GobiMin Inc.

Interim Consolidated Financial Statements
(Unaudited)

September 30, 2007
(Expressed in United States Dollars except where otherwise noted)

Notice to readers:

The financial statements for the quarter ended September 30, 2007 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 Sheet (Unaudited)

(Expressed in United States Dollars)

	September 30, 2007	December 31, 2006
ASSETS	$	$
Current		
Cash and cash equivalents (Note 4)	**39,959,503**	15,141,334
Short term bank deposit	**-**	1,025,007
Margin deposit for futures trading	**-**	244,041
Derivative financial instrument assets (Note 14)	**1,817**	-
Accounts receivable	**1,315,470**	637,212
Prepayments and other receivables	**3,221,524**	598,367
Loan to investee company (Note 5)	**932,251**	256,252
Inventories (Note 6)	**1,347,441**	2,005,061
Total current assets	**46,778,006**	19,907,274
Mineral properties (Note 7)	**19,394,573**	16,341,983
Equity investment (Note 8)	**1,300,812**	1,673,342
Due from related parties (Note 11a & b)	**1,574,555**	215,360
Total assets	**69,047,946**	38,137,959
LIABILITIES		
Current		
Accounts payable	**661,689**	792,739
Due to related parties (Note 11c)	**116,624**	54,320
Other payables and accrued liabilities (Note 10)	**5,101,969**	4,674,480
Derivative financial instrument liabilities (Note 14)	**-**	422,412
Income tax payable	**1,123,733**	1,153,979
Total current liabilities	**7,004,015**	7,097,930
Non-controlling interests (Note 12)	**1,015,202**	531,403
Commitments (Note 17)		
SHAREHOLDERS' EQUITY		
Share capital (Note 15)	**30,644,452**	16,053,320
Contributed surplus	**3,747,648**	3,645,606
Cumulative translation adjustments	**2,242,416**	(661,733)
Reserves (Note 16)	**2,765,919**	2,765,919
Retained earnings	**22,578,288**	7,789,146
Accumulated other comprehensive income (Note 3)	**(949,994)**	916,368
Total shareholders' equity	**61,028,729**	30,508,626
Total liabilities and shareholders' equity	**69,047,946**	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 (Unaudited)

(Expressed in United States Dollars)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	**Nine Months Ended September 30, 2007**	Nine Months Ended September 30, 2006
	$	$	**$**	$
Revenue	**9,940,327**	6,174,557	**29,969,472**	12,068,076
Cost of sales	**(2,445,637)**	(1,193,467)	**(6,519,102)**	(3,260,720)
Depreciation	**(527,105)**	(278,388)	**(1,475,602)**	(789,629)
Selling and distribution cost	**(225,989)**	(166,980)	**(763,044)**	(366,105)
Gross Profit	**6,741,596**	4,535,722	**21,211,724**	7,651,622
Other revenue (Note 13)	**698,964**	163,078	**1,845,491**	306,624
General and administrative expenses	**(635,765)**	(775,716)	**(2,959,997)**	(2,214,893)
Stock based compensation (Note 15b)	**(276,611)**	(71,062)	**(683,213)**	(238,097)
Equity loss in investment (Note 8)	**(140,828)**	(11,985)	**(430,839)**	(13,118)
Other operating expenses (Note 18)	**(143,704)**	(303,822)	**(1,357,721)**	(303,822)
Earnings before interests, tax and non-controlling interests	**6,243,652**	3,536,215	**17,625,445**	5,188,316
Interest expense	-	(11,669)	-	(11,669)
Earnings before tax and non-controlling interests	**6,243,652**	3,524,546	**17,625,445**	5,176,647
Income tax	**(497,497)**	(618,573)	**(1,534,661)**	(1,040,037)
Earnings before non-controlling interests	**5,746,155**	2,905,973	**16,090,784**	4,136,610
Non-controlling interests (Note 12)	**(158,246)**	(111,523)	**(540,867)**	(185,290)
Net earnings for the period	**5,587,909**	2,794,450	**15,549,917**	3,951,320
Basic earnings per share (Note 15d)	**0.076**	0.045	**0.222**	0.069
Diluted earnings per share (Note 15d)	**0.075**	0.042	**0.217**	0.063
Weighted average number of shares outstanding (Note 15d)	**73,131,567**	61,943,086	**69,952,563**	57,255,607
Diluted weighted average number of shares outstanding (Note 15d)	**74,819,388**	66,602,537	**71,681,197**	62,318,681

See accompanying notes to the Consolidated Financial Statements

GobiMin Inc.

Consolidated Statements of Comprehensive Income (Unaudited)

(Expressed in United States Dollars)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	**Nine Months Ended September 30, 2007**	Nine Months Ended September 30, 2006
	$	$	**$**	$
Net income	**5,587,909**	2,794,450	**15,549,917**	3,951,320
Other comprehensive loss (Note 3)	-	-	-	-
Unrealized exchange gain (loss) on translation of self-sustaining foreign operations	**(1,439,616)**	159,999	**(1,866,362)**	(179,837)
Comprehensive income	**4,148,293**	2,954,449	**13,683,555**	3,771,483

Consolidated Statements of Changes in Shareholders' Equity (Unaudited)

(Expressed in United States Dollars)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	**Nine Months Ended September 30, 2007**	Nine Months Ended September 30, 2006
	$	$	**$**	$
Share Capital				
Balance at beginning of period	**30,558,481**	8,672,844	**16,053,320**	3,834,003
Issued for option exercise	**85,971**	-	**1,057,374**	159,829
Issued for warrant exercise	**-**	1,418,509	**2,629,122**	5,168,607
Issued for private placement	**-**	5,786,387	**10,904,636**	6,715,301
Balance at end of period	**30,644,452**	15,877,740	**30,644,452**	15,877,740
Contributed Surplus				
Balance at beginning of period	**3,503,744**	3,334,150	**3,645,606**	3,592,116
Options & warrants exercised	**(32,707)**	(142,075)	**(581,171)**	(731,002)
Stock based compensation	**276,611**	71,413	**683,213**	238,448
Fair value of warrants from the private placement	**-**	-	**-**	163,926
Balance at end of period	**3,747,648**	3,263,488	**3,747,648**	3,263,488
Cumulative foreign currency translation				
Balance at beginning of period	**(17,909)**	198,368	**(661,733)**	(153,729)
Current period foreign currency translation (Note 3)	**2,260,325**	(277,914)	**2,904,149**	74,183
Balance at end of period	**2,242,416**	(79,546)	**2,242,416**	(79,546)
Reserves				
Balance at beginning of period	**2,765,919**	1,547,278	**2,765,919**	1,547,278
Current period reserves	**-**	-	**-**	-
Balance at end of period	**2,765,919**	1,547,278	**2,765,919**	1,547,278
Retained Earnings				
Balance at beginning of period	**16,990,379**	3,559,538	**7,789,146**	2,918,451
Net income	**5,587,909**	2,794,450	**15,549,917**	3,951,320
Tax refund relating to capital transaction	**-**	253,939		253,939
Dividend paid	**-**	-	**(760,775)**	(515,783)
Balance at end of period	**22,578,288**	6,607,927	**22,578,288**	6,607,927
Accumulated other comprehensive income				
Balance at beginning of period	**489,622**	(165,823)	**916,368**	174,013
Other comprehensive income (loss) (Note 3)	**(1,439,616)**	159,999	**(1,866,362)**	(179,837)
Balance at end of period	**(949,994)**	(5,824)	**(949,994)**	(5,824)

See accompanying notes to the Consolidated Financial Statements

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

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	**Nine Months Ended September 30, 2007**	Nine Months Ended September 30, 2006
Cash flows from (used in) operating activities	**$**	$	**$**	$
Net earnings for the period	**5,587,909**	2,794,450	**15,549,917**	3,951,320
Adjustments for items not involving cash:				
- Depreciation	**527,105**	278,388	**1,475,602**	789,629
- Amortization in general and administrative expenses	**59,626**	52,087	**212,320**	133,595
- Stock based compensation	**276,611**	71,062	**683,213**	238,097
- Unrealized (gain) loss on forward contracts	**(1,821)**	303,822	**(1,821)**	303,822
- Realized (gain) loss on forward contracts	**(223,350)**	-	**214,235**	-
- Equity loss in investment	**140,828**	11,985	**430,839**	13,118
- Non-controlling interests	**158,246**	111,523	**540,867**	185,290
	6,525,154	3,623,317	**19,105,172**	5,614,871
Change in non-cash working capital items:				
- Accounts receivable	**(826,537)**	(995,422)	**(656,453)**	(1,332,761)
- Prepayments, deposits and other receivables	**(1,410,279)**	(72,045)	**(2,509,543)**	(105,164)
- Due from related parties	**(793,887)**	-	**(1,403,026)**	-
- Inventories	**306,536**	(368,396)	**719,527**	(17,305)
- Accounts payable	**(356,078)**	83,916	**(185,197)**	340,670
- Due to related parties	**(31,332)**	32,330	**84,519**	59,357
- Other payables and accrued liabilities	**181,850**	54,020	**1,006,370**	(858,199)
- Tax payable	**302,895**	480,544	**(69,286)**	423,472
Net cash from operating activities	**3,898,322**	2,838,264	**16,092,083**	4,124,941
Cash flows from (used in) financing activities				
Shares issued for cash from option and warrant exercise	**53,263**	1,276,435	**3,105,324**	4,598,416
Shares issued for cash from private placement	**-**	5,786,387	**11,797,706**	6,879,227
Shares issued cash costs	**-**	-	**(893,070)**	-
Repayment of promissory note	**-**	(2,391,928)	**-**	(2,391,928)
Bank loan	**-**	1,264,185	**-**	1,264,185
Repayment on shareholder's loan advanced to investee company	**-**	-	**258,560**	-
New shareholder loan advanced to investee company	**-**	(1,266,444)	**(904,960)**	(1,266,444)
Divided paid	**-**	-	**(760,775)**	(515,783)
Net cash from financing activities	**53,263**	4,668,635	**12,602,785**	8,567,673
Cash flows from (used in) investing activities				
Mineral properties	**(3,328,026)**	(2,621,888)	**(4,184,506)**	(5,564,528)
Tax refund relating to capital transaction	**-**	253,939	**-**	253,939
Interest in joint venture	**-**	(126,418)	**-**	(126,418)
Change on construction payables	**23,514**	963,593	**(855,982)**	1,379,419
Margin deposit for futures trading	**1,008,270**	-	**(377,567)**	-
Short-term investment	**1,058,516**	-	**1,058,516**	-
Long-term investment	**-**	-	**-**	(1,624,663)
Net cash used in investing activities	**(1,237,726)**	(1,530,774)	**(4,359,539)**	(5,682,251)
Increase in cash and cash equivalents	**2,713,859**	5,976,125	**24,335,329**	7,010,363
Effect on foreign exchange rate changes on cash	**614,967**	14,872	**482,840**	110,500
Cash and cash equivalents at beginning of period	**36,630,677**	9,024,138	**15,141,334**	7,894,272
Cash and cash equivalents at end of period	**39,959,503**	15,015,135	**39,959,503**	15,015,135
Supplementary cash flow information:				
Interest received	**265,308**	154,659	**487,265**	240,820
Interest paid	**-**	-	**-**	-
Income tax paid	**(192,002)**	(145,798)	**(1,599,247)**	(628,677)

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 contains predominantly 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 customers.

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 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, 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 Chartered Accountants ("CICA") accounting standards related to Comprehensive Income (section 1530), Equity (section 3251), Financial Instruments Recognition and Measurement (section 3855), Financial Instruments – Disclosure and Presentation (section 3861) and Hedges (section 3865). 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.

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.

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 Renminbi (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,		September 30,	Nine months ended
Increase (decrease)	2006	2005	2006	September 30, 2006
Cumulative foreign currency translation	(916,368)	(174,013)	5,824	179,837
Accumulated other comprehensive income	916,368	174,013	(5,824)	(179,837)

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.

New Canadian Accounting Pronouncements

a) Accounting Changes

In July 2006, CICA revised Section 1506, "Accounting Changes", which now requires that: 1) a voluntary change in accounting principles can be made if, and only if, it is required by primary source of GAAP or the changes result in more reliable and relevant information, 2) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and 3) for changes in estimates, the nature and amount of the change should be disclosed. The revised section is effective for the Company's financial year beginning on January 1, 2007.

b) 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.

c) Capital Disclosures

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

(Expressed in United States Dollars)

d) Financial Instruments

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

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at September 30, 2007 include cash in different locations as follows:

Bank location	Currency	Amount	US$ Equivalent
Canada	CAD	2,801,754	2,812,120
Hong Kong	HKD	130,283,555	16,767,494
China	RMB	153,026,570	20,379,889
Total			39,959,503

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 September 30, 2007.

5. LOAN TO INVESTEE COMPANY

On March 15, 2007, the Company loaned an unsecured, interest bearing shareholder loan totalling $919,652 (RMB 7,000,000) to Dazi PuXiong Copper Company Limited ("PuXiong"), in which GobiMin owns a 30% equity interest. The loan outstanding as at September 30, 2007 was due with an effective interest rate of 6.435% per annum.

6. INVENTORIES

	September 30, 2007	December 31, 2006
Raw materials	$ 617,413	$ 517,233
Finished goods	730,028	1,487,828
	1,347,441	2,005,061

(Expressed in United States Dollars)

7. MINERAL PROPERTIES

	Cost	Accumulated Amortization/ Written off	Net Book Value
September 30, 2007			
Leasehold land and buildings	$ 8,235,422	$(1,910,800)	$ 6,324,622
Plant and machinery	4,428,078	(1,383,570)	3,044,508
Furniture, equipment and motor vehicles	734,464	(262,892)	471,572
Mineral rights	6,370,868	(3,573,043)	2,797,825
Construction in progress	3,383,336	-	3,383,336
Exploration costs	3,372,710	-	3,372,710
	26,524,878	(7,130,305)	19,394,573
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.

8. 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 $1,731,324) 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 and nine months ended September 30, 2007, the Company recorded $140,828 (three months ended September 30, 2006: $11,985) and $430,839 (nine months ended September 30, 2006: $13,118), respectively, as equity loss on this investment.

9. 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 ($133,179) 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 and six months ended September 30, 2007 are as follows:

(Expressed in United States Dollars)

	September 30, 2007	December 31, 2006
Cash and cash equivalents	$ 56,682	$ 55,970
Intangible assets – exploration right	41,345	38,438
Other receivables	34,626	33,313
	132,653	127,721

	Three months ended September 30, 2007	Nine months ended September 30, 2007
Other revenue	$ 103	315
General and administration expenses	(300)	(419)
Net income	(197)	(104)
Net cash from operating activities	(197)	(104)
Net cash from financing activities	-	-
Net cash from investing activities	-	-
Effect on foreign exchange rate changes on cash	(218)	816

10. OTHER PAYABLES AND ACCRUED LIABILITIES

As at September 30, 2007, other payables and accrued liabilities include construction payables of $1,770,535 (December 31, 2006: $2,554,082).

11. RELATED PARTY TRANSACTIONS

a) $176,178 (December 31, 2006: $215,360) of due from related parties pertains to loans to employees in the Chinese subsidiaries of the Company for financial assistance related to home purchases. The loans have been granted to 19 employees since 2005 and 4 employees have repaid their loans on their leaving the service to the Chinese subsidiaries. The balance of the loans at September 30, 2007 is $176,178 (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.

b) $1,398,377 (December 31, 2006: nil) of due from related parties pertains to advance to minority shareholder of Yakesi as an interim funding for new joint venture projects that the Company plans to acquire. The amount is unsecured, non-interest bearing and repayable on demand.

c) $116,624 (December 31, 2006: $54,320) of 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 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.

d) As at September 30, 2007, Jinchuan Group Limited, a customer of the Company, owned approximately 12% (December 31, 2006: 12%) of the total outstanding shares of the Company.

(Expressed in United States Dollars)

12. NON-CONTROLLING INTERESTS

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

13. OTHER REVENUE

Other revenues for the three months ended September 30, 2007 were $698,964 (three months ended September 30, 2006: $163,078) and mainly include $223,350 realized gain of the Company's futures contracts in LME, $239,643 interest income and $175,746 realized short-term investment gain.

14. DERIVATIVE FINANCIAL INSTRUMENTS

At September 30 2007, GobiMin had open short position on futures contracts in LME for 30 tonnes of nickel at the average price of $30,438 per tonne and a margin deposit of $1,817. These futures contracts are maturing on November 9, 2007. The unrealized gain on these futures contracts as at September 30, 2007 was approximately $1,821 and has been recorded in Other Revenue. During the three months ended September 30, 2007, the Company closed nickel futures short position for 90 tonnes, of which 60 tonnes were short at the end of June 30, 2007. The realized gain was approximately $1,013,850, of which $790,500 was recorded as unrealized gain in the three months ended June 30, 2007 and the remaining gain of $223,350 realized in the three months ended September 30, 2007 has been recognized in Other Revenue.

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	736,000	1,057,374
Shares issued for warrant exercise	4,942,500	2,629,122
Shares issued for private placement	3,450,000	11,797,706
Shares issued costs for private placement		(893,070)
Balance, September 30, 2007	73,164,502	30,644,452

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 September 30, 2007 was 12,389,625.

Private Placement

On May 16, 2007, the Company closed a bought deal financing with an aggregate of 3,450,000 common shares at a price of $3.42 (CAD$ 3.75) per share, for aggregate proceeds of $11,797,706 (CAD$12,937,500). The agents received a cash commission of $723,251 (CAD$ 793,125) on the gross proceeds. The Company incurred $169,819 (CAD$ 186,225) for financial advisory fee, legal fee and listing fee, which were all recorded as share issue costs.

(Expressed in United States Dollars)

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. As at September 30, 2007, 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.

A summary of the status of the Company's stock option as of September 30, 2007, and changes during the period is presented below:

	Nine months ended September 30, 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
Issued at August 2, 2007	1,397,000	3.61
Cancelled	(41,000)	1.65
Exercised	(586,600)	0.66
At September 30, 2007	3,634,400	1.82

The following table summarizes the employee stock options outstanding and exercisable at September 30, 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	1,772,400	3.03	0.55	1,097,400	3.28	0.55
0.95	10,000	3.18	0.95	4,000	3.44	0.95
0.95	250,000	0.18	0.95	250,000	0.43	0.95
1.66	150,000	3.74	1.66	150,000	3.99	1.66
1.79	50,000	0.34	1.79	50,000	0.59	1.79
1.79	5,000	4.37	1.79	1,000	-	-
3.61	875,000	2.84	3.61	-	-	-
3.61	522,000	4.84	3.61	-	-	-
	3,634,400	3.05	1.82	1,552,400	2.58	0.75

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.

(Expressed in United States Dollars)

During the nine months ended September 30, 2007, the weighted average fair value of options granted amounted to $2.13 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:	90%
Dividend yield:	0 - 0.5%

c) Warrants

	Nine months ended September 30, 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 September 30, 2007	-	-

d) Basic and Diluted Earnings Per Share

	Three months ended	
	September 30, 2007	September 30, 2006
Net earnings available to shareholders		
Basic and diluted	$5,587,909	$2,794,450
Weighted average shares outstanding		
Basic	73,131,567	61,943,086
Effect of dilutive stock options and warrants	1,687,821	4,659,451
Diluted	74,819,388	66,602,537
Earnings per share (basic)	$0.076	$0.045
Earnings per share (diluted)	$0.075	$0.042

(Expressed in United States Dollars)

	Nine months ended	
	September 30, 2007	September 30, 2006
Net earnings available to shareholders		
Basic and diluted	$15,549,917	$3,951,320
Weighted average shares outstanding		
Basic	69,952,563	57,255,607
Effect of dilutive stock options and warrants	1,728,634	5,063,074
Diluted	71,681,197	62,318,681
Earnings per share (basic)	$0.222	$0.069
Earnings per share (diluted)	$0.217	$0.063

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 September 30, 2007, capital commitments that the Company had contracted for, but not provided for, amounted to $10,897,328 (December 31, 2006: $1,570,315). The commitments relate to the development program on Yellow Mountain (Huangshan) Deposit for about $7,639,000 and the remaining for shaft construction and development work on Yellow Mountain East mine (Huangshan Dong), equipments in the new mill and refurbishing work of the plant.

18. DONATIONS

During the three months ended September 30, 2007, the Company donated RMB1.1 million (approximately $145,546) to the local Chinese government for supporting the recovery of the summer flood. It has been recognized in Other Operating Expenses.

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

On October 15, 2007, the Company announced a proposed initial public offering of shares of Yakesi, targeted for Mid 2008, on the Shanghai or Shenzhen Stock Exchange in China.

GobiMin Inc.

(Incorporated in Canada under the Canada Business Corporations Act)

Management's Discussion and Analysis of Financial Results

For the quarter ended September 30, 2007
(Expressed in United States Dollars except where otherwise noted)

GobiMin Inc.
Management's Discussion and Analysis of Financial Results
For the three months ended September 30, 2007
(Expressed in United States Dollars)
November 19, 2007

The following discussion and analysis of the consolidated operating results and financial condition of GobiMin Inc. for the quarter ended September 30, 2007 should be read in conjunction with its consolidated financial statements for the quarter ended September 30, 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 November 19, 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 then sold to smelters in China. GobiMin has equity interest in one zinc project and three copper projects through joint ventures with local parties in Xinjiang Uygur Autonomous Region of China. These projects are all at the exploration stage. The Company continues to pursue additional base metals opportunities.

Financial Highlights

During the quarter, the Company generated record profits by increasing production and maintaining a low cost structure. The financial highlights in the third quarter of 2007 are:

- Quarterly revenue amounted to $9.9 million, an increase of 61% over the $6.2 million in Q3 2006. Revenue for the first nine months of 2007 reached $30 million compared to $12 million for the same period of last year.

- Record quarterly $5.6 million net income, compared to $2.8 million in Q3 2006, an increase of 100% despite a severe correction of nickel price during the quarter.
- Record high of EBITDA (a non-GAAP measure) of $6.9 million for the quarter, an 82% quarter over quarter increase. Year to date EBITDA reached $19.5 million and $0.28 per share.
- Basic earnings per share in this quarter increased to $0.076 from $0.045 in Q3 2006.
- Cash position reached a record $40 million or $0.546 per share (a non-GAAP measure) while the Company remains debt free.

Business Summary

Production Growth

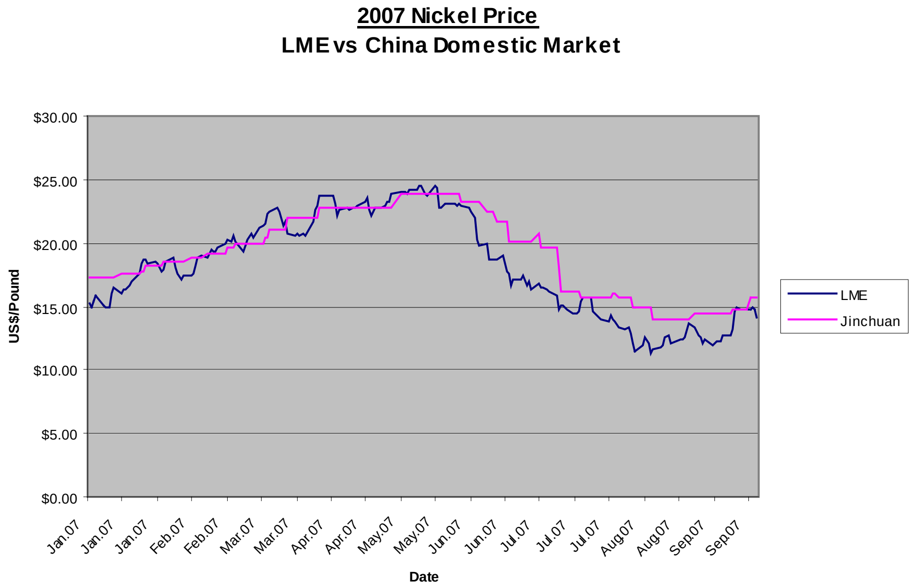
In this quarter, the Company continued to increase production in its mining operations. The total tonnes of ore, pounds of nickel and copper in concentrate produced and sold during this quarter are higher than any other previous quarter. Ore mined increased to record high of 101,951 tonnes from 73,623 tonnes in the last quarter. The record performance was achieved despite a severe correction of nickel prices which has affected throughout the industry. The Company is confident to achieve its annual production target of approximately 300,000 tonnes in 2007 compared to 226,000 tonnes in 2006. The optimization plan at Yellow Mountain East Mine is also progressing satisfactorily.

Key Economic Trends

Nickel

The main product sold by GobiMin is nickel concentrate, which accounts for 91% of total revenues in this quarter. The price received by the Company for the nickel contained in the concentrate is calculated at a discount to the Chinese domestic nickel cathode price (which is generally correlated to the London Metal Exchange ("LME") nickel price). The discount reflects the smelter and refining charges as well as recovery loss to convert concentrate into nickel cathode. The average Chinese domestic cathode nickel price was approximately 107% of LME nickel price in YTD 2007 as shown in the price chart below which can also be found in GobiMin's website (www.gobimin.com):

The cash settlement price of nickel on the LME averaged $13.70 per pound in the third quarter of 2007, compared to $21.79 in the second quarter of 2007 and $13.24 in the third quarter of 2006. The price was $14.02 on October 30, 2007. Management is of the view that the price for nickel will continue to be volatile but remain well above historical average prices.



Copper

Another product produced by GobiMin is copper concentrate, which accounts for approximately 9% of the total revenue in the third 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 $3.50 per pound in the third quarter of 2007, compared to $3.73 in the second quarter of 2007 and $3.48 in the third quarter of 2006. Revenue from selling copper concentrates is treated as by product credits in the calculation of cash operating costs.

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 third quarter of 2007, China GDP increased 10.7%. In the view of the management, the strong economy growth is generating high metal consumption in China and will continue to support the fundamentals of the increasing demand in nickel and copper.

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 domestic nickel cathode price during a 20-day period and a price factor which depends on the nickel grade level in the 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 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.

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), *Financial Instruments Recognition and Measurement* (section 3855), *Financial Instruments – Disclosure and Presentation* (section 3861) and *Hedges* (section 3865). This change in accounting policy has no effect on the consolidated financial statements for three months ended September 30, 2007 except to reclassify the foreign currency translation adjustment on self-sustaining operations to Other Comprehensive Income.

New Canadian Accounting Pronouncements

a) Accounting Changes

In July 2006, CICA revised Section 1506, "*Accounting Changes*", which now requires that: (1) a voluntary change in accounting principles can be made if, and only if, it is required by primary source of GAAP or the changes result in more reliable and relevant information, (2) changes in accounting policies are accompanied with disclosures of prior period amounts and justification for the change, and (3) for changes in estimates, the nature and amount of the change should be disclosed. The revised section is effective for the Company's financial year beginning on January 1, 2007.

b) 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.

c) Capital Disclosures

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

d) Financial Instruments

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

Internal Control

There were no changes in the Company's internal control over financial reporting during the three months ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

(Expressed in United States Dollars)

Selected Quarterly Information

Selected quarterly information is provided as follows:

	For the quarter ended		For the nine months ended	
	September 30,2007	September 30, 2006	**September 30, 2007**	September 30, 2006
Revenue	**$ 9,940,327**	$ 6,174,557	**$ 29,969,472**	$ 12,068,076
Net earnings	**5,587,909**	2,794,450	**15,549,917**	3,951,320
Basic earnings per share	**0.076**	0.045	**0.222**	0.069
Diluted earnings per share	**0.075**	0.042	**0.217**	0.063
Net cash from operating activities	**3,898,322**	2,838,264	**16,092,083**	4,124,941
Total assets	**69,047,946**	34,518,021	**69,047,946**	34,518,021
Weighted average number of shares outstanding	**73,131,567**	61,943,086	**69,952,563**	57,255,607
Diluted weighted average number of shares outstanding	**74,819,388**	66,602,537	**71,681,197**	62,318,861

For the quarter ended	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Revenue	$ 7,519,732	$ 6,174,557	$ 3,549,385	$ 2,344,135
Net earnings	2,399,860	2,794,450	878,687	278,183
Basic earnings per share	0.038	0.045	0.016	0.006
Diluted earnings per share	0.035	0.042	0.014	0.005
Net cash from operating activities	2,633,381	3,801,857	1,417,079	176,011
Total assets	38,137,959	34,518,021	23,552,441	21,793,901

Results of Operations

Revenues

The Company recorded in the third quarter revenues of $9,940,327 compared to $6,174,557 in Q3 2006. Revenue for nickel concentrate and copper concentrate were $9,073,927 and $866,400 respectively, compared to $5,301,640 and $872,917 respectively, in the same quarter in 2006. The higher nickel revenue was mainly due to higher realized nickel price and larger production volume on a quarter over quarter basis.

Other revenues in Q3 2007 were $698,964 (Q3 2006: $163,078) and mainly include $223,350 realized gain of the Company's futures contracts in LME, $239,643 interest income and $175,746 realized short-term investment gain.

In this quarter, the Company sold 906,000 pounds of nickel and 280,000 pounds of copper, compared to 727,000 pounds and 320,000 pounds respectively in the corresponding period of 2006. The plant processed 101,951 tonnes (Q3 2006: 54,281 tonnes) of ore with a nickel head grade of 0.47% (Q3 2006: 0.69%) and recoveries amounting to 82% (Q2 2006: 86%). There were a stock of copper concentrates (containing approximately 218,000 pounds of copper) not being accounted as by-product credit in this quarter. The decrease of the recoveries is a normal result from processing the lower grade ores.

Average realized price for nickel concentrate and copper concentrate in Q3 2007 was $10.02 per pound and $3.09 per pound respectively, compared to $7.29 and $2.73 respectively in Q2 2006.

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

Mining Operations	**3 Months Ended September 30, 2007**	**3 Months Ended September 30, 2006**
Ore (tonnes)		
Processed	101,951	54,281
Sold	106,213	55,402
Nickel grade of ore	0.47%	0.69%
Metallurgical recovery	82%	86%
Metal contained in concentrate ('000 pounds)		
Nickel	906	777
Copper	280	320
Metal contained in concentrate sold ($)		
Nickel	$9,073,927	$5,301,640
Copper and others	$866,400	$872,917
Total Revenue	$9,940,327	$6,174,557
Average realized price of nickel contained in concentrate (per pound)	$10.02	$7.29
Average realized price of copper contained in concentrate (per pound)	$3.09	$2.73
Average cash cost per pound of nickel contained in concentrate, net of by-product credits (1)	$1.99	$0.67
Average cash cost per tonne of ore, net of by-product credits (1)	$17.00	$8.80

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

Cost of sales

Cost of sales amounted to $2,445,637 ($23.03 per tonne of ore) in Q3 2007 compared to $1,193,467 ($21.54 per tonne of ore) for the same period in 2006. Cost of sales includes the costs of mining, milling, haulage from mine sites to the mill and resource tax to the local government.

Cash margin for nickel concentrate was $8.03 in this quarter compared to $6.62 in Q2 last year despite an increase in cash cost per pound of nickel concentrate. The cash cost in this quarter is higher as compared with Q2 2007 due to the shipment after the quarter end of already produced copper concentrate. If such shipment were to be recorded during the same quarter, the cash margin would increase to $8.51 and cash cost per pound of nickel contained in concentrate, net of by-product credits, would drop to $1.51 in line with $1.59 in the second quarter of 2007.

(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 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 September 30, 2007		**3 Months Ended September 30, 2006**	
	$	$/tonne	$	$/tonne
Cost of sales [1]	2,445,637	23.03	1,193,467	21.54
Selling and distribution cost	225,989	2.13	166,980	3.01
By-product credits:				
Copper, gold and silver	(866,400)	(8.16)	(872,917)	(15.75)
Cash operating cost	1,805,226	17.00	487,530	8.80

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

Other expenses

Depreciation expense increased to $527,105 from $278,388 in Q3 2006, reflecting the commencement of operation in new mine shafts and the new mill built in October 2006.

General and administrative expenses incurred in this quarter were $635,765 compared to $775,716 in Q3 2006. The YTD expenses were $2.96 million compared to $2.21million in 2006, as a result of increased staff cost and amortization cost due to the operation expansion.

In this quarter, the Company granted 1,397,000 options to its directors and employees at exercise price of $3.61, vested in several schedules over the next five years. The amortized portion in Q3 incurred $276,611 of stock-based compensation expenses (Q3 2006: $71,062).

The $140,828 (Q3 2006: $11,985) equity loss in this quarter was caused by the operation loss of PuXiong Copper Company Limited ("PuXiong"), in which GobiMin owns 30% of equity investment. PuXiong was still operating under its production capacity due to power shortage. PuXiong has minimal operations in 2006 thus incurring little expenses.

Earnings per share

Basic earnings per share for Q3 2007 increased to a record high of $0.076 (Q3 2006: $0.045) and diluted earnings per share were $0.075 (Q3 2006: $0.042) despite a 18% increase in the number of shares over that period.

(Expressed in United States Dollars)

EBITDA

In the third quarter, 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 $6.9 million, compared to $3.8 million in Q3 2006.

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

	Three months ended September 30		Nine months ended September 30	
	2007	**2006**	**2007**	**2006**
Net earnings	$ 5,587,909	$ 2,794,450	$ 15,549,917	$ 3,951,320
Interest (income) expense	(239,643)	(151,409)	(543,600)	(294,955)
Income tax	497,497	618,573	1,534,661	1,040,037
Depreciation	527,105	278,388	1,475,602	789,629
Amortization in general and administration expenses	59,626	52,087	212,320	133,595
Stock based compensation	276,611	71,062	683,213	238,097
Write-off of mine construction cost	-	-	-	-
Non-controlling interest	158,246	111,523	540,867	185,290
EBITDA (1)	6,867,351	3,774,674	19,452,980	6,043,013
EBITDA per share (2)	0.094	0.061	0.278	0.106

(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

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 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 owns 92.9% interest of the other operating subsidiary, Hami Jubao Resources Development Limited ("Jubao"). According to the China Joint Venture Income Tax Act, 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 third quarter of 2007:

	September 30, 2007	December 31, 2006
Cash and cash equivalents	$39,959,503	$15,141,334
Working capital [1]	$39,773,991	$12,809,334
	Three Months ended September 30, 2007	**Three Months ended September 30, 2006**
Cash provided by operating activities	$3,898,322	$2,838,264
Cash used in investing activities	($1,237,726)	($1,530,774)
Cash provided by (used in) financing activities	$53,263	$4,668,635
	Nine Months ended September 30, 2007	**Nine Months ended September 30, 2006**
Cash provided by operating activities	$16,092,083	$4,124,941
Cash used in investing activities	($4,359,539)	($5,682,251)
Cash provided by (used in) financing activities	$12,602,785	$8,567,673

(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.

Operating activities

In the third quarter of 2007, cash provided from operating activities was $3,898,322 compared to $2,838,264 in Q3 2006. Cash flow from the operations was higher mainly from higher net profit realized in this quarter. The increased use of working capital was mainly due to the Company's $1,398,377 receivable from its minority shareholder for interim funding of new joint venture projects the Company plans to acquire. The Company also advanced $489,060 to an Indonesian company with the intention to form joint venture for laterite exploration projects.

Financing activities

There were minimal financing activities in Q3 2007.

Investing activities

Investing activities utilized $1,237,726 of cash in Q3 2007 compared to $1,530,774 in Q3 2006. The Company spent $3.3 million capital expenditures for Yellow Mountain diamond drilling campaign, new shaft construction and optimization work on those producing sites, while receiving $2 million refund from prior futures margin deposit and maturity of bank deposit of one-year term.

Balance Sheet

Cash

The Company had $39,959,503 in cash and cash equivalents as at September 30, 2007 compared to $15,141,334 as at December 31, 2006. The management expects consistent cash balance increase supported by the increasing profitable operation.

Share capital

As at September 30, 2007, the Company had 73.2 million common shares issued and outstanding. During this quarter, there were 87,000 common shares issued for the options exercised by a director and an employee.

On August 2, 2007, GobiMin granted 1,397,000 options at an exercise price of $3.61 (CAD$3.60), among which 875,000 options exercisable until August 2, 2010 were granted to directors and 522,000 options exercisable until August 2, 2012 were granted to employees.

Contractual obligations and commitment

As at September 30, 2007, capital commitments that the Company had contracted for, but not provided for, amounted to $10,897,328 (December 31, 2006: $1,570,315). The commitments increased significantly as the Yellow Mountain project is entering into early development preparation stage following the receipt of production permits. Some commitments relate to participation in fundings along with local government on water and electricity supply and other facilities for the Yellow Mountain project. The other commitments relate to shaft construction and development work on Yellow Mountain East Mine, equipments in the new mill and refurbishing work of the plant.

Off-balance sheet arrangements

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

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 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, 2006, which are available at www.sedar.com and at GobiMin's website (www.gobimin.com).

Outlook

Yakesi IPO

Following a strategic review of opportunities in China and upon the acceptance of sponsorship by the 5th largest Chinese securities firm, GF Securities Co., Ltd, GobiMin has authorized Yakesi to apply for an initial public offering, targeted for Mid 2008, on either Shanghai or Shenzhen Stock Exchange. The Company is implementing the announced restructuring to effect this proposed IPO. This IPO will enhance the Company's profile in the mining industry in China and finance the development of the Yellow Mountain deposit and potential local acquisitions by tapping into one of the most dynamic capital markets in the world. Yakesi intends to issue approximately 25% of its shares in the Chinese market subject to regulatory approval.

New Foreign Investments Industry Sector Guidance Catalogue in China

On October 31, 2007, the Ministry of Commerce and the National Development and Reform Commission of China ("NDRC") issued a new "Foreign Investments Industry Sector Guidance Catalogue" (the "New Catalogue") that will become effective December 1, 2007. The New Catalogue introduced some changes and reclassification that may impact various sectors of the mining industry and some foreign invested enterprises in China. However, the New Catalogue does not have any impact on the operations of GobiMin.

Yellow Mountain Deposit

The Company expects to complete its 2007 drilling program in Yellow Mountain deposit by this December. Results will be released in early 2008. In addition to the exploration drilling, many aspects related to mining development have been initiated in the field. The Company has also started cooperation programs with local governments to ensure water, electricity and other key infrastructure facilities are in place for the development.

Other projects

GobiMin is actively engaged in working on new exploration projects. In addition to one lead/zinc joint venture set up in 2006 and two copper projects announced earlier this year, the Company is discussing with potential partners in exploring other nickel and copper properties in Xinjiang and laterite projects in Indonesia. Some new joint ventures are expected to be set up in coming months.