

Moydow Mines International Inc.

Consolidated Financial Statements

December 31, 2008 and 2007

(expressed in US dollars, unless otherwise stated)

March 27, 2009

Management's Responsibility for Financial Reporting

The annual report and consolidated financial statements have been prepared by management who, when necessary, has made informed judgments and estimates of the outcome of events and transactions, with due consideration given to materiality. Management acknowledges its responsibility for the fairness, integrity and objectivity of all information contained in the annual report, including the consolidated financial statements.

As a means of fulfilling its responsibility, management relies on the company's system of internal control. This system has been established to ensure, within reasonable limits, that the assets are safeguarded, transactions are properly recorded and are executed in accordance with management's authorization and that the accounting records provide a solid foundation from which to prepare the consolidated financial statements.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its Audit Committee, consisting solely of non-management directors. This committee meets periodically, reviews the scope of the external audit, the adequacy of the system of internal control and the appropriateness of the financial reporting and then makes its recommendations to the Board of Directors. Based on those recommendations, the Board of Directors approves the consolidated financial statements.

Brian Kiernan
Chief Executive Officer

Roma O'Mongain
Chief Financial Officer

March 27, 2009

Auditors' Report

To the Shareholders of Moydow Mines International Inc.

We have audited the consolidated balance sheets of **Moydow Mines International Inc.** as at December 31, 2008 and 2007 and the consolidated statements of loss and comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

Moydow Mines International Inc.

Consolidated Balance Sheets

As at December 31, 2008 and 2007

(expressed in US dollars, unless otherwise stated)

	2008 \$	2007 \$
Assets		
Current assets		
Cash and cash equivalents	146,937	93,733
Accounts receivable and prepaid expenses (note 6)	156,595	74,614
Income taxes recoverable	-	383,800
Other assets (note 4)	11,807	54,967
	<u>315,339</u>	<u>607,114</u>
Mineral properties (note 3)	9,542,497	11,870,438
Other assets (note 4)	-	1,283
	<u>9,857,836</u>	<u>12,478,835</u>
Liabilities		
Current liabilities		
Loan (note 9)	7,717	7,717
Accounts payable and accrued liabilities	387,374	562,875
Related party payable (note 6)	6,965,039	3,441,972
Current income tax liability	33,674	-
	<u>7,393,804</u>	<u>4,012,564</u>
Future income tax liability (note 7)	-	86,855
	<u>7,393,804</u>	<u>4,099,419</u>
Shareholders' Equity		
Capital stock (note 5)	22,073,991	21,276,980
Contributed surplus (note 5)	710,225	659,078
Deficit	<u>(20,320,184)</u>	<u>(13,556,642)</u>
	<u>2,464,032</u>	<u>8,379,416</u>
	<u>9,857,836</u>	<u>12,478,835</u>

Nature of operations and going concern (note 1)

Commitments and contingencies (note 12)

Approved by the Board of Directors

(signed) Brian Kiernan Director

(signed) Michael Power Director

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Moydow Mines International Inc.

Consolidated Statements of Loss and Comprehensive Loss and Deficit For the years ended December 31, 2008 and 2007

(expressed in US dollars, unless otherwise stated)

	2008 \$	2007 \$
Expenses		
General and administrative	1,049,797	1,042,655
Write-down of mineral properties (note 3)	5,432,420	-
Stock-based compensation (note 5)	51,147	244,352
Amortization of plant and equipment	1,283	1,411
Foreign currency exchange loss (gain) (note 11)	59,300	(23,429)
	<u>6,593,947</u>	<u>1,264,989</u>
Other income and expenses		
Unrealized loss for the year on financial assets held-for-trading	43,160	58,300
Interest income	(1,656)	(4,192)
Interest expense (notes 6 and 11)	331,531	150,801
	<u>373,035</u>	<u>204,909</u>
Loss before income taxes	6,966,982	1,469,898
Income tax recovery (note 7)	<u>(203,440)</u>	<u>(480,868)</u>
Loss and comprehensive loss for the year	6,763,542	989,030
Deficit - Beginning of year	13,556,642	12,652,670
Change in fair value of financial assets held-for-trading as at January 1, 2007	<u>-</u>	<u>(85,058)</u>
Deficit - End of year	<u>20,320,184</u>	<u>13,556,642</u>
Basic and diluted loss per common share	<u>0.11</u>	<u>0.02</u>
Weighted average number of common shares outstanding (basic and diluted)	<u>59,367,425</u>	<u>50,219,747</u>

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Moydow Mines International Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2008 and 2007

(expressed in US dollars, unless otherwise stated)

	2008 \$	2007 \$
Cash provided by (used in)		
Operating activities		
Loss for the year	(6,763,542)	(989,030)
Adjustments for non-cash items		
Writedown of mineral properties	5,432,420	-
Amortization of plant and equipment	1,283	1,411
Future income tax liability	-	86,855
Stock-based compensation	51,147	244,352
Unrealized loss for the year on financial assets held-for-trading	43,160	47,505
	<u>(1,235,532)</u>	<u>(608,907)</u>
Changes in non-cash working capital		
Accounts receivable and prepaid expenses	(81,981)	24,631
Accounts payable and accrued liabilities and income taxes	3,678,185	2,574,681
	<u>3,596,204</u>	<u>2,599,312</u>
	<u>2,360,672</u>	<u>1,990,405</u>
Investing activities		
Non-refundable deposit - Port Loko property, Sierra Leone	1,525,000	-
Exploration of mineral properties	(4,629,479)	(3,876,451)
	<u>(3,104,479)</u>	<u>(3,876,451)</u>
Financing activities		
Proceeds from issue of capital stock	797,011	3,262,617
Loan	-	(1,425,884)
	<u>797,011</u>	<u>1,836,733</u>
Increase (decrease) in cash and cash equivalents during the year	53,204	(49,313)
Cash and cash equivalents - Beginning of year	93,733	143,046
Cash and cash equivalents - End of year	<u>146,937</u>	<u>93,733</u>
Supplemental information		
Income taxes paid	-	-
Interest paid	331,531	150,801

The accompanying notes to the consolidated financial statements are an integral part of these financial statements.

Moydow Mines International Inc.

Notes to Consolidated Financial Statements December 31, 2008 and 2007

(expressed in US dollars, unless otherwise stated)

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 of the London Stock Exchange.

The company is exploring its mineral properties and, as at December 31, 2008, had not determined the existence of economically recoverable mineral reserves (note 3). The recoverability of the amounts shown for mineral properties is dependent on 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, on the company's ability to profitably dispose of its interests.

These consolidated 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 December 31, 2008, the company had an excess of current liabilities over current assets of \$7,078,464 and had recorded losses and net cash outflows from operations for the past three years. The company is also required to maintain expenditures (as outlined in note 3) 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 Canadian generally accepted accounting principles applicable to a going concern.

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

The company's continuance as a going concern is dependent on its ability to fund its working capital and exploration requirements and, eventually, to generate positive cash flows, either from operations or the sale of a mineral property. These consolidated 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.

2 Summary of significant accounting policies

Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of the company, its subsidiaries and a proportionate share of the company's interests in joint ventures. All significant intercompany accounts and transactions have been eliminated.

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Use of estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates are recoverability of mineral property deferred costs, future income taxes, estimation of the fair value of stock options and the carrying value of investments. Financial results, as determined by actual events, could differ materially from those estimates.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and have maturities of three months or less at acquisition.

Investments

Investments in companies where the company has the ability to exercise significant influence over the operating, financing and investing activities of the companies are accounted for using the equity method, whereby the cost of the investment is adjusted for the company's share of post-acquisition earnings or losses of these companies.

Current asset investments are carried at fair value. Long-term investments in shares of other companies are carried at cost less any provision for other-than-temporary impairment in value.

Plant and equipment

Plant and equipment are stated at cost less accumulated amortization. Amortization is provided using the straight-line method at rates sufficient to amortize costs over the estimated useful lives of the assets, which range between four and six years. Amortization of equipment used in exploration activities has been included in exploration expenditures.

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. On 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 lives of the estimated related ore reserves.

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In the event that changes in facts and circumstances indicate that the net carrying value of these capitalized exploration expenses will not be recovered, the carrying value is written down accordingly and the writedown amount is charged to operations. Such would be indicated when:

- 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 expected to be 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 writedowns and does not necessarily reflect present or future values.

Translation of foreign currency

The consolidated financial statements are presented in US dollars, unless otherwise stated. Transactions denominated in foreign currencies are translated into US dollars at the rate prevailing at the dates of the transactions. The company's functional currency is the US dollar.

At the consolidated balance sheet dates, monetary assets and liabilities denominated in foreign currencies are translated at the year-end rate of exchange. Exchange gains and losses arising on translation or settlement of foreign currency denominated monetary items are included in the determination of loss for the year.

Loss per common share

Loss per common share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year, including contingently issuable common shares, which are included when the conditions necessary for issuance have been met, but excluding contingently returnable common shares until all conditions necessary for their release from escrow have been satisfied. Diluted loss per common share is calculated in a manner similar to basic loss per common share, except the number of weighted average common shares outstanding is increased to include potential common shares from the assumed exercise of stock options and warrants, if dilutive. The number of additional common shares included in the calculation is based on the treasury stock method for stock options and warrants and on the as-if-converted method for convertible securities.

Financial instruments

As at December 31, 2008 and 2007, the carrying values of the company's cash and cash equivalents, accounts receivable and prepaid expenses and accounts payable and accrued liabilities approximate their fair values.

Effective January 1, 2007, all financial instruments have been classified into one of the following five categories: held-for-trading assets or liabilities, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. Held-for-trading financial instruments are measured at fair value and all gains and losses are included in net income (loss) in the year in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in accumulated other comprehensive income (loss) until the instruments are derecognized or impaired. Loans and receivables,

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held-to-maturity investments and other financial liabilities are measured at amortized cost, using the effective interest method.

The company made the following classifications:

Cash and cash equivalents	held-for-trading
Accounts receivable and prepaid expenses	loans and receivables
Long-term investment	held-to-maturity
Accounts payable	other financial liabilities

Transaction costs are expensed for all financial instruments.

Comprehensive income

Gains and losses arising from a change in the fair value of a financial asset classified as available-for-sale are recognized in other comprehensive income (loss) until the financial instrument is derecognized and the cumulative gains or losses are then recognized in income (loss). In 2008, the company had \$nil of comprehensive income (loss) and \$nil of financial assets classified as available-for-sale.

Stock-based compensation

Stock options granted to employees or external parties are recognized at fair value as an expense in equal instalments over the vesting period and an offset to contributed surplus. The expense is determined using an option pricing model that takes into account the exercise price, the term of the stock option, the impact of dilution, the current price and expected volatility of the underlying common shares, the expected dividend yield and the risk-free interest rate for the term of the stock option.

Cash received from the exercise of stock options for common shares is credited to capital stock.

Income taxes

The provision for future income taxes is based on the asset and liability method. Future income taxes arise from the recognition of the income tax consequences of temporary differences by applying statutory income tax rates applicable to future years to differences between the consolidated financial statements' carrying values and the income tax amounts of assets and liabilities. The company records a valuation allowance against any portion of those future income tax assets that it believes will, more likely than not, fail to be realized. Future income tax balances relating to expenditures funded by the issue of flow-through shares are recognized as liabilities and share issue costs when the income tax benefits are renounced.

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Changes in accounting policies

Section 1506

On January 1, 2007, the company adopted The Canadian Institute of Chartered Accountants Handbook Section 1506, 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.

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 has impacted the company's disclosures provided but will 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 was effective for the company as of this date.

The adoption of this standard has not had a significant impact on the company's consolidated financial statements.

Sections 3862 and 3863

The new Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation, replace Section 3861, Financial Instruments - Disclosure and Presentation, revising and enhancing disclosure requirements. These new standards place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. Management has included disclosures recommended by the new Handbook sections in note 4 to these consolidated financial statements.

These standards impacted the company's consolidated financial statement disclosures but did not affect the company's results or financial position.

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Future accounting changes

Section 3064

The new Section 3064, Goodwill and Intangible Assets, ensures that intangible assets meet the definition of an asset, and eliminates the matching principle, whereby certain costs were being deferred and expensed to match with revenue earned. The new standard applies for interim and annual financial statements for years beginning on or after October 1, 2008.

The company is currently assessing the impact of the adoption of this new standard on its consolidated financial statements.

Section 1582

The new Section 1582, Business Combinations, which replaces Section 1581, Business Combinations, establishes standards for the measurement of a business combination and the recognition and measurement of assets acquired and liabilities assumed. The new standard applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted.

The company is currently assessing the impact of the adoption of this new standard on its consolidated financial statements.

Sections 1601 and 1602

The new Section 1601, Consolidated Financial Statements, and Section 1602, Non-Controlling Interests, together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes the accounting for a non-controlling interest in a subsidiary in the consolidated financial statements subsequent to a business combination. These standards apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year.

The company is currently assessing the impact of the adoption of these new standards on its consolidated financial statements.

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.

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(expressed in US dollars, unless otherwise stated)

Mineral properties are described below and are recorded with their carrying values as follows:

	Angola \$	Sierra Leone \$	Ghana \$	Other \$	Total \$
Balance - December 31, 2006	4,919,253	2,586,495	488,239	-	7,993,987
Capitalized costs	3,356,134	452,505	67,812	-	3,876,451
Balance - December 31, 2007	8,275,387	3,039,000	556,051	-	11,870,438
Capitalized costs	4,084,331	425,465	47,966	71,717	4,629,479
Writedown	(5,360,703)	-	-	(71,717)	(5,432,420)
Non-refundable deposit	-	(1,525,000)	-	-	(1,525,000)
Balance - December 31, 2008	6,999,015	1,939,465	604,017	-	9,542,497

a) Angola, Africa

Dala property, 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 diamonds 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 Angolan company, to explore for alluvial diamonds on the Dala property, located near the town of Saurimo, in northeast Angola. The company has a 33% interest in the alluvial licence. The alluvial licence expired on February 7, 2009. The company has applied to Endiama for the renewal of this licence. Cimader and Endiama have a free carried interest in the exploration phase of the project.

The company's cumulative expenditures on the alluvial licence to December 31, 2008 amounted to \$5,360,703, of which \$762,639 was incurred during 2008 (2007 - \$1,342,453).

As the Alluvial licence has expired, the company has written off all expenditures on this property, to date, amounting to \$5,360,703.

Kimberlite diamonds

On December 16, 2005, the company signed another agreement with Endiama and Cimader to explore for kimberlite (primary) diamonds on the Dala property. Under the terms of the agreement, the company can earn 40% interest in the property with the remaining percentages held by Endiama and Cimader. To obtain its interest, the company must incur expenditures of not less than \$10,000,000 on or before April 10, 2010. 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, 2006 and was subject to the company's making a deposit of \$1,000,000 with the Angolan government. The deposit was made in 2006

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(expressed in US dollars, unless otherwise stated)

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 project.

The company's cumulative expenditures on the kimberlite licence to December 31, 2008 amounted to \$6,999,015, of which \$3,321,692 was incurred during 2008 (2007 - \$2,013,681).

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 CA\$0.20 per common share, in settlement of the cumulative expenditures incurred by Concord Minerals LLC on the Dala property in Angola of \$728,051.

The company has applied to Endiama to place the property into care and maintenance due to the extraordinarily challenging times for the diamond industry and the global economic crises. The company is awaiting a response from Endiama.

b) Sierra Leone, West Africa

On July 14, 2008, the company entered into an agreement with Sierra Alumina Limited (Sierra), to sell its 50% interest in the Port Loko Bauxite Exploration License, in Sierra Leone. Under the terms of the agreement, the company received \$1,525,000, as a non-refundable upfront payment. As the terms of the agreement were not fulfilled by Sierra, the Port Loko property reverts back to its original shareholding. The company still holds 50% interest in the property. The other 50% interest is held by Gondwana Investments Limited, a company incorporated in Luxembourg.

On July 3, 2008, the company was granted an extension to its prospecting licence, with respect to the Port Loko project, by the Ministry of Mineral Resources in Sierra Leone, until November 11, 2009.

Cumulative expenditures by the company, amounted to \$1,939,465 (2007 - \$3,039,000), of which \$425,465 was incurred in 2008. The non-refundable upfront payment of the \$1,525,000 has been offset against the mineral property's carrying value.

c) Ghana, West Africa

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 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 Ntotoroso 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.

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Kanyankaw property, Ghana

On March 10, 2008, the company was granted a two-year extension to its prospecting licence with respect to the Kanyankaw property by the Ministry for Lands, Forestry and Mines in Ghana. The carrying value of the Kanyankaw property was written off in 2005 in the amount of \$329,235, as exploration results were not promising, such that exploration is not planned for the foreseeable future.

On February 11, 2009, the company granted Adamus Resources Limited (Adamus) an option to acquire up to 100% interest in the Kanyankaw property, as follows:

- initial option fee of \$10,000;
- at any time during the option period of 12 months, Adamus will have the right to acquire a 75% interest in the prospecting licence in consideration for a payment of AU\$150,000 or 250,000 shares in Adamus; and
- within 30 days of a decision to mine at Kanyankaw, the company may elect to transfer its remaining 25% interest to Adamus in consideration for a 2% net smelter royalty.

Adamus is a Perth-based mineral exploration company listed on the Australian Securities Exchange, TSX Venture Exchange and Frankfurt Stock Exchange Open Market.

Hwidem property, Ghana

On February 13, 2008, the company was granted a one-year extension to its prospecting licence with respect to the Hwidem property by the Ministry for Lands, Forestry and Mines in Ghana. The company has applied for the renewal of this licence. The licence area adjoins the Kenyase-Ntotroso area currently under lease to Rank Mining Company Limited, a subsidiary of Newmont. The company incurred exploration expenditures on this property of \$47,966 in 2008. The minimum exploration expenditures required to be spent by the end of the extension in order to maintain the licence are \$523,000; \$604,017 had been spent as at December 31, 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.

4 Other current and long-term assets

	2008	2007
	\$	\$
Plant and equipment - at cost	157,623	157,623
Less: Accumulated amortization	157,623	156,340
Net carrying value	-	1,283
Financial assets held-for-trading (at fair value)	11,807	54,967
	<u>11,807</u>	<u>56,250</u>

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5 Capital stock

Authorized

Unlimited number of common shares

Issued

	Number of shares	\$
Balance - December 31, 2006	38,275,718	18,014,363
Issue of shares - March 29, 2007	9,547,186	1,624,500
Issue of shares - June 18, 2007	8,750,000	1,638,117
	<hr/>	
Balance - December 31, 2007	56,572,904	21,276,980
Issue of shares - April 21, 2008	4,000,000	797,011
	<hr/>	
Balance - December 31, 2008	60,572,904	22,073,991

On March 29, 2007, the company issued 9,547,186 common shares at a price of CA\$0.20 per common share in settlement of \$1,624,500 of debts owed for loans made to the company. These shares were issued to parties at non-arm's length to the company.

On June 18, 2007, the company closed a private placement and issued 8,750,000 common shares of the company at a price of CA\$0.20 per common share. Of this total, 3,075,000 common shares were issued in settlement of debts owed for loans made to the company. These shares were issued to parties at non-arm's length to the company.

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, Angola. The common shares were issued at a price of CA\$0.20 per common share, in settlement of the cumulative expenditures incurred by Concord Minerals LLC on the Dala property, Angola of \$728,051.

Stock options

Stock option plan

The company has a stock option plan (the plan), which was approved by the shareholders on May 9, 2008, that allows the company to grant up to 10% of the outstanding common shares to officers, directors, employees and consultants. Under the plan, stock options are non-assignable and may be granted for a term not exceeding ten years. The number of common shares that may be reserved for issuance to any one person, pursuant to stock options, must not exceed 10% of the outstanding common shares. The exercise price of a stock 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 stock options are granted.

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Movements in the company's stock options are set out in the table below:

	Number of stock options	Weighted average exercise price CA\$
Balance - December 31, 2006	1,600,000	0.33
Granted - July 13, 2007	2,100,000	0.20
Granted - July 13, 2007	<u>1,200,000</u>	0.33
Balance - December 31, 2007 and 2008	<u>4,900,000</u>	0.27

The stock options are exercisable and outstanding as follows:

Number of stock options exercisable and outstanding	Exercise price CA\$	Expiry date
1,600,000	0.33	August 13, 2009
2,100,000	0.20	July 13, 2012
1,200,000	0.33	July 13, 2012

Stock-based compensation

The estimated fair value of the stock options issued on July 13, 2007 was \$306,000.

The fair value of each stock option granted in 2007 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	3.75%
Expected life	5 years
Estimated volatility	80.00%
Dividend yield	nil%

Contributed surplus

	2008 \$	2007 \$
Balance - Beginning of year	659,078	414,726
Stock-based compensation expense	<u>51,147</u>	<u>244,352</u>
Balance - End of year	<u>710,225</u>	<u>659,078</u>

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6 Related party transactions

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 \$287,663 during 2008 (2007 - \$297,299) with respect to administration services.

The company's primary legal counsel is a firm in which directors of the company are partners. During 2008, the company was charged \$138,296 (2007 - \$99,652) 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%. During 2008, the amount of interest charged to the company was \$331,531. Included in accounts payable and accrued liabilities as at December 31, 2008 is \$6,965,039 (2007 - \$3,441,972) payable to these related parties.

Accounts receivable at December 31, 2008 included \$51,470 (2007 - \$nil) due from a director of the company. Accounts payable to directors of the company amounted to \$148,089 (2007 - \$160,603).

These transactions are made in the normal course of business.

7 Income taxes

The effective rate of income taxes recorded in the consolidated statements of loss and comprehensive loss and deficit differs from the normal combined statutory rate of federal and provincial income taxes, as follows:

	2008 %	2007 %
Combined basic federal and Ontario income tax rate	33.50	36.12
Increase (decrease) in rate resulting from		
Currency translation adjustments	0.02	1.20
Foreign tax rate differential	(0.44)	(1.62)
Tax-free portion of losses	-	(0.60)
Effect on statutory tax rate change on future income taxes	(3.21)	1.37
Impact resulting from the federal and Ontario harmonization of corporate taxes	(7.32)	(4.16)
Prior year's income tax (liability) asset recognized	(1.90)	10.26
Stock-based compensation and other non-deductible items	(0.49)	(6.22)
Increase in valuation allowance	(17.13)	(3.63)
Other	(0.12)	-
	(30.59)	(3.40)
Effective income tax rate	2.91	32.72

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Recovery of income taxes comprises:

	2008 \$	2007 \$
Current income tax recovery	(121,035)	(567,723)
Future income tax (recovery) expense	(82,405)	86,855
	<u>(203,440)</u>	<u>(480,868)</u>

Future income taxes are applicable to the following temporary differences:

	2008 \$	2007 \$
Plant and equipment, subject to amortization	2,400	2,468
Mineral properties	950,281	(122,678)
Investments	7,901	(1,742)
Organizational costs and financing fees	24,078	34,779
Net operating losses	678,405	310,114
Other	263	318
	<u>1,663,328</u>	<u>223,259</u>
Future income tax asset	1,663,328	223,259
Valuation allowance	(1,663,328)	(310,114)
	<u>-</u>	<u>(86,855)</u>
Net future income tax liability	-	(86,855)

The losses available for carry-forward consist of income tax losses incurred in Ghana, which will expire between 2009 and 2013 and losses incurred in Canada, which will expire in 2028. A valuation allowance has been provided against these losses, based on a current assessment of recoverability of this future income tax asset. If the company's assessment changes, any decrease in the valuation allowance will result in a loss.

8 Segmented disclosures

The company has one reportable operating segment, being the exploration of mineral properties in the geographic areas disclosed in note 3. The company has administrative offices located in each geographical location.

9 Loan

During 2006, the company entered into an unsecured loan agreement with certain parties. The outstanding balance as at December 31, 2008 is \$7,717 (2007 - \$7,717), which is repayable on demand. The loan is non-interest bearing.

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10 Capital management

The company's capital structure consists of its shareholders' equity. The company is an exploration stage company and, therefore, its objective when managing the capital structure is to fund the continuing exploration of its wholly or jointly owned properties.

As the company does not recognize revenue from its exploration properties, the company's historical sources of capital have consisted of the sale of equity securities and assets and mineral property disposals. In order for the company to carry out planned exploration and pay administrative costs, the company will spend its working capital and raise additional amounts externally as needed. There are no assurances that such financing will be available on terms acceptable to the company, or at all.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the company, is reasonable.

There were no changes in the company's approach to capital management during the year ended December 31, 2008 compared to the year ended December 31, 2007. The company is not subject to externally imposed capital requirements.

11 Financial risk management

The company's risk exposures and the impact on the company's financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The company is not exposed to any significant credit risk on its financial assets. The company's cash deposits have been invested with reputable financial institutions, from which management believes the risk of loss to be remote. However, due to the recent number of bank failures and continued losses reported by banking institutions, the company can only continue to monitor its financial institutions by means of stock prices and reported financial statements. The company cannot be assured that these institutions will not fail, given the current global economic uncertainty.

Management believes that credit risk with respect to accounts receivable is low, as they primarily consist of prepaid expenses. As at December 31, 2008, the company had no financial assets that were either past due or impaired.

Liquidity risk

The company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. As at December 31, 2008, the company had a cash balance of \$146,937 (2007 - \$93,733), to settle current liabilities of \$7,393,803 (2007 - \$4,012,564).

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The current liabilities balance includes \$6,965,039 (2007 - \$3,441,972), which relates to money advanced to the company by a company controlled by certain insiders of the company.

Interest rate risk

The company's cash balances earn interest at the prevailing rates set by banking institutions. For the year ended December 31, 2008, the company recognized \$1,656 (2007 - \$4,192) in interest income from its cash accounts.

The cash advance from the related party of \$6,965,039 (2007 - \$3,441,972), is interest bearing. Interest is paid at LIBOR plus 2%. The amount of interest charged to the company during 2008 was \$331,531 (2007 - \$150,801).

Foreign currency risk

The company's functional and reporting currency is the US dollar, as most major expenditures are transacted in US dollars. The company funds its Canadian corporate costs with Canadian dollar currency transactions. For financial reporting purposes, the Canadian dollar expenditures are translated to US dollars at month-end. Foreign currency exchange gains and losses are recognized in the consolidated statements of loss and comprehensive loss and deficit. Management believes the foreign currency exchange risk derived from foreign currency conversions is negligible and, therefore, does not hedge its foreign exchange risk. The company recognized a loss of \$59,300 (2007 - gain of \$23,429) on currency translation for the year ended December 31, 2008.

The company's operating income and cash flows are also affected by the movements in the local currencies in Angola, Sierra Leone, Ghana and Ireland, as a portion of the company's costs are incurred in these currencies.

Price risk

The company's financial assets and financial liabilities are not exposed to price risk with respect to commodity prices. The company's exploration drill programs are carried out by outside contractors. Cost increases for consumables such as fuel and drill bits are indirectly passed on to the company through its contracted drill programs.

Sensitivity analysis

As of December 31, 2008, both the carrying value and fair value amounts of the company's financial instruments are approximately equivalent.

Based on management's knowledge and experience of the financial markets, the company believes the following movement is reasonably possible over a 12-month period.

Management estimates that a plus or minus change in interest rates of 1% point would have impacted net loss by approximately \$70,000 for the year ended December 31, 2008.

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The company does not hold significant balances in foreign currencies to give exposure to foreign currency exchange risk.

12 Commitments and contingencies

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.

	Less than 1 year \$	1 to 3 years \$	Total \$
Exploration and development	-	3,000,985	3,000,985

13 Subsequent events

On February 11, 2009, the company granted Adamus an option to acquire up to 100% interest in the Kanyankaw property (note 3).