GobiMin Inc.

Interim Consolidated Financial Statements
(Unaudited)

June 30, 2008
(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements for the quarter ended June 30, 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)

	June 30, 2008	December 31, 2007
ASSETS	$	$
Current		
Cash and cash equivalents (Note 4)	39,168,373	45,624,936
Accounts receivable	1,464,073	600,253
Prepayments and other receivables	1,654,785	2,051,637
Loan to investee company (Note 5)	1,020,793	958,372
Inventories (Note 6)	2,122,353	1,845,032
Total current assets	45,430,377	51,080,230
Mineral properties (Note 7)	36,144,999	28,028,839
Long term prepaids (Note 9)	7,721,721	7,231,180
Equity investments (Note 8)	3,979,594	3,034,774
Due from related parties (Note 13)	305,986	1,376,349
Total assets	93,582,677	90,751,372
LIABILITIES		
Current		
Accounts payable	1,762,483	882,860
Due to related parties (Note 13)	215,496	140,063
Other payables and accrued liabilities (Note 11)	4,780,997	6,872,902
Bank loan (Note 12)	11,666,200	10,952,821
Income tax payable	145,673	340,286
Total current liabilities	18,570,849	19,188,932
Future Income Tax Liability	83,135	78,051
Total liabilities	18,653,984	19,266,983
Non-controlling interests (Note 14)	1,857,729	1,677,393
Commitments (Note 19)		
SHAREHOLDERS' EQUITY		
Share capital (Note 16a)	29,471,091	31,195,252
Contributed surplus (Note 16b)	4,828,382	4,029,197
Reserves (Note 17)	6,144,537	6,144,537
Retained earnings	24,369,665	24,024,559
Accumulated other comprehensive income	8,257,289	4,413,451
Total shareholders' equity	73,070,964	69,806,996
Total liabilities and shareholders' equity	93,582,677	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 June 30, 2008	Three Months Ended June 30, 2007	**Six Months Ended June 30, 2008**	Six Months Ended June 30, 2007
	$	$	**$**	$
Revenue	**6,762,013**	9,752,563	**10,899,723**	20,029,145
Cost of sales	**(2,848,292)**	(1,937,898)	**(4,230,461)**	(4,073,465)
Depreciation	**(501,856)**	(475,993)	**(1,079,249)**	(948,497)
Selling and distribution cost	**(147,209)**	(242,830)	**(225,853)**	(537,055)
Gross Profit	**3,264,656**	7,095,842	**5,364,160**	14,470,128
Other revenue (Note 15)	**547,711**	1.029,635	**1,026,753**	1,146,527
General and administrative expenses	**(1,571,960)**	(1,222,656)	**(2,743,637)**	(2,324,232)
Stock based compensation (Note 16b)	**(376,523)**	(356,740)	**(836,763)**	(406,602)
Equity loss in investment (Note 8)	**(14,222)**	(261,212)	**(52,965)**	(290,011)
Other operating expenses	**(81,165)**	(372,900)	**(83,399)**	(1,214,017)
Earnings before interests, tax and non-controlling interests	**1,768,497**	5,911,969	**2,674,149**	11,381,793
Interest expense	**(214,180)**	-	**(399,853)**	-
Earnings before tax and non-controlling interests	**1,554,317**	5,911,969	**2,274,296**	11,381,793
Income tax	**(138,426)**	(344,182)	**(255,973)**	(1,037,164)
Earnings before non-controlling interests	**1,415,891**	5,567,787	**2,018,323**	10,344,629
Non-controlling interests (Note 14)	**(121,819)**	(210,809)	**(180,464)**	(382,621)
Net earnings for the period	**1,294,072**	5,356,978	**1,837,859**	9,962,008
Basic earnings per share (Note 16d)	**0.018**	0.075	**0.025**	0.146
Diluted earnings per share (Note 16d)	**0.018**	0.073	**0.025**	0.142
Weighted average number of shares outstanding (Note 16d)	**73,107,278**	71,246,783	**73,273,876**	68,336,715
Diluted weighted average number of shares outstanding (Note 16d)	**74,318,825**	73,106,930	**74,498,691**	70,065,349

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in United States Dollars)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	**Six Months Ended June 30, 2008**	Six Months Ended June 30, 2007
	$	$	**$**	$
Net income	**1,294,072**	5,356,978	**1,837,859**	9,962,008
Unrealized exchange gain on translation of self-sustaining foreign operations	**1,870,564**	(477,100)	**3,843,838**	(426,746)
Comprehensive income	**3,164,636**	4,879,878	**5,681,697**	9,535,262

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in United States Dollars)

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	**Six Months Ended June 30, 2008**	Six Months Ended June 30, 2007
	$	$	**$**	$
Share Capital				
Balance at beginning of period	**30,499,838**	19,208,488	**31,195,252**	16,053,320
Cancelled for share buy back	**(1,080,914)**	-	**(1,822,627)**	-
Issued for option exercise	**52,167**	445,357	**98,466**	971,403
Issued for warrant exercise	**-**	-	**-**	2,629,122
Issued for private placement	**-**	10,904,636	**-**	10,904,636
Balance at end of period	**29,471,091**	30,558,481	**29,471,091**	30,558,481
Contributed Surplus				
Balance at beginning of period	**4,471,822**	3,373,520	**4,029,197**	3,645,606
Options & warrants exercised	**(19,963)**	(226,516)	**(37,578)**	(548,464)
Stock based compensation	**376,523**	356,740	**836,763**	406,602
Balance at end of period	**4,828,382**	3,503,744	**4,828,382**	3,503,744
Reserves				
Balance at beginning of period	**6,144,537**	2,765,919	**6,144,537**	2,765,919
Current period reserves	**-**	-	**-**	-
Balance at end of period	**6,144,537**	2,765,919	**6,144,537**	2,765,919
Retained Earnings				
Balance at beginning of period	**25,249,790**	12,394,176	**24,024,559**	7,789,146
Net income	**1,294,072**	5,356,978	**1,837,859**	9,962,008
Tax refund relating to capital transaction	**-**	-	**681,444**	-
Dividend paid	**(2,174,197)**	(760,775)	**(2,174,197)**	(760,775)
Balance at end of period	**24,369,665**	16,990,379	**24,369,665**	16,990,379
Accumulated other comprehensive income				
Balance at beginning of period	**6,386,725**	966,722	**4,413,451**	916,368
Other comprehensive income (loss)	**1,870,564**	(477,100)	**3,843,838**	(426,746)
Balance at end of period	**8,257,289**	489,622	**8,257,289**	489,622

See accompanying notes to the Consolidated Financial Statements

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

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	**Six Months Ended June 30, 2008**	Six Months Ended June 30, 2007
Cash flows from (used in) operating activities	**$**	$	**$**	$
Net earnings for the period	**1,294,072**	5,356,978	**1,837,859**	9,962,008
Adjustments for items not involving cash:				
- Depreciation	**501,856**	475,993	**1,079,249**	948,497
- Amortization in general and administrative expenses	**115,055**	77,109	**158,060**	152,694
- Stock based compensation	**376,523**	356,740	**836,763**	406,602
- Unrealized gain on forward contracts	**-**	(790,500)	**-**	(790,500)
- Realized loss on forward contracts	**-**	372,599	**-**	1,228,085
- Equity loss in investment	**14,222**	261,212	**52,965**	290,011
- Non-controlling interests	**121,819**	210,809	**180,464**	382,621
	2,423,547	6,320,940	**4,145,360**	12,580,018
Change in non-cash working capital items:				
- Accounts receivable	**818,196**	(472,867)	**(766,351)**	170,084
- Prepayments, deposits and other receivables	**(207,182)**	(873,199)	**486,361**	(1,099,264)
- Due from related parties	**-**	(609,139)	**-**	(609,139)
- Inventories	**(688,686)**	(356,425)	**(170,098)**	412,991
- Accounts payable	**749,047**	552,273	**808,523**	170,881
- Due to related parties	**(2,622,717)**	95,927	**1,075,591**	115,851
- Other payables and accrued liabilities	**292,116**	1,236,610	**(3,282,061)**	824,520
- Tax payable	**(12,063)**	(365,529)	**(207,906)**	(372,181)
Net cash from operating activities	**752,258**	5,528,591	**2,089,419**	12,193,761
Cash flows from (used in) financing activities				
Shares issued for cash from option and warrant exercise	**32,320**	218,841	**61,005**	3,052,061
Shares issued for cash from private placement	**-**	11,797,706	**-**	11,797,706
Shares bought back and cancelled	**(1,080,914)**	-	**(1,822,627)**	-
Shares issued cash costs	**-**	(893,070)	**-**	(893,070)
Repayment on shareholder’s loan advanced to investee company	**-**	-	**-**	258,560
New shareholder loan advanced to investee company	**-**	-	**-**	(904,960)
Divided paid	**(2,174,197)**	(760,775)	**(2,174,197)**	(760,775)
Net cash from financing activities	**(3,222,791)**	10,362,702	**(3,935,819)**	12,549,522
Cash flows from (used in) investing activities				
Mineral properties	**(4,467,984)**	(693,762)	**(7,443,368)**	(856,480)
Change on construction payables	**814,198**	(90,220)	**636,812**	(879,496)
Tax refund on capital transaction (Note 18)	**-**	-	**680,383**	-
Margin deposit for futures trading	**-**	(447,589)	**-**	(1,385,837)
Long-term prepaids	**464,962**	-	**(5,477)**	-
Long-term investment	**(574,900)**	-	**(784,343)**	-
Net cash used in investing activities	**(3,763,724)**	(1,231,571)	**(6,915,993)**	(3,121,813)
Increase in cash and cash equivalents	**(6,234,257)**	14,659,722	**(8,762,393)**	21,621,470
Effect on foreign exchange rate changes on cash	**1,269,286**	(173,144)	**2,305,830**	(132,127)
Cash and cash equivalents at beginning of period	**44,133,344**	22,144,099	**45,624,936**	15,141,334
Cash and cash equivalents at end of period	**39,168,373**	36,630,677	**39,168,373**	36,630,677
Supplementary cash flow information:				
Interest received	**167,099**	142,955	**449,161**	221,957
Interest paid	**(185,673)**	-	**(185,673)**	-
Income tax paid	**(424,684)**	(424,684)	**(738,073)**	(1,407,245)

See accompanying notes to the Consolidated Financial Statements

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 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 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 is effective for the Company's financial year beginning on January 1, 2008.

(Expressed in United States Dollars)

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 are effective for the Company's financial year beginning on January 1, 2008.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at June 30, 2008 include cash in different locations as follows:

Bank location	Currency	Amount	US$ Equivalent
Canada	CAD	812,184	797,321
Hong Kong	HKD	135,639,501	17,388,984
China	RMB	143,813,350	20,971,941
Indonesia	IDR	93,767,803	10,127
Total			39,168,373

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 June 30, 2008.

5. LOAN TO INVESTEE COMPANY

The Company loaned an unsecured, interest bearing shareholder loan totalling $1,020,793 (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

	June 30, 2008	December 31, 2007
Raw materials	$ 1,305,757	$ 727,439
Finished goods	816,596	1,117,593
	2,122,353	1,845,032

(Expressed in United States Dollars)

7. MINERAL PROPERTIES

	Cost	Accumulated Amortization/ Written off	Net Book Value
June 30, 2008			
Leasehold land and buildings	10,805,136	(2,976,990)	7,828,146
Plant and machinery	5,582,190	(2,008,058)	3,574,132
Furniture, equipment and motor vehicles	846,828	(281,807)	565,021
Intangible asset	9,394,210	(4,197,865)	5,196,345
Construction in progress	15,325,316	-	15,325,316
Exploration costs	3,656,039	-	3,656,039
	45,609,719	(9,464,720)	36,144,999
December 31, 2007			
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
	35,882,654	(7,853,815)	28,028,839

In early 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. During the three months ended June 30, 2008, the Company invested additional $583,310 (RMB 4,000,000) into Tongxing to support its exploration activities in a copper project in Hami, Xinjiang.

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 June 30, 2008, the Company recorded $14,222 as equity loss on the investments.

9. LONG-TERM PREPAIDS

Long-term prepaids as at June 30, 2008 consisted of deposits to purchase equipment and prepaids to contractors of Yellow Mountain Deposit.

(Expressed in United States Dollars)

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.

During the three months ended June 30, 2008, GobiMin and Huaxin each invested RMB 4 million (583,310) cash into Xinya as additional share capital. The cash is used to support Xinya's exploration activities.

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 three and six months ended June 30, 2008 are as follows:

	June 30, 2008	December 31, 2007
Cash and cash equivalents	$ 591,168	$ 1,098,987
Fixed assets	90	-
Intangible assets – exploration rights	50,393	46,611
Other receivables	84,215	51,136
Due to related parties	-	(1,061,054)
	725,866	135,680

	Three months ended June 30, 2008	Six months ended June 30, 2008
Other revenue	$ -	$ 3,244
General and administration expenses	2,449	4,309
Net income	(2,449)	(1,065)
Net cash from operating activities	(33,447)	(31,784)
Net cash from financing activities	583,310	(498,814)
Net cash used in investing activities	(1,927)	(1,927)
Effect on foreign exchange rate changes on cash	2,866	24,706

11. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities include construction payables of $3,069,190 (December 31, 2007: $2,160,206) as at June 30, 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 ($11,666,200) as at June 30, 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 June 30, 2008, there is nil balance (December 31, 2007: $1,061,054) due from the Company's joint venture, Xinya, as it repaid to the Company the full amount of the advance.

b) $209,992 (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) $95,994 (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.

d) $215,496 (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 June 30, 2008, Jinchuan Group Ltd., a shareholder owned approximately 11.9% (December 31, 2007: 11.8%) of the total outstanding shares of the Company, is a customer of the Chinese subsidiary buying nickel and copper concentrates. The transactions are measured at the exchange amount agreed to by the parties with reference to the domestic market price.

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 $547,531 other revenue during the three months ended June 30, 2008.

a) $258,705 of other revenue pertains to financial allowance from local government of Hami city to support the Company’s business expansion.

b) The remaining of other revenue is mainly from interest income and sales of oil and materials to contractors for mining operation.

(Expressed in United States Dollars)

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:		
Balance, December 31, 2007	73,464,502	31,195,252
Shares issued for option exercise	96,000	98,466
Shares bought back & cancelled	(779,000)	(1,822,627)
Balance, June 30, 2008	72,781,502	29,471,091

b) Contributed Surplus

	Amount
	$
Balance, December 31, 2007	4,029,197
Options & warrants exercised and cancelled	(37,578)
Stock-based compensation expense	836,763
Balance, June 30, 2008	4,828,382

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 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 779,000 shares at the cost of CAD$1,836,308 ($1,818,312) as of June 30, 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 June 30, 2008 was 4,129,875.

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.

(Expressed in United States Dollars)

A summary of the status of the Company's stock option plan as of June 30, 2008, and changes during the period is presented below:

	Six months ended June 30, 2008		Six months ended June 30, 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	(92,000)	1.19	-	-
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	(96,000)	0.55	(499,600)	0.68
Outstanding, end of period	3,207,400	1.97	2,365,400	0.71

The following table summarizes the employee stock options outstanding and exercisable at June 30, 2008:

Exercise Price	Number of Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number of Options Exercisable	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
$		(Years)	$		(Years)	$
0.55	1,604,400	2.28	0.55	1,226,400	2.28	0.55
0.95	10,000	2.43	0.95	6,000	2.43	0.95
1.66	150,000	2.99	1.66	150,000	2.99	1.66
1.79	5,000	3.62	1.79	2,000	3.62	1.79
3.61	875,000	2.09	3.61	262,500	2.09	3.61
3.61	513,000	4.09	3.61	102,600	4.09	3.61
2.89	50,000	0.58	2.89	50,000	0.58	2.89
	3,207,400	2.53	1.97	1,799,500	2.37	1.35

During the six months ended June 30, 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

(Expressed in United States Dollars)

d) Basic and Diluted Earnings Per Share

	Three months ended	
	June 30, 2008	June 30, 2007
Net earnings available to shareholders		
Basic and diluted	$1,294,072	$5,356,978
Weighted average shares outstanding		
Basic	73,107,278	71,246,783
Effect of dilutive stock options and warrants	1,211,547	1,860,147
Diluted	74,318,825	73,106,930
Earnings per share (basic)	$0.018	$0.075
Earnings per share (diluted)	$0.018	$0.073

	Six months ended	
	June 30, 2008	June 30, 2007
Net earnings available to shareholders		
Basic and diluted	$1,837,859	$9,962,008
Weighted average shares outstanding		
Basic	73,273,876	68,336,715
Effect of dilutive stock options and warrants	1,224,815	1,728,634
Diluted	74,498,691	70,065,349
Earnings per share (basic)	$0.025	$0.070
Earnings per share (diluted)	$0.025	$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. 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 June 30, 2008, capital commitments that the Company had contracted for, but not provided for, amounted to $30,283,210 (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

For the period from July 1, 2008 to August 21, 2008, a total of 822,600 common shares were repurchased for an aggregate gross proceeds of CAD$971,985.06 ($944,575). 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 June 30, 2008
(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Management's Discussion and Analysis of Financial Results
For the quarter ended June 30, 2008
(Expressed in United States Dollars)
August 21, 2008

The following discussion and analysis of the consolidated operating results and financial condition of GobiMin Inc. for the quarter ended June 30, 2008 should be read in conjunction with its consolidated financial statements for the quarter ended June 30, 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 August 21, 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") and Indonesia. 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 permits from local government at the end of 2007, GobiMin started the development of the Yellow Mountain Deposit, a property located nearby its two producing mines. The updated NI 43-101 compliant Mineral Resource Estimate prepared by Met-Chem Canada Inc. indicates that the Yellow Mountain Deposit contains 22 million tonnes indicated resources averaging 0.45% nickel, 0.30% copper and 0.03% cobalt and 44 million tonnes inferred resources averaging 0.46% nickel, 0.30% copper and 0.03% cobalt.

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

(Expressed in United States Dollars)

2. Financial Highlights

In the second quarter, total tonnage ore production increased significantly and reached record level of 110,705 tonnes processed and the Company sold over 95,000 tonnes in this quarter. However, second quarter profit was lower reflecting a significant decline of nickel price, higher labour and energy costs and a stronger Renminbi ("RMB"). The average LME nickel price in Q2 2008 was $11.64 (China nickel price: $14.11), compared to $21.79 (China nickel price: $22.66) in Q2 2007 while RMB appreciated from USD0.1302 per RMB to USD0.1437 per RMB in the same period.

The comparative financial highlights for the second quarter of the past three years are:

	Quarter ended June 30, 2008	**Quarter ended June 30, 2007**	**Quarter ended June 30, 2006**
Revenue	$6.8 million	$9.8 million	$3.5 million
Net earnings	$1.3 million	$5.4 million	$0.9 million
EBITDA(1)	$2.6 million	$6.6 million	$1.5 million
Gross Margin	48.3%	72.8%	56.2%
Basic earnings per share	$0.018	$0.075	$0.016
Diluted earnings per share	$0.018	$0.073	$0.014
EBITDA per share(1)	$0.035	$0.096	$0.026
Cash and cash equivalents	$39 million	$37 million	$9 million
Cash and cash equivalents per share(1)	$0.54	$0.50	$0.16

(1) As non-GAAP measurements, EBITDA, EBITDA per share and Cash and cash equivalents per share 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) Record Mining Production

Ore processed in this quarter increased to 110,705 tonnes from 73,623 tonnes in the same period of last year, reflecting the improved mining capacity and production rate from the implementation of the mining optimization plan and the construction of mining shafts in the previous years.

(b) Exploration and Development Projects

On August 6, 2008, the Company received for its Yellow Mountain Deposit (also known as Huangshan Deposit) an updated NI 43-101 compliant Mineral Resource Estimate from Met-Chem Canada Inc. of Montreal ("Met-Chem"). At 0.2% nickel cut-off, Indicated Mineral Resources are estimated at over 22 million tonnes averaging 0.45% nickel, 0.30% copper and 0.03% cobalt. The new Indicated Resources almost doubled from the initial Mineral Resource Estimate of 12 million tonnes (See news release on June 11, 2007 and August 6, 2008). Inferred

(Expressed in United States Dollars)

Resources now totals 44 million tonnes averaging 0.46% nickel, 0.30% copper and 0.03% cobalt. Based on Met-Chem's report, the Company made an estimate of the in-situ metal content in the table below:

Nickel

Classification	New Estimate In-Situ Nickel lbs	Previous Estimate In-Situ Nickel * lbs	Change %
Indicated	221 million	113 million	+96%
Inferred	438 million	442 million	-1%

Copper

Classification	New Estimate In-Situ Copper lbs	Previous Estimate In-Situ Copper * lbs	Change %
Indicated	147 million	73 million	+101%
Inferred	290 million	287 million	+0%

** Previous NI 43-101 compliant resource estimate was prepared by Met-Chem on July 20, 2007.*

Since 2007, GobiMin has formed four new joint ventures with subsidiaries of Xinjiang Bureau of Geology and Mineral Resources ("Xinjiang Bureau"), exploring various base metal projects in Xinjiang region.

GobiMin also has set up joint venture for exploration in Indonesia.

(c) Progress at Yellow Mountain Deposit

GobiMin is actively developing the Yellow Mountain project, including the design of mines and mills, the sinking of the production shaft and ventilation shafts, and construction of infrastructures in the mine site including water, power and transportation. Starting at the end of 2007, the Company has entered into contracts totalling $44 million and already paid $17 million.

(d) Yakesi's IPO in China

On July 6, 2008, on the recommendation of its sponsor, the Company decided to postpone the IPO of its Chinese subsidiary due to the deteriorating IPO market conditions in China.

(e) Normal Course Issuer Bid

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 has repurchased 482,900 common shares during the quarter and 1,601,600 shares cumulatively as of August 21, 2008. All shares purchased were returned to treasury for cancellation. GobiMin now has 71,958,902 shares outstanding.

4. Key Economic Trends

(a) Nickel

The main product sold by GobiMin is nickel concentrate, which accounts for 85% 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 $14.11, compared to $11.64 LME nickel price in Q2 2008, reflecting the strong demand of nickel in China and RMB appreciation against US dollars. On August 14, 2008, the China domestic nickel price was $9.86, compared to $8.64 LME nickel price. The related price chart can be found in GobiMin's website (www.gobimin.com).

(b) Copper

Another product produced by GobiMin is copper concentrate, which accounts for approximately 15% 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 $3.83 per pound during this quarter, compared to $3.73 in the second quarter of 2007. Revenue from selling copper concentrates is treated as by-product credits in the calculation of cash operating costs.

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.

(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, 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.

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 is 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 are 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 second quarter of 2008 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Expressed in United States Dollars)

8. Selected Quarterly Information

Selected quarterly information is provided as follows:

	For the quarter ended		For the six months ended	
	June 30, 2008	**June 30, 2007**	**June 30, 2008**	**June 30, 2007**
Revenue	$ 6,762,013	$ 9,752,563	$ 10,899,723	$ 20,029,145
Net earnings	1,294,072	5,356,978	1,837,859	9,962,008
Basic earnings per share	0.018	0.075	0.025	0.146
Diluted earnings per share	0.018	0.073	0.025	0.142
Cash and cash equivalents	39,168,373	36,630,677	39,168,373	36,630,677
Total assets	93,582,677	61,896,677	93,582,677	61,896,677

For the quarter ended	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007
Revenue	$ 8,570,412	$ 9,940,327	$ 9,752,563	$ 10,276,582
Net earnings	4,843,994	5,587,909	5,356,978	4,605,030
Basic earnings per share	0.067	0.076	0.075	0.070
Diluted earnings per share	0.065	0.075	0.073	0.069
Cash and cash equivalents	45,624,936	39,959,503	36,630,677	22,144,099
Total assets	90,751,372	69,047,946	61,896,677	44,617,219

9. Results of Operations

(a) Revenues

In this quarter, the Company had revenues of $6,762,013 compared to $9,752,563 for the corresponding period of 2007. Revenue for nickel concentrate and copper concentrate were $5,760,828 and $1,001,185 respectively, compared to $8,622,881 and $1,129,682 respectively in Q2 2007. The lower nickel revenue reflected lower nickel price, despite higher production volume. The realized nickel price decreased by 38% compared to the same period of 2007 while the nickel sold in concentrates increased by 7%. In 2007, net earnings profited from record high prices experienced in the second quarter.

Other revenues of $547,531 in this quarter (Q2 2007: $1,092,635) are mainly financial allowance from local government as support to the business expansion of the Company and the Company's interest income from the cash balance. Last year's figure included $790,500 of unrealized gain on futures contracts on the London Metal Exchange.

In this quarter, the Company sold 709,000 pounds of nickel and 317,000 pounds of copper, compared to 663,000 pounds and 377,000 pounds respectively in Q2 2007. The mills processed 110,705 tonnes (Q2 2007: 73,623 tonnes) of ore with a nickel head grade of 0.42% (Q2 2007: 0.48%) and recovery rate of 80.6% (Q2 2007: 82.56%) as recovery rate is usually lower when head grade is lower.

Average realized price for nickel concentrate and copper concentrate in this quarter was $8.12 per pound and $3.16 per pound respectively, compared to $13.01 and $2.93 respectively in Q2 2007. Nickel price in the second quarter of 2007 was record high.

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

Mining Operations	**3 Months Ended June 30, 2008**	**3 Months Ended June 30, 2007**
Ore (tonnes)		
Processed(1)	110,705	73,623
Sold	95,659	75,688
Nickel grade of ore	0.42%	0.48%
Metallurgical recovery	80.6%	82.56%
Metal contained in concentrate ('000 pounds)		
Nickel	709	663
Copper	317	377
Metal contained in concentrate sold ($)		
Nickel	$5,760,828	$8,622,881
Copper and others	$1,001,185	$1,129,682
Total Revenue	$6,762,013	$9,752,563
Average realized price of nickel contained in concentrate (per pound)	$8.12	$13.01
Average realized price of copper contained in concentrate (per pound)	$3.16	$2.93
Average cash cost per pound of nickel contained in concentrate, net of by-product credits (2)	$2.81	$1.59
Average cash cost per tonne of ore, net of by-product credits (2)	$20.85(3)	$13.88

(1) The difference in quantity of ores sold and the quantity of ores processed increased the inventory of the period which were sold after the quarter end.
(2) 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.
(3) Normalized cash cost per tonne of ore would be $17.14 if shipment of by-products to customers after the quarter were included.

(b) <u>Cost of sales</u>

Cost of sales amounted to $2,848,292 ($30.08 per tonne of ore) in Q2 2008 compared to $1,937,898 ($25.60 per tonne of ore) in Q2 2007. Cost of sales includes the costs of mining, milling, haulage from mine sites to the mill and resource tax to the local government. The cash cost per tonne of ore increased 17.5% compared to the same period of last year as a result of an 11% increase in mining costs paid to mining contractors to cover the labour and energy inflations and 10% RMB appreciation. The cost per tonne of ore of $20.85 this quarter was lower than the precedent quarter ($32.45 per tonne of ore) because of the increased production volume in this quarter.

(Expressed in United States Dollars)

The selling and distribution cost was $1.54 per tonne of ore, decreasing from $3.21 in Q2 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 lower than prior period because some copper concentrates (112,404 pounds of copper metal contained) were not shipped until the beginning of July and therefore not recognized as by product credit in this quarter. These copper concentrates would have accounted for a credit of approximately $3.71 per tonne of ore therefore the normalized cash cost per tonne of ore would have been approximately $17.14 in this quarter. Normalized cash cost is a non GAAP measure.

The cash cost per pound of nickel increased to $2.85 from $1.59 in Q2 2007 mainly because the cash cost per tonne of ore was higher, as well as the average nickel grade was down to 0.42% from 0.48% and the recovery rate was down to 80.6% from 82.56% accordingly.

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 June 30, 2008		**3 Months Ended June 30, 2007**	
	$	$/tonne	$	$/tonne
Cost of sales (1)	2,848,292	29.78	1,937,898	25.60
Selling and distribution cost	147,209	1.54	242,830	3.21
By-product credits:				
Copper, gold and silver	(1,001,184)	(10.47)	(1,129,682)	(14.93)
Cash operating cost	1,994,317	20.85 (2)	1,051,046	13.88

(1) Cost of sales excludes depreciation and write-off of mine construction cost.
(2) Normalized cash cost per tonne of ore would be $17.14 if shipment of by-products after the quarter were included.

(c) Other expenses

General and administrative expenses incurred in this year were $1,571,960 compared to $1,222,656 in Q2 2007. The increase was mainly due to increasing employee benefit costs in China and RMB appreciation.

(Expressed in United States Dollars)

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 $376,523, compared to $356,740 in Q2 2007.

The $14,222 (Q2 2007: $261,212) equity loss in this quarter was mainly caused by the operation loss of the five joint ventures of the Company. Dazi PuXiong Copper Company Limited ("PuXiong") had very limited operation activities and the other four joint ventures are all at exploration stage.

(d) Earnings per share

Due to the decreased earnings, basic earnings per share for this quarter decreased to $0.018 (Q2 2007: $0.075) and diluted earnings per share were $0.018 (Q2 2007: $0.073).

(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 $2.6 million, compared to $6.6 million in 2007.

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

	3 months ended June 30	
	2008	**2007**
Net earnings	$ 1,293,892	$ 5,356,978
Interest income & expense	4,382	(239,135)
Income tax	138,426	344,182
Depreciation	501,856	475,993
Amortization in general and administration expenses	115,055	77,109
Stock based compensation	376,523	356,740
Non-controlling interest	121,819	210,809
EBITDA (1)	2,551,953	6,582,676
EBITDA per share (2)	0.035	0.096

(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, Hami Jubao Resources Co. Ltd. ("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.

(Expressed in United States Dollars)

10. Liquidity and Capital Resources

The following table summarizes the Company's consolidated cash flows and cash on hand for the quarter ended June 30, 2008:

	June 30, 2008	**December 31, 2007**
Cash and cash equivalents	$39,168,373	$45,624,936
Working capital (1)	$26,859,528	$31,891,298

	Three Months ended June 30, 2008	**Three Months ended June 30, 2007**
Net Cash from operating activities	$752,258	$5,528,591
Cash from (used in) financing activities	($3,222,791)	$10,362,702
Cash used in investing activities	($3,763,724)	($1,231,571)

	Six Months ended June 30, 2008	**Six Months ended June 30, 2007**
Cash provided by operating activities	$2,089,419	$12,193,761
Cash from (used in) financing activities	($3,935,819)	$12,549,522
Cash used in investing activities	($6,915,993)	($3,121,813)

(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 $752,258 compared to $5,528,591 in Q2 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 $3,222,791 in Q2 2008 while in the same period of 2007, financing activities provided cash flow of $10,362,702 because of a $11.8 million private placement financing in 2007. During this quarter, $2.2 million cash was used in paying annual dividend and $1.1 million was used in repurchasing shares. The Company repurchsed and cancelled 482,900 shares in this quarter.

(c) Investing activities

Investing activities utilized $3,763,724 of cash in this quarter compared to $1,231,571 in Q2 2007. The Company invested approximately $3.4 million in capital expenditures for the development of the Yellow Mountain Deposit. The remaining investments were for new shafts construction and optimization work on Yellow Mountain East Mine and Xiangshan Mine.

11. Balance Sheet

(a) Cash

The Company had $39,168,373 in cash and cash equivalents as at June 30, 2008 compared to $45,624,936 as at December 31, 2007, reflecting continuous expenditures in developing Yellow Mountain project and the Company's normal course issuer bid.

(b) Bank Loan

In December 2007, Yakesi borrowed one-year unsecured term loans from the local banks, totaling RMB 80,000,000 ($11,666,200). 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 Prepaids

The Company is actively developing its Yellow Mountain Deposit and paid deposits to purchase equipment and advances to contractors. The total long-term prepaids were $7,721,721 (December 31, 2007: $7,231,180) as at June 30, 2008.

(d) Share Capital

As at June 30, 2008, the Company had 72,781,502 common shares issued and outstanding. During the quarter, 482,900 common shares were repurchased and cancelled under the Company's normal course issuer bid and 51,000 common shares were issued for the exercise of options by employees.

12. Contractual obligations and commitment

As at June 30, 2008, capital commitments that the Company had contracted for, but not provided for, amounted to $30,283,210 (December 31, 2007: $24,969,599). The commitments relate to the development of the Yellow Mountain Deposit. $21.7 million are committed for the cost of sinking the shafts. $2.4 million relates to participation in funding along with local government for water and electricity supply and other facilities. Contracts for mine design and site construction total $3.3 million. 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.

14. Risk factors

The business of mineral exploration and development involves a high level of risk. Some of the main risks facing the Company include, but are not limited to, fluctuation in metal prices and the appreciation of the RMB; 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

Despite the fall in production to 20,527 tonnes in the first quarter due to severe weather conditions, this quarter's results provides confirmation that the Company should be able to catch up not only lost production but even surpass the 330,000 tonnes of ore for the whole year. The Company also expects to improve the nickel head grade for the next quarters to maintain profitability.

Yellow Mountain development is on schedule. By the end of July 31, 2008, the Company completed access road, power infrastructure and several constructions on the site. The Company has also advanced the sinking of the main shaft to 152 meters, auxiliary shaft to 130 meters and 217/303 meters in two ventilation shafts.

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