



**Second Quarter**

**Interim Report**

**Three Months Ended June 30, 2008**

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

Toronto Office  
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)

# Moydow Mines International Inc.

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

For period ended June 30, 2008

### General

This interim management discussion and analysis ("MD&A") is a review of Moydow's financial and operating results for the second quarter ending June 30, 2008 and is compared with those for the corresponding quarter of 2007. In order to better understand the MD&A, it should be read in conjunction with the audited consolidated financial statements ("Consolidated Financial Statements") of the Company and notes thereto for the year ended December 31, 2007. The MD&A has been prepared as at July 23, 2008. 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. ("Moydow" or the "Company") is an international exploration company with primary interests in precious and 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.

The Company, on July 14, 2008 closed a transaction whereby the Company's 50% interest in the Port Loko bauxite exploration licence in Sierra Leone has been sold to a private company for purposes of accelerated development. Under terms reached with Sierra Alumina Ltd. ("Sierra"), the Company will receive cash consideration equal to (i) US\$1,525,000 as a non-refundable upfront payment (received on closing) and (ii) - US\$5,000,000 on or before November 30, 2008, once Sierra has completed a financing of not less than US\$15,000,000 ("Major Financing"). In addition, immediately following the Major Financing, the Company will receive: Shares in Sierra sufficient to ensure that the Company has at least 11.25% (17% on a fully diluted basis) of the issued and outstanding shares of Sierra; and Warrants in Sierra equal in number to the number of shares it receives at the same strike price as agreed for participants in the Major Financing.

The Company's joint venture partner on the Port Loko licence has agreed to accept identical consideration for its 50% interest. Sierra may extend the closing date of November 30, 2008 to no later than February 28, 2009 through the advance payment of an additional sum of US\$1,000,000 (for an aggregate of US\$2,000,000) to each of Moydow and its partner.

### 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, 2008, 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, 2008, to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

### **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 that 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 had to incur expenditures of not less than \$5,000,000 on or before February 2008. The licence has been renewed to February 2009. The combined cumulative expenditures by the Company and Concord Minerals LLC (“Concord”) to the year ended June 30, 2008, are \$6.58 million. Cimader and Endiama have a free carried interest in the exploration phase of the project.

The Company has agreed with Concord to terminate their joint venture with respect to the Dala Diamond Project (“Project”) in Angola in exchange for issuing to Concord 4,000,000 common shares of the Company at a price of Cdn\$0.20 per share. These shares were issued to Concord on April 21, 2008. The Company had entered into an agreement with Concord, a private Nevada company, whereby the Company would transfer its interest in the Project to a joint venture company formed with Concord, and Concord would fund exploration expenditures on the Project. The Company and Concord agreed not to proceed with this joint venture structure and to issue shares to Concord to compensate it for the expenditures it incurred on the Project. The Company now holds a 40% interest in the Project with Empresa Nacional De Diamantes De Angola (Endiama), the Angolan state diamond mining company, holding a 51% interest and Cimader-Comercio Geral Limitada (Cimader), a local Angola company, holding a 9% interest. The Dala Diamond Project, located near Saurimo in north-east Angola, comprises 3,000 square kilometres.

The Company’s cumulative expenditures on the alluvial licence to June 30, 2008, amounted to \$5.85 million of which \$1.25 million was incurred during the first half of 2008 (2007 - \$0.31 million).

## Kimberlite diamonds

On December 16, 2005, the Company signed another agreement with Endiama and Cimader to explore for kimberlite (primary) diamonds on the Dala licence. Under the terms of the agreement, the Company can earn 40% interest in the licence 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 October 18, 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 \$1 million with the Angolan government. The deposit was made in 2006 and may be refunded provided that Moydow meet certain conditions. The deposit has been included as a component of the cost to acquire an interest in the Dala project.

The Company reported on June 16, 2008 that the Company intersected kimberlite in its first drill hole. The Company is undertaking a 5,000 metre drilling programme. The Dala licence is adjacent to the Petra Diamond Limited’s Alto Cuilo property.

The Company’s cumulative expenditures on the kimberlite licence to June 30, 2008 amounted to \$4.69 million of which \$1.01 million was incurred during the first half of 2008.

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

Cumulative expenditures by the Company to June 30, 2008, amounted to \$3.20 million of which \$0.16 million was incurred in the first half of 2008 and \$0.08 million in the quarter ended June 30, 2008. The Company, on July 14, 2008 closed a transaction whereby the Company’s 50% interest in the Port Loko bauxite exploration licence in Sierra Leone has been sold to a private company for purposes of accelerated development

### **Ntoroso 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 Ntoroso property 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 Ntoroso property after the first 1,200,000 gold equivalent ounces in consideration for \$250,000. No value has been ascribed to the royalty rights acquired by the Company.

The project poured its first gold on July 18, 2006, and as at June 30, 2008, had produced from the Ntoroso property 495,000 ounces of gold of which 67,757 ounces of gold were produced in the three months ended June 30, 2008. Assuming the same rate of production, we expect the first royalty payment in year 2011.

### **Hwidem property, Ghana**

On November 23, 2007, the Company was granted a one-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-Ntoroso area currently under lease to Rank Mining Company Limited, a subsidiary of Newmont. The Company incurred exploration expenditures on this property of \$0.01 million in the second quarter of 2008. The minimum exploration expenditures required to be spent by the end of the extension in order to maintain the licence are \$0.52 million, of which \$0.57 million had been spent as at June 30, 2008. If gold mineralization does not exist in sufficient quantities in the area to warrant completion of the work program, the Company is not liable for any shortfall of the minimum exploration expenditures.

### **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.

Dollars in thousands

Period of commitments	Total	Less than 1 year	1 to 3 years
Amount committed for exploration and development	\$15,523	\$5,523	\$10,000
Amount spent to June 30, 2008	\$10,213	\$5,523	\$4,690
Balance of commitments	\$5,310	nil	\$5,310

### **Segmented Information**

The Company has one reportable operating segment, being exploration of mineral properties in geographic areas disclosed in Note 2 to the Consolidated Financial Statements.

### **Results of Operations**

Comprehensive loss for the quarter ended June 30, 2008 was \$0.39 million or \$0.007 per share compared to a loss of \$0.36 million in same period in 2007 or \$0.007 per share.

General and administrative expenses were \$0.28 million during the second quarter of 2008 as compared with \$0.30 million in the same period of 2007.

On July 13, 2007, the Company granted 3.30 million stock options to officers, directors, employees and consultants. The estimated fair value of the options granted during the three months ended June 30, 2008 was \$0.02 million. The Company recognizes this expense over the period in which entitlement to the awards vest.

The foreign exchange gain for the quarter ended June 30, 2008 was \$0.01 million compared to a loss of \$0.06 million in the same period of 2007. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

A company controlled by certain insiders of the Company advanced money to the Company and interest has been accrued at Libor plus 2%. The amount of interest charged to the Company during the quarter ended June 30, 2008 and 2007 was \$0.12 million and \$nil, respectively.

The Company had an unrealised loss of \$0.001 million and \$nil in the second quarter of 2008 and 2007, respectively on financial assets held-for-trading.

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.

As at June 30, 2006 the Company recorded an income tax recovery in the sum of \$0.03 million.

Comprehensive losses for the six months ended June 30, 2008 were \$0.77 million or \$0.013 per share compared to a loss of \$0.63 million in the same period in 2007 or \$0.014 per share.

General and administrative expenses were \$0.58 million during the first six months of 2008 as compared with \$0.56 million in the same period of 2007. The increase in 2007 as compared to 2006 is a result of additional professional fees, associated with the issue of capital stock.

On July 13, 2007, the Company granted 3.30 million stock options to officers, directors, employees and consultants. The estimated fair value of the options granted during the six months ended June 30, 2008 was \$0.05 million. The Company recognizes this expense over the period in which entitlement to the awards vest.

The foreign exchange gain in the first six months of 2008 was \$0.001 million compared to a loss of \$0.06 million in the same period of 2007. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

A company controlled by certain insiders of the Company advanced money to the Company and interest has been accrued at Libor plus 2%. The amount of interest charged to the Company during the period ended June 30, 2008 and 2007 was \$0.18 million and \$nil, respectively.

The Company had an unrealised loss of \$0.007 million and \$nil in the half of 2008 and 2007, respectively on financial assets held-for-trading.

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 an income tax recovery in the sum of \$0.03 million.

### **Liquidity and Capital Resources**

At June 30, 2008, the Company had negative working capital of \$5.81 million (December 31, 2007 - \$3.46 million). Cash and cash equivalents at June 30, 2008 amounted to \$0.42 million compared to cash and cash equivalents as the December 31, 2007 of \$0.09 million.

A company controlled by certain insiders of the Company advanced money to the Company and interest has been accrued at Libor plus 2%. The amount of interest charged to the Company during the first half of 2008 was \$0.18 million. Included in accounts payable and accrued liabilities as at June 30, 2008, is \$5.57 million (December 31, 2007 - \$3.44 million) payable to these related parties.

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, 2008, the Company had an excess of current liabilities over current assets of \$5.81 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.

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. In July 2008, the Company secured \$1.53 million from its part disposal of the Port Loko Licence in Sierra Leone and expects to receive an additional \$5.00 million on or before November 30, 2008, provided Sierra completes a financing of not less than US\$15 million.

### **Cash Flow Statements**

Cash flow provided by operating activities for the quarter ended June 30, 2008, including changes in non-cash working capital of \$1.73 million, totalled \$1.37 million as compared to cash flow provided by operation activities of \$0.35 million in the same period in 2007. In the three months ended June 30, 2008, cash used in investing activities was \$1.79 million, of which (2007 - \$1.04 million) was expended on exploration of mineral properties incurred principally in Angola and Sierra Leone. Cash flow from financing activities for the period ended June 30, 2008 and 2007 was \$0.80 million and \$1.48 million, respectively.

On April 21, 2008, the company issued 4,000,000 common shares to Concord Minerals LLC in connection with the acquisition of its interest in the Dala property in Angola. The common shares were issued at a price of Cdn\$0.20 per common share, in settlement of the cumulative expenditures incurred by Concord Minerals LLC on the Dala property of \$728,051.

Cash flow provided for operating activities for the six months ended June 30, 2008, including increases in non-cash working capital of \$2.68 million, totalled \$1.97 million as compared to cash flow provided for operating activities of \$0.84 million in the same period of 2007. During the six months ended June 30, 2008 and 2007, cash used in investing activities was \$2.44 million and \$1.99 million, respectively, which was expended on exploration of mineral properties, principally on the Dala diamond project in Angola and Port Loko bauxite property in Sierra Leone.

Cash flow from financing activities for the six months ended June 30, 2008, was \$0.80 million representing the issue of 4,000,000 common shares to Concord Minerals LLC in connection with the acquisition of its interest in the Dala property. During the six months ended June 30, 2007, cash flow from financing activities was \$1.83 million, of which \$3.26 million was the proceeds from the issue of 18,297,186 common shares in the Company less the repayment of loans in the amount of \$1.43 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.

### **Changes in Accounting Policies**

On January 1, 2007 the Company adopted Section 1506 of the CICA Handbook Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. This standard did not affect the Company's financial position or results of operations.

## **Recent Canadian Accounting Pronouncements**

### **Section 1535**

The new Section 1535, Capital Disclosures, requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company. This standard impacts the Company's disclosures provided but does not affect the Company's results or financial position.

### **Section 3031**

The new Section 3031, Inventories, relates to the accounting for inventories and revises and enhances the requirements for assigning costs to inventories. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, and will be effective for the Company as of this date. This standard does have a significant effect on the Company's consolidated financial statements.

### **Sections 3862 and 3863**

The new Sections 3862 and 3863 replace Handbook Section 3861 Financial Instruments - Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically January 1, 2008 for the Company. These standards impacts the Company's disclosures provided but does not affect the Company's results or financial position.

### **Outstanding Share Data**

As at July 23, 2008 the Company has 60,572,904 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 price of Cdn\$0.27.

### **Transactions with Related Parties**

Related party transactions relate primarily to the payment of fees under contracts for services with companies in which a Company director is a shareholder and director. The Company was charged a total of \$148,145 during the period June 30, 2008, with respect to 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 \$40,350 during the period June 30, 2008, for legal services provided by this firm.

A company controlled by certain insiders of the Company advanced money to the Company and interest has been accrued at LIBOR plus 2%. The amount of interest charged to the Company during the period ended June 30, 2008, was \$177,156.

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:

	December 31, 2007 \$	December 31, 2006 \$	December 31, 2005 \$
Total revenue	-	-	-
Basic and diluted (loss) per share	(0.02)	(0.03)	(0.05)
Total assets	12,478,835	8,358,027	6,334,596
(Loss) for the year	(989,030)	(1,060,179)	(1,612,359)
Total long term financial liabilities	-	-	-
Dividends declared	-	-	-

## Quarterly Information

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

	June 2008	March 2008	Dec 2007	Sept 2007	June 2007	March 2007	Dec 2006	Sept 2006
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net profit/(loss)	(388,980)	(380,640)	589	(363,581)	(363,490)	(262,548)	(426,462)	(335,633)
Basic and diluted (loss)/ earnings per common share	(0.007)	(0.007)	nil	(0.006)	(0.007)	(0.007)	(0.011)	(0.010)
Total assets	14,814,250	13,056,805	12,478,835	10,967,515	10,973,189	9,150,435	8,358,027	8,931,585
Number of common shares outstanding	60,572,904	56,572,904	56,572,904	56,572,904	56,572,904	47,822,904	38,275,718	38,275,718

## 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 together with finalizing terms with potential joint venture partners. The Company is in discussions with a major international mining company who are interested in acquiring a stake in our diamond property in Angola. Although negotiations are at an early stage, this may present a good opportunity for the Company to significantly advance the project and ensure continued participation in this very exciting diamond play. Future cash flow from the royalty on the Ntotroso gold property, Ghana, will provide funds with which to evaluate and capitalize on new gold and precious metal opportunities.

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

	<b>June 30, 2008 (unaudited)</b>	<b>December 31 2007 (audited)</b>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$424,203	\$93,733
Accounts receivable and prepaid expenses	36,246	74,614
Current income taxes recoverable	-	383,800
	<hr/> 460,449	<hr/> 552,147
<b>Mineral properties (Note 3)</b>	14,305,721	11,870,438
<b>Other assets</b>	<hr/> 48,080	<hr/> 56,250
	<hr/> <hr/> 14,814,250	<hr/> <hr/> 12,478,835
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	6,265,396	4,004,847
Loan	<hr/> 7,717	<hr/> 7,717
	6,273,113	4,012,564
<b>Future income tax liability</b>	<hr/> 86,855	<hr/> 86,855
	<hr/> <hr/> 6,359,968	<hr/> <hr/> 4,099,419
<b>Shareholders' Equity</b>		
<b>Capital stock (Note 4)</b>	22,073,991	21,276,980
<b>Contributed surplus</b>	706,553	659,078
<b>Deficit</b>	<hr/> (14,326,262)	<hr/> (13,556,642)
	<hr/> 8,454,282	<hr/> 8,379,416
	<hr/> <hr/> 14,814,250	<hr/> <hr/> 12,478,835

**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, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	\$	\$	\$	\$
<b>Expenses</b>				
Stock - based compensation	23,607	-	47,475	-
General and administrative	283,867	303,421	575,001	563,266
Amortization of plant & equipment	377	663	753	663
Foreign exchange loss/ (gain)	<u>(13,335)</u>	<u>59,557</u>	<u>(9,123)</u>	<u>62,560</u>
	<u>294,516</u>	<u>363,641</u>	<u>614,106</u>	<u>626,489</u>
<b>Other income and expenses</b>				
Interest expenses	(122,241)	-	(177,156)	-
Unrealized loss financial assets held for trading	(1,282)	-	(7,417)	-
Interest income	111	151	111	451
	<u>(123,412)</u>	<u>151</u>	<u>(184,462)</u>	<u>451</u>
<b>Loss before income taxes</b>	(417,928)	(363,490)	(798,568)	(626,038)
<b>Income tax provision</b>	(28,948)	-	(28,948)	-
<b>Comprehensive loss for the period</b>	<u>(388,980)</u>	<u>(363,490)</u>	<u>(769,620)</u>	<u>(626,038)</u>
<b>Basic and diluted loss per common share</b>	<u>(0.007)</u>	<u>(0.007)</u>	<u>(0.013)</u>	<u>(0.014)</u>
Weighted average number of common shares outstanding	<u>59,605,871</u>	<u>48,976,750</u>	<u>58,089,388</u>	<u>43,708,542</u>
<b>Deficit, beginning of period</b>	(13,937,282)	(12,915,218)	(13,556,642)	(12,652,670)
<b>Loss for period</b>	<u>(388,980)</u>	<u>(363,490)</u>	<u>(769,620)</u>	<u>(626,038)</u>
<b>Deficit, end of period</b>	<u>(14,326,262)</u>	<u>(13,278,708)</u>	<u>(14,326,262)</u>	<u>(13,278,708)</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, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<b>Cash provided by(used in)</b>				
<b>Operating activities</b>				
Loss for the period	(388,980)	(363,490)	(769,620)	(626,038)
Adjustments for non-cash items:				
Stock-based compensation	23,607		47,475	
Amortization of plant and equipment	377	438	753	438
Unrealised loss on financial assets held for trading	1,282	-	7,417	-
	<u>(363,714)</u>	<u>(363,052)</u>	<u>(713,975)</u>	<u>(625,600)</u>
Changes in non-cash working capital:				
Accounts receivable and prepaid expenses	407,044	10,754	422,168	57,602
Accounts payable and accrued liabilities and income taxes	<u>1,325,807</u>	<u>707,228</u>	<u>2,260,549</u>	<u>1,412,184</u>
	<u>1,732,851</u>	<u>717,982</u>	<u>2,682,717</u>	<u>1,469,786</u>
	<u>1,369,137</u>	<u>354,930</u>	<u>1,968,742</u>	<u>844,186</u>
<b>Investing activities</b>				
Exploration of mineral properties	<u>(1,787,753)</u>	<u>(1,038,885)</u>	<u>(2,435,283)</u>	<u>(1,985,865)</u>
<b>Financing activities</b>				
Proceeds from issue of capital stock	797,011	1,638,117	797,011	3,262,617
Loan	=	<u>(159,101)</u>	-	<u>(1,433,601)</u>
	<u>797,011</u>	<u>1,479,016</u>	<u>797,011</u>	<u>1,829,016</u>
<b>Increase in cash and cash equivalents</b>	378,395	795,061	330,470	687,337
<b>Cash and cash equivalents at beginning of period</b>	45,808	35,322	93,733	143,046
<b>Cash and cash equivalents at end of period</b>	424,203	830,383	424,203	830,383
<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 metals, diamonds and industrial minerals. 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, 2008, had not determined the existence of economically recoverable reserves. 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, 2008 the Company had an excess of current liabilities over current assets of \$5.81 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.

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, 2008 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2008. 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, 2007.

## 2) 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, 2007	8,275,387	3,039,000	556,051	11,870,438
Costs-March 31, 2008	565,978	78,200	3,352	647,530
Balance-March 31, 2008	8,841,365	3,117,200	559,403	12,517,968
Costs – June 30, 2008	1,694,742	80,253	12,758	1,787,753
<b>Balance-June 30, 2008</b>	<b><u>10,536,107</u></b>	<b><u>3,197,453</u></b>	<b><u>572,161</u></b>	<b><u>14,305,721</u></b>

## 3) Capital stock

Authorized

Unlimited number of common shares

Issued

	<b>Number of Shares</b>	<b>\$</b>
Balance - December 31, 2007	56,572,904	18,014,363
Issue of shares – March 30, 2008	<u>                  =</u>	<u>1,624,500</u>
Balance – March 31, 2008	56,572,904	19,638,863
Issue of shares	<u>4,000,000</u>	<u>797,011</u>
Balance – June 30, 2008	<u>60,572,904</u>	<u>22,073,991</u>

On April 21, 2008, the company issued 4,000,000 common shares to Concord Minerals LLC in connection with the acquisition of its interest in the Dala property in Angola. The common shares were issued at a price of Cdn\$0.20 per common share, in settlement of the cumulative expenditures incurred by Concord Minerals LLC on the Dala property of \$728,051.

**4) 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 \$148,145 during the period June 30, 2008, with respect to 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 \$40,350 during the period June 30, 2008, for legal services provided by this firm.

A company controlled by certain insiders of the Company advanced money to the Company and interest has been accrued at LIBOR plus 2%. The amount of interest charged to the Company during the period ended June 30, 2008, was \$177,156.

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*  
J. Joseph Breen – *Director & COO*  
Michael E. Power - *Director, Vice President & Secretary*  
Albert Gourley – *Director & Audit Committee*  
Richard Linnell – *Director & Audit Committee*  
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

### **Registered Office**

Suite 2900, 550 Burrard Street  
Vancouver, British Columbia V6C 0A3

### **Dublin Office**

74 Haddington Road  
Dublin 4, Ireland  
Tel: (353) 1 667 7611 Fax: (353) 1 667 7622

### **Transfer Agent**

Computershare Trust Company of Canada  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario  
Canada, M5J 2Y1

### **Exchange Listings**

The Toronto Stock Exchange, AIM Market of the London Stock Exchange  
Symbol: MOY  
CUSIP: 62472V 100  
Shares outstanding: 60,572,904  
Shares fully diluted: 65,472,904

### **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)