



**Second Quarter**

**Interim Report**

**Three Months Ended June 30, 2007**

74 Haddington Road  
Dublin 4, Ireland  
Tel: (353) 1-667-7611  
Fax: (353) 1-667-7622  
Website: [www.moydow.com](http://www.moydow.com)

Suite 1220, 20 Toronto Street  
Toronto Ontario M5C 2B8  
Tel: (416) 703-3751  
Fax: (416) 367-3638  
E-mail : [info@moydow.com](mailto:info@moydow.com)

## Message to Shareholders

Dear Shareholder,

Your Company has recently announced that it will commence drilling on the Dala kimberlite licence in Angola in the next several weeks. A drill rig and associated equipment for the programme have arrived in Angola and are currently being mobilized to the property. Drilling contracts for this project have been negotiated and signed, and a minimum of 5,000 meters will be drilled with an option to drill another 5,000 meters if the results of the initial campaign are as favourable as we believe they will be. This programme will use core drilling to an average depth of 120 metres using both HQ and NQ size core. These core sizes, which are 2.5 inches and 1.9 inches in diameter, respectively, will result in a sample big enough to assess the diamond potential.

The initial thrust of the drilling programme will be to test the many “dipole” anomalies which our geophysical surveys have identified on the Dala property. In the broad geological setting of the Dala licence, this style of geophysical anomaly is usually associated with kimberlite pipes, which are the host rock of primary diamond deposits.

Once kimberlite has been recovered, the core will be sent for analysis for diamond indicators, such as G10 garnets, and also for microdiamond occurrences. It is unusual, though not unheard of, for macrodiamonds to be recovered in initial drilling.

Results of the drilling and analysis will be announced on an on-going basis and any follow up studies which may be necessitated will be initiated as soon as possible after results have been analysed.

The Dala licence is one of the most prospective areas in the diamond rich country of Angola and comprises some 3000 square kilometres located in the Lunda Sul province of north-eastern Angola, immediately adjacent to the city of Saurimo. The licence is bordered both to the west and east by the BHP/Petra Diamonds’ Alto Cuilo and Muriege diamond properties, respectively, and is 40 kilometres south of the Catoca Mine, the world’s fourth largest producing kimberlite diamond mine.

The Company has been active in Angola since 2004 when it initially obtained the rights to exploit alluvial diamonds on the Dala licence and subsequently obtained the rights to explore for kimberlitic diamonds on the property. During the course of alluvial exploration, the Company encountered mounting evidence of the existence of kimberlitic bodies within the licence area. In September 2005, the Company flew an aeromagnetic survey of the property which identified several significant magnetic anomalies that are considered very prospective. In a follow-up to the airborne magnetic survey, in 2006 and 2007, 102 grids, each approximately one square kilometre, were covered by ground magnetic surveys. These have been interpreted by diamond exploration specialists, Scott Hogg & Associates Ltd. of Toronto, Canada. This interpretation resulted in outlining 19 high priority targets and 15 medium priority targets.

The Company also holds a 2% net smelter return royalty on a portion of the Newmont owned Ahafo mine in Ghana, which began production in mid-2006. The agreement is that the Company receives the royalty on all recovered ounces of gold and silver produced from the Ntotoroso property after the first 1.2 million gold equivalent ounces. Since start up in mid-2006 to June 30, 2007 a total of 280,000 ounces has been recovered from the Ntotoroso property. Current production is about 75,000 ounces per quarter and indications are that production will increase over the next while to a steady state in excess of this figure. The reserve on the Ntotoroso portion of Ahafo currently stands in excess of 2.5 million ounces, which means that the cash value of the Moydow royalty is at least US\$17 million at today’s gold price.

Newmont have also indicated that there may be significant upside available at Ntotoroso, particularly on the Subika pit which is located 100% within the royalty area. Newmont are investigating the potential for an underground mine on this area and, following a site visit by our geologists in February 2007, Moydow believes that there may be as much as 4 million ounces of gold available from this pit and underground development. The value of the royalty is

further enhanced by the existence of two other pits which lie partially on the Ntotoroso property and also by on-going exploration by Newmont in other areas adjacent to the currently defined orebodies.

We again thank our loyal shareholders for your support.

“Signed”

Brian Kiernan  
President and CEO

August 13, 2007

# **Moydow Mines International Inc.**

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

### **General**

This interim management discussion and analysis ("MD&A") is a review of the Moydow Mines International Inc. ("Moydow" or "the Company") financial and operating results for the second quarter ending June 30, 2007, and is compared with those for the corresponding quarter of 2006. 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, 2006. The MD&A has been prepared as at August 13, 2007. 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. The attached financial statements have not been reviewed by the Company's auditors.

### **Company Overview**

Moydow Mines International Inc. is an international exploration company with primary interests in precious metals, industrial minerals and diamonds. Exploration activities are focused principally in Africa. Moydow Mines' common shares are listed on both the Toronto Stock Exchange and the AIM Market of the London Stock Exchange (symbol "MOY"). For further information on the Company please visit our website at [www.moydow.com](http://www.moydow.com) or view our public filings on the SEDAR website at [www.sedar.com](http://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, ability to raise finances 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.

### **Disclosure Controls and Procedures**

As at June 30, 2007, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective, as at June 30, 2007, to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others operating within those entities.

## **Application of Critical Accounting Estimates**

Moydow's accounting policies are described in note 2 to the Consolidated Financial Statements for the year ended December 31, 2006. 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 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 Exploration Activities, Contractual Obligations and Commitments**

### **Dala project, Angola**

The company is party to two separate exploration projects with the same partners on the Dala property in Angola, relating to the exploration for alluvial and kimberlite diamonds.

#### **Alluvial diamonds**

On October 1, 2004, the company signed an agreement with Empresa Nacional De Diamantes De Angola (Endiama), the Angolan state diamond mining company and Cimader-Comercio Geral Limitada (Cimader), a local Angola company, to explore for alluvial diamonds on the Dala concession, located near the town of Saurimo, in north-east Angola. The concession comprises 3,000 square kilometres. To obtain a 33% interest, the company will have to incur expenditures of not less than \$5,000,000 on or before October 1, 2007. Cimader and Endiama have a free carried interest in the exploration phase of the project.

The company entered into a separate agreement with Concord Minerals LLC (Concord), a private Nevada company, whereby Concord was granted the right to earn up to 50% of Moydow's interest in the concession by funding exploration expenditures under Moydow's agreement with Endiama and Cimader. However, Concord has not exercised this right in full and it presently holds a 10% interest in the Moydow-Concord agreement.

The company's cumulative expenditures on the alluvial licence to June 30, 2007, amounted to \$3,915,813 of which \$346,727 was incurred during the second quarter 2007.

## **Kimberlite**

On December 16, 2005, the company signed another agreement with Endiama and Cimader to explore for kimberlite (primary) diamonds on the Dala concession. Under the terms of the agreement, the company can earn a 40% interest in the concession with the remaining percentages held by Endiama and Cimader. To obtain its interest, the company will have to incur expenditures of not less than \$10,000,000 on or before January 14, 2009. Cimader and Endiama have a free carried interest in the exploration phase of the project. The granting of the licence was ratified by the Angolan Council of Ministers on October 18<sup>th</sup>, 2006 and was subject to the company making a deposit of \$1m with the Angolan government. The deposit was made in 2006 and may be refunded provided that Moydow meets certain conditions. The deposit has been included as a component of the cost to acquire an interest in the Dala project.

The company also has an agreement with Concord, whereby Concord was granted the right to earn up to 50% of Moydow's interest in the kimberlite concession, by funding exploration expenditures under Moydow's agreement with Endiama and Cimader. As in the case of the alluvials, Concord has not exercised its right in full and its interest presently stands at 10% in the Moydow-Concord agreement.

The company's cumulative expenditures on the kimberlite licence to June 30, 2007, amounted to \$2,691,574 of which \$547,290 was incurred during the second quarter of 2007.

## **Port Loko property, Sierra Leone**

The company has a 50% interest in the Port Loko bauxite exploration project in Sierra Leone, West Africa. The other 50% interest in the project is held by Gondwana Investments Limited (Gondwana), a company incorporated in Luxembourg.

Since the licence expires in November 2007, the company has applied to the Sierra Leone government for a renewal of its licence in respect of its activity at Port Loko. In the event that the licence is not renewed, the company will be required to write-off its investment in this project. Work continues on reviewing the various options to advance the property.

Cumulative expenditures by the company to June 30, 2007, amounted to \$2,868,427 of which \$149,059 was incurred in the second quarter of 2007.

## **Ntotoroso property, Ghana**

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 interest in the Ntotoroso gold property in Ghana but no other mineral properties, to Newmont Mining Corporation ("Newmont").

In connection with the sale, the Company entered into a royalty agreement whereby the company acquired the right to a net smelter return royalty of 2% on all recovered ounces of gold and silver produced from the Ntotoroso property after the first 1.2 million gold equivalent ounces for a consideration of \$0.25 million. No value has been ascribed to the royalty rights acquired by the Company due to the uncertainty associated with this asset. Newmont commenced production on this property in mid-2006 and to June 30, 2007 had produced a total of 280,000 ounces of gold equivalent ounces.

## **Hwidem property, Ghana**

On October 3, 2005, the Company was granted a two-year extension to its prospecting licence with respect to the Hwidem property, by the Minister for Lands, Forestry and Mines in Ghana. The licence area covers 24.7 square kilometres and it adjoins the Kenyase-Ntotoroso area currently under lease to Rank Mining Company Limited, a

subsidiary of Newmont. The minimum exploration expenditures required to maintain the licence are \$0.52 million of which \$0.50 million had been spent as at June 30, 2007.

## Commitments

The Company, either directly or through certain joint ventures, has obligations to expend various amounts on its mineral properties and projects in order to keep its mineral property rights in good standing. All agreements are in the normal course of business.

Payments due (\$ thousand)	Total	Less than 1 year	1 to 3 years
Exploration and development	\$15,523	\$523	\$15,000

## Segmented Information

The Company has one reportable operating segment, being exploration of mineral properties in geographic areas disclosed in note 3.

## Results of Operations

Net loss for the quarter ended June 30, 2007, was \$0.36 million or \$0.007 per share compared to a loss of \$0.33 million in same period in 2006 or \$0.011 per share.

General and administrative expenses were \$0.30 million during the second quarter of 2007 as compared with \$0.19 million in the same period of 2006.

The foreign exchange loss for the period ended June 30, 2007, was \$0.06 million compared to a gain of \$0.20 million in the same period of 2006. 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 \$0.001 million and \$0.002 million in the second quarter of 2007 and 2006, respectively.

The Company's revenues are derived from: interest 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.

Net losses for the six months ended June 30, 2007, was \$0.63 million or \$0.014 per share compared to a loss of \$0.30 million in the same period in 2006 or \$0.010 per share.

During the six month period ended June 30, 2006, the Company sold its remaining 45,000 Newmont common shares for proceeds of \$2.53 million. The Company recognized a gain of \$0.31 million on the sale of these shares.

General and administrative expenses were \$0.56 million during the first six months of 2007 as compared with \$0.43 million in the same period of 2006. The increase in 2007 as compared to 2006 is a result of additional professional fees, associated with the issue of capital stock.

The foreign exchange loss in the first six months of 2007 was \$0.06 million compared to a gain of \$0.20 million in the same period of 2006. 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 \$nil and \$0.001 million during the period ended June 30, 2007 and 2006, respectively. The dividend income was received from the Company's shareholding in Newmont.

The Company earned deposit interest income of \$0.001 million and \$0.001 million during the first half of 2007 and 2006, respectively.

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.

As at June 30, 2006, the Company recorded a provision for income taxes in the sum of \$0.18 million and a recovery of future income taxes in the sum of \$0.16 million. The net effect was a provision for income taxes of \$0.02 million.

## **Liquidity and Capital Resources**

At June 30, 2007, the Company had negative working capital of \$1.59 million (December 31, 2006 - \$2.24 million). Cash and cash equivalents at June 30, 2007 amounted to \$0.83 million compared to cash and cash equivalents as the end of 2006 of \$0.14 million.

During 2006, the Company entered into an unsecured loan agreement with certain parties. The Company was advanced \$1.43 million (including \$0.13 million for related parties) which is repayable on demand. The loan was non-interest bearing. On March 30, 2007, the Company closed a private placement of 9,547,186 common shares of the Company at a price of Cdn\$0.20 per share in settlement of US\$1.62 million of debts owed for loans by the Company.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at June 30, 2007, the Company had an excess of current liabilities over current assets of \$1.59 million (December 31, 2006- \$2.24 million) and has recorded losses and net cash outflows from operations for the past two years. The Company is also required to make expenditures in the near term to keep its mineral property rights in Angola. The Company will have to secure additional financing to meet its required commitments. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

## **Cash Flow Statements**

Cash flow provided in operating activities for the three months ended June 30, 2007, including changes in non-cash working capital of \$0.72 million, totalled \$0.35 million as compared to cash flow used of \$0.24 million in the second quarter of 2006. In the three months ended June 30, 2007, cash used in investing activities was \$1.04 million (2006-\$0.88 million) which was expended on exploration of mineral properties principally in Angola and Sierra Leone.

Cash flow from financing activities for the three months ended June 30, 2007, was \$1.48 million, principally from the issue of 8,750,000 shares for cash in the amount of \$1.64 million (2006 cash flow from financing activities - \$nil million). During 2006, the Company was advanced \$1.43 million (including \$0.13 million for related parties) which was repayable on demand. The loan was non-interest bearing. On March 30, 2007, Moydow closed a private placement of 9,547,186 common shares of the Company at a price of Cdn\$0.20 per share in settlement of \$1.62 million of debts owed for loans by the Company.

Cash flow provided for operating activities for the six months ended June 30, 2007, including increases in non-cash working capital of \$1.47 million, totalled \$0.84 million as compared to cash flow used in operating activities of \$0.24 million in the same period of 2006. During the six months ended June 30, 2007 cash used in investing activities was \$1.99 million which was expended on exploration of mineral properties, principally on the Dala diamond project in Angola and Port Loko bauxite property in Sierra Leone. During the six months ended June 30, 2006, cash used in investing activities was \$0.26 million representing the proceeds from the sale of 45,000

Newmont common shares in the sum of \$2.52 million less \$2.78 million expended on exploration of mineral properties, principally on the Port Loko bauxite property in Sierra Leone and the Dala diamond project in Angola.

Cash flow from financing activities for the six months ended June 30, 2007, was \$1.83 million representing \$3.26 million, being the proceeds from the issue of 18,297,186 common shares in the Company (2006 cash flow from financing activities - \$nil million ) less the repayment of loans in the amount of \$1.43 million. During 2006, the Company was advanced \$1.43 million (including \$0.13 million for related parties) which was repayable on demand. The loan was non-interest bearing.

## 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 the second quarter of 2007 and 2006.

## Outstanding Share Data

As at August 11, 2007, the Company has 56,572.904 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 4,900,000 stock options outstanding at a weighted average exercise price of Cdn\$0.24.

On July 13, 2007, 2.6 million options were granted to Directors of the Company of which 1.4 million were granted vesting on July 13, 2007, to purchase common shares of the Company at Cdn\$0.20 per share for a five year period expiring on July 13, 2012 and 1.2 million were granted vesting on July 13, 2008 to purchase common shares of the Company at Cdn\$0.33 per share for a five period expiring on July 13, 2012.

## Transactions with Related Parties

Related party transactions relate primarily to the payment of fees under contracts for services with companies in which a Moydow director is a shareholder and director. The Company was charged a total of \$0.14 million during the three months ended June 30, 2007, (2006 - \$0.24 million) with respect to drilling and administration services.

The Company's primary legal counsel is a firm in which a director of the Company is a partner. The Company was charged \$0.06 million during the three months ended June 30, 2007, (2006 - \$nil million) for legal services provided by this firm.

These transactions are made in the normal course of business.

## Selected Consolidated Annual Financial Information

Set forth below is certain financial data for the last three completed financial years:

	<b>December 31,2006 \$</b>	<b>December 31,2005 \$</b>	<b>December 31,2004 \$</b>
Total revenue	-	-	
Basic and diluted (loss) earning per share	(0.03)	(0.05)	(0.07)
Total assets	8,358,027	6,334,596	9,296,704
(Loss) net income for the year	(1,060,179)	(1,612,359)	(1,938,765)
Total long term financial liabilities	-	-	-

## Quarterly Information

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

	<b>June 2007</b>	<b>March 2007</b>	<b>Dec 2006</b>	<b>Sept 2006</b>	<b>June 2006</b>	<b>March 2006</b>	<b>Dec 2005</b>	<b>Sept 2005</b>
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net profit/(loss)	(363,490)	(262,548)	(426,462)	(335,633)	(331,574)	33,490	331,297	(735,771)
Basic and diluted (loss)/ earnings per Common share	(0.007)	(0.007)	(0.011)	(0.010)	(0.011)	0.001	0.011	(0.025)
Total assets	10,973,189	9,150,435	8,358,027	8,931,585	7,110,675	6,841,872	6,334,596	6,662,268
Number of common shares outstanding	56,572,904	47,822,904	38,275,718	38,275,718	30,620,575	30,675,575	30,620,575	30,620,575

## 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 Angola, Sierra Leone, 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.

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.

The financial statements of the Company have been prepared on the basis that the Company will continue as a going concern which presumes that it will be able to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern. If management is unsuccessful in securing capital, the Company's assets may not be realized or its liabilities discharged at their carrying amounts and these differences could be material.

## Outlook

The Company will focus its efforts on securing capital to continue to add value to its diamond property in Angola, complete the feasibility study on the bauxite property in Sierra Leone and evaluate new opportunities.

**MOYDOW MINES INTERNATIONAL INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**(expressed in United States dollars, unless otherwise stated)**

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	<b>June 30, 2007 (unaudited)</b>	<b>December 31 2006 (audited)</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$830,383	\$143,046
Accounts receivable and prepaid expenses	41,643	99,245
Current income taxes recoverable	<u>101,641</u>	<u>101,641</u>
	973,667	343,932
<b>Mineral properties (Note 3)</b>	9,979,852	7,993,987
<b>Other assets</b>	<u>19,670</u>	<u>20,108</u>
	<u>10,973,189</u>	<u>8,358,027</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	2,560,191	1,148,007
Loan	-	1,433,601
	<u>2,560,191</u>	<u>2,581,608</u>
<b>Shareholders' Equity</b>		
<b>Capital stock (Note 4)</b>	21,276,980	18,014,363
<b>Contributed surplus</b>	414,726	414,726
<b>Deficit</b>	<u>(13,278,708)</u>	<u>(12,652,670)</u>
	<u>8,412,998</u>	<u>5,776,419</u>
	<u>10,973,189</u>	<u>8,358,027</u>

**Nature of operations and going concern (note 1)**

**MOYDOW MINES INTERNATIONAL INC.**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(expressed in United States dollars, unless otherwise stated)

	<u>Three months ended</u>		<u>Six months ended</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
	\$	\$	\$	\$
<b>Expenses</b>				
Due diligence	-	346,863	-	346,863
General and administrative	303,421	186,412	563,266	433,292
Amortization of property, plant & equipment	663	-	663	-
Foreign exchange loss/ (gain)	<u>59,557</u>	<u>(199,795)</u>	<u>62,560</u>	<u>(191,804)</u>
	<u>363,641</u>	<u>333,480</u>	<u>626,489</u>	<u>588,351</u>
<b>Other income and expenses</b>				
Gain/(loss) on Newmont common shares (note 2)				
Interest income				306,882
Dividend income	151	1,906	451	6,592
	-	-	-	850
	<u>151</u>	<u>1,906</u>	<u>451</u>	<u>314,324</u>
<b>Loss before income taxes</b>				
<b>Income tax provision</b>	(363,490)	(331,574)	(626,038)	(274,027)
<b>Loss for the period</b>	-	-	-	(24,057)
	<u>(363,490)</u>	<u>(331,574)</u>	<u>(626,038)</u>	<u>(298,084)</u>
<b>Basic and diluted loss per common share</b>				
	<u>(0.007)</u>	<u>(0.011)</u>	<u>(0.014)</u>	<u>(0.010)</u>
Weighted average number of common shares outstanding	<u>48,976,750</u>	<u>30,620,576</u>	<u>43,708,542</u>	<u>30,620,575</u>
<b>Deficit, beginning of period</b>				
<b>Loss for period</b>	(12,915,218)	(11,559,001)	(12,652,670)	(11,592,491)
<b>Deficit, end of period</b>	<u>(363,490)</u>	<u>(331,574)</u>	<u>(626,038)</u>	<u>(298,084)</u>
	<u>(13,278,708)</u>	<u>(11,890,575)</u>	<u>(13,278,708)</u>	<u>(11,890,575)</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>Six months ended</u>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>Cash provided by(used in)</b>				
<b>Operating activities</b>				
Loss for the period	(363,490)	(331,574)	(626,038)	(298,084)
Adjustments for non-cash items:				
Amortization of property, plant and equipment	438	-	438	-
Gain on Newmont common shares, net	-	-	-	306,882
	<u>(363,052)</u>	<u>(331,574)</u>	<u>(652,800)</u>	<u>(604,966)</u>
Changes in non-cash working capital:				
Accounts receivable and prepaid expenses	10,754	244,405	57,602	36,453
Accounts payable and accrued liabilities and income taxes	<u>707,228</u>	<u>(149,623)</u>	<u>1,412,184</u>	<u>324,163</u>
	<u>717,982</u>	<u>94,782</u>	<u>1,469,786</u>	<u>360,616</u>
	<u>354,930</u>	<u>(236,792)</u>	<u>844,186</u>	<u>(244,350)</u>
<b>Investing activities</b>				
Proceeds from sale of Newmont common shares	-	-	-	2,520,882
Exploration of mineral properties	<u>(1,038,885)</u>	<u>(876,637)</u>	<u>(1,985,865)</u>	<u>(2,779,784)</u>
<b>Financing activities</b>				
Proceeds from issue of capital stock	1,638,117	-	3,262,617	-
Loan	<u>(159,101)</u>	<u>750,000</u>	<u>(1,433,601)</u>	<u>750,000</u>
	<u>1,479,016</u>	<u>750,000</u>	<u>1,829,016</u>	<u>750,000</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	795,061	(363,429)	687,337	246,748
<b>Cash and cash equivalents at beginning of period</b>	35,322	628,521	143,046	18,344
<b>Cash and cash equivalents at end of period</b>	830,383	265,092	830,383	265,092
<b>Supplemental information</b>				
Cash income taxes paid	-	-	-	-
Cash interest paid	-	-	-	-

**MOYDOW MINES INTERNATIONAL INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(expressed in United States dollars, unless otherwise stated)**

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**1) Nature of operations and going concern**

Moydow Mines International Inc. (“Moydow” or “the Company”) is an international exploration company with primary interests in precious and industrial minerals and diamonds. Moydow’s common shares are listed on both the Toronto Stock Exchange and the AIM Market of the London Stock Exchange.

The Company is exploring its mineral properties and, as at June 30, 2007, had not determined the existence of economically recoverable reserves (note 3). The recoverability of the amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the preservation of the Company’s interest in the underlying mineral claims, the ability to obtain necessary financing, to obtain government approval and to attain profitable production or, alternatively, upon the company’s ability to profitably dispose of its interests.

These financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they come due. As at June 30, 2007, the Company had an excess of current liabilities over current assets of \$1,586,524 and has recorded losses and net cash outflows from operations for the past two years. The Company is also required to make expenditures in the near term to keep its mineral property rights in Angola. The Company will have to secure additional financing to meet its required commitments. These circumstances lend substantial doubt as to the ability of the Company to meet its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

In recognition of these circumstances, the Company is exploring various initiatives to secure capital so that Moydow can continue as a going concern. It is not possible to determine, with any certainty, the success, adequacy or sufficiency of these initiatives.

The Company's ability to continue as a going concern is dependent upon its ability to fund its working capital and exploration requirements and eventually to generate positive cash flows, either from operations or sale of a property. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

Operating results for the periods ended June 30, 2007 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2007. 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, 2006.

**2) Newmont common shares**

**Loss on Newmont common shares comprises:**

	<b>2007</b>	<b>2006</b>
	<b>\$</b>	<b>\$</b>
Gain on sale of 45,000 shares		306,882
Write down of remaining Newmont shares to market at March 31,	-	-
Gain on Newmont common shares for the three months to March 31,	-	306,882

The Company's investment in Newmont common shares is carried at the lower of cost and market value. The market value of the Newmont common shares held at June 30, 2007 and 2006 was \$nil.

### 3) Mineral properties

The Company, either directly or through certain joint ventures, has obligations to expend various amounts on its mineral properties and projects in order to keep its mineral property rights in good standing. All agreements are in the normal course of business.

Mineral exploration properties in Africa are recorded with their carrying values as follows:

	<b>Angola</b>	<b>Sierra Leone</b>	<b>Ghana</b>	<b>Total</b>
	\$	\$	\$	\$
Balance-December 31, 2006	4,919,253	2,586,495	488,239	7,993,987
Costs-March 31, 2007	794,117	132,873	19,990	946,980
Balance-March 31, 2007	<u>5,713,370</u>	<u>2,719,368</u>	<u>508,229</u>	<u>8,940,967</u>
Cost-June 30, 2007	894,017	149,059	4,191	1,038,885
Balance-June 30, 2007	<u>6,607,387</u>	<u>2,868,427</u>	<u>504,038</u>	<u>9,979,852</u>

### 4) Capital stock

Authorized

Unlimited number of common shares

	<b>Number of</b>	<b>\$</b>
	<b>Shares</b>	
Balance-December 31, 2006	38,275,718	18,014,363
Issue of shares-March 30, 2007	9,547,186	1,624,500
Balance-March 31, 2007	<u>47,822,904</u>	<u>19,638,863</u>
Issue of shares-June 18, 2007	8,750,000	1,638,117
Balance-June 30, 2007	<u>56,572,904</u>	<u>21,276,980</u>

### 5) Related party transactions

Related party transactions relate primarily to the payment of fees under contracts for services with companies in which a Moydow Mines' director is a shareholder and director. The Company was charged a total of \$140,815 during the quarter June 30, 2007 (2006 - \$241,389) with respect to drilling and administration services.

The Company's primary legal counsel is a firm in which a director of the company is a partner. The company was charged \$60,581 during the quarter June 30, 2007 (2006 - \$nil) for legal services provided by this firm.

These transactions are made in the normal course of business.

## **Corporate Information.**

### **Directors and Officers**

Noel P. Kiernan - *Director, Chairman*

Brian P. Kiernan - *Director, President & CEO*

Michael E. Power - *Director, Vice President & Secretary*

J. Joseph Breen - *Director & COO*

Albert Gourley - *Director*

Richard Linnell - *Director*

Rosemary G. O'Mongain - *CFO*

### **Toronto Office**

12<sup>th</sup> Floor

20 Toronto Street

Toronto, Ontario

Canada, M5C 2B8

Tel: (416) 703 3751 Fax: (416) 367 3638

### **Dublin Office**

74 Haddington Road

Dublin 4, Ireland

Tel: (353) 1 667 7611 Fax: (353) 1 667 7622

### **Accra Office**

13 Shippi Link,

East Cantonments

Accra, Ghana

Tel: (233) 21 772516 Fax: (233) 21 777247

### **Transfer Agent**

Computershare Trust Company of Canada

100 University Avenue, 8<sup>th</sup> Floor

Toronto, Ontario

Canada, M5J 2Y1

### **Exchange Listing**

The Toronto Stock Exchange

Symbol: MOY

CUSIP: 62472V 100

Shares outstanding: 56,572,904

Shares fully diluted: 61,472,904

### **To contact the Company**

In order to contact the company or to request to be added to our mailing list

please email [info@moydow.com](mailto:info@moydow.com)

website: [www.moydow.com](http://www.moydow.com)