GobiMin Inc.

Interim Consolidated Financial Statements
(Unaudited)

March 31, 2007
(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.

Consolidated Balance Sheet (Unaudited)

As at March 31, 2007 and December 31, 2006

(Expressed in United States Dollars)

	March 31, 2007	December 31, 2006
ASSETS	$	$
Current		
Cash and cash equivalents (Note 4)	22,144,099	15,141,334
Short term bank deposit (Note 5)	1,034,240	1,025,007
Margin deposit for futures trading	510,660	244,041
Accounts receivable	-	637,212
Prepayments and other receivables	829,803	598,367
Loan to investee company (Note 6)	904,960	256,252
Inventories (Note 7)	1,253,705	2,005,061
Total current assets	26,677,467	19,907,274
Mineral properties (Note 8)	16,070,891	16,341,983
Equity investment (Note 9)	1,659,615	1,673,342
Due from related parties (Note 12a)	209,246	215,360
Total assets	44,617,219	38,137,959
LIABILITIES		
Current		
Accounts payable	418,977	792,739
Due to related parties (Note 12b)	71,657	54,320
Other payables and accrued liabilities (Note 11)	3,817,310	4,674,480
Derivative financial instrument liabilities (Note 14)	587,401	422,412
Income tax payable	874,795	1,153,979
Total current liabilities	5,770,140	7,097,930
Total liabilities	5,770,140	7,097,930
Non-controlling interests (Note 13)	700,841	531,403
Commitments (Note 17)		
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	19,208,488	16,053,320
Contributed surplus	3,373,520	3,645,606
Cumulative translation adjustments	(562,587)	(661,733)
Reserves (Note 16)	2,765,919	2,765,919
Retained earnings	12,394,176	7,789,146
Accumulated other comprehensive income (Note 3)	966,722	916,368
Total shareholders' equity	38,146,238	30,508,626
Total liabilities and shareholders' equity	44,617,219	38,137,959

See accompanying notes to the Consolidated Financial Statements

APPROVED BY THE BOARD

Felipe Tan
Director

Hubert Marleau
Director

GobiMin Inc.

Consolidated Statements of Income and Retained Earnings (Unaudited)

Three Months Ended March 31, 2007

(Expressed in United States Dollars)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	$	$
Revenue	10,276,582	2,344,135
Cost of sales	(2,135,566)	(885,748)
Depreciation	(472,504)	(240,872)
Selling and distribution cost	(294,225)	(97,896)
Gross Profit	7,374,287	1,119,619
Other revenue	116,892	40,957
General and administrative expenses	(1,101,576)	(612,090)
Stock based compensation (Note 15b)	(49,862)	(91,626)
Equity loss in investment (Note 9)	(28,799)	-
Other operating expenses (Note 14)	(841,118)	-
Earnings before interests, tax and non-controlling interests	5,469,824	456,860
Interest expense	-	-
Earnings before tax and non-controlling interests	5,469,824	456,860
Income tax	(692,982)	(151,251)
Earnings before non-controlling interests	4,776,842	305,609
Non-controlling interests (Note 13)	(171,812)	(27,426)
Net earnings for the period	4,605,030	278,183
Retained earnings, beginning of period	7,789,146	2,918,451
Retained earnings, end of the period	12,394,176	3,196,634
Basic earnings per share (Note 15d)	0.070	0.006
Diluted earnings per share (Note 15d)	0.069	0.005
Weighted average number of shares outstanding (Note 15d)	65,394,313	53,167,080
Diluted weighted average number of shares outstanding (Note 15d)	67,088,043	61,401,252

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.

Consolidated Statements of Comprehensive Income (Unaudited)

Three Months Ended March 31, 2007

(Expressed in United States Dollars)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	$	$
Net income	4,605,030	278,183
Other comprehensive loss (Note 3)		
Unrealized exchange gain on translation of self-sustaining foreign operations	50,354	65,979
Comprehensive income	4,655,384	344,162

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

Three Months Ended March 31, 2007

(Expressed in United States Dollars)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
	$	$
Share Capital		
Balance at beginning of period	16,053,320	3,834,003
Issued for option exercise	526,046	13,703
Issued for warrant exercise	2,629,122	424,755
Issued for private placement	-	928,914
Balance at end of period	19,208,488	5,201,375
Contributed Surplus		
Balance at beginning of period	3,645,606	3,592,116
Options & warrants exercised	(321,948)	-
Stock based compensation	49,862	90,645
Fair value of warrants from the private placement	-	163,926
Balance at end of period	3,373,520	3,846,687
Cumulative foreign currency translation		
Balance at beginning of period	(661,733)	(153,729)
Current period foreign currency translation (Note 3)	99,146	(8,851)
Balance at end of period	(562,587)	(162,580)
Retained Earnings		
Balance at beginning of period	7,789,146	2,918,451
Net income	4,605,030	278,183
Balance at end of period	12,394,176	3,196,634
Accumulated other comprehensive income		
Balance at beginning of period	916,368	174,013
Other comprehensive income (loss) (Note 3)	50,354	65,979
Balance at end of period	966,722	239,992

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.

Consolidated Statements of Cash Flows (Unaudited)

Three Months Ended March 31, 2007

(Expressed in United States Dollars)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Cash flows from (used in) operating activities	$	$
Net earnings for the period	4,605,030	278,183
Adjustments for items not involving cash:		
- Depreciation	472,504	240,872
- Amortization in general and administrative expenses	75,585	33,991
- Stock based compensation	49,862	91,626
- Unrealized loss on forward contracts	587,401	-
- Equity loss in investment	28,799	-
- Non-controlling interests	171,812	27,426
	5,990,993	672,098
Change in non-cash working capital items:		
- Accounts receivable	642,952	-
- Prepayments, deposits and other receivables	(226,065)	122,654
- Inventories	769,416	272,049
- Accounts payable	(381,392)	317,445
- Due to related parties	19,924	-
- Other payables and accrued liabilities	(828,660)	(1,238,231)
- Tax payable	(6,652)	29,996
Net cash from operating activities	5,980,516	176,011
Cash flows from (used in) financing activities		
Shares issued for cash from warrant and option exercise	2,833,220	438,458
Repayment on shareholder's loan advanced to investee company	258,560	-
New shareholder loan advanced to investee company	(904,960)	-
Shares to be issued for cash from warrant and option exercise	-	2,183,967
Shares issued for cash from private placement	-	1,092,840
Net cash from financing activities	2,186,820	3,715,265
Cash flows from (used in) investing activities		
Mineral properties	(162,718)	(1,425,283)
Change on construction payables	(789,276)	109,413
Margin deposit for futures trading	(267,709)	-
Net cash used in investing activities	(1,219,703)	(1,315,870)
Increase in cash and cash equivalents	6,947,633	2,575,406
Effect on foreign exchange rate changes on cash	55,132	28,640
Cash and cash equivalents at beginning of period	15,141,334	7,894,272
Cash and cash equivalents at end of period	22,144,099	10,498,318
Supplementary cash flow information:		
Interest received	79,002	38,801
Interest paid	-	-
Income tax paid	(982,561)	(124,368)

See accompanying notes to the Consolidated Financial Statements

1. NATURE OF OPERATIONS

GobiMin Inc., (formerly Goldsat Mining Inc. ("Goldsat")) 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 Company Limited ("Yakesi") and Hami Jubao Resources Development Limited ("Jubao"). The Company owns 97% of Yakesi and 92.9% 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 then sold to its customer, Jinchuan Group Ltd. ("Jinchuan"), China's largest nickel producer and smelter operator. Jinchuan owned approximately 11% of the Company's total common shares outstanding as at March 31, 2007.

2. BASIS OF PRESENTATION

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, 2006, except for the change referred to in note 3. 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, 2006. 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, 2007.

3. CHANGE IN ACCOUNTING POLICIES

Effective January 1, 2007, GobiMin adopted the new Canadian Institute of Charted Accountants ("CICA") accounting standards related to Comprehensive Income (section 1530), Equity (section 3251) and Financial Instruments Recognition and Measurement (section 3855). As required by the standards prior periods have not been restated except to reclassify the foreign currency translation adjustment as described under Comprehensive Income and Equity.

Financial Instruments

The Company classifies its financial instruments into one of the following categories: held-for-trading (assets and liabilities), assets available-for-sale, loans and receivables, assets held-to-maturity and other financial liabilities. All financial instruments are measured at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial instruments except for held-for-trading items in which case they are expensed as incurred. Measurement in subsequent periods depends on the classification of the financial instrument.

Financial assets and liabilities "held-for-trading" are subsequently measured at fair value with changes in fair value recognized in net income. Financial assets "available-for-sale" are subsequently measured at fair value with changes in fair value recognized in other comprehensive income, net of tax.

Financial assets "held-to-maturity", "loans and receivables", and "other financial liabilities" are subsequently amortized using the effective interest rate method.

Financial instruments that are derivative contracts are considered "held-for-trading" unless they are designated as a hedge.

(Expressed in United States Dollars)

Comprehensive Income and Equity

Section 1530 provides for a new statement of Comprehensive Income and establishes accumulated other comprehensive income (AOCI) as a separate component of shareholders' equity. The statement of Comprehensive Income reflects the changes in AOCI in the period. Changes in AOCI are comprised of changes in the fair value of financial instruments designated as cash flow or net investment hedges, to the extent they are effective, and foreign currency translation gains or losses arising from the translation of the Company's self-sustaining foreign operations.

The Company's operations in China are largely self-sustaining and their economic exposure is more closely tied to their respective domestic currencies. Accordingly, these operations are measured in Chinese Renmingbi (RMB) and Hong Kong dollars (HKD) and translated to the Company's functional currency Canadian dollars (CAD$) using the current rate method. The translation of self-sustaining foreign operations into the Company's functional currency is recorded in other comprehensive income. The effect of translating the financial statements from the Company's functional currency CAD$ into its reporting currency United States dollars (US$) continues to be included in a separate component of shareholder's equity described as cumulative foreign currency translation.

Initial Adoption of Standards

These accounting standards require prospective adoption with the exception of the translation of self-sustaining foreign operations. Accordingly the prior period cumulative foreign currency translation and AOCI balances have been restated as follows:

	December 31,		March 31,	Three months ended
Increase (decrease)	2006	2005	2006	March 31, 2006
Cumulative foreign currency translation	(916,368)	(174,013)	(239,992)	(65,979)
Accumulated other comprehensive income	916,368	174,013	239,992	65,979

On adoption GobiMin did not have any held-to-maturity, hedging or available-for-sale financial instruments. On January 1, 2007 all of GobiMin's derivative contracts were designated as held-for-trading.

4. CASH AND CASH EQUIVALENTS

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

Bank location	Currency	Amount	US$ Equivalent
Canada	CAD	1,672,043	1,450,330
Hong Kong	HKD	64,760,223	8,289,308
China	RMB	95,950,368	12,404,461
Total			22,144,099

Cash and cash equivalents at December 31, 2006 include cash in different locations as follows:

Bank location	Currency	Amount	US$ Equivalent
Canada	CAD	910,263	781,096
Hong Kong	HKD	60,002,542	7,714,789
China	RMB	51,866,540	6,645,449
Total			15,141,334

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, 2007.

(Expressed in United States Dollars)

5. SHORT TERM BANK DEPOSIT

Short term deposit of $1,034,240 (December 31, 2006: $1,025,007) on March 31, 2007 represents one-year term deposit with an interest rate of 2.25% per annum and a maturity date on July 23, 2007.

6. LOAN TO INVESTEE COMPANY

On March 15, 2007, the Company loaned an unsecured, interest bearing shareholder loan totalling $904,960 (RMB 7,000,000) to Dazi PuXiong Copper Company Limited ("PuXiong"), in which GobiMin owns a 30% equity interest. PuXiong had paid off $1,266,444 (RMB 10,000,000) that the Company loaned in 2006. The loan outstanding as at March 31 2007 is due in six months with an effective interest rate of 6.435% per annum.

7. INVENTORIES

	March 31, 2007	December 31, 2006
Raw materials	$ 588,565	$ 517,233
Finished goods	665,140	1,487,828
	1,253,705	2,005,061

8. MINERAL PROPERTIES

	Cost	Accumulated Amortization/ Written off	Net Book Value
March 31, 2007			
Leasehold land and buildings	$ 7,801,449	$(1,246,472)	$ 6,554,977
Plant and machinery	4,123,172	(1,187,211)	2,935,961
Furniture, equipment and motor vehicles	692,131	(197,802)	494,329
Mineral rights	6,293,476	(3,230,496)	3,062,980
Construction in progress	1,373,258	-	1,373,258
Exploration costs	1,649,386	-	1,649,386
	21,932,872	(5,861,981)	16,070,891
December 31, 2006			
Leasehold land and buildings	6,730,920	(1,035,524)	5,695,396
Plant and machinery	4,058,278	(1,141,698)	2,916,580
Furniture, equipment and motor vehicles	658,176	(89,286)	568,890
Mineral rights	6,286,920	(3,082,368)	3,204,552
Construction in progress	2,345,659	-	2,345,659
Exploration costs	1,610,906	-	1,610,906
	21,690,859	(5,348,876)	16,341,983

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.

(Expressed in United States Dollars)

9. EQUITY INVESTMENT

Equity investment represents the Company's 30% equity interest in PuXiong, which owns the exploration license of the Malonglang copper-zinc project located in Dazi County, Tibet in China. The consideration for such acquisition was RMB13,000,000 (approximately $1,665,637) in cash. The Company accounts for its investment on the equity basis, which is carried at cost, adjusted for the Company's proportionate share of the undistributed earnings and losses of PuXiong. During the three months ended March 31, 2007, the Company recorded $28,735 (three months ended March 31, 2006: nil) as equity loss on this investment.

10. INTEREST IN JOINT VENTURE

During 2006, GobiMin formed a new joint venture, Xinjiang Xinya Minerals Ltd. ("Xinjiang Xinya"), with Xinjiang Huaxin Minerals Ltd. ("Xinjiang Huaxin"). GobiMin and Xinjiang Huaxin each acquired a 50% interest in Xinjiang Xinya by injecting RMB 1 million cash ($128,118) into the new joint venture as share capital. The joint venture is formed for the mining exploration and development in northwest China.

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

	March 31, 2007	December 31, 2006
Cash and cash equivalents	$ 56,524	$ 55,970
Intangible assets – exploration right	38,784	38,438
Other receivables	33,613	33,313
	128,921	127,721

	Three months ended March 31, 2007
Other revenue	$ 109
General and administration expenses	(59)
Net income	50
Net cash from operating activities	50
Net cash from financing activities	-
Net cash from investing activities	-
Effect on foreign exchange rate changes on cash	504

11. OTHER PAYABLES AND ACCRUED LIABILITIES

Other payables and accrued liabilities include construction payables of $1,785,296 (December 31, 2006: $2,554,082) as at March 31, 2007.

12. RELATED PARTY TRANSACTIONS

a) 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 14 employees in 2005 and 4 employees in 2006. The balance of the loans at March 31, 2007 is $209,246 (December 31, 2006: $215,360). 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 service to 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.

(Expressed in United States Dollars)

b) Due to related parties pertains to accounts payable to the minority shareholder of the Chinese subsidiary of the Company for the loading services provided. The balance of the accounts payable at March 31, 2007 is $71,657 (December 31, 2006: $54,320). The transaction is conducted in the normal course of business and measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

c) The Company has only one customer, Jinchuan. As at March 31, 2007, Jinchuan owned approximately 11% (December 31, 2006: 12%) of the total outstanding shares of the Company.

13. NON-CONTROLLING INTERESTS

Non-controlling interests represent the 3% equity interest in Yakesi and 7.1% equity interest in Jubao held by minority shareholders.

14. DERIVATIVE FINANCIAL INSTRUMENTS

At March 31 2007, GobiMin had an open position on futures contracts in LME of short selling 60 tonnes of nickel at the price of $36,200 per tonne and a margin deposit of $510,660. These futures contracts are maturing at May 16, 2007. The unrealized loss on these futures contracts at March 31, 2007 was approximately $587,401. During the three months ended March 31, 2007, the Company closed 60 tonnes of nickel futures selling contracts in LME that were open at the end of 2006. The realized loss was approximately $267,000. In accordance with the Company's accounting policy, both realized and unrealized loss were recognized as Other Operating Expenses in the Consolidated Statements of Income and Retained Earnings and the related liability was recorded as Derivative Financial Instrument Liabilities in the Consolidated Balance Sheet.

15. SHARE CAPITAL, WARRANTS AND STOCK OPTIONS

a)Common Stock

	Number	Amount
		$
Authorized:		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued and outstanding:		
Balance, December 31, 2006	64,036,002	16,053,320
Shares issued for option exercise	319,400	526,046
Shares issued for warrant exercise	4,942,500	2,629,122
Balance, March 31, 2007	69,297,902	19,208,488

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, 2007 was 16,519,500.

b) Stock options

On May 26, 2005, the Company adopted a resolution canceling all of its outstanding stock option plans and creating a new stock option plan to grant options to its employees, directors and officers to purchase common shares. A number of 5,700,000 (December 31, 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 as of March 31, 2007, and changes during the period is presented below:

	Three months ended March 31, 2007	
	Number of outstanding Options	Weighted average exercise price
		$
At December 31, 2006	2,810,000	0.69
Issued at February 12, 2007	55,000	1.79
Exercised	(170,000)	0.67
At March 31, 2007	2,695,000	0.70

The following table summarizes the employee stock options outstanding and exercisable at March 31, 2007:

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	2,165,000	3.53	0.55	1,010,000	3.53	0.55
0.95	10,000	3.68	0.95	4,000	3.68	0.95
0.95	250,000	0.68	0.95	250,000	0.68	0.95
1.41	30,000	3.86	1.41	12,000	3.86	1.41
1.83	30,000	4.14	1.83	6,000	4.14	1.83
1.66	155,000	4.24	1.66	151,000	4.24	1.66
1.79	50,000	0.84	1.79	50,000	0.84	1.79
1.79	5,000	4.87	1.79	-	-	-
	2,695,000	3.27	0.70	1,483,000	3.04	0.79

On July 7, 2006, 149,400 agent options were issued to the agents of the private placement at the price of $1.52 (CAD $1.70). All the options were exercised during January 2007.

On October 1, 2006, 240,000 options were issued to CHF Investor Relations ("CHF") for its service provided. All the options granted to CHF were cancelled because of the termination of the investor relations service.

The weighted average fair value of options granted during the period ended March 31, 2007 amounted to $0.56 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:	4.0%
Expected life:	1 - 5 years
Expected volatility:	69.4%
Dividend yield:	0.5%

(Expressed in United States Dollars)

c) Warrants

	Three months ended March 31, 2007	
	Warrants	Weighted average exercise price
		$
At December 31, 2006	5,005,000	0.52
Exercised	(4,942,500)	0.51
Expired	(62,500)	1.28
At March 31, 2007	-	-

d) Basic and Diluted Earnings Per Share

	Three months ended	
	March 31, 2007	**March 31, 2006**
Net earnings available to shareholders		
Basic and diluted	$4,605,030	$278,183
Weighted average shares outstanding		
Basic	65,394,313	53,167,080
Effect of dilutive stock options and warrants	1,693,730	8,234,172
Diluted	67,088,043	61,401,252
Earnings per share (basic)	$0.070	$0.006
Earnings per share (diluted)	$0.069	$0.005

16. 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 laws 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.

17. COMMITMENTS

As at March 31, 2007, capital commitments that the Company had contracted for, but not provided for, amounted to $3,162,604 (December 31, 2006: $1,570,315). The commitments relate to capital commitments to two joint ventures to be formed, exploration and NI43-101 compliance work on Yellow Mountain (Huangshan) site, shaft construction, equipments in the new mill and other maintenance work at the current facility.

18. ECONOMIC DEPENDENCE

The Company has only one customer over the period covered by these consolidated financial statements. The customer is Jinchuan (See note 12c). Should the customer terminate the purchase agreement it signed with the Company, the sale of the Company's finished products depends on the Company's ability to locate and secure alternative sales outlets. The potential alternative can be selling nickel and copper concentrates to other customers with smelter facilities in China.

19. 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. All of the Company's revenues are derived from Chinese sources.

20. SUBSEQUENT EVENTS

a) On April 11, 2007, GobiMin declared 2006 annual dividend of CAD$0.012 (approximately $0.010) per share. The dividend is to be recorded on May 15, 2007 and payable on June 5, 2007.

b) On April 13, 2007, GobiMin changed the vesting schedule of unvested options of the Company's Chinese directors and employees granted on October 1, 2005. The unvested portion (i.e. 60%) of the related 1,550,000 options, outstanding as at March 31, 2007 had been changed as to be exercisable on April 1, 2007.

c) On May 16, 2007, GobiMin closed a private placement with an aggregate of 3,450,000 common shares issued to US and Canadian institutional investors at a price of $3.25 (CAD$ 3.75) per share,,, for aggregate proceeds of approximately $11.2 million (CAD$ 12,937,500), through Desjardins Securities Inc., Westwind Partners Inc. and Wellington West Capital Markets Inc. (collectively referred to as the "Underwriters"). The Underwritiers received a cash commission of $0.7 million (CAD$793,125).

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, 2007
(Expressed in United States Dollars except where otherwise noted)

The following discussion and analysis of the consolidated operating results and financial condition of GobiMin Inc. for the quarter ended March 31, 2007 should be read in conjunction with its consolidated financial statements for the quarter ended March 31, 2007 and GobiMin's audited consolidated financial statements for the year ended December 31, 2006. The financial information was prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). This Management's Discussion and Analysis was prepared on May 22, 2007.

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.

Corporate Overview

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

GobiMin, through its subsidiaries, presently mines nickel and copper ore from two underground mines. Ore is processed through two mills totalling 1,600 tonne per day capacity to produce nickel and copper concentrates, which are sold to its customer, Jinchuan Group Ltd. ("Jinchuan"), the largest nickel producer and smelter operator in China. In the third quarter of 2006 and early 2007, GobiMin acquired an interest in one zinc project and three copper projects through joint ventures with local parties in Xinjiang, China. These projects are all at the exploration stage. The Company continues to pursue additional base metals opportunities.

Financial Highlights

Results in this quarter reflect surging ore production from ongoing expansion, higher nickel prices and the production of the new mill. The financial highlights in the first quarter of 2007 are:

- Record quarterly revenue of $10.3 million, an increase of 338% over the $2.3 million in Q1 2006 as ore mined rose 185% to reach 62,610 tonnes.
- Gross margin was 71.8%, compared to 47.8% in 2006.

- Record quarterly $4.6 million net income, compared to $0.3 million in Q1 2006, an increase of over 15 times. Basic earnings per share in this quarter increased to $0.070 from $0.006 in Q1 2006.
- Cash cost per tonne of ore, after by-product credits, fell to $14.53 compared to $22.40 in Q1 2006, as a result of increasing production economy scale, higher by-product credits and effective cost control system.
- Cash cost per pound of nickel payable, after by-product credits, remained stable at $1.41 compared to $1.37 in Q1 2006, as favorable nickel price allows the Company to mine lower grade ore. The average realized nickel price in this quarter, net of smelting and refining cost, was $9.84 compared to $3.79 in Q1 2006. Therefore the cash margin increased to $8.43 per pound of nickel, compared to $2.42 in Q1 2006, an increase of 230%.
- Cash flow from operating activities rose to $6.0 million from $0.2 million in Q1 2006.
- Cash position reached a record $22 million.
- Subsequent to this quarter, on May 16, 2007, GobiMin closed a private placement with an aggregate of 3,450,000 common shares at a price of $3.25 (CAD$3.75) for aggregate gross proceeds of approximately $11.2 million (CAD$12,937,500).

Business Summary

Production Growth

Ore mined increased in this quarter to 62,610 tonnes from 21,988 tonnes in the same period of last year, reflecting the Company's recent ability to produce all year round and the new mill started operating last fall. The production is expected to continue to grow with additional production shafts coming to stream as planned for 2007 and 2008.

The Company is embarking into an aggressive long term plan to optimize the current mining process in Yellow Mountain East (also known as "Huangshan Dong") mine. Part of the proceeds from the private placement in May 2007 will be used to purchase mining equipments, to improve the efficiency of the underground development work and to increase the production at the mine site.

Exploration progress

After completing an 18,000-meter diamond drilling program at the Yellow Mountain property (also known as "Huangshan") that aims to support the historical resource estimate, a National Instrument 43-101compliant resource calculation will be released in the second quarter of 2007.

The Company is starting another 20,000-meter drilling program which mainly focuses on promising new targets identified at shallow depth.

Strong Cash Position

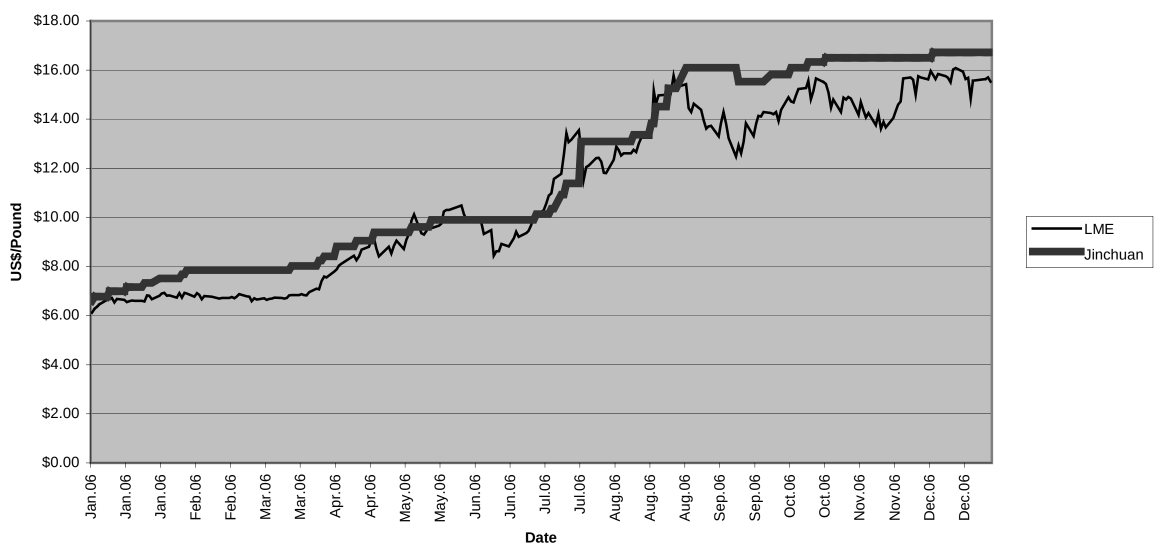
In the first quarter of 2007, GobiMin's cash balance rose to a record $22 million, mainly due to $6.0 million cash generated from operations and $2.8 million cash from warrant and option exercised. The management expects that the cash balance remains strong in 2007, considering the ongoing operation profits and $11.2 million gross proceeds raised in the private placement in May 2007. This strong cash position allows great financial flexibility to fund its growth.

Key Economic Trends

Nickel

The main product sold by GobiMin is nickel concentrate. The price received for the metal contained in the concentrate is calculated at a discount to the Chinese domestic nickel cathode price (which is 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 108% of LME nickel price in 2006 as shown in the price chart below which can also be found in GobiMin's website (www.gobimin.com):

2006 Nickel Price
LME vs China Domestic Market



The cash settlement price of nickel on the LME averaged $18.79 per pound in the first quarter of 2007, compared to $15.02 in the fourth quarter of 2006 and $6.72 in the first quarter of 2006. Management is of the view that the price for nickel will continue to be volatile and remain well above long-term averages due to low inventories, limited new supply and strong demand.

Copper

Another product produced by GobiMin is copper concentrate. The price received for the metal 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 $2.69 per pound in the first quarter of 2007, compared to $3.21 in the fourth quarter of 2006 and $2.24 in the first quarter of 2006. Management is of the view that the price for copper will remain strong due to historical levels but volatile.

China Economy

Since GobiMin is producing and selling its nickel and copper concentrates within China, China economy condition is another key factor on the Company's business. During the first quarter of 2007, China GDP increased 10.2%, among which the fixed asset investments increased 27.7%. Production of stainless steel in China grows more than 30% in the past few years. In the view of the management, the stable and strong economy growth coupled with high nickel consumption structure in China manufacturing industry will continue to support the fundamentals of the increasing demand in the nickel and copper markets in China.

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, 2006. 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.

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.

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 new 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.

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 change 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.

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.

Proportionate Consolidation

For a venture that the Company and the 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.

Derivative Financial Instruments

The Company recognizes derivative financial instruments on a marked-to-market basis. The Company has classified its investment in LME futures contracts as held for trading and therefore carries it at fair market value, with the unrealized gain or loss recorded in other revenue or expenses in the Consolidated Statements of Income and Retained Earnings. Margin deposits held by brokers for futures trading are separately disclosed in the Consolidated Balance Sheets.

(Expressed in United States Dollars)

Adoption of New Accounting Standards

Effective January 1, 2007, GobiMin adopted the new Canadian Institute of Chartered Accountants ("CICA") accounting standards related to Comprehensive Income (section 1530), Equity (3251) and Financial Instruments Recognition and Measurement (section 3855). This change in accounting policy has no effect on the consolidated financial statements for the three months ended March 31, 2007 except to reclassify the foreign currency translation adjustment on self-sustaining operations to Other Comprehensive Income.

New Canadian Accounting Pronouncements

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 GobiMin's 2007 year end disclosure and will require increased disclosure regarding financial instruments. 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. This standard will be effective for GobiMin's 2007 year end disclosure.

Internal Control

There were no changes in the Company's internal control over financial reporting during the three months ended March 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Selected Quarterly Information

Selected quarterly information is provided as follows:

For the quarter ended	**March 31, 2007**	**March 31, 2006**	**March 31, 2005**
Revenue	$ 10,276,582	$ 2,344,135	$ 1,482,770
Net earnings	4,605,030	278,183	272,778
Basic earnings per share	0.070	0.006	0.003
Diluted earnings per share	0.069	0.005	0.003
Net cash from operating activities	5,980,516	176,011	771,291
Total assets	44,617,219	21,793,901	11,338,039

(Expressed in United States Dollars)

For the quarter ended	December 31, 2006	September 30, 2006	June 30, 2006
Revenue	$ 7,519,732	$ 6,174,557	$ 3,549,385
Net earnings	2,399,860	2,794,450	878,687
Basic earnings per share	0.038	0.045	0.016
Diluted earnings per share	0.035	0.042	0.014
Net cash from operating activities	2,633,381	3,801,857	1,417,079
Total assets	38,137,959	34,518,021	23,552,441

For the quarter ended	December 31, 2005	September 30, 2005	June 30, 2005
Revenue	$ 1,144,131	$ 4,461,268	$ 3,950,295
Net earnings (loss)	(248,258)	1,760,307	1,677,428
Basic earnings (loss) per share	(0.006)	0.036	0.049
Diluted earnings (loss) per share	(0.006)	0.036	0.049
Net cash from/(used in) operating activities	(85,921)	3,117,998	2,571,943
Total assets	18,410,196	17,960,859	14,087,570

Results of Operations

Revenues

The Company recorded in Q1 2007 revenues of $10,276,582 compared to $2,344,135 in Q1 2006. Revenues were $9,159,618 for nickel and $1,116,964 for copper and other by-product credits in Q1 2007 versus $2,131,957 for nickel and $212,178 for copper in Q1 2006. Revenue was higher mainly because the Company increased its mill capacity and is now able to produce all year around. A stronger nickel market and higher copper volume also contributed to the better performance.

Other revenues in Q1 2007 were $116,892 (Q1 2006: $40,957), mainly from interest income of the Company's cash balance.

In this quarter, the Company sold 0.93 million pounds of nickel and 0.45 million pounds of copper, compared to 0.26 million pounds and 0.17 million pounds respectively in the corresponding period in 2006. The plant processed 57,911 tonnes (Q1 2006: 15,937 tonnes) of ore with a nickel head grade of 0.54% (Q1 2006: 0.83%) and recoveries amounting to 86.4% (Q1 2006: 89.3%). With increased milling capacity and higher metal price, the Company has mined during the quarter lower grade ore. Metallurgical recovery has been lower since Q2 2006 when the new copper separation process started, which allows the Company to capture a higher realized price of copper, more than doubled the realized price of copper compared to that in prior periods.

Average realized price for nickel contained in concentrate in Q1 2007 was $9.84 per pound and average realized price for copper contained in concentrate was $2.45 per pound, compared to $3.79 and $0.56 respectively in Q1 2006. The higher realized price of nickel contained in concentrate was mainly due to the higher market price of nickel; while the higher realized price of copper was due to the launch of the copper separation program mentioned above.

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

Mining Operations	**3 Months Ended March 31, 2007**	**3 Months Ended March 31, 2006**
Ore (tonnes)		
Processed	57,911	15,937
Sold	90,318	34,436
Nickel grade of ore	0.54%	0.83%
Metallurgical recovery	86.40%	89.30%
Metal contained in concentrate ('000 pounds)		
Nickel	931	255
Copper	447	172
Metal contained in concentrate ($)		
Nickel	$9,159,618	$2,131,957
Copper and others	$1,116,964	$212,178
Total Revenue	$10,276,582	$2,344,135
Average realized price of nickel contained in concentrate (per pound) (1)	$9.84	$3.79
Average realized price of copper contained in concentrate (per pound) (1)	$2.45	$0.56
Average cash cost per pound of nickel contained in concentrate, net of by-product credits (2)	$1.41	$1.37
Average cash cost per tonne of ore, net of by-product credits (2)	$14.53	$22.40

(1) Price before smelter and refining charges and recovery losses.
(2) Cash cost is a non-GAAP measure, which excludes depreciation and asset write-off, and includes mining, milling and haulage costs, after deducting the copper, gold and silver revenue.

Cost of sales

Cost of sales amounted to $2,135,566 in Q1 2007 compared to $885,748 for the same period in 2006. The cost of sales includes the costs of mining, milling, haulage from mine sites to the mill and resource tax to the local government. The average cost of sales per tonne of ore decreased to $23.64 from $25.72 in the corresponding period in 2006, mainly due to the larger production scale. Cash operating cost per tonne of ore, net of by-product credits, averaged $14.53 for Q1 2007 compared to $22.40 for Q1 2006. The significant decrease in cash cost per tonne of ore was due to the increasing by-product credits, driven by higher copper price factor from the copper separation and higher volume of copper production from the increased production capacity. Therefore, although the Company was mining lower grade ores, the average cash cost per pound of nickel contained in concentrate, net of by-product credits, was $1.41, only slightly higher than $1.37 in Q1 2006.

(Expressed in United States Dollars)

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 nickel concentrates 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 selling and distribution expenses were $294,225 in 2006 versus $97,896 in 2005. The higher expense reflects higher volume of concentrate shipped by rail and truck to the customer's smelter site.

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

	3 Months Ended March 31, 2007		**3 Months Ended March 31, 2006**	
	$	$/tonne	$	$/tonne
Cost of sales (1)	2,135,566	23.64	885,748	25.72
Selling and distribution cost	294,225	3.26	97,896	2.84
By-product credits:				
Copper, gold and silver	(1,116,964)	(12.37)	(212,178)	(6.16)
Cash operating cost	1,312,827	14.53	771,466	22.40

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

Other expenses

Depreciation expense increased to $472,504 from $240,872 in Q1 2006, reflecting increased capital investment activities in mine sites, copper separation program and the new mill in October 2006.

General and administrative expenses incurred by the Company in 2007 were $1,101,576 compared to $612,090 in 2006. The expense increase is mainly from increasing staff cost and amortization cost due to the operation expansion and increasing mining reimbursement fees and business development expenses from a larger revenue base.

In this quarter, the Company incurred $49,862 of stock-based compensation (Q1 2006: $91,626), due to the allocation of the expense from stock options that were granted since the listing of the Company.

The other expenses in this quarter were $841,118 (Q1 2006: nil), mainly including $267,000 realized loss and $588,000 unrealized loss from the Company's investment in London Metal Exchange's nickel futures contracts recognized on a marked-to-market basis. As at March 31, 2007, the Company has an open position of short selling 60 tonnes of nickel at the price of $36,200 per tonne, expiring in May 2007.

(Expressed in United States Dollars)

Earnings per share

Basic earnings per share for Q1 2007 increased to a record high of $0.070 (Q1 2006: $0.006) and diluted earnings per share was $0.069 (2006: $0.005).

EBITDA

Earnings before interest income and expense, income taxes, stock-based compensation, write-off expense, depreciation and amortization ("EBITDA"), a non-GAAP performance measure, reached a record high of $6.0 million in Q1 2007, compared to $0.8 million in Q1 2006.

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

	3 months ended March 31	
	2007	**2006**
Net earnings	$ 4,605,030	$ 278,183
Interest (income) expense	(116,819)	(38,393)
Income tax	692,982	151,251
Depreciation	472,504	240,872
Amortization in general and administration expenses	75,585	33,991
Stock based compensation	49,862	91,626
Write-off of mine construction cost	-	-
Non-controlling interest	171,812	27,426
EBITDA (1)	5,950,956	784,956

(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.

Income tax

Xinjiang Yakesi Resources Co. Ltd. ("Yakesi"), a 97%-owned Chinese subsidiary of the Company, is subject to corporate income tax rate of 15% in 2006. 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 owns 92.9% interest of the other operating subsidiary, Hami Jubao Resources Development Limited ("Jubao"). According to the China Joint Venture Income Tax Aact, Jubao will enjoy a two year income tax holiday starting 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)

Liquidity and Capital Resources

The following table summarizes the Company's consolidated cash flows and cash on hand for the first quarter of 2007:

	March 31, 2007	December 31, 2006
Cash and cash equivalents	$22,144,099	$15,141,334
Working capital (1)	$20,907,327	$12,809,344
	3 Months ended March 31, 2007	**3 Months ended March 31, 2006**
Cash provided by operating activities	$5,980,516	$176,011
Cash used in investing activities	($1,219,703)	($1,315,870)
Cash provided by financing activities	$2,186,820	$3,715,265

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

Operating activities

In the first quarter of 2007, cash provided from operating activities was $5,980,516 compared to $176,011 in Q1 2006. Cash flows from the operations were higher mainly because of $4.3 million higher net profit realized in this quarter. The increase in those non-cash expense items (mainly the depreciation and unrealized loss of forward contracts) contributes another $1.4 million increase in operation cash flow.

Financing activities

Financing activities generated net cash inflow of $2,186,819 in Q1 2007. The Company received $2.8 million from 4,942,500 warrants and 170,000 options exercised. There is no warrant outstanding as at March 31, 2007. The Company also collected $258,560 from a loan to its associate company, PuXiong, and advanced a new loan of $904,960 (RMB7,000,000) to PuXiong for working capital use at its initial production year.

Investing activities

Investing activities utilized $1,219,703 of cash in Q1 2007 compared to $1,315,870 in Q1 2006. Investing activities were minimal in this quarter.

Balance Sheet

Cash

The Company had $22,144,099 in cash and cash equivalents as at March 31, 2007 compared to $15,141,334 as at December 31, 2006.

Share capital

As at March 31, 2007, the Company had 69.3 million common shares issued and outstanding. Approximately 5.3 million shares were issued for warrants and stock options exercised resulting in total proceeds of approximately $2.8 million.

The Company had a total of 2,810,000 stock options outstanding as at December 31, 2006. During Q1 2007, 170,000 options were exercised and 55,000 options were granted to employees and consultants. 4,942,500 warrants were exercised and 62,500 warrants expired during this quarter. There is no warrant outstanding as at March 31, 2007. The 149,400 options issued in 2006 private placement were all exercised and the 240,000 options granted to CHF Investor Relations were cancelled due to the termination of the investor relation service.

Dividends

In accordance with the Company's dividend policy, on April 11, 2007, the Company declared CAD$0.012 per share as 2006 annual dividend, 20% higher than the dividend per share declared for fiscal 2005.

Contractual obligations and commitment

As at March 31, 2007, capital commitments that the Company had contracted for, but not provided for, amounted to $3,162,604 (December 31, 2006: $1,570,315). The contracts relate to capital commitments to two joint ventures to be formed, exploration and NI43-101 compliance work on Yellow Mountain (Huangshan) site, shaft construction, equipments in the new mill and other maintenance work at the current facility.

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 foreign currencies; exploration, development and operating risks; uncertainty or ore reserves and resource estimates; capital requirements; competition, reliance on third parties, environmental and insurance risks. In addition to the business risks mentioned, readers should be aware that there are potential risks to doing business in China that may be unanticipated. 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, 2006, which are available at www.sedar.com and at GobiMin's website (www.gobimin.com).

Outlook

The NI43-101 compliant calculation of resources for the Yellow Mountain property is expected to be completed in the first half of 2007. The Company is in discussions with a large Chinese company to form a potential joint venture for the feasibility study and development of the Yellow Mountain nickel/copper property. No assurance can be given to the success of such discussions.

In April 2007, the Company started a 20,000 meter drilling program to target promising shallow new zone that were identified in Yellow Mountain property during last year exploration. The current exploration program aims to identify possibly new lenses situated at shallow depth and to expand the current resources. This is done with the view to bring the Yellow Mountain property into production in the near future.

The Company will be injecting approximately $1.3 million (RMB10 million) into two new joint ventures as announced before and will start exploration work at the zinc and copper projects as soon as exploration licenses are obtained.

The Company is embarking into an aggressive plan to optimize the current mining process at Yellow Mountain East mine. Part of the proceeds from the private placement in May 2007 will be used to purchase mining equipment, to improve efficiency of the underground development work and to increase the production at the mine site.

As a well-established player in the local mining industry, the Company continues to seek opportunities of acquiring quality projects.