \$1.4 million), mainly representing \$1.3 million new bank loan raised (3 months Q2 2015: nil) netting off dividend paid of \$0.4 million (3 months Q2 2015: \$0.5 million) and share repurchased of \$0.3 million (3 months Q2 2015: \$0.9 million).

For the six months ended June 30, 2016

The cash inflow from financing activities was \$0.6 million for the six months ended June 30, 2016 (6 months Q2 2015: cash outflow of \$2.0 million) which mainly represent \$1.3 million new bank loan raised (6 months Q2 2015: nil) netting off netting off dividend paid of \$0.4 million (6 months Q2 2015: \$0.5 million) and share repurchased of \$0.3 million (6 months Q2 2015: \$1.5 million). The increase in net cash inflow of \$2.6 million was mainly due to decrease in shares repurchased by \$1.2 million and the new bank loan raised of \$1.3 million incurred in 2016.

7.3 Investing Activities

For the three months ended June 30, 2016

In this quarter, the Company recorded a cash inflow from investing activities of \$0.3 million (3 months Q2 2015: cash outflow of \$0.2 million), mainly representing the net disposal of listed debentures of \$0.2 million (3 months Q2 2015: net addition of \$0.4 million) and interest income of \$0.1 million (3 months Q2 2015: \$0.1 million).

For the six months ended June 30, 2016

For the six months ended June 30, 2016, net cash used in investing activities was \$2.3 million (6 months Q2 2015: \$0.6 million) which mainly represents the net addition of listed debentures of \$2.4 million (6 months Q2 2015: \$0.8 million) netting off against the interest income of \$0.1 million (6 months Q2 2015: \$0.2 million). The increase in net cash outflow was mainly due to the increase in listed debentures purchased.

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8. Statements of Financial Position

8.1 Cash and Cash Equivalents

The Group had approximately \$20.9 million in cash and cash equivalents as at June 30, 2016, compared to \$26.1 million as at December 31, 2015. The decrease of \$5.2 million was mainly the combined effect of net addition of listed debentures of \$2.4 million, loan to an associate of \$1.9 million, payment of the office expenses of \$1.6 million, dividend paid of \$0.4 million and share repurchase of \$0.3 million netting off against the new bank loan raised of \$1.3 million.

8.2 Exploration and Evaluation Assets

The exploration and evaluation assets are mainly related to the Gold Project, including mining rights, geological and geophysical costs, mine site and facilities construction, drilling and exploration expenses. For the six months ended June 30, 2016, there was no addition in exploration and evaluation assets.

8.3 Other Financial Assets

Other financial assets represented the \$4.3 million listed debentures and the unlisted equity interest in Tongxing of \$0.2 million.

8.4 Share Capital

As at June 30, 2016, GobiMin had 51,658,982 common shares issued and outstanding. For the six months ended June 30, 2016, a total of 887,500 common shares were repurchased and cancelled and 6,000 stock options were forfeited.

9. Related Party Transactions

The Group had the following transactions with related parties:

9.1 During the six months ended June 30, 2016

- (a) Fees and other remunerations to directors and key management amounted to \$0.3 million (Q2 2015: \$0.4 million).
- (b) Rental income of \$20,521 (Q2 2015: \$12,860) from related parties.
- (c) Rental income of \$60,232 (Q2 2015: \$29,652), interest income of \$12,753 (Q2 2015: nil), share of office common expenses of \$9,735 (Q2 2015: \$5,182) and share of staff cost of \$57,531 (Q2 2015: nil) from China Precision Material Limited.
- (d) Bank loan outstanding of \$1.3 million secured by a guarantee given by a director (Q2 2015: nil).

9.2 As at June 30, 2016

- (a) A deposit of \$30,708 (December 31, 2015: \$30,708) was paid to the non-controlling shareholder of an associate for exploration services.
- (b) The principal amount of a loan of \$1,900,000 (December 31, 2015: nil) together with the accrued interest was due from an associate.

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10. Capital Commitment

As at June 30, 2016, the Group had capital commitments with an aggregate amount of \$1.8 million in relation to the construction of an office building renovation, mine design and related facilities and research on gold processing method. The total contracted amount is \$4.1 million (RMB26,580,000), of which \$2.3 million (RMB15,083,000) has been provided and a balance of \$1.8 million (RMB11,497,000) as contractual commitment remains outstanding.

11. Off-Balance Sheet Arrangements

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

12. Future plans for material investments

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

13. Outstanding Share Data

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

As at	December 31, 2015	June 30, 2016	August 25, 2016
Number of Common Shares Outstanding	52,546,482	51,658,982	51,658,982
Number of Options Outstanding	2,450,000	2,444,000	2,444,000
Number of Common Shares Fully Diluted	54,996,482	54,102,982	54,102,982

14. 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. Prospective investors should carefully consider the risks factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risk Factors" in the Company's Annual MD&A for the fiscal year ended December 31, 2015, available on SEDAR at www.sedar.com.