

Management's Discussion and Analysis of Financial Condition And Operating Results

General

The Management's Discussion and analysis ("MD&A") provides a detailed analysis of Moydow's business and compares its 2004 financial results with those of the previous year. In order to better understand the MD&A, it should be read in conjunction with the audited consolidated financial statements of the company and notes thereto for the year ended December 31, 2004. The MD&A has been prepared as at March 10, 2005. The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The reporting currency for the company is the United States dollar, and all amounts in the following discussion are in United States dollars unless otherwise noted.

Company Overview

Moydow Mines International Inc. ("Moydow" or the "Company") is an international exploration company with interests in gold, precious and industrial metals. Exploration activities are focused principally in Africa and Canada. Moydow Mines common shares are listed on the Toronto Stock Exchange (symbol "MOY"). For further information on the company please visit our website: www.moydow.com or view our public filings on the SEDAR website: www.sedar.com

Subsidiaries and affiliated companies of Moydow are organized internationally so that each has a specific geographic area or mineral project interest. Moydow provides administrative, technical and financial assistance to these companies.

Forward-Looking Statements

This MD&A contains "forward-looking statements" that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in our forward looking statements. Factors that could cause such differences include: changes in metal prices, equity markets, results of exploration and related expenses, drilling activity, sampling and other data, currency exchange rates, change in governments and changes to regulations affecting the mining industry. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements.

Application of Critical Accounting Estimates

Moydow's accounting policies are described in note 2 to the Consolidated Financial Statements. Set out below is a discussion of the application of Moydow's critical accounting policies that require the company to make assumptions about matters that are uncertain at the time the accounting estimate is made, and where different estimates could reasonably have been used in the current period, or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on Moydow's financial statements.

Carrying value of mineral properties

Acquisition costs of mineral properties, together with direct exploration and development expenses incurred thereon, are deferred and capitalized on a property by property basis. Upon reaching commercial production, these capitalized costs are transferred from exploration properties to producing properties on the consolidated balance sheets and are amortized into operations using the unit-of-production method over the estimated useful life of the estimated related ore reserves.

In the event that the long-term expectation is that the net carrying amount of these capitalized exploration costs will not be recovered, the carrying amount is written down accordingly and the write-down amount charged to operations. Such would be indicated where:

Exploration activities have ceased;

Exploration results are not promising such that exploration will not be planned for the foreseeable future;

■ Lease ownership rights expire; or

Insufficient funding is available to complete the exploration program.

The amount shown for mineral properties represents costs incurred to date net of recoveries from option or joint venture participants and write-downs, and does not necessarily reflect present or future values.

Overview of Performance

On December 8, 2003, the company sold its wholly owned subsidiary, Moydow Limited (Isle of Man), which, following an internal restructuring, owned the company's 50% joint venture in the Ntotoroso property but no other mineral properties, to Newmont Mining Corporation ("Newmont") for aggregate consideration of 800,000 Newmont common shares and \$1.94 million and \$0.21 million in cash. The company purchased from Newmont and cancelled 1,325,882 common shares of the company for \$1.94 million. Moydow entered into a royalty agreement whereby the company acquired the right to a net smelter return royalty of 2% in respect of all gold and silver contained in the products derived from the Ntotoroso property in excess of the currently defined reserve of 1.2 million ounces for a consideration of \$0.25 million. The company recognized a gain on sale of Moydow Limited before taxes of \$37.8 million.

On December 12, 2003, the Board of Directors declared a distribution to the shareholders of the company in the amount of \$27.75 million or CAN\$1.25 per common share, comprising a return of capital of CAN\$1.15 per common share for income tax and legal purposes and a special dividend of CAN\$0.10 per common share. The distribution was paid on January 6, 2004, to holders of common shares of record as at December 23, 2003. To facilitate the distribution, the company sold 600,000 Newmont common shares and received cash of \$27.6 million.

Mineral Properties

On September 8, 2004, the company entered into an option agreement with Gondwana Investments Limited ("Gondwana"), a company incorporated in Luxembourg. The agreement allows Moydow to acquire up to a 60% interest in the Port Loko bauxite deposit in Sierra Leone by incurring exploration expenditure of \$1 million and delivering a feasibility study on or before August 1, 2005. The agreement only covers bauxite and no other minerals on the property. Under the terms of the agreement, the company must issue 150,000 common shares and grant warrants for the purchase of 200,000 common shares at a price of CAN\$0.38 per warrant to Gondwana.

On September 17, 2004, the company signed an agreement with PW Limited, an international engineering and mining contractor. Under the terms of the agreement, the company can earn a majority interest in the Nyaduom and Kushea mining Leases, which are collectively known as the Okumpreko gold project. The leases, which extend to the year 2020, cover an area of 93 square kilometres. Under the terms of the agreement, the company can earn a 40% interest in the project in return for direct expenditures of \$0.25 million incurred within one year of signing the agreement. The company can increase its interest to 51% by incurring additional exploration expenditure of \$0.25 million within two years of signing the agreement.

On October 1, 2004, Moydow and its partner Concord Minerals LLC ("Concord"), a private Nevada company signed an agreement with Empresa Nacional De Diamantes De Angola ("Endiama"), the Angolan state diamond mining company and Cimader-Comercio Geral Limitada, ("Cimader") an Angolan company, to explore for alluvial diamonds on the Dala concession, located near the town of Saurimo, north-east Angola. The concession comprises of 2,000 square kilometres. Under the terms of the agreement, Moydow and Concord

each have a 16.5% interest in the concession with the remaining percentages held by Endiama and Cimader. To maintain their interest, Moydow and Concord will have to incur aggregate expenditures of not less than \$5,000,000 on or before October 1, 2007. Cimader and Endiama have a free carried interest in the project.

In March 2004, the company signed an agreement with Altius Resources Inc. ("Altius") for an option to earn up to an 80% interest in the Altius Baie d'Espoir property located in south-central Newfoundland and Labrador by issuing 165,000 common shares over a period of 24 months and by funding exploration and development expenditures of at least CAN\$0.10 million in each and every calendar year commencing in 2004. Thereafter, Altius shall maintain a 10% carried interest and a further 10% contributing interest. Altius may also elect to convert its interest to a net smelter royalty.

In February 2003, the company signed an agreement with Cornerstone Capital Resources Inc. ("Cornerstone") whereby the company has the option to acquire a 51% right to a group of claims located in south-central Newfoundland and Labrador owned by Cornerstone. The company is required to incur exploration expenditures on these claims of not less than CAN\$0.80 million on or before February 2007 in order to earn a 51% interest in these properties. In addition, the company is required to make cash payments to Cornerstone Resources Inc. totalling CAN\$0.08 million over a period of four years. On signing the agreement, the company issued 10,000 Moydow Mines International shares and granted warrants for the purchase of 200,000 common shares at a price of CAN\$0.90 per share to Cornerstone Resources Inc. When the company has earned its 51% interest, it will have an exclusive option to acquire an additional 29% interest in the claims by incurring additional exploration costs of CAN\$1.2 million. Moydow is the operator of the joint venture.

Segmented Information

The company has one reportable operating segment, being exploration of mineral properties in geographic areas disclosed in note 4.

Results of Operations

Net loss for 2004 was \$1.9 million or \$0.07 per share compared to an income of \$30.91 million in 2003 or \$1.10 per share. On December 8, 2003, the Company sold its wholly owned subsidiary, Moydow Limited (Isle of Man), which owned the company's 50% joint venture in the Ntotoroso property but no other mineral properties, to Newmont. The company recorded a gain on sale of Moydow Limited before taxes of \$37.85 million. The aggregate consideration received was 800,000 Newmont common shares, cash of \$2.15 million and a 2% net smelter royalty in consideration for \$0.25 million. No value was ascribed to the royalty rights. During 2003, the company sold 600,000 Newmont common shares for proceeds of \$27.58 million. The company recognized a loss of \$1.94 million on the sale of these shares as the value of Newmont shares fell by \$3.24 per share from December 8, 2003, the date the company recognized its gain on the sale of Moydow Limited (Isle of Man). The company recorded a loss of \$0.12 million on the write-down of its remaining 200,000 Newmont common shares to their market value on December 31, 2003.

During 2004, the company sold a further 60,000 Newmont common shares for proceeds of \$2.61 million. The company recognized a loss of \$0.31 million on the sale of these shares. The company also recorded a loss of \$0.59 million on the writedown of its remaining 140,000 Newmont

common shares to their market value on December 31, 2004.

As exploration results were not promising, the company wrote off investments in the amount of \$0.43 million during 2004, principally on properties located in Newfoundland and Labrador.

During 2003, the company wrote off its investment in the Kanyankaw project in Ghana, in the amount of \$1.39 million and investments in minor projects in the amount of \$0.03 million. The company considered it prudent to write off its investment as exploration was not active on these properties.

General and administrative expenses were \$1.28 million in 2004 as compared with \$0.97 million in 2003. The increase in 2004 compared with 2003 is a result of operating currencies strengthening against the United States dollars together with increased travel costs associated with property appraisals, investor relations cost and professional fees. A significant proportion of the company's general and administrative expenses are incurred in Euros.

On August 13, 2004, the company granted options to purchase 2 million common shares to officers, directors, employees and consultants. The estimated fair value of the options granted was \$0.37 million or \$0.18 per option.

The foreign exchange gain in 2004 was \$0.18 million compared to a gain of \$0.14 million in 2003. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

The company earned dividend income of \$0.04 million and \$0.03 million during 2004 and 2003 respectively. The dividend income was received from the company's shareholding in Newmont.

The company earned deposit interest income of \$0.01 million and \$0.01 million in both 2004 and 2003.

The company's revenues are derived from: interest and dividend income, which is dependent on available cash balances and prevailing interest rates and returns on investments, which are dependent on the prevailing market at the time of sale.

In 2004, the company recorded a recovery of income taxes in the sum of \$0.8 million as compared to 2003, where the company recorded a tax expense of \$2.66 million. The underlying effective tax rate for 2004 is 29.25% as compared to 7.93% in 2003.

Liquidity and Capital Resources

At December 31, 2004, the company had working capital of \$5.55 million (December 31, 2003 -\$10.44 million). Cash and cash equivalents at December 31, 2004 amounted to \$0.81 million compared to cash and cash equivalents as the end of 2003 of \$1.1 million.

At December 31, 2004, the company held 140,000 Newmont common shares with a fair value of \$6.22 million. The primary factor that could potentially adversely affect our liquidity is the realisable value of the Newmont common shares.

Contractual Obligations

During 2004, the company entered into an option agreement with Gondwana Investments Limited ("Gondwana"), a company incorporated in Luxembourg. The agreement allows Moydow to acquire up to a 60% interest in the Port Loko bauxite deposit in Sierra Leone by incurring exploration expenditure of \$1 million and delivering a feasibility study on or before August 1, 2005. As at December 31, 2004, the company had incurred exploration expenditures of \$0.18 million.

Under the terms of the agreement signed on September 17, 2004, with PW Limited, the company can earn a 40% interest in the Okumpreko gold project located in Ghana, in return for direct expenditures of \$0.25 million incurred within one year of signing the agreement. The company can increase its interest to 51% by incurring additional exploration expenditure of \$0.25 million within two years of signing the agreement. As at December 31, 2004, the company had incurred exploration expenditures of \$0.03 million.

Under the term of the agreement for the Dala alluvial diamonds project, located in Angola. The company must incur expenditures of not less than \$2.5 million on or before October 1, 2007 to

maintain its 16.5% interest. As at December 31, 2004, the company had incurred exploration expenditures of \$0.37 million.

The company has an exclusive option to acquire an additional 29% interest with respect to the claims located in south-central Newfoundland and Labrador owned by Cornerstone by incurring additional exploration costs of CAN\$1.01 million. In addition, the company is required to make cash payment to Cornerstone totalling CAN\$0.07 million over the next two years. If the company exercises all its option it will hold an 80% interest in the claims.

The company has minimum lease payments in 2005 of \$0.003 million which are due under a vehicle-operating lease.

Cash Flow Statements

Cash flow from operating activities for the year ended December 31, 2004 including changes in non-cash working capital of \$0.19 million, totalled \$1.24 million as compared to \$0.99 million in 2003. In the twelve months ended December 31, 2004 cash received from investing activities was \$30.19 million representing the proceeds from the sale of 660,000 Newmont common shares less \$1.69 million (2003-\$0.47 million) expended on exploration of mineral properties principally in Newfoundland and Labrador.

Cash flow used in financing activities for the year ended December 31, 2004 was \$27.57 million mainly represented by the distribution to shareholders following the sale of Moydow Limited (Isle of Man). The company made a distribution to shareholders in the amount of \$27.58 million. During 2003, cash flow from financing activities was \$1.99 million. The company received the cash from the exercise of options and warrants in respect of 2,386,250 common shares.

Use of Financial Instruments

The company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements.

Changes in Accounting Policies

There was no change in accounting policies during 2004.

Outstanding Share Data

As at March 10, 2005, the company has 28,814,382 common shares issued. As at December 31, 2004, the company had committed to the issuance of 150,000 common share at a price of CAN\$0.40 per share and the granting of 200,000 warrants at an exercise price of CAN\$0.38 for a vesting period of two years pursuant to exploration agreements. The Consolidated Financial Statements for the year 2004 have taken account of these commitments. The company has 3,235,000 stock options outstanding at a weighted average price of CAN\$0.89. Holders of common shares are entitled to one vote on any ballot at meetings in respect of each common share held.

On July 17, 2004, pursuant to a joint venture agreement with Altius Resources Inc, the company issued 30,000 common shares. On August 13, 2004, the company granted 2 million stock options to officers, directors, employees and consultants. The estimated fair value of the options granted was \$0.37 million or \$0.18 per option.

Transactions with Related Parties

Related party transactions relate primarily to the payment of fees under contracts for drilling and administration services with companies in which a company director is a shareholder and director. The company was charged a total of \$0.49 million during 2004 with respect to these services (2003 - \$0.26 million). Included in accounts payable and accrued liabilities at December 31, 2004 is \$0.03 million (2003 - \$0.03 million) payable to these related parties for such services.

The company's primary legal counsel is with a firm in which a director of the company is a partner. The company was charged \$0.05 million during 2004 (2003 - \$0.51 million) for legal services provided by this firm. Included in accounts payable and accrued liabilities as at December 31, 2004 is \$nil million (2003 - \$0.25 million) with respect to such services.

The remuneration of executive directors comprises all of the fees, salaries, other benefits and emoluments paid to executive directors under employment contracts and consulting agreements. The remuneration of the executive directors is fixed by the Compensation Committee, which is comprised solely of non-executive directors of the

company. The company was charged \$0.29 million during 2004 (2003 - \$0.30 million) pursuant to such agreements with three executive directors. Included in accounts payable and accrued liabilities as at December 31, 2004 is \$0.02 million (2003 - \$0.05 million) with respect to such remuneration.

During 2004, an executive director employment contract was amended and compensation paid of \$0.05 million.

Quarterly Information

The following table summaries the results of the Company for each of the most recent eight quarters:

	March 2004	March 2003	June 2004	June 2003	Sept 2004	Sept 2003	Dec 2004	Dec 2003
	\$	\$	\$	\$	\$	\$	\$	\$
Revenues	-	3,635	-	5,989	-	-	-	(9,624)
Net profit/(loss)	(758,992)	(163,157)	(1,868,233)	(1,491,877)	562,407	(184,894)	126,053	32,748,121
Basic and diluted (loss)/earnings per	(0.026)	(0.006)	(0.065)	(0.054)	0.020	(0.007)	0.004	1.14
Number of common shares outstanding	11,247,041	5,405,574	8,869,545	3,965,960	9,714,493	4,359,320	9,213,004	39,712,942
Total assets	28,784,382	27,724,014	28,784,382	27,724,014	28,814,382	28,145,046	28,814,382	28,784,382

Net income for the three months ended December 31, 2004 was \$0.13 million or \$0.004 per share compared to an income of \$32.71 million in same period in 2003 or \$1.14 per share.

During the fourth quarter in 2004, the company sold 20,000 Newmont common shares for proceeds of \$0.98 million. The company recognized a loss of \$0.23 million on the sale of these shares. The company also recorded a loss of \$0.25 million on the writedown of its remaining 140,000 Newmont common shares to their market value on December 31, 2004.

During the fourth quarter of 2003, the company sold its wholly owned subsidiary, Moydow Limited (Isle of Man), which owned the company's 50% joint venture in the Ntotoroso property but no other mineral properties, to Newmont. The company recorded a gain on sale of Moydow Limited before taxes of \$37.85 million.

On December 30, 2003, the company sold 600,000 Newmont common shares and received cash of \$27.58 million. The company recognized a loss of \$1.94 million on the sale of these shares as the value of Newmont shares fell by \$3.24 per share from December 8, 2003, the date the company recognized its gain on the sale of Moydow Limited (Isle of Man). The company recorded a loss of \$0.12 million on the write-down of its remaining 200,000 Newmont common shares to their market value on December 31, 2003.

As exploration results were not promising principally on properties located in Newfoundland and Labrador, the company wrote off investments in the amount of \$0.38 million in December 2004.

General and administrative expenses were \$0.33 million in the fourth quarter of 2004 as compared with \$0.48 million in the same period in 2003. The decrease is a result of increased professional fees and other related costs incurred with the sale of Moydow Limited in the last quarter of 2003.

The foreign exchange gain in 2004 was \$0.12 million compared to a gain of \$0.65 million in 2003. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

The company earned dividend income of \$0.01 million and \$0.03 million during the fourth quarter of 2004 and 2003 respectively. The dividend income was received from the company's shareholding in Newmont.

The company earned deposit interest income of \$0.004 million and \$0.003 million in the last quarter of 2004 and 2003 respectively.

In the last quarter of 2004, the company recorded a recovery of income taxes in the sum of \$0.8 million as compared to 2003, where the company recorded a tax expense of \$2.66 million. The underlying effective tax rate for 2004 is 29.25% as compared to 7.93% in 2003, in 2003, the company was able to utilise losses carried forward.

Cash flow used in operating activities for the fourth quarter to December 31, 2004 including changes in non-cash working capital of \$1.21 million, totalled \$1.08 million as compared to cash flow received from operating activities \$0.39 million in the same period in 2003. In the last quarter of 2004 cash received from investing activities was \$0.98 million of which \$0.67 million (2003-\$0.47 million) was expended on exploration of mineral properties mainly in Newfoundland and Labrador. During the last quarter of 2004, the company received \$0.98 million from the sale of 20,000 Newmont common shares.

Cash flow used in financing activities in the last quarter of 2004 was \$nil million (2003 cash flow from financing activities -\$1.66 million as options and warrants were exercised in respect of common shares).

Regulatory, Environmental and Other Risk Factors

The company intends to fulfil all statutory commitments on its current licences over the next year and will apply for licence renewals in the normal course of business.

The company's operating income and cash flow are affected by changes in the U.S./Canadian dollar exchange rate together with movement in the local currencies in Ghana and Ireland, as a portion of the company's costs are incurred in these currencies.

The profitability of any mining operation will be significantly affected by changes in the market price of commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors such as world supply, Central Bank selling, stability of exchange rates, forward sales and inflationary forces, among other factors beyond Moydow's control.

Moydow has sufficient cash and marketable securities to conduct its operations for the foreseeable future. No exploration company can guarantee that the current or proposed exploration or development programs on properties will result in the discovery of gold mineralisation or will result in a profitable commercial mining operation. It is the opinion of management that the company has sufficient funds to enable it to continue an active exploration program in Africa and Canada and to seek out new opportunities and satisfy all of its obligations for the foreseeable future.

In addition, exploration companies are subject to various laws and regulations including but not limited to environmental and, health and safety matters together with political risks which are outside the company's control. Moydow is committed to a program of environmental protection at all of its projects and exploration sites.

Outlook

Moydow is in a financial and technical position with a proven track record to actively explore its existing projects and to evaluate new opportunities in selected countries with the attractive geological potential, and where the economic and political climates are amenable to mine development and the objective of building value for its shareholders.