



Moydow Mines

INTERNATIONAL INC.

Third Quarter

**Management's Discussion and Analysis
of Financial Condition
and
Financial Statements**

Three Months Ended September 30, 2004

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Message to our Shareholders,

Your Company continues to explore and add value to its existing projects, and at the same time is vigorously pursuing further resource opportunities both in Africa and in Canada.

During the quarter under review exploration was renewed on our projects at Kanyankaw in Ghana and True Grit in Newfoundland. At Kanyankaw, a series of drill holes intersected significant mineralization and we are currently following up these results with a further round of drilling. Drilling has also recommenced at the True Grit property in Newfoundland where we have outlined a large low-grade gold zone. The purpose of this recent drilling is to test the depth potential of the previously delineated mineralization.

We recently announced that we had signed an agreement with PW Limited, an international engineering and mining contractor, to earn a 51% interest in the Okumpreko gold project which is located on the Ashanti belt in central Ghana. This exciting project lies in an area in which several world-class gold deposits have been discovered, notably the Obuasi mine and the Teberebie mine. Although the Okumpreko property is covered by a 30 year mining lease, there has been very little exploration for primary gold. Up to now most of the exploration was for alluvial gold which is found in old river terraces which traverse the licence. Alluvial gold will not be the focus of the Moydow exploration effort and instead we will target our efforts at proving up a hard-rock resource in the area. Exploration will commence shortly. The fact that the property has a mining lease is viewed as very positive and will contribute to the ease of working in this area.

Your Company continues to examine numerous properties and opportunities and is currently in advanced negotiations for several projects in Africa, both in precious metals and other minerals. Resource opportunities are available in many locations given the very buoyant market for all types of commodities. Management will continue to ensure that Moydow will be uniquely positioned to take advantage of this strong demand.

Our cash position remains strong, with cash and cash equivalents in excess of US\$7 million.

As we continue in our stated aim of becoming a significant force in African exploration and development, we fully expect that the next several months will bring exciting news for Moydow and its shareholders.

“Signed”

Brian Kiernan
President and Chief Executive Officer

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

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

General

Moydow's management discussion and analysis of financial condition and operating results should be read in conjunction with the unaudited consolidated financial statements of the Company and notes thereto for the three months ended September 30, 2004 and with the audited consolidated financial statements of the Company and notes thereto for the year ended December 31, 2003. This discussion covers the three months to September 30, 2004 and is compared to those of the three months to September 30, 2003. The management discussion and analysis has been prepared as at November 5, 2004. The attached financial statements have not been reviewed by the Company's auditors.

Company Overview

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 in West Africa and Newfoundland, Canada. Moydow Mines common shares are listed on the Toronto Stock Exchange (symbol "MOY").

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

Certain statements contained or incorporated in this management discussion and analysis of financial condition and operating results, including information as to the future or operating performance of the Company, its subsidiaries and its projects, constitute forward-looking statements. 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.

Selected Annual Information

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.

Overview of Performance

On December 12, 2003, the Board of Directors declared a distribution to the shareholders of the Company in the amount of \$27.7 million or Can\$1.25 per common share, comprising a return of capital of Can\$1.15 per common share and a special dividend of

Can\$0.10 per common share. The distribution was paid January 6, 2004, to holders of common shares of record as at December 23, 2003. To facilitate this distribution, on December 30, 2003, the Company sold 600,000 Newmont common shares and received cash of \$27.6 million in January 2004.

Mineral Properties

In October 2004, Moydow Mines signed an agreement with PW Limited to earn a majority interest in the Nyaduom and Kushea mining leases in Ghana, which collectively are known as the Okumpreko gold project. The leases, which extend to the year 2020, have a combined area of 93 square kilometres. Under the terms of the agreement, Moydow can earn a 51% interest in the project in return for direct expenditures of \$500,000 over a period of two years. PW Limited is an international engineering and mining contractor which has been operating in Ghana for over ten years. Moydow will be operator.

Also in October 2004, Moydow Mines signed an option agreement through its wholly owned subsidiary Shankill Resources Limited, an Isle of Man company, with Gondwana (Investments) Limited. The agreement applies to the exploration and exploitation of bauxite on an area covering 230 square miles in the Port Loko district in the Northern Region of the Republic of Sierra Leone. The Company can earn a 49% interest in the area by incurring direct costs of at least \$600,000 on exploration work on or before March 1, 2005. Moydow can increase its interest to 60% by incurring direct costs of at least an additional \$400,000 on exploration work on or before August 1, 2005. In addition, Moydow has to issue 150,000 Moydow common shares to Gondwana or its designee together with 200,000 warrants exercisable at Can\$0.38 for a period of two years. The agreement is conditional upon receipt of all regulatory approvals that may be required in respect of this agreement, including the Toronto Stock Exchange approval. Moydow will be operator.

In March 2004, the Company recommenced drilling on the True Grit project in Newfoundland, with a program of 3,000 metres of diamond drilling. A follow up program commenced late October with a drill program of four holes totalling 2,000 metres. The joint venture between Moydow and Cornerstone Capital Resources Inc (“Cornerstone”), which originally comprised 356 claims, has been enlarged to 799 claims. Moydow is the operator of the joint venture. The Company has the option to earn a 51% interest in these properties by incurring exploration expenditures on these claims of not less than Can\$0.80 million on or before February 2007 together with cash payments to Cornerstone Resources Inc. totalling Can\$0.08 million. To-date the Company has incurred Can\$0.7 million on exploration expenditures. 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.

Also 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 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 May 2004, the Company conducted a program of 1,938 metres of reverse circulation drilling on its prospecting licence on the Kanyankaw gold property in Ghana. The best intersections were 21 metres at 3.96g/t gold and 6 metres at 8.72g/t gold. A continuation drill program of 1,105 metres of reverse circulation drilling and 192 metres of diamond drilling commenced at the end of September 2004. The results of this program are being analysed at present. The Kanyankaw property is the subject of a joint venture agreement with Antubia Resources Limited, a subsidiary of Glencar Mining plc. Pursuant to this agreement, the Company holds the licence for the eastern half of the property, which contains the old gold workings at Kanyankaw (the Kanyankaw East Property), and Antubia holds the licence to the western half of the property which contains the old workings at Asheba (the Kanyankaw West Property). Pursuant to the agreement, each party has the right to back-in and acquire an interest in the other party's property (40% in the case of the Kanyankaw East Property and 44% in the case of the Kanyankaw West Property). In order to exercise a back-in right, the option holder must have performed a minimum of 5,000 metres of drilling on the option holder's property. In December 2003 and May 2004, Antubia also carried out two drill programs on its licenced area, amounting to 3,120 metres of reverse circulation drilling and 679 metres of diamond drilling.

Moydow is in advanced negotiations on several joint venture opportunities based principally in Africa. The negotiations are with respect to gold and diamond properties. There is no guarantee that negotiations will be successfully concluded. Costs incurred to date amount to \$0.32 million.

Segmented Information

The Company has one reportable operating segment, being exploration of mineral properties in geographic areas.

Results of Operations

Net profit for the three months to September 30, 2004 was \$0.56 million or \$0.020 per share as compared with the same period in 2003 which showed a loss of \$0.18 million or \$0.007 per share.

During the third quarter of 2004, the Company sold 20,000 Newmont common shares for proceeds of \$0.83 million. Moydow recognised a gain on the sale of these shares of \$0.05 million together with a write up of \$1.08 million in the carrying value of its remaining 160,000 Newmont common shares.

General and administrative expenses were \$0.32 million in the third quarter of 2004 as compared with \$0.12 million in the same period 2003. The increase in 2004 compared with 2003 is a result of the operating currencies strengthening against the United States

dollars together with increased travel costs associated with property appraisals, investor relations costs and professional fees.

During the third quarter of 2004 and 2003, the Company wrote off mineral property expenditures incurred on a number of minor projects in the sum of \$0.03 and \$0.07 respectively.

On August 13, 2004 the Company granted 2,000,000 stock options to officers, directors, employees and consultants. The estimated fair value at the issue date was \$346,484 (Can\$0.22 per option). The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model. The \$346,484 was recorded as stock-based compensation expense.

The operator fees were calculated as a percentage of costs incurred on the Ntotoroso property. No fees were earned in the year 2004 as the property was sold to Newmont Mining in December 2003.

The foreign exchange gain for three months ended September 30, 2004, was \$0.11 million compared to a loss of \$0.001 million for the same period in 2003. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

The Company earned deposit interest income of \$0.002 million and \$0.001 million during the third quarters of 2004 and 2003, respectively. Interest income is dependent on available cash balances and prevailing interest rates.

The Company earned dividend income of \$0.01 million and \$nil during the three months to September 30, 2004 and 2003, respectively. The dividend income was received from the Company's shareholding in Newmont.

Net losses for the nine months to September 30, 2004, and 2003 were \$2.06 million or \$0.072 per share and \$1.84 million or \$0.066 per share, respectively.

During the nine months to September 30, 2004, the Company sold 40,000 Newmont common shares for proceeds of \$1.63 million. Moydow recognised a loss on the sale of these shares of \$0.08 million together with write-downs aggregating \$0.73 million in the carrying value of its remaining Newmont common shares.

General and administrative expenses were \$0.96 million in the first nine months of 2004 as compared with \$0.49 million in the same period 2003. The increase in 2004 compared with 2003 is a result of the operating currencies strengthening against the United States dollars together with increased travel cost associated with property appraisals, investor relations cost and professional fees associated with the conclusion of the sale of Moydow Limited (Isle of Man) to Newmont.

During the nine month period to September 30, 2003, the Company wrote off its investment in the Kanyankaw project in Ghana, in the amount of \$1.36 million as the Company considered it prudent to write off its investment as exploration was not active at that time, compared to the same period in 2004 where the Company wrote off mineral property expenditures incurred on a number of minor projects in the amount of \$0.05 million.

The foreign exchange gain for the nine months ended September 30, 2004 and 2003 was \$0.06 million and \$0.08 million respectively. The foreign exchange gain resulted from movements in exchange rates between operating currencies and the United States dollar.

The Company earned deposit interest income of \$0.007 million and \$0.006 million during the period ended September 30, 2004 and 2003, respectively. Interest income is dependent on available cash balances and prevailing interest rates.

The Company earned dividend income of \$0.03 million and \$nil during the nine month to September 30, 2004 and 2003, respectively. The dividend income was received from the Company's shareholding in Newmont.

Liquidity and Capital Resources

At September 30, 2004, the Company had working capital of \$6.52 million (December 31, 2003-\$10.44 million). Cash and cash equivalents at September 30, 2004 amounted to \$0.65 million compared to cash and cash equivalents as at the end of December 31, 2003 of \$1.11 million.

At September 30, 2004, the Company held 160,000 Newmont common shares amounting to \$7.28 million, recorded at their market value of \$45.53 as of September 30, 2004. The primary factor that could adversely affect the Company's liquidity is the realisable value of the Newmont common shares.

Cash Flow Statements

Cash flow from operating activities for the three months ended September 30, 2004, including changes in non-cash working capital of \$1.05 million, totalled \$0.86 million as compared to cash flow used in operating activities of \$0.32 million for the three months ended September 30, 2003. In the three months ended September 30, 2004 cash used in investing activities was \$0.50 million (2003-\$0.18 million) which was expended principally on exploration in Newfoundland and on the Kanyankaw property in Ghana.

Cash flow from operating activities for the nine months ended September 30, 2004, including changes in non-cash working capital of \$2.64 million, totalled \$0.54 million as compared to cash flow used in operating activities of \$0.60 million for the nine months to September 30, 2003. In the nine months ended September 30, 2004 cash used in investing activities was \$1.02 million of which \$1.01 million (2003-\$0.46 million) was expended principally on exploration in Newfoundland and on the Kanyankaw property in Ghana.

Cash flow from financing activities for the period ended September 30, 2004 was \$0.01 million (2003-\$0.33 million from the exercise of stock options and warrants).

The Company has minimum lease payments in 2004 of \$0.003 million, which are due under a vehicle-operating lease.

Future Income Taxes

During 2004 an amount of \$1.25 million was transferred from future income taxes to current liabilities, representing estimated income taxes payable on or before February 28, 2005, leaving future income taxes as at September 30, 2004 of \$1.57 million.

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.

Stock-based Compensation

The Company has a stock option plan (the “Plan”), which has been approved by shareholders, that allows the Company to grant up to four million stock options to officers, directors, employees and consultants. Under the Plan, options are non-assignable and may be granted for a term not exceeding 10 years. The number of common shares that may be reserved for issuance to any one person pursuant to options must not exceed 5% of the outstanding common shares. The exercise price of an option may not be lower than the closing price of the common shares on the Toronto Stock Exchange on the business day immediately preceding the date the options are granted. Effective January 1, 2002 the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (“CICA”) regarding stock-based compensation. The estimated fair value at the issue date of the 2,000,000 options issued on August 13, 2004 was \$346,484 (Can\$0.22 per option). The fair value of each option was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions at the measurement date.

Risk free interest rate	3.75%
Expected life	5 years
Estimated volatility at the market	80%
Dividend yield	Nil

Outstanding Share Data

As at November 5, 2004, the Company has 28,814,382 common shares in issue. Holders of common shares are entitled to one vote on any ballot at meetings in respect of each common share held. The Company has 3,235,000 stock options outstanding at a weighted average price of Can\$0.89. In July 2004, the Company issued 30,000 common shares to Altius Resources Inc subject to a joint venture agreement signed in March 2004. On August 13, 2004, the Company granted 2,000,000 stock options at an exercise price of Can\$0.33 per option. These options expire August 13, 2009.

The Company has committed to the issuance of 285,000 common shares pursuant to exploration agreements, subject to regulatory approval together with 200,000 warrants.

Transactions with Related Parties

Related party transactions relate primarily to the payment of fees under contracts for services with companies in which the major shareholder is a significant shareholder and director of the Company. The Company was charged a total of \$0.23 million during the first nine months of 2004 with respect to these services (September 30, 2003 - \$0.18 million). Included in accounts payable and accrued liabilities at September 30, 2004 is \$0.10 million (September 30, 2003 - \$0.09 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 \$nil during the nine months of 2004 (September 30, 2003 - \$0.10 million) for legal services provided by this firm. Included in accounts payable and accrued liabilities as at September 30, 2004 is \$nil (September 30, 2003 - \$0.04 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 \$0.26 million during the first nine months of 2004 (September 30, 2003 - \$0.19 million) pursuant to such agreements with three executive directors. Included in accounts payable and accrued liabilities as at September 30, 2004 is \$0.02 million (September 30, 2003 - \$0.06 million) with respect to such remuneration.

Quarterly Information

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

	Sept 2004	June 2004	March 2004	Dec 2003	Sept 2003	June 2003	March 2003	Dec 2002	Sept 2002
Revenues	\$ nil	\$ nil	\$ nil	\$ (9,624)	\$ -	\$ 5,989	\$ 3,635	\$ 13,869	\$ 13,062
Net profit/(loss)	562,407	(1,868,233)	(758,992)	32,748,121	(184,894)	(1,491,877)	(163,157)	(115,531)	(670,397)
Basic and diluted profit (loss) per Common share	0.02	(0.065)	(0.026)	1.16	(0.007)	(0.054)	(0.006)	(0.004)	(0.024)
Total assets	9,714,493	8,869,545	11,247,041	39,712,942	4,359,320	3,965,960	5,405,574	5,533,940	5,785,881

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 gold mining operation will be significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors such as world supply of gold, 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 mineralization 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 Newfoundland, Sierra Leone and Ghana 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 strong financial and technical position, which will enable the Company to actively explore its existing projects and to evaluate new opportunities in selected countries where the geological potential, economic and political climates are considered attractive, with the objective of continuing to build value for its shareholders.