



# **Moydow Mines**

## **INTERNATIONAL INC.**

**Third Quarter**

**Interim Report**

**Three Months Ended September 30, 2002**

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**Moydow Mines International Inc.**  
**Third Quarter Interim Report, Three months Ended September 30, 2002**

**Message to our Shareholders**

The recent buoyancy in the gold market has led to a greatly renewed interest in the sector as a whole and in gold exploration companies in particular. Your Company continues to be committed to its goal of finding and developing world class gold deposits.

As has been previously reported, your Company entered into the Rank Development and Production Agreement with Normandy Mining (now Newmont Mining Corporation) whereby the Ntotoroso project could be developed and mined as part of the Yamfo-Sefwi belt owned by Newmont Mining. It was originally intended that the agreement lapse if a production decision had not been made by July 24, 2002. It has been agreed by both your Company and Newmont Mining to extend the term of that agreement to December 1, 2002 in order to fully explore the optimal way forward for this exciting project.

Also in the third quarter your Company completed initial exploration, including geological mapping and sampling, on the Company's property in the Botwood Basin area of central Newfoundland. On the basis of results to date your Company recently staked an additional 84 claims. Work is continuing on the final compilation of the 2002 field season. An extensive follow up exploration program will be conducted in 2003.

The coming months will be a time of challenge and opportunities and your Company looks forward with great anticipation to enhancing the value of its properties.

“Signed”  
Brian Kiernan  
President and Chief Executive Officer

November 22, 2002

## Management's Discussion and Analysis of Financial Condition

(All results are expressed in United States dollars unless otherwise stated.)

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### The Company

Moydow Mines International Inc. ("Moydow" or the "Company") is an international exploration and development company with primary interests in precious metals. Exploration and development activities are focused principally on Ghana, West Africa, where Moydow and its subsidiaries have been active since 1992. The Company's main asset is its 50% interest in the Ntotoroso gold property held through Rank Mining Company Limited. Moydow trades as a public company on the Toronto Stock Exchange (symbol "MOY").

### Overview

#### Ntotoroso Project

Moydow's immediate priorities are the development and operating plans for the proposed Ntotoroso mine in Ghana and the financing thereof. With the acquisition of Normandy Mining by Newmont Mining Corporation in early 2002, Newmont became the Company's joint venture partner in the project.

#### Botwood Basin

In April, Moydow acquired exploration licences covering more than 140 square kilometres of ground in the heart of the Botwood Basin in central Newfoundland, Canada. The 570 claims are contiguous. In early July, Moydow Mines closed a private placement consisting of 687,500 flow-through common shares for net proceeds of \$300,843. The proceeds will be used for exploration of the Company's Botwood Basin property. Initial exploration has been carried out including multi element-analysis. The results are presently being correlated with a view to defining drill targets. In October, the Company acquired an additional 84 claims adjacent to and south west of the existing claims.

### Segmented Information

The Company has one reportable operating segment, being exploration of mineral properties with substantially all of its operations located in West Africa.

### Results of Operations

Net losses for the three months to September 30, 2002 and 2001 were \$0.670 million or \$0.024 per share and \$0.134 million or \$0.005 per share, respectively.

The Company received operator fees of \$0.013 million in the third quarter of 2002 as compared to nil in the same period in 2001. During 2001, a feasibility study was undertaken on the Ntotoroso property and adjacent properties owned by our joint venture partner, Newmont and the operator fees were suspended during this period. The Ntotoroso property was the subject of a feasibility study completed by Newmont, which contemplated that ore mined from the Ntotoroso property would be processed with other ore wholly owned by Newmont offsite. To date a Positive Feasibility Study has not been completed that contemplates the development of the Ntotoroso property on a stand alone basis.

During the three month period ending September 30, 2002, the Company wrote off mineral property expenditures in the amount of \$0.530 million. The Company considered it prudent to write off its investments in the N'godiarala licence in southern Mali of \$0.314 million and the South Yamfo property in Ghana of \$0.083 million as these properties do not merit any further work at this time. In August, the Company did not renew its prospecting licence on its wholly owned South Yamfo property, located northeast of the Ntotoroso property. In addition, the Company wrote off mineral property expenditures which were incurred on a number of minor projects.

General and administrative expenses were \$0.134 million in the third quarter of 2002 compared with \$0.128 million in the same quarter of 2001.

The foreign exchange losses for the three months ended September 30, 2002 and 2001 were \$0.025 million and \$0.016 million, respectively. The foreign exchange losses are a result of the decrease in the Canadian dollar to United States dollar exchange rate.

The Company earned deposit interest income of \$0.007 million and \$0.018 million during the third quarter of 2002 and 2001, respectively. Interest income is dependent on available cash balances and prevailing interest rates.

Net losses for the nine months to September 30, 2002 and 2001 were \$0.972 million or \$0.036 per share and \$0.429 million or \$0.016 per share, respectively.

The Company received operator fees of \$0.054 million in the first nine months of 2002 as compared to nil in the same period in 2001. During 2001, a feasibility study was undertaken on the Ntotoroso property and adjacent properties owned by our joint venture partner, Newmont and the operator fees were suspended during this period. The Ntotoroso property was the subject of a feasibility study completed by Newmont, which contemplated that ore mined from the Ntotoroso property would be processed with other ore wholly owned by Newmont offsite. To date a Positive Feasibility Study has not been completed that contemplates the development of the Ntotoroso property on a stand alone basis.

During the nine month period ending September 30, 2002, the Company wrote off mineral property expenditures in the amount of \$0.559 million. The Company considered it prudent to write off its investments in the N'godiarala licence in southern Mali of \$0.314 million and the South Yamfo property in Ghana of \$0.083 million as these properties do not merit any further work at this time. In August, the Company did not renew its prospecting licence on its wholly owned South Yamfo property, located northeast of the Ntotoroso property. In addition, the Company wrote off mineral property expenditures which were incurred on a number of minor projects.

General and administrative expenses were \$0.469 million in the first nine months of 2002 compared with \$0.472 million in the same period of 2001.

The foreign exchange losses for the nine months ended September 30, 2002 was \$0.014 million as compared to a loss of \$0.021 million for the same period in 2001. The foreign exchange losses are a result of the decrease in the Canadian dollar to United States dollar exchange rate.

The Company earned deposit interest income of \$0.023 million and \$0.093 million during the first nine months of 2002 and 2001, respectively. The reduction year over year is due to the decrease in the Company's cash and the decrease in interest rates.

## **Liquidity and Capital Resources**

At September 30, 2002, the Company had cash and cash equivalents of \$1.475 million which includes unexpensed balance of proceeds from the flow through financing of \$0.201 million compared to \$1.933 million at December 31, 2001. In early July, the Company closed a private placement consisting of 687,500 flow-through common shares at a price of Cdn\$0.80 per share for net proceeds of \$0.300 million. The proceeds will be used for exploration of the Company's Botwood Basin property in central Newfoundland.

Cash flow used in operating activities in the three month period ended September 30, 2002, including changes in non-cash working capital, totaled \$0.154 million compared with \$0.279 million in the same period in 2001. In the three months ended September 30, 2002 and 2001 cash used in investing activities (exploration of mineral properties) was \$0.091 million and \$0.097 million, respectively.

Cash flow used in operating activities in the nine month period ended September 30, 2002, including changes in non-cash working capital, totaled \$0.389 million compared with \$0.307 million in the same period in 2001. In the nine months ended September 30, 2002 and 2001 cash used in investing activities (exploration of mineral properties) was \$0.370 million and \$0.893 million, respectively.

At September 30, 2002, the Company had stock options outstanding under its stock option plan for the purchase of an aggregate of 3,372,500 common shares, and warrants outstanding, for the acquisition of 68,750 common shares.

**MOYDOW MINES INTERNATIONAL INC.**

**CONSOLIDATED BALANCE SHEETS**

**(expressed in United States dollars, unless otherwise stated)**

<b>As at</b>	<b>September 30, 2002 (unaudited)</b>	<b>December 31, 2001 (audited)</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$1,474,799	\$1,933,038
Accounts receivable and prepaid expenses	51,086	33,320
<b>Total current assets</b>	<b>1,525,885</b>	<b>1,966,358</b>
Mineral properties	4,205,830	4,384,518
Other assets	54,166	71,234
<b>Total assets</b>	<b>\$5,785,881</b>	<b>\$6,422,110</b>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$330,209	\$295,560
<b>Total liabilities</b>	<b>330,209</b>	<b>295,560</b>
<b>Shareholders' equity</b>		
Capital stock	15,466,233	15,165,390
Deficit	(10,010,561)	(9,038,840)
<b>Total shareholders' equity</b>	<b>5,455,672</b>	<b>6,126,550</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$5,785,881</b>	<b>\$6,422,110</b>

**MOYDOW MINES INTERNATIONAL INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT (UNAUDITED)**  
 (expressed in United States dollars, unless otherwise stated)

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sept 30, 2002</u>	<u>Sept 30, 2001</u>	<u>Sept 30, 2002</u>	<u>Sept 30, 2001</u>
<b>Revenues</b>				
Operator's fees	<u>\$13,062</u>	\$-	<u>\$53,816</u>	\$-
	<u>13,062</u>	-	<u>53,816</u>	-
<b>Expenses</b>				
Write-down of mineral properties	529,945	-	559,014	-
General and administrative expenses	133,693	128,150	469,420	472,031
Amortization of capital assets	2,389	2,627	6,716	8,177
Foreign exchange (gain)/loss	<u>24,918</u>	<u>15,929</u>	<u>13,832</u>	<u>20,817</u>
	<u>690,945</u>	<u>146,706</u>	<u>1,048,982</u>	<u>501,025</u>
<b>Other income and expenses</b>				
Gain/(loss) on sale of other assets, net of impairment	-	(5,608)	-	(21,519)
Interest income	<u>7,486</u>	<u>18,349</u>	<u>23,445</u>	<u>93,349</u>
	<u>7,486</u>	<u>12,741</u>	<u>23,445</u>	<u>71,830</u>
<b>Net loss for period</b>	<u>(670,397)</u>	<u>(133,965)</u>	<u>(971,721)</u>	<u>(429,195)</u>
<b>Consolidated statements of deficit</b>				
Deficit, beginning of period	(9,340,164)	(8,764,777)	(9,038,840)	(8,469,547)
Net loss for period	<u>(670,397)</u>	<u>(133,965)</u>	<u>(971,721)</u>	<u>(429,195)</u>
<b>Deficit, end of period</b>	<u>\$(10,010,561)</u>	<u>\$(8,898,742)</u>	<u>\$(10,010,561)</u>	<u>\$(8,898,742)</u>
<b>Basic and diluted loss per common share</b>	<u>\$(0.024)</u>	<u>\$(0.005)</u>	<u>\$(0.036)</u>	<u>\$(0.016)</u>
<b>Weighted average number of common shares outstanding</b>	<u>27,631,813</u>	<u>27,026,514</u>	<u>27,230,498</u>	<u>27,026,514</u>

**MOYDOW MINES INTERNATIONAL INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)**  
**(expressed in United States dollars, unless otherwise stated)**

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sept 30, 2002</u>	<u>Sept 30, 2001</u>	<u>Sept 30, 2002</u>	<u>Sept 30, 2001</u>
<b>Operating activities</b>				
Net loss for the period	\$(670,397)	\$(133,965)	\$(971,721)	\$(429,195)
Adjustments for non-cash items:				
Write-down of mineral properties	529,945	-	559,014	-
Amortization of capital assets	2,389	2,627	6,716	8,177
(Gain)/loss on sale of other assets	=	<u>8,080</u>	=	<u>23,953</u>
	<u>(138,063)</u>	<u>(123,258)</u>	<u>(405,991)</u>	<u>(397,065)</u>
Changes in non-cash working capital:				
Accounts receivable and prepaid expenses	(18,905)	(15,282)	(17,766)	23,198
Accounts payable and accrued liabilities	<u>3,235</u>	<u>(140,604)</u>	<u>34,649</u>	<u>66,958</u>
	<u>(15,670)</u>	<u>(155,886)</u>	<u>16,883</u>	<u>90,156</u>
<b>Cash flow used in operating activities</b>	<u>(153,733)</u>	<u>(279,144)</u>	<u>(389,108)</u>	<u>(306,909)</u>
<b>Investing activities</b>				
Purchase of capital assets	-	(357)	-	(731)
Exploration of mineral properties	(91,337)	(96,892)	(369,974)	(894,257)
Proceeds from sale of other assets	=	<u>(33)</u>	=	<u>2,000</u>
<b>Cash flow used in investing activities</b>	<u>(91,337)</u>	<u>(97,282)</u>	<u>(369,974)</u>	<u>(892,988)</u>
<b>Financing activities</b>				
Proceeds from issue of shares net of issue cost	<u>300,843</u>	=	<u>300,843</u>	=
<b>Cash flow from financing activities</b>	<u>300,843</u>	=	<u>300,843</u>	=

<b>Increase(decrease) in cash and cash equivalents</b>	55,773	(376,426)	(458,239)	(1,199,897)
<b>Cash and cash equivalents at beginning of period</b>	<u>1,419,026</u>	<u>2,538,064</u>	<u>1,933,038</u>	<u>3,361,535</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$1,474,799</u>	<u>\$2,161,638</u>	<u>\$1,474,799</u>	<u>\$2,161,638</u>

## MOYDOW MINES INTERNATIONAL INC.

### NOTES TO CONSOLIDATED FINANCIALS STATEMENTS (expressed in United States dollars, unless otherwise stated)

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#### 1. Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, which conform, in all material respects, with the measurement principles of generally accepted accounting principles in the United States, except as explained in Note 4. The consolidated financial statements include the accounts of the Company, its subsidiaries and a proportionate share of the Company's interests in joint ventures. Interests in associated companies, which are not controlled but over which the Company has the ability to exercise significant influence, are accounted for using the equity method. All significant inter-company accounts and transactions have been eliminated. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these financial statements. Operating results for the period ended September 30, 2002 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2002. For further information, see the Company's consolidated financial statements including the notes thereto included in the Annual Report for the year ended December 31, 2001.

#### 2. Ntoroso Gold Project, Ghana

In February 2002, Newmont Mining Corporation acquired Normandy Mining Limited together with its subsidiary, Normandy LaSource SAS("LaSource"). The Company holds a 50% joint venture interest in Rank Mining Company Limited ("Rank"). Rank holds a thirty year mining lease on the Ntoroso property in the Yamfo-Sefwi gold belt in Ghana. Under the terms of the Rank Farm-In Shareholders Agreement ("the RFS Agreement") with LaSource, LaSource agreed to invest \$2,500,000 in Rank to fund exploration and development activities in respect of the Ntoroso license area to earn a 40% interest in Rank. The RFS Agreement provided LaSource with the right to earn up to a 50% interest in Rank by funding a further \$4 million of exploration expenditures. LaSource have advanced a further US\$4 million under the RFS Agreement, and as a result have earned a 50% interest in Rank. Moydow and LaSource are now funding the Ntoroso Gold project on an equal basis.

During 2000, the Company entered into the Rank Development and Production Agreement (the "RDP Agreement") with LaSource and its affiliate Normandy Ghana Gold Limited ("Normandy Ghana"). Normandy Ghana holds concessions adjacent to Rank's Ntoroso property that are the subject of a detailed feasibility study under preparation by Normandy Ghana. The RDP Agreement sets forth the terms under which, subject to completion of acceptable feasibility studies by Rank and Normandy Ghana on their respective properties, the Company and Normandy Ghana would participate in the development, mining and processing of ore from Rank's Ntoroso property. The RDP Agreement modifies portions of the RFS Agreement such that the Company may elect to share in development and mining costs, or be carried through to economic completion and have Rank ore milled in consideration of a toll treatment charge. The RDP Agreement which would have expired on July 24, 2002 has been extended by mutual agreement to December 1, 2002.

#### 3. Investment in Equity Associate-Wassa Mining Lease, Ghana

The Company owns a 34% interest in Wassa Holdings Limited ('Wassa Holdings'), which owns a 90% interest in Satellite Goldfields Limited ('Satellite'). Because the Company's share of the losses in Wassa Holdings for 1999 exceeded the carrying value of its equity investment, the

Company has written down the carrying value of its investment to nil. Satellite subsequently went into receivership in November 2001 and has since disposed of certain of the assets and business comprising the Wassa Gold Mine in Ghana to Golden Star Resources Limited.

#### 4 Difference between Canadian and United States generally accepted accounting principles

As disclosed in Note 1, these financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”) which, for purposes of the Company, conform in all material respects except for as described below. For further information, see the Company’s consolidated financial statements including the Notes thereto included in the Annual Report for the year ended December 31, 2001. The effect of the measurement differences between Canadian GAAP and United States GAAP on the Company’s financial statements is summarized as follows:

As at	September 30, 2002 (unaudited)	December 31, 2001 (audited)
Total assets under Canadian GAAP	\$5,785,881	\$6,422,110
Adjustments:		
Deferred exploration costs of the Company	(4,205,830)	(4,384,518)
Unrealized holding gain on investment	6,653	450
Total assets under United States GAAP	\$1,586,704	\$2,038,042
	September 30, 2002 (unaudited)	December 31, 2001 (audited)
Shareholders’ equity under Canadian GAAP	\$5,455,672	\$6,126,550
Adjustments:		
Deferred exploration costs of the Company	(4,205,830)	(4,384,518)
Unrealized holding gain on investment	6,653	450
Shareholders’ equity under United States GAAP	\$1,256,495	\$1,742,482
For the three months ended September 30 (unaudited)	2002	2001
Net loss under Canadian GAAP	\$(670,397)	\$(133,965)
Adjustments:		
Deduct write-down of deferred exploration cost of the Company	529,945	-
Add deferred exploration cost of the Company	(92,577)	(96,892)
Add stock-based compensation to non-employees	-	-
Net loss under United States GAAP	(233,029)	(230,857)
Increase in holding gain/(loss) on investments	(6,703)	8,016
Comprehensive loss for the period under United States GAAP	(239,732)	(222,841)
Basic loss per share under United States GAAP	\$(0.009)	\$(0.009)

<b>For the nine months ended September 30 (unaudited)</b>	<b>2002</b>	<b>2001</b>
Net loss under Canadian GAAP	\$(971,721)	\$(429,195)
Adjustments:		
Deduct write-down of deferred exploration costs of the Company	559,014	-
Add deferred exploration cost of the Company	(380,326)	(894,257)
Net loss under United States GAAP	(793,033)	(1,323,452)
Increase (decrease) in holding gain on investments	6,653	8,016
Comprehensive loss for the period under United States GAAP	\$(786,380)	\$(1,315,436)
Basic loss per share under United States GAAP	\$(0.029)	\$(0.052)
<b>For the three months ended September 30, (unaudited)</b>	<b>2002</b>	<b>2001</b>
Cash flow used in operating activities under Canadian GAAP	\$(153,733)	\$(279,144)
Adjustment for deferred exploration costs	(91,337)	(96,892)
Cash flow used in operating activities under United States GAAP	\$245,070	\$(376,036)
Cash flow used in investing activities under Canadian GAAP	\$(91,337)	\$(97,282)
Adjustment for deferred exploration costs	91,337	96,892
Cash flow generated from (used in) investing activities under United States GAAP	\$-	\$(390)
Cash flow from financing activities under Canadian GAAP	\$300,843	\$-
Cash flow from financing activities under United States GAAP	\$300,843	\$-
<b>For the nine months ended September 30 (unaudited)</b>	<b>2002</b>	<b>2001</b>
Cash flow used in operating activities under Canadian GAAP	\$(389,108)	\$(306,909)
Adjustment for deferred exploration costs	(369,974)	(894,257)
Cash flow used in operating activities under United States GAAP	\$(759,082)	\$(1,201,166)
Cash flow used in investing activities under Canadian GAAP	\$(369,974)	\$(892,988)
Adjustment for deferred exploration costs	369,974	894,257

Cash flow generated from (used in) investing activities under United States GAAP	\$-	\$1,269
Cash flow from financing activities under Canadian GAAP	\$300,843	\$-
Cash flow from financing activities under United States GAAP	\$300,843	\$-

## **MOYDOW MINES INTERNATIONAL INC.**

### **Directors and Officers**

Noel P. Kiernan - *Director, Chairman*  
Brian P. Kiernan - *Director, President & CEO*  
Sylvester P. Boland - *Director, Member of the Audit Committee*  
Albert C. Gourley – *Director, Member of the Audit Committee*  
Norman D. A. Hardie - *Director*  
Victor J. E. Jones - *Director, Member of the Audit Committee*  
Michael E. Power - *Director, Vice President & Secretary*

J. Joseph Breen - *COO*  
Geoffrey G. Farr - *Assistant Secretary*  
Rosemary G. O'Mongain – *CFO*

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### **Transfer Agent**

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100 University Avenue, 8th Floor  
Toronto, Ontario  
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### **Exchange Listing**

The Toronto Stock Exchange  
Symbol: MOY  
CUSIP: 62472V 100  
Shares outstanding: 27,714,014  
Shares fully diluted: 31,155,264

### **To contact the Company**

In order to contact the company or to request to be added to our mailing list  
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website: [www.moydow.com](http://www.moydow.com)