

GobiMin Inc.

Interim Consolidated Financial Statements
(Unaudited)

March 31, 2008

(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements for the quarter ended March 31, 2008 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.

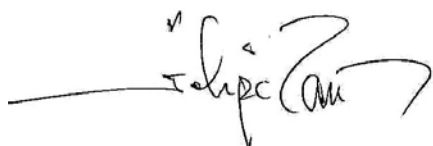
GobiMin Inc.**Consolidated Balance Sheets (Unaudited)**

(Expressed in United States Dollars)

	March 31, 2008	December 31, 2007
ASSETS	\$	\$
Current		
Cash and cash equivalents (Note 4)	44,133,344	45,624,936
Accounts receivable	2,243,810	600,253
Prepayments and other receivables	1,416,261	2,051,637
Loan to investee company (Note 5)	998,355	958,372
Inventories (Note 6)	1,392,302	1,845,032
Total current assets	50,184,072	51,080,230
Mineral properties (Note 7)	31,495,304	28,028,839
Long term prepaids (Note 9)	8,013,389	7,231,180
Equity investments (Note 8)	3,335,745	3,034,774
Due from related parties (Note 13)	312,269	1,376,349
Total assets	93,340,779	90,751,372
LIABILITIES		
Current		
Accounts payable	980,444	882,860
Due to related parties (Note 13)	2,816,234	140,063
Other payables and accrued liabilities (Note 11)	3,408,143	6,872,902
Bank loan (Note 12)	11,409,772	10,952,821
Income tax payable	154,442	340,286
Total current liabilities	18,769,035	19,188,932
Future Income Tax Liability	78,230	78,051
Total liabilities	18,847,265	19,266,983
Non-controlling interests (Note 14)	1,740,802	1,677,393
Commitments (Note 19)		
SHAREHOLDERS' EQUITY		
Share capital (Note 16a)	30,499,838	31,195,252
Contributed surplus (Note 16b)	4,471,822	4,029,197
Reserves (Note 17)	6,144,537	6,144,537
Retained earnings	25,249,790	24,024,559
Accumulated other comprehensive income	6,386,725	4,413,451
Total shareholders' equity	72,752,712	69,806,996
Total liabilities and shareholders' equity	93,340,779	90,751,372

See accompanying notes to the Consolidated Financial Statements

APPROVED BY THE BOARD


Felipe Tan
Director

Hubert Marleau
Director

GobiMin Inc.**Consolidated Statements of Income (Unaudited)**

(Expressed in United States Dollars)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	\$	\$
Revenue	4,137,710	10,276,582
Cost of sales	(1,382,169)	(2,135,566)
Depreciation	(577,393)	(472,504)
Selling and distribution cost	(78,644)	(294,225)
Gross Profit	2,099,504	7,374,287
Other revenue (Note 15)	479,042	116,892
General and administrative expenses	(1,171,677)	(1,101,576)
Stock based compensation (Note 16)	(460,240)	(49,862)
Equity profit (loss) in investment (Note 8)	(38,743)	(28,799)
Other operating expenses	(2,234)	(841,118)
Earnings before interests, tax and non-controlling interests	905,652	5,469,824
Interest expense	(185,673)	-
Earnings before tax and non-controlling interests	719,979	5,469,824
Income tax	(117,547)	(692,982)
Earnings before non-controlling interests	602,432	4,776,842
Non-controlling interests (Note 14)	(58,645)	(171,812)
Net earnings for the Period	543,787	4,605,030
Basic earnings per share (Note 16d)	0.007	0.070
Diluted earnings per share (Note 16d)	0.007	0.069
Weighted average number of shares outstanding (Note 16d)	73,440,475	65,394,313
Diluted weighted average number of shares outstanding (Note 16d)	74,908,585	67,088,043

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.
Consolidated Statements of Comprehensive Income (Unaudited)
(Expressed in United States Dollars)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	\$	\$
Net income	543,787	4,605,030
Unrealized exchange gain on translation of self-sustaining foreign operations	1,973,274	149,500
Comprehensive income	2,517,061	4,754,530

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)
(Expressed in United States Dollars)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
	\$	\$
Share Capital		
Balance at beginning of period	31,195,252	16,053,320
Issued for option exercise	46,299	526,046
Issued for warrant exercise	-	2,629,122
Cancelled for share buy back	(741,713)	-
Balance at end of period	30,499,838	19,208,488
Contributed Surplus		
Balance at beginning of period	4,029,197	3,645,606
Options & warrants exercised and cancelled	(17,615)	(321,948)
Stock based compensation	460,240	49,862
Balance at end of period	4,471,822	3,373,520
Reserves		
Balance at beginning of period	6,144,537	2,765,919
Current period reserves	-	-
Balance at end of period	6,144,537	2,765,919
Retained Earnings		
Balance at beginning of period	24,024,559	7,789,146
Net income	543,787	4,605,030
Tax refund relating to capital transaction (Note 18)	681,444	-
Balance at end of period	25,249,790	12,394,176
Accumulated other comprehensive income		
Balance at beginning of period	4,413,451	254,635
Other comprehensive income	1,973,274	149,500
Balance at end of period	6,386,725	404,135

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.
Consolidated Statements of Cash Flows (Unaudited)
(Expressed in United States Dollars)

	Three Months Ended March 31, 2008	Three Months Ended March 31, 2007
Cash flows from (used in) operating activities	\$	\$
Net earnings for the Period	543,787	4,605,030
Adjustments for items not involving cash:		
- Depreciation	577,393	472,504
- Amortization in general and administrative expenses	43,005	75,585
- Stock based compensation	460,240	49,862
- Unrealized loss on forward contracts	-	587,401
- Equity (profit) loss in investment	38,743	28,799
- Non-controlling interests	58,645	171,812
	1,721,813	5,990,993
Change in non-cash working capital items:		
- Accounts receivable	(1,584,547)	642,952
- Prepayments, deposits and other receivables	693,543	(226,065)
- Inventories	518,588	769,416
- Accounts payable	59,476	(381,392)
- Due to related parties	3,698,308	19,924
- Other payables and accrued liabilities	(3,574,177)	(828,660)
- Tax payable	(195,843)	(6,652)
Net cash from operating activities	1,337,161	5,980,516
Cash flows from (used in) financing activities:		
Shares issued for cash from warrant and option exercise	28,685	2,833,320
Shares bought back and cancelled	(741,713)	-
Repayment of shareholder's loan	-	258,560
Loan to investee company	-	(904,960)
Net cash from financing activities	(713,028)	2,186,820
Cash flows from (used in) investing activities		
Mineral properties	(2,975,384)	(162,718)
Change on construction payables	(177,386)	(789,276)
Tax refund on capital transaction	680,383	-
Margin deposit for futures trading		(267,709)
Equity investments in joint ventures	(209,443)	-
Long term prepaids	(470,439)	-
Net cash used in investing activities	(3,152,269)	(1,219,703)
Increase (Decrease) in cash and cash equivalents	(2,528,136)	6,947,633
Effect on foreign exchange rate changes on cash	1,036,544	55,132
Cash and cash equivalents at beginning of period	45,624,936	15,141,334
Cash and cash equivalents at end of period	44,133,344	22,144,099
Supplementary cash flow information:		
Interest received	282,062	79,002
Interest paid	(185,673)	-
Income tax paid	(313,389)	(982,561)

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.
Notes to Consolidated Financial Statements (Unaudited)
Three months ended March 31, 2008
(Expressed in United States Dollars)

1. NATURE OF OPERATIONS

GobiMin Inc., together with its subsidiaries, collectively referred to herein as the “Company” or “GobiMin”, is engaged in the development and exploitation of mineral properties in Hami of the Xinjiang Uygur Autonomous Region of the People’s Republic of China (“China”) through its operating Chinese subsidiaries, Xinjiang Yakesi Resources Co. Ltd (“Yakesi”) and Hami Jubao Resources Co. Ltd (“Jubao”). The Company owns 93.55% of Yakesi and 95.16% of Jubao.

The ore being mined by the Company is predominately nickel and copper. It then processes the ore through its processing plants to produce nickel and copper concentrates. The concentrates are sold in China.

In 2006, GobiMin formed a joint venture, Xinjiang Xinya Minerals Ltd. (“Xinya”). The Company owns 50% equity interest in Xinya. The joint venture is engaged in exploration of zinc and copper projects in Xinjiang region. GobiMin also owns 30% equity interest in Dazi PuXiong Copper Company Limited (“PuXiong”), which is engaged in exploration, mining and milling of copper and zinc resources in Tibet, China.

In 2007, GobiMin formed four new joint ventures, Xinjiang Tongde Minerals Ltd (“Tongde”), Xinjiang Tongxing Minerals Ltd (“Tongxing”), Xinjiang Tongan Minerals Ltd (“Tongan”) and Xinjiang Tianhong Minerals Ltd (“Tianhong”), to engage in exploration of nickel, copper, lead and zinc projects in Xinjiang region. GobiMin owns 40% in each of those four joint ventures. Starting Q4 2007, GobiMin holds 65% controlling interest in its newly formed subsidiary, PT. Gobi Sulawesi Resources (“PT Gobi”), to engage in nickel laterite exploration projects in Indonesia.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The unaudited interim consolidated financial statements of GobiMin have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of application as those disclosed in note 2 of GobiMin’s annual consolidated financial statements for the year ended December 31, 2007, except for the change referred to in note 3 below. Generally accepted accounting principles for interim consolidated financial statements do not conform in all respects to the disclosures required for annual consolidated financial statements and, accordingly, these unaudited interim consolidated financial statements should be read in conjunction with GobiMin’s annual consolidated financial statements and accompanying notes for the year ended December 31, 2007. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited interim consolidated financial statements. These adjustments consist only of normal recurring adjustments. Operating results for these interim periods are not necessarily indicative of the results that may be expected for the full fiscal year ending December 31, 2008.

3. CHANGE IN ACCOUNTING POLICIES

New Canadian Accounting Pronouncements

a) Inventories

In June 2007, CICA issued Section 3031, “Inventories”, which replaces Section 3030, “Inventories”. Under the new section, inventories are required to be measured at the “lower of cost and net realizable value”, which is different from the existing guidance of the “lower of cost and market”. The new section contains guidance on the determination of cost and also requires the reversal of any write-downs previously recognized. Certain minimum disclosures are required, including the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The new standard will be effective for the Company’s financial year beginning on January 1, 2008.

b) Capital Disclosures

In December 2006, the AcSB issued Section 1535, *Capital Disclosures*. This standard requires disclosure regarding what the Company defines as capital and its objectives, policy and processes for managing capital. In

GobiMin Inc.**Notes to Consolidated Financial Statements (Unaudited)**

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addition, disclosures are to include whether companies have complied with externally imposed capital requirements. This standard will be effective for the Company's financial year beginning on January 1, 2008.

c) Financial Instruments

In December 2006, the Canadian Accounting Standards Board (AcSB) issued two new Sections in relation to financial instruments: Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments – Presentation*. Both sections will be effective for the Company's financial year beginning on January 1, 2008.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31, 2008 include cash in different locations as follows:

Bank location	Currency	Amount	US\$ Equivalent
Canada	CAD	268,174	260,906
Hong Kong	HKD	190,238,867	24,445,694
China	RMB	135,761,942	19,362,660
Indonesia	IDR	588,472,525	64,084
Total			44,133,344

Cash and cash equivalents at December 31, 2007 include cash in different locations as follows:

Bank location	Currency	Amount	US\$ Equivalent
Canada	CAD	797,831	807,405
Hong Kong	HKD	158,757,839	20,353,639
China	RMB	178,525,773	24,442,009
Indonesia	IDR	206,023,222	21,883
Total			45,624,936

The RMB is not freely convertible into other currencies. However, under China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Company 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 March 31, 2008.

5. LOAN TO INVESTEE COMPANY

The Company loaned an unsecured, interest bearing shareholder loan totalling \$998,355 (RMB 7,000,000) (December 31, 2007: \$958,372 or RMB 7,000,000) to PuXiong, in which GobiMin owns a 30% equity interest. The loan was due on September 30, 2007 with an interest rate of 6.435% per annum. The Company has obtained guarantee from the controlling shareholder of Puxiong which guaranteed a full repayment of the loan and interest in 2008.

6. INVENTORIES

	March 31, 2008	December 31, 2007
Raw materials	\$ 993,588	\$ 727,439
Finished goods	398,714	1,117,593
	1,392,302	1,845,032

GobiMin Inc.
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Three months ended March 31, 2008
(Expressed in United States Dollars)

7. MINERAL PROPERTIES

	Cost	Accumulated Amortization/ Written off	Net Book Value
<u>March 31, 2008</u>			
Leasehold land and buildings	10,293,290	(2,614,739)	7,678,551
Plant and machinery	5,394,575	(1,817,490)	3,577,085
Furniture, equipment and motor vehicles	811,539	(264,226)	547,313
Intangible asset	9,324,947	(4,005,827)	5,319,120
Construction in progress	10,797,557	-	9,849,999
Exploration costs	3,575,678	-	4,523,236
	<u>40,197,586</u>	<u>(8,702,282)</u>	<u>31,495,304</u>
<u>December 31, 2007</u>			
Leasehold land and buildings	9,624,915	(2,232,013)	7,392,902
Plant and machinery	5,030,379	(1,605,188)	3,425,191
Furniture, equipment and motor vehicles	765,687	(238,559)	527,128
Intangible asset	8,406,685	(3,778,055)	4,628,630
Construction in progress	8,220,368	-	8,220,368
Exploration costs	3,834,620	-	3,834,620
	<u>35,882,654</u>	<u>(7,853,815)</u>	<u>28,028,839</u>

In 2007, the Company decided to move its Hong Kong office and therefore a cost of \$44,340 for the previous office's leasehold improvement was written off.

From time to time, management evaluates the estimated economic benefit derived from shaft construction relating to future mining potential. Mine construction costs are written off as soon as it is determined that their carrying values may exceed their estimated net recoverable amounts.

8. EQUITY INVESTMENTS

Equity investments represent the Company's equity interests in PuXiong, which was established in 2006, and four new joint ventures established in 2007.

The Company accounts for its investments on the equity basis, which is carried at cost, adjusted for the Company's proportionate share of the undistributed earnings and losses of all the above joint ventures. During the three months ended March 31, 2008, the Company recorded \$38,743 as equity loss on the investments.

9. LONG-TERM PREPAIDS

Long-term prepaids as at March 31, 2008 consisted of deposits to purchase equipment and prepaids to contractors of Yellow Mountain Deposit.

10. INTEREST IN JOINT VENTURE

During 2006, GobiMin formed a joint venture, Xinya, with Xinjiang Huaxin Minerals Ltd ("Huaxin). GobiMin and Huaxin each acquired a 50% interest in Xinya by injecting RMB 1 million (\$136,910) cash into the new joint venture as share capital. The joint venture is formed for the mining exploration and development in northwest China.

GobiMin Inc.**Notes to Consolidated Financial Statements (Unaudited)**

Three months ended March 31, 2008

(Expressed in United States Dollars)

The Company adopts the proportionate consolidation method to account for its interest in Xinya. The Company's proportionate share of its interest in and results from the joint venture as at and for the 3 months ended March 31, 2007 and 2008 are as follows:

	March 31, 2008	December 31, 2007
Cash and cash equivalents	\$ 40,366	\$ 1,098,987
Intangible assets – exploration rights	48,556	46,611
Other receivables	53,127	51,136
Due to related parties	-	(1,061,054)
	142,049	135,680

	Three months ended March 31, 2008	Three months ended March 31, 2007
Other revenue	\$ 3,244	\$ 109
General and administration expenses	1,860	(59)
Net income	1,384	50
Net cash from operating activities	1,663	50
Net cash from financing activities	(1,082,124)	-
Net cash used in investing activities	-	-
Effect on foreign exchange rate changes on cash	21,840	504

11. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities include construction payables of \$2,069,141 (December 31, 2007: \$2,160,206) as at March 31, 2008.

12. BANK LOAN

The Company's Chinese subsidiary, Yakesi, borrowed two one-year unsecured term loans from the local banks, totaling RMB 80,000,000 (\$11,409,772) as at March 31, 2008. The loans are due in December 2008 at the annual interest rate of 7.47%.

13. RELATED PARTY TRANSACTIONS AND BALANCES

- a) As of March 31, 2008, there is nil balance (December 31, 2007: \$1,061,054) due from the Company's joint venture, Xinya, as the Company was repaid the full amount of the advance.
- b) \$210,483 (December 31, 2007: \$210,000) of due from related parties pertains to loans to the minority shareholders of the Company's subsidiary, PT Gobi, for financial support of their equity investments in the subsidiary. The loans have no term and are non-interest bearing and collateralized with the equity interest in PT Gobi. The minority shareholders authorized PT Gobi to repay the Company with their portion of dividends payable by PT Gobi in the future.
- c) \$101,786 (December 31, 2007: \$105,925) of due from related parties pertains to loans to employees in the Chinese subsidiary of the Company for financial assistance related to home purchases. The loans were granted to 19 employees. These loans are non-interest bearing and forgivable after eight years of service from the date of granting of the loan. Should the employee leave the Company prior to the end of the eighth year from the granting date of the loan, the original loan principal will become immediately repayable. These loans are collateralized by the properties bought and are being amortized on a straight-line basis over eight years. The related party transaction was recorded at the exchange amount as agreed upon by the related parties.

GobiMin Inc.**Notes to Consolidated Financial Statements (Unaudited)**

Three months ended March 31, 2008

(Expressed in United States Dollars)

- d) \$2,711,379 of due to related parties pertains to a loan borrowed from a minority shareholder of Yakesi, Jinhaixin Resource Inc., which is used to finance the Company's investments in its Chinese joint ventures. The loan has no term, interest or collateral and has been fully repaid in May 2008. \$104,854 (December 31, 2007: \$140,063) of due to related parties pertains to accounts payable to the minority shareholder of the Chinese subsidiary for the loading services provided and accounts payable to the minority shareholder of the Indonesia subsidiary for the exploration services provided. The transaction is measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.
- e) As at March 31, 2008, Jinchuan Group Ltd., a customer of the Company, owned approximately 11.8% (December 31, 2007: 11.8%) of the total outstanding shares of the Company.

14. NON-CONTROLLING INTERESTS

Non-controlling interests represent the 6.45% (2007: 6.45%) equity interests in Yakesi, 4.84% (2007: 4.84%) equity interests in Jubao and 35% (2007:35%) equity interest in PT Gobi held by minority shareholders.

15. OTHER REVENUE

The Company realized \$479,042 other revenue during the three months ended March 31, 2008.

- a) \$33,785 of other revenue pertains to short term investment gain on China stock markets.
- b) The remaining of other revenue is mainly from interest income and sales of oil and materials to contractors for mining operation.

16. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS**a) Common Shares**

	Number	Amount
		\$
Authorized:		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued and outstanding:		
<u>Balance, December 31, 2007</u>	<u>73,464,502</u>	<u>31,195,252</u>
Shares issued for option exercise	45,000	46,299
Shares bought back & cancelled	(296,100)	(741,713)
<u>Balance, March 31, 2008</u>	<u>73,213,402</u>	<u>30,499,838</u>

b) Contributed Surplus

	Amount
	\$
<u>Balance, December 31, 2007</u>	<u>4,029,197</u>
Options & warrants exercised and cancelled	(17,615)
<u>Stock-based compensation expense</u>	<u>460,240</u>
<u>Balance, March 31, 2008</u>	<u>4,471,822</u>

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Shares buy back

On February 6, 2008, the Company began a normal course issuer bid to repurchase some of its common shares on the TSX Venture Exchange. The Company intends to repurchase up to 3,673,225 common shares, representing approximately 5% of the common shares presently outstanding. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2009. The Company has bought back 296,100 shares at the cost of \$741,713 as of March 31, 2008. All shares purchased are returned to treasury for cancellation.

Escrowed Shares

27,532,500 common shares were placed in escrow in accordance with the escrow agreement dated September 30, 2005. The escrow shares are subject to a three year term.

The total number of shares held in escrow at March 31, 2008 was 8,259,750.

c) Stock options

On May 26, 2005, the Company adopted a resolution cancelling all of its then 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 number of 5,700,000 (2006: 5,700,000) common shares were reserved for issuance pursuant to the exercise of options to be granted under the plan.

A summary of the status of the Company's stock option plan as of March 31, 2008, and changes during the period is presented below:

	Three months ended March 31, 2008		Three months ended March 31, 2007	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Outstanding, beginning of period	3,330,400	1.88	2,810,000	0.69
Cancelled	(35,000)	0.99	-	-
Issued at February 12, 2007	-	-	55,000	1.79
Issued at January 31, 2008	50,000	2.89	-	-
Issued at March 10, 2008	15,000	3.44	-	-
Exercised	(45,000)	0.55	(170,000)	0.55
Outstanding, end of period	3,315,400	1.93	2,695,000	0.70

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The following table summarizes the employee stock options outstanding and exercisable at March 31, 2008:

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 \$
0.55	1,697,400	2.53	0.55	1,247,400	2.78	0.55
0.95	10,000	2.68	0.95	6,000	2.93	0.95
1.66	150,000	3.24	1.66	150,000	3.49	1.66
1.79	5,000	3.87	1.79	2,000	4.12	1.79
3.61	875,000	2.34	3.61	262,500	-	-
3.61	513,000	4.34	3.61	104,400	-	-
2.89	50,000	0.83	2.89	50,000	0.83	2.89
3.44	15,000	3.00	3.44	-	-	-
	3,315,400	2.77	1.93	1,852,300	2.62	1.31

During the three months ended March 31, 2008, the weighted average fair value of options granted amounted to \$0.76 per option. 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:

Risk free interest rate:	3.22%
Expected life:	1 year
Expected volatility:	90%
Dividend yield:	0

d) Basic and Diluted Earnings Per Share

	Three months ended	
	March 31, 2008	March 31, 2007
Net earnings available to shareholders		
Basic and diluted	\$543,787	\$4,605,030
Weighted average shares outstanding		
Basic	73,440,475	65,394,313
Effect of dilutive stock options and warrants	1,468,110	1,693,730
Diluted	74,908,585	67,088,043
Earnings per share (basic)	\$0.007	\$0.070
Earnings per share (diluted)	\$0.007	\$0.069

17. RESERVES

Pursuant to the relevant laws and regulations in China, a portion of the net earnings of the Company's subsidiaries in China was transferred to general reserve, at the discretion of its board of directors at the end of each year. Subject to certain restrictions set out in the relevant law and regulations in China and the articles of associations of the relevant companies, the general reserve may be used to off-set losses or for capitalization as paid-up capital.

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During the three months ended March 31, 2008, \$4,624,785 was transferred from general reserve to register capital in Yakesi.

18. TAX REFUND ON CAPITAL TRANSACTION

In March 2008, the Company's subsidiary in China obtained an approval from the China tax authority regarding approximately RMB 5 million (\$681,444) tax refund for the subsidiary's reinvestment of retained earnings into its share capital. This tax refund was made pursuant to China Foreign Investment Enterprises and Foreign Enterprises Income Tax Law.

19. COMMITMENTS

As at March 31, 2008, capital commitments that the Company had contracted for, but not provided for, amounted to \$25,551,270 (December 31, 2007: \$24,969,599). The commitments relate to development work on Yellow Mountain (Huangshan) site, shaft construction, further exploration and other maintenance work at the mill. The Company has approximately \$25,905 monthly office rental expense in its Hong Kong and Canada offices.

20. SEGMENTED INFORMATION

The Company conducts its business as a single operating segment, being the development and exploitation of mineral properties. All mineral property interests and capital assets are located in China, except for a very limited number of mining rights and office equipments acquired in Indonesia. All of the Company's revenues are derived from Chinese sources.

The Company has only two customers over the period covered by these consolidated financial statements. The Company is able to locate and secure other customers should the condition require.

21. SUBSEQUENT EVENTS

- a. On April 10, 2008, GobiMin declared 2007 annual dividend of CAD\$0.03 (\$0.03) per share. The dividend is to be payable on June 5, 2008 to shareholders of record on May 15, 2008.
- b. On May 8, 2008, 51,000 outstanding employee options were exercised and GobiMin received CAD\$32,640 (\$32,160) in cash accordingly.
- c. For the period from April 1, 2008 to May 29, 2008, a total of 173,900 common shares were repurchased for an aggregate gross proceeds of CAD\$434,315 (\$439,483). All shares purchased were returned to treasury for cancellation.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

For the quarter ended March 31, 2008

(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.

Management's Discussion and Analysis of Financial Results

For the quarter ended March 31, 2008

(Expressed in United States Dollars)

May 29, 2008

The following discussion and analysis of the consolidated operating results and financial condition of GobiMin Inc. for the quarter ended March 31, 2008 should be read in conjunction with its consolidated financial statements for the quarter ended March 31, 2008 and audited consolidated financial statements for the year ended December 31, 2007. The financial information was prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This Management's Discussion and Analysis was prepared on May 29, 2008.

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., together with its subsidiaries, collectively referred to herein as the "Company" or "GobiMin", is engaged principally in the exploration, development and mining of mineral properties in the People's Republic of China ("China"). The Company's major base metals projects are located in Hami of the Xinjiang Uygur Autonomous Region of China ("Xinjiang").

GobiMin, through its subsidiaries, presently mines nickel and copper ore from Yellow Mountain East Mine and Xiangshan Mine. Ore is processed through two mills totalling 1,600 tonnes per day capacity to produce nickel and copper concentrates, which are then sold to smelters in China. The Company mined and processed approximately 330,000 tonnes of ore in 2007.

After receiving the development permit from local government at the end of 2007, GobiMin started pre-development of the Yellow Mountain Deposit, a property located nearby the two producing mines. According to the National Instrument ("NI") 43-101 technical report, the Yellow Mountain Deposit contains 12 million tonnes indicated resources averaging 0.44% nickel, 0.29% copper and 0.026% cobalt and 48 million tonnes inferred resources averaging 0.42% nickel, 0.27% copper and 0.026% cobalt.

Supported by the strong cash position, GobiMin continues to pursue additional base metals opportunities. Currently the Company has equity interests in joint ventures situated mostly in Xinjiang. These joint ventures target nickel, copper, lead and zinc. GobiMin also has a joint venture to explore nickel laterite in Indonesia.

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2. Financial Highlights

As disclosed in the business outlook of 2008 in our 2007 annual report (see the news release on April 11, 2008 or 2007 Management's Discussion and Analysis filed with SEDAR), the Company lost 20 working days in the first quarter of 2008, due to the worst winter weather for half a century across China coincident with the Chinese Spring Festival holidays. Furthermore, realized nickel price in the first quarter of 2008 was lower than the corresponding period of last year. The combination of these factors substantially reduced the Company's revenue and net earnings compared to the first quarter of 2007. The production has returned to normal since the end of March 2008.

But in a broader picture, the first quarter's operations have always been the lowest for the year due to the impact of the Chinese New Year. Therefore, the Company expects to be able to catch up with the lost production in the remaining quarters and still plans to end up with higher production in 2008 compared to 2007. The financial highlights in the first quarter are:

	Quarter ended March 31, 2008	Quarter ended March 31, 2007	Increase/Decrease on quarterly basis
Revenue	\$4.1 million	\$10.3 million	-59.7%
Net earnings	\$0.5 million	\$4.6 million	-88.2%
EBITDA ⁽¹⁾	\$1.7 million	\$6.0 million	-71.5%
Gross Margin	50.7%	71.8%	-30.0%
Basic earnings per share	\$0.007	\$0.070	-90.0%
Diluted earnings per share	\$0.007	\$0.069	-89.9%
EBITDA per share ⁽¹⁾	\$0.02	\$0.09	-77.8%
Cash and cash equivalents	\$44 million	\$22 million	+100%
Cash and cash equivalents per share ⁽¹⁾	\$0.60	\$0.32	+87.5%
Cash cost per tonne of ore, after by-product credits ⁽¹⁾	\$12.74	\$14.53	-12.3%

(1) As non-GAAP measurements, EBITDA, EBITDA per share, Cash and cash equivalents per share and Cash cost per tonne of ore do not comply with GAAP 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 GAAP.

3. Business Summary and Development

(a) Production Decrease

Ore processed in this quarter decreased to 20,527 tonnes from 57,911 tonnes in the same period of last year, reflecting the longer interruption of the operations during a major winter storm coincident with the Chinese Spring Festival. Despite the unexpected slowdown of production, the Company took advantage to complete maintenance work on the mills which will result in an improved production rate in the coming months. The management anticipates that production will increase to 100,000 tonnes in the second quarter of 2008.

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(b) Progress at Yellow Mountain Deposit

GobiMin is actively developing the Yellow Mountain project, including the sinking of the production shaft.

(c) Exploration Projects

During 2007, GobiMin formed four new joint ventures with subsidiaries of Xinjiang Bureau of Geology and Mineral Resources ("Xinjiang Bureau"). By combining GobiMin's project development expertise with Xinjiang Bureau's considerable mining property portfolio, the new joint ventures aim to acquire quality projects in Xinjiang. The joint ventures continued to apply for new exploration licenses and have now obtained exploration licenses of copper, nickel, lead and zinc projects all over Xinjiang. Most of the projects are at early exploration stage.

The Company has started mapping and sampling work in the Indonesia joint venture.

(d) Yakesi's IPO in China

After completing capital restructuring transactions in the fourth quarter of 2007, the Company's Chinese subsidiary, Xinjiang Yakesi Resources Co. Ltd. ("Yakesi"), reached a major milestone by obtaining approval of registration as a joint stock company. Then, Yakesi began a 3-month period of tutoring offered by the sponsor to directors and officers of Yakesi to comply with the related listing requirements.

(e) Share buy back

On February 6, 2008, the Company began a normal course issuer bid to repurchase some of its common shares on the TSX Venture Exchange, since the Company believes that the current market price of the shares does not fairly reflect the intrinsic value of the Company. The Company intends to repurchase up to 3,673,225 common shares, representing approximately 5% of the then outstanding common shares. Purchases are expected to be made in accordance with applicable regulations over a maximum period of 12 months ending January 31, 2009. The Company has bought back 470,000 shares as of May 29, 2008. All shares purchased were returned to treasury for cancellation. GobiMin now has 73,090,502 shares outstanding.

(f) Earthquake

The Company and its employees have committed to donations to provide relief support for the victims of China's May 12, 2008 earthquake in Sichuan province. None of the Company's subsidiaries or joint ventures in China has sustained any physical or financial losses.

4. Key Economic Trends

(a) Nickel

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The main product sold by GobiMin is nickel concentrate, which accounts for 78% of total revenues in this quarter, compared to 88% in 2007. The price received by the Company for the nickel contained in the concentrate is calculated at a discount to the Chinese domestic nickel cathode price (which is generally correlated to the London Metal Exchange ("LME") nickel price). The discount reflects the smelter and refining charges as well as recovery loss to convert concentrate into nickel cathode. The average Chinese domestic cathode nickel price was approximately 118% of LME nickel price in Q1 2008, compared to 107% in 2007. The related price chart can be found in GobiMin's website (www.gobimin.com).

The cash settlement price of nickel on the LME averaged \$13.13 per pound in this quarter, with a high of \$15.30 and a low of \$11.98, compared to an average of \$18.79 in the first quarter of 2007.

(b) Copper

Another product produced by GobiMin is copper concentrate, which accounts for approximately 22% of the total revenue in this quarter. The price received by the Company for the copper contained in the concentrate is calculated at a discount to the Chinese domestic copper price (which is correlated to LME copper price). The discount reflects the smelter and refining charges as well as recovery loss to convert the concentrate into copper cathode. The cash settlement price of copper on the LME averaged \$3.54 per pound during this quarter, compared to \$2.69 in the first quarter of 2007. Revenue from selling copper concentrates is treated as by-product credits in the calculation of cash operating costs.

(c) China Economy

Since GobiMin is producing and selling its nickel and copper concentrates within China, Chinese economy condition is another key factor on the Company's business. Chinese economy has been consistently growing and the growth will continue in the foreseeable future. China's GDP increased average 10.6% per year in the past five years. During this quarter, China's GDP increased by 10.2% compared to the same period last year, among which the fixed asset investments increased by 27.7%. In the view of the management, the strong economy growth is generating high metal consumption in China and will continue to support the fundamentals of the increasing demand in nickel and copper.

For the 12 months ended March 31 2008, the Chinese currency Renminbi ("RMB") increased 10.3% against the US dollar. Since the Company's operations and sales are mainly engaged within China, the currency fluctuation will have an impact on the Company's cost structure as the Company reports in US dollars.

5. Critical Accounting Policies and Estimates

The Company's accounting policies are described in Note 2 to the audited consolidated financial statements for the year ended December 31, 2007. The preparation of financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported results. Changes to these estimates could materially impact the consolidated financial statements. The policies and estimates made by the Company that are considered to be most critical are described below.

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(a) Revenue Recognition

Revenue from the sale of nickel concentrate is recognized when risk and title passes to the customer, the price is fixed and determinable and collection of the proceeds is reasonably assured. The passing of title and risk occurs based on the terms of the off-take contract. The price is based on the formula in the off-take contract that includes average listed price of the customer and the price factor decided by the grade level of concentrate.

(b) Depreciation of Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation and amortization is computed using the straight-line method with an estimated residual value of 0 - 5%. The annual depreciation or amortization rates are as follows:

Buildings: 4.75% - 33.3%

Leasehold improvement: 33.3%

Production equipment: 9.5% - 19%

Transportation equipment: 11.88% - 25%

Other equipment: 11.88% - 19%

For the mill and shafts built in 2006, the Company used estimations of the buildings' service lives and residual value to calculate the depreciation expenses. Therefore buildings' depreciation rates ranged from 4.75% to 33.3%.

Construction in progress is stated at cost less any impairment loss, and is not depreciated. It comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of fixed assets when completed and ready for use.

Exploration costs are stated at cost less any impairment loss. It comprises the direct costs of exploration work on mineral properties prior to the development. Upon commencement of commercial production of mineral properties, exploration costs are amortized over the mine's estimated life using the straight-line method with nil residual value.

(c) Asset Retirement Obligations

The Company recognizes the fair value of liabilities for asset retirement obligations in the period in which they are incurred and in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related asset and depreciated over the life of the asset. Over time, the liability is increased to reflect an interest element (accretion expenses) considered in its initial measurement at fair value. All the mine sites are in desert area in Northern China and management believes that the liability after the mine site retirement is immaterial. The amount of the liability will be subject to re-measurement at each reporting period. It is possible that the Company's estimates of its ultimate mine site retirement liabilities could be changed as a result of changes in regulations, the extent of environmental remediation required, the means of reclamation or the cost estimates. Changes in estimates are accounted for prospectively from the period the estimate is revised.

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The Company has not recorded a liability for its asset retirement obligations. Currently, the Company pays an annual environmental fee to the local government for the cost of operating a processing plant. This fee is fixed as per the government policy and is expensed as incurred.

(d) Equity Investment

Investments in shares of incorporated companies, in which the Company's ownership is greater than 20% but no more than 50% and wherever significant influence is present, are accounted for by the equity method. The Company accounts for its investment on an equity basis, which is carried at cost, adjusted for the Company's proportionate share of the undistributed earnings and losses.

(e) Proportionate Consolidation

For a venture that the Company and other parties have joint control over and share both benefits and risks, the Company accounts for its interest in this joint venture by proportionate consolidation, whereby the Company's pro rata share of each of the assets, liabilities, revenues and expenses that are subject to joint control is combined on a line-by-line basis with similar items in the Company's financial statements.

6. Adoption of New Accounting Standards

(a) Inventories

In June 2007, CICA issued Section 3031, "*Inventories*", which replaces Section 3030, "*Inventories*". Under the new section, inventories are required to be measured at the "lower of cost and net realizable value", which is different from the existing guidance of the "lower of cost and market". The new section contains guidance on the determination of cost and also requires the reversal of any write-downs previously recognized. Certain minimum disclosures are required, including the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The new standard is effective for the Company's financial year beginning on January 1, 2008.

(b) Capital Disclosures

In December 2006, the AcSB issued Section 1535, *Capital Disclosures*. This standard requires disclosure regarding what the Company defines as capital and its objectives, policy and processes for managing capital. In addition, disclosures are to include whether companies have complied with externally imposed capital requirements. This standard will be effective for the Company's financial year beginning on January 1, 2008.

(c) Financial Instruments

In December 2006, the Canadian Accounting Standards Board (AcSB) issued two new Sections in relation to financial instruments: Section 3862, *Financial Instruments – Disclosures*, and Section

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3863, *Financial Instruments – Presentation*. Both sections will be effective for the Company's financial year beginning on January 1, 2008.

7. Internal Control

There were no changes in the Company's internal control over financial reporting during the first quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

8. Selected Quarterly Information

Selected quarterly information is provided as follows:

For the quarter ended	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Revenue	\$ 4,137,710	\$ 10,276,582	\$ 2,344,135	\$ 1,482,770
Net earnings	543,787	4,605,030	278,183	272,778
Basic earnings per share	0.007	0.070	0.006	0.003
Diluted earnings per share	0.007	0.069	0.005	0.003
Cash and cash equivalents	44,133,344	22,144,099	10,498,318	7,894,272
Total assets	93,340,779	44,617,219	21,793,901	11,338,039

For the quarter ended	December 31, 2007	September 30, 2007	June 30, 2007
Revenue	\$ 8,570,412	\$ 9,940,327	\$ 9,752,563
Net earnings	4,843,994	5,587,909	5,356,978
Basic earnings per share	0.067	0.076	0.075
Diluted earnings per share	0.065	0.075	0.073
Cash and cash equivalents	45,624,936	39,959,503	36,630,677
Total assets	90,751,372	69,047,946	61,896,677

9. Results of Operations**(a) Revenues**

In this quarter, the Company recorded revenues of \$4,137,710 compared to \$10,276,582 for the corresponding period of 2007. Revenue for nickel concentrate and copper concentrate were \$3,219,368 and \$918,342 respectively, compared to \$9,159,618 and \$1,116,964 respectively in Q1 2007. The lower nickel revenue was due to lower production volume and nickel price. The ore processed decreased by 65% compared to the same period of 2007 while realized nickel price dropped by 9.3%.

Other revenues in this quarter were \$479,042, versus \$116,892 in Q1 2007, reflecting the increased interest income from the higher cash balance.

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In this quarter, the Company sold 361,000 pounds of nickel and 291,000 pounds of copper, compared to 931,000 pounds and 447,000 pounds respectively in Q1 2007. The mills processed 20,527 tonnes (Q1 2007: 57,911 tonnes) of ore with a nickel head grade of 0.46% (Q1 2007: 0.54%) and recoveries amounting to 83.0% (Q1 2007: 86.4%).

Average realized price for nickel concentrate and copper concentrate in this quarter was \$8.92 per pound and \$3.15 per pound respectively, compared to \$9.84 and \$2.45 respectively in Q1 2007.

The following table summarizes the Company's production and revenue information for the periods:

Mining Operations	3 Months Ended March 31, 2008	3 Months Ended March 31, 2007
Ore (tonnes)		
Processed	20,527	57,911
Sold	42,596	90,318
Nickel grade of ore	0.46%	0.54%
Metallurgical recovery	83.0%	86.4%
Metal contained in concentrate ('000 pounds)		
Nickel	361	931
Copper	291	447
Metal contained in concentrate sold (\$)		
Nickel	\$3,219,368	\$9,159,618
Copper and others	\$918,342	\$1,116,964
Total Revenue	\$4,137,710	\$10,276,582
Average realized price of nickel contained in concentrate (per pound)	\$8.92	\$9.84
Average realized price of copper contained in concentrate (per pound)	\$3.15	\$2.45
Average cash cost per pound of nickel contained in concentrate, net of by-product credits ⁽¹⁾	\$1.50	\$1.41
Average cash cost per tonne of ore, net of by-product credits ⁽¹⁾	\$12.74	\$14.53

(1) Cash cost is a non-GAAP measure, which excludes depreciation and asset write-off, and includes mining, milling, haulage and sales and distribution costs, after deducting the copper, gold and silver revenue.

(b) Cost of sales

Cost of sales amounted to \$1,382,169 (\$32.45 per tonne of ore) in Q1 2008 compared to \$2,135,566 (\$23.64 per tonne of ore) in Q1 2007. Cost of sales includes the costs of mining, milling, haulage from mine sites to the mill and resource tax to the local government. Since the

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Company experienced longer shut down during the winter season, it incurred \$180,963 maintenance expenditures to improve the mill efficiency to prepare for the normal production after the end of this March. The relatively fixed maintenance and payroll expenditures account for the increase of unit cost per tonne of ore because of the low production volume in this quarter. In the view of the management, despite the increasing labour cost and RMB appreciation, the total operation cost is well controlled and maintained at low level compared to peers in this industry.

The selling and distribution cost was \$1.85 per tonne of ore, decreasing from \$3.26 in Q1 last year. This cost is incurred for the rail and truck transportation of concentrates to the customers' smelter sites. The cost was lower as a customer agreed to pay the transportation costs. By-product credit was much higher than prior period because some copper concentrates (45,843 pounds of copper metal contained) were recovered in the copper separation circuit, during this winter's maintenance work. The additional copper concentrates sales accounted for a credit of approximately \$3.40 per tonne of ore.

The cash cost per pound of nickel increased to \$1.50 from \$1.41 in Q1 2007 because the average nickel grade was down to 0.46% from 0.54%. Cash margin for nickel concentrate remained as high as \$7.42, although lower than \$8.43 in Q1 2007 due to the cost increase and market fluctuation.

Cash cost figure, a non-GAAP measure, represents the total of all cash costs directly attributable to the related mining and milling operations after the deduction of credits with respect to by-product sales. The Company produces separate nickel and copper concentrates. Disclosure of cash cost by the Company may not be directly comparable to other nickel producers and is only intended to provide investors with information about the cash generating capacity of the mining operations of the Company.

The following table presents the calculation of cash operating cost per tonne of ore sold:

	3 Months Ended March 31, 2008		3 Months Ended March 31, 2007	
	\$	\$/tonne	\$	\$/tonne
Cost of sales ⁽¹⁾	1,382,169	32.45	2,135,566	23.64
Selling and distribution cost	78,644	1.85	294,225	3.26
By-product credits:				
Copper, gold and silver	(918,342)	(21.56)	(1,116,964)	(12.37)
Cash operating cost	542,471	12.74	1,312,827	14.53

(1) Cost of sales excludes depreciation and write-off of mine construction cost.

(c) Other expenses

Depreciation expense increased to \$577,393 from \$472,504 in Q1 2007, reflecting the commencement of operation in new mine shafts, optimization work of current production sites and the improvement in mills.

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General and administrative expenses incurred in this year were \$1,171,677 compared to \$1,101,576 in Q1 2007. The expenses mainly include staff cost as well as consulting fees and auditing fees.

In August 2007, the Company granted 1,397,000 options to its directors and employees at an exercise price of \$3.61, vested in several schedules over the next five years. The amortized portion of total stock based compensation in this quarter increased to \$460,240, compared to \$49,862 in Q1 2007.

The \$38,743 equity loss in this quarter was mainly caused by the operation loss of Dazi PuXiong Copper Company Limited ("PuXiong"), in which GobiMin owns 30% of equity interest. There were not much operation activities in PuXiong during the first quarter due to the winter season. For those four joint ventures registered in December 2007, there was minimum equity losses incurred.

The Company did not engage any futures contracts since the end of 2007 so it had minimum other operating expenses, while in the first quarter of 2007, it incurred \$841,118 losses in the nickel futures contracts.

(d) Earnings per share

Due to the decreased earnings, basic earnings per share for this quarter decreased to \$0.007 (Q1 2007: \$0.07) and diluted earnings per share were \$0.007 (Q1 2007: \$0.069).

(e) EBITDA

In this quarter, earnings before interest income and expense, income taxes, stock-based compensation, write-off expense, depreciation and amortization ("EBITDA"), a non-GAAP performance measure, were \$1.7 million, compared to \$6.0 million in 2006.

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The following table presents the calculation of EBITDA for the periods indicated:

	3 months ended	
	March 31	
	2008	2007
Net earnings	\$ 543,787	\$ 4,605,030
Interest income & expense	(105,442)	(116,819)
Income tax	117,547	692,982
Depreciation	577,393	472,504
Amortization in general and administration expenses	43,005	75,585
Stock based compensation	460,240	49,862
Write-off of leasehold improvement	-	-
Non-controlling interest	58,645	171,812
EBITDA ⁽¹⁾	1,695,175	5,950,956
EBITDA per share ⁽²⁾	0.02	0.09

(1) As a non-GAAP measurement, EBITDA does not comply with GAAP and, therefore, the amount 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 GAAP.

(2) Based on weighted average number of shares outstanding, a non-GAAP measure

(f) Income tax

Yakesi, a Chinese subsidiary of the Company, is subject to corporate income tax rate of 15% in 2007. Yakesi is eligible for an exemption from 3% regional tax rate and a 50% relief from the 30% state tax rate in China until 2010. The Company also owns 95.16% interest of the other operating subsidiary, Jubao. Jubao enjoys a two-year income tax holiday starting from 2007 and then be subject to corporate income tax rate of 15% in the next three years. China has introduced a new tax law effective at the beginning of 2008 to unify the application, scope, tax rate and tax deductions for both foreign enterprises and domestic enterprises. The new law will only be applicable to Yakesi and Jubao after the expiry of their current tax policy. The Company has not recognized any tax benefit for losses incurred in Canada and Hong Kong as management has determined that it is likely that these tax assets will not be recovered.

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10. Liquidity and Capital Resources

The following table summarizes the Company's consolidated cash flows and cash on hand for the quarter ended March 31, 2008:

	March 31, 2008	December 31, 2007
Cash and cash equivalents	\$44,133,344	\$45,624,936
Working capital ⁽¹⁾	\$31,415,037	\$31,891,298

	3 Months ended March 31, 2008	3 Months ended March 31, 2007
Net Cash from operating activities	\$1,337,361	\$5,980,516
Cash from (used in) financing activities	(\$713,028)	\$2,186,820
Cash used in investing activities	(\$3,152,269)	(\$1,219,703)

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

The Company's cash and cash equivalents are not exposed to repayment risks associated with asset-backed commercial paper market.

(a) Operating activities

In this quarter, net cash from operating activities was \$1,337,361 compared to \$5,980,516 in Q1 2007. Cash flow from the operations was lower mainly due to \$4 million lower net earnings.

(b) Financing activities

Financing activities consumed cash flow of \$713,028 in Q1 2008 while \$2,186,820 were generated in the comparable period of 2007. The Company bought back and cancelled 296,100 shares at the cost of \$741,713 and received \$28,685 cash from option exercise in this quarter.

(c) Investing activities

Investing activities utilized \$3,152,269 of cash in this quarter compared to \$1,219,703 in Q1 2007. The Company invested approximately \$1 million in capital expenditures for the development of the Yellow Mountain Deposit. Other investments in this quarter include \$0.8 million for acquiring land use rights of mines and mills, and \$0.8 million for new shafts construction and optimization work on Yellow Mountain East Mine and Xiangshan Mine

In this quarter, \$681,444 tax refund was received from the China tax authorities for Yakesi's reinvestment of its retained earnings into its share capital. This tax refund was made pursuant to China Foreign Investment Enterprises and Foreign Enterprises Income Tax Law.

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11. Balance Sheet

(a) Cash

The Company had \$44,133,344 in cash and cash equivalents as at March 31, 2008 compared to \$45,624,936 as at December 31, 2007.

(b) Bank Loan

In December 2007, Yakesi borrowed one-year unsecured term loans from the local banks, totaling RMB 80,000,000 (\$11,409,772). The loans are due in December 2008 at the annual interest rate of 7.47%. The loans are mainly used to support development of Yellow Mountain Deposit.

(c) Long-term Prepays

The Company is actively developing its Yellow Mountain Deposit and approximately \$0.5 million was further paid as deposits to purchase equipment and prepaids to contractors during the first quarter. The total long-term prepaids were \$8,013,389 (December 31, 2007: \$7,231,180) on March 31, 2008.

(d) Share Capital

As at March 31, 2008, the Company had 73,213,402 common shares issued and outstanding. During this quarter, 296,100 common shares were bought back and cancelled under the Company's share buy back plan and 45,000 common shares were issued for the exercise of options by employees.

12. Contractual obligations and commitment

As at March 31, 2008, capital commitments that the Company had contracted for, but not provided for, amounted to \$25,551,270 (December 31, 2007: \$24,969,599). The commitments relate to the development of the Yellow Mountain Deposit. \$18.7 million are committed for the cost of sinking the shafts. \$1.6 million relates to participation in funding along with local government for water and electricity supply and other facilities. \$1.5 million will be spent for the mine design. The other commitments relate to shaft construction and development work on Yellow Mountain East Mine, continuous exploration in Yellow Mountain Deposit, equipments in the new mill and refurbishing work of the old mill.

13. Off-balance sheet arrangements

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

GobiMin Inc.**Management's Discussion and Analysis of Financial Results**

For the quarter ended March 31, 2008

(Expressed in United States Dollars)

May 29, 2008

14. Risk factors

The business of mineral exploration and development involves a high level of risk. Some of the main risk facing the Company include, but are not limited to, fluctuation in metal prices and the appreciation of the Renminbi; inherent mine construction risks, exploration, development and operating risks; uncertainty of ore reserves and resource estimates; capital requirements; competition, reliance on third parties, environmental and insurance risks. The details of the Company's risk factors are discussed in the Management's Discussion and Analysis of Financial Results for the year ended December 31, 2007, which are available at www.sedar.com and at GobiMin's website (www.gobimin.com).

15. Outlook

The Company has taken steps to increase production in the second quarter to catch up part of the production losses in the first quarter. The Company targets to have higher annual production than last year.

The Company has started establishing the key infrastructure facilities necessary for the development of the Yellow Mountain project. In the second quarter, the mine access road has been completed and power is now in place. The Company has also advanced the sinking of the main shaft to 41 meters, auxiliary shaft to 24 meters and 247 meters in ventilation shafts.

Yakesi has done its 3-month IPO tutoring by the sponsor and is presently preparing the IPO prospectus for submission to the China Securities Regulatory Commission.