Second Quarter

Interim Report

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

Three Months Ended June 30, 2009

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Moydow Mines International Inc.

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

For Three Months Ended June 30, 2009

INTRODUCTION

General

The interim Management's Discussion and Analysis ("MD&A") provides a detailed analysis of Moydow's business and compares its financial results for the second quarter ending June 30, 2009, with those for the corresponding quarter of 2008. 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, 2008. The MD&A has been prepared as at August 7, 2009. 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 or view our public filings on the SEDAR website at 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 ("DC&P")

DC&P are designed to provide reasonable assurance that information required to be disclosed by the Company in reports filed with or submitted to various securities regulators is recorded, processed, summarized and reported within the time periods specified. This information is gathered and reported to the Company's management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), so that timely decisions can be made regarding disclosure.

The Company's management, under the supervision of, and with the participation of, the CEO and CFO, have commenced an assessment of the design and evaluation of the Company's DC&P, as required in Canada by "National Instrument - 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings". This evaluation is expected to be completed in the third quarter of 2009.

Internal Control over Financial Reporting ("ICFR")

Designing, establishing and maintaining adequate ICFR is the responsibility of the Company's management. ICFR is will be designed and supervised by senior management, and effected by the Board of Directors, to provide reasonable assurance regarding the reliability of financial reporting and preparation of the Company's consolidated financial statements in accordance with Canadian GAAP. These controls will include policies and procedures that: pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with Canadian GAAP, and that expenditures are being made only in accordance with authorizations of management of the Company. They will also provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the annual financial statements or interim financial statements.

Management is responsible for establishing and maintaining ICFR and is currently in the process of designing such controls to ensure that the required objectives of these internal controls will be met. The Company will, on a continual basis, review and enhance its systems of controls and procedures. However, because of the inherent limitations in all control systems, management acknowledges that ICFR will not prevent or detect all misstatements due to error or fraud.

Management do not expect that there were any deficiencies within the Company's existing internal controls over financial reporting, during the second quarter of 2009, that materially affected, or are reasonably likely to materially affect, the Company's ICFR.

APPLICATION OF CRITICAL ACCOUNTING ESTIMATES

Moydow's accounting policies are described in Note 2 of the Consolidated Financial Statements at December 31, 2008. 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 are reasonably likely to occur from period to period would have a material impact on Moydow's financial statements.

Carrying value of mineral properties

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

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

- Exploration activities have ceased;
- Exploration results are not promising such that exploration will not be planned for the foreseeable future;
- Lease ownership rights expire; or
- Insufficient funding is available to complete the exploration program.

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

OVERVIEW OF EXPLORATION ACTIVITIES, CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Angola - Africa

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 Empressa 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. The Company has a 33% interest, in the alluvial licence. 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 June 30, 2009, amounted to $nil million of which $nil million was incurred during 2009 ($0.23 million was incurred during the first half of 2008).

The alluvial licence expired on February 7, 2009, hence, the Company has written off all expenditures on this alluvial licence as December 31, 2008 in the amount of $5.361 million.

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 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 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 18th, 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's cumulative expenditures on the kimberlite licence to June 30, 2009, amounted to $7.18 million of which $0.18 million was incurred during the first half of 2009 (2008 - $1.01 million) and $0.03 million in the quarter ended June 30, 2009. The management of the Company have decided to write off all expenditures on this property in the sum of $7.18 million due to the extraordinary challenging times for the diamond industry and the global economic crisis together with concerns over the commercial viability of the mineral deposit which is dependent on a number of factors but in particular the particular attributes of the deposit, such as its size, grade and proximity to infrastructure.

On April 21, 2008, the Company issued 4,000,000 shares to Concord Minerals LLC in connection with the acquisition of its interest in the Dala project, Angola. The common shares were issued at a price of CA$0.20 per share, in settlement of the cumulative expenditures incurred by Concord Minerals LLC on the Dala project, Angola of $0.73 million.

Sierra Leone, West Africa

Port Loko property, Sierra Leone

On July 14, 2008, the Company entered into an agreement to sell its 50% interest in the Port Loko bauxite exploration licence in Sierra Leone to a private company for the purpose of accelerated development. The Company received a non-refundable upfront payment of $1.53 million, which has been offset against the mineral property carrying value. As the terms of the agreement were not fulfilled, the property reverts back to its original shareholding. The Company still holds 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.

On July 3, 2008, the Company was granted an extension to its prospecting licence by the Ministry of Mineral Resources in Sierra Leone until November 11, 2009.

Cumulative expenditures by the Company to June 30, 2009, amounted to $2.14 million, of which $0.20 million was incurred in first half of 2009, (2008 - $0.16 million) and $0.14 million in the quarter ended June 30, 2009, (2008 - $0.80 million). The non-refundable deposit has been offset against the mineral property carrying value.

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 ("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 Property after the first 1,200,000 gold equivalent ounces in consideration for $250,000. No value has been ascribed to the future royalty payments.

At the time of sale, the reserve on the Property was calculated at 1,200,000 ounces of gold. This figure was based on a gold price of $325 per ounce and assumed that only the Subika pit would be mined down to a depth of 150 metres.

In March 2005, Newmont published public disclosure documents relating to the development of the Ahafo mine. These documents showed a newly calculated reserve on Subika of 2,460,000 ounces of gold and envisaged mining the pit to a depth of 270 metres. In addition, the Awonsu pit, which is partly on the Property, is scheduled to start production during 2009.

The project poured its first gold on July 18, 2006 and, as at June 30, 2009, had produced 785,461 ounces of gold of which 77,729 ounces of gold were produced in the second quarter of 2009 (2008 – 67,757 ounces). Assuming the same rate of production, we expect our first royalty payment in the fourth quarter of 2010. The Company expects annual royalty payments of up to $5 million based on current gold prices.

Hwidem property, Ghana

On February 13, 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-Ntotoroso area currently under lease to Rank Mining Company Limited, a subsidiary of Newmont. The Company incurred exploration expenditures on this property of $0.06 million in the first half of 2009 (2008-$0.02 million) and $0.04 million in the quarter ended June 30, 2009 (2008 - $0.01 million).

The minimum exploration expenditures required in order to maintain the licence are $0.52 million, of which $0.67 million had been spent as at June 30, 2009.

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 Minister for Lands, Forestry and Mines in Ghana. The carrying value of the Kanyankaw property was written off in 2005 in the amount of $0.33 million, 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 twelve months, Adamus shall have the right to acquire a 75% interest in the prospecting licence in consideration for a payment of AUD$150,000 or 250,000 shares in Adamus; and
- within thirty 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 (ASX), TSX Venture Exchange (TSX-V) and Frankfurt Stock Exchange Open Market (FSE).

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.

Payments due ($ thousand)	Total	Less than 1 year	1 to 3 years
Exploration and development	$-	$-	$-

FINANCIAL SUMMARY

Segmented Information

The Company has one reportable operating segment, being exploration of mineral properties in geographic areas disclosed in Note 3 to the Consolidated Financial Statements as at December 31, 2008.

Results of Operations

Comprehensive loss for the quarter ended June 30, 2009, was $7.492 million or $0.124 per share compared to a loss of $0.389 million in the same period in 2008 or $0.007 per share.

During the quarter ended June 30, 2009, the management of the Company decided to write off all expenditures on the Kimberlite diamond property, Angola, in the sum of $7.183 million. The write-down was necessitated by the extraordinary challenging times for the diamond industry and the global economic crisis together with concerns over the commercial viability of the mineral deposit which is dependent on a number of factors together with concerns over the particular attributes of the deposit, such as its size, grade and proximity to infrastructure.

General and administrative expenses were $0.257 million during the second quarter of 2009 as compared with $0.284 million in the same period of 2008.

On July 13, 2007, the Company granted 3.3 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 $0.024 million. The Company recognizes this expense over the period in which entitlement to the awards vest.

The foreign exchange loss for the quarter ended June 30, 2009, was $0.009 million compared to a gain of $0.013 million in the same period of 2008. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

On February 11, 2009, the Company granted Adamus Resources Limited ("Adamus") an option to acquire up to 100% interest in the Kanyankaw property. Part of the transaction included a non-refundable option fee of $0.010 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 quarter ended June 30, 2009 and 2008 was $0.053 million and $0.122 million, respectively.

The Company had an unrealised loss of $0.001 million and $0.001 million in the second quarter of 2009 and 2008, 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, 2008, the Company recorded an income tax recovery in the sum of $0.029 million.

Comprehensive losses for the six months ended June 30, 2009, were $7.835 million or $0.129 per share compared to a loss of $0.770 million in the same period in 2008 or $0.013 per share.

During the quarter ended June 30, 2009, the management of the Company decided to write off all expenditures on the Kimberlite diamond property, Angola, in the sum of $7.183 million. The write-down was necessitated by the extraordinary challenging times for the diamond industry and the global economic crisis together with concerns over the commercial viability of the mineral deposit which is dependent on a number of factors together with concerns over the particular attributes of the deposit, such as its size, grade and proximity to infrastructure.

General and administrative expenses were $0.543 million during the first six months of 2009 as compared with $0.575 million in the same period of 2008.

On July 13, 2007, the Company granted 3.3 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 $0.047 million. The Company recognizes this expense over the period in which entitlement to the awards vest.

The foreign exchange loss in the first six months of 2009 was $0.012 million compared to a gain of $0.009 million in the same period of 2008. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

On February 11, 2009, the Company granted Adamus Resources Limited ("Adamus") an option to acquire up to 100% interest in the Kanyankaw property. Part of the transaction included a non-refundable option fee of $0.010 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 six months ended June 30, 2009 and 2008 was $0.108 million and $0.177 million, respectively.

The Company had an unrealised gain of $0.001 million and loss of $0.007 million in the first half of 2009 and 2008, 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, 2008, the Company recorded an income tax recovery in the sum of $0.029 million.

Liquidity and Capital Resources

At June 30, 2009, the Company had negative working capital of $8.175 million (December 31, 2008 - $7.078 million). Cash and cash equivalents at June 30, 2009, amounted to $0.104 million compared to cash and cash equivalents as the end of 2008 of $0.147 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 three months ended June 30, 2009, and 2008 was $0.053 million and $0.122 million, respectively. Included in accounts payable and accrued liabilities as at June 30, 2009, is $7.868 million (2008 - $5.570 million) payable to these related parties. Moydow has reached agreement with this related party, whereby they will continue to fund the Company in the future and will not demand repayment of the monies advanced until Moydow has sufficient income stream, principally from the Ntotoroso royalty. Moydow has not pledged any of its assets against this debt and no guarantees have been entered into. The Company feels that the shareholders interest are been protected by this related party funding rather than raising money through a rights issue in these turbulent economic times and diluting shareholders. The rate of interest being charged at Libor plus 2% is far more favourable than raising third party debt and pledging the Company's assets.

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, 2009, the Company had an excess of current liabilities over current assets of $8.175 million and has recorded losses and net cash outflows from operations for the past three years. 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.

Cash Flow Statements

Cash flow provided by operating activities for the quarter ended June 30, 2009, including changes in non-cash working capital of $0.551 million, totalled $0.243 million as compared to cash flow provided by operation activities of $1.369 million in the same period in 2008. In the quarter ended June 30, 2009, cash used in investing activities was $0.216 million which (2008 - $1.788 million) was expended on exploration of mineral properties incurred principally in Angola and Sierra Leone. Cash flow from financing activities for the quarter ended June 30, 2009 and 2008 was $nil and $0.797 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 $0.728 million.

Cash flow provided for operating activities for the six months ended June 30, 2009, including increases in non-cash working capital of $1.054 million, totalled $0.402 million as compared to cash flow provided for operating activities of $1.969 million in the same period of 2008. During the six months ended June 30, 2009 and 2008, cash used in investing activities was $0.445 million and $2.435 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, 2009 and 2008, was $nil and $0.80 million, respectively, reflecting in 2008, the issue of 4,000,000 common shares to Concord Minerals LLC in connection with the acquisition of its interest in the Dala property.

Selected Consolidated Annual Financial Information

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

	December 31, 2008 $	**December 31, 2007 $**	**December 31, 2006 $**
Total revenue	-	-	-
Basic and diluted (loss) per share	(0.11)	(0.02)	(0.03)
Total assets	9,857,836	12,478,835	8,358,027
(Loss) for the year	(6,763,542)	(989,030)	(1,060,179)
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 2009	**March 2009**	**Dec 2008**	**Sept 2008**	**June 2008**	**March 2007**	**Dec 2007**	**Sept 2007**
	$	$	$	$	$	$	$	$
Revenues	10,000	-	-	-	-	-	-	-
Net profit/(loss)	(7,492,379)	(342,430)	(5,785,836)	(208,086)	(388,980)	(380,640)	589	(363,581)
Basic and diluted (loss)/ earnings per common share	(0.124)	(0.006)	(0.096)	(0.003)	(0.007)	(0.007)	nil	(0.006)
Total assets	2,944,281	9,946,675	9,857,836	14,419,161	14,814,250	13,056,805	12,478,835	10,967,515
Number of common shares outstanding	60,572,904	60,572,904	60,572,904	60,572,904	60,572,904	56,572,904	56,572,904	56,572,904

Outstanding Share Data

As at July 16, 2009, 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. On August 13, 2009, 1,600,000 stock options expire at an exercise price of Cdn$0.33.

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 during the quarter ended June 30, 2009, a total of $0.08 million (2009 - $0.07 million) 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 $0.01 million during the second quarter of 2009 (2008 - $0.05 million) 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 second period 2009 was $0.05 million (2008 - $0.12 million). Included in accounts payable and accrued liabilities as at June 30, 2009 is $7.87 million (2008 - $5.57 million) payable to these related parties.

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 the CICA 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.

This standard has not had a significant impact on the Company's consolidated financial statements.

Sections 3862 and 3863

The new Sections 3862, Financial Instruments Disclosure and 3863, Financial Instruments-Presentation replace Section 3861 Financial Instruments, Disclosure and Presentation, revising and enhancing its disclosure 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 have impacted the Company’s disclosures but did not affect the Company’s results or financial position.

Future Accounting Changes

Section 3064

The new Section 3064, Goodwill and Intangibles 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 standard is not expected to have a significant impact on the Company’s 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.

Section 1601 and Section 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.

International Financial Reporting Standards

In 2006, the Canadian Accounting Standards Board (“AcSB”) published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP and IFRS over an expected five year transitional period. In February 2008 the AcSB announced that January 1, 2011 is the changeover date for publicly-listed companies to use IFRS, replacing Canadian GAAP, affecting interim and annual financial statements relating to fiscal years after this time. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010.

To transition to IFRS, the Company must apply “IFRS 1 - First Time Adoption of IFRS” which set out the rules for first time adoption. In general, IFRS 1 requires an entity to comply with each IFRS effective at the reporting date for the entity’s first IFRS financial statements. This requires that an entity apply IFRS to its opening IFRS balance sheet as at January 1, 2010 (i.e.: the balance sheet prepared at the beginning of the earliest comparative period presented in the entity’s first IFRS financial statements).

Within IFRS 1 there are exemptions, some of which are mandatory and some of which are elective. The exemptions provide relief for companies from certain requirements in specified areas when the cost of complying with the requirements is likely to exceed the resulting benefit to users of financial statements. IFRS 1 generally requires retrospective application of IFRSs on first-time adoptions, but prohibits such application in some areas, particularly when retrospective application would require judgments by management about past conditions after the outcome of a particular transaction is already known.

On transition, management must apply the mandatory exemptions and make the determination as to which elective exemptions will be made under IFRS 1.

Management intends to assess the impact that IFRS will have on the aspects of the business including accounting policy, financial reporting, information technology and communications perspective. Management will also be reviewing the Company's accounting systems and assessing the changes that will be required and the strategies that will be employed. Communication and training strategies will also be developed.

A team will be set up to manage this transition and to ensure successful implementation within the required time frame. The Company will provide disclosures of the key elements of our plan and progress on this transition as the information becomes available during the transition period.

REGULATORY, ENVIRONMENTAL AND OTHER RISK FACTORS

An investment in the securities of the Company is subject to a number of risks. In addition to the other information contained in this MD&A and the Company's other publicly filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on the Company's business prospects or financial condition.

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

Exploration Risks

Exploration is speculative in nature, involves many risks and is frequently unsuccessful. Any exploration program entails risks relating to the location of economic ore bodies, development of appropriate metallurgical processes, receipt of necessary governmental approvals and construction of mining and processing facilities at any site chosen for mining. The commercial viability of a mineral deposit is dependent on a number of factors including the price, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting gold and environmental protection. The effect of these factors cannot be accurately predicted.

Political and Regulatory Risks

The Company is conducting exploration activities mainly in Africa. There is no assurance that future political and economic conditions in Africa will not change or that the government may adopt less supportive policies respecting foreign development and ownership of mineral property.

Changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Company's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore and possible develop/operate those properties in which it has an interest or in respect of which it has obtained exploration rights to date. The possibility that future governments of these and other countries may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Environmental Risks

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

Compliance with environmental, reclamation, closure and other requirements may involve significant costs and other liabilities. The EPA has broad powers under environmental assessment legislation to suspend, cancel or revoke an environmental permit or certificate in cases of non compliance with laws, permits, certificates and mitigation commitments in an EIA or environmental management plan. The EPA also may suspend a permit or certificate in the event of an occurrence of fundamental changes in the environment due to natural causes before or during the implementation of an undertaking.

Calculation of Reserves and Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves, mineralized material, and corresponding grades being dedicated to future production. Until reserves or mineralized material are actually mined and processed, the quantity of reserves or mineralized material and grades must be considered as estimates only. In addition, the quantity of reserves or mineralized material may vary depending on metal prices. Any material change in the quantity of reserves, ore grade or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that mineral recoveries in small-scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

Dependence on Key Personnel

The Company is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Company. In addition, while certain of the Company's officers and directors have experience in the exploration and operation of gold, diamonds and bauxite producing properties, the Company will remain dependent upon contractors and third parties in the performance of its exploration and possible development activities. As such there can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Title Matters

No assurance can be given that the various governments will not significantly alter the conditions of or revoke the applicable exploration or mining authorizations or that such exploration and mining authorizations will not be challenged or impugned by third parties. In addition, there can be no assurance that the properties in which the Company has an interest are not subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects.

The Ghana mining law entitles the Republic of Ghana to a free 10% carried equity interest in all mineral properties in Ghana. Pursuant to the Ghana Mining Law, the Republic of Ghana also has an option to acquire, on terms as shall be agreed upon between the holder of the mining lease and the government of Ghana or, failing such agreement, as determined by arbitration, an additional 20% interest in any mineral properties. To the knowledge of the Company, this purchase option has never been exercised. There can be no assurance that the government of Ghana will not decide to exercise this right in the future or that the price at which such option would be exercised would reflect the then current value of the property concerned.

Repatriation of Capital and Distribution of Earnings

Currently there are no significant restrictions on the repatriation of capital and distribution of earnings from Ghana to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Ghana, Angola and Sierra Leone will not be imposed in the future.

Tax

Amendments to current taxation laws and regulations that alter tax rates and/or capital allowances could have a material adverse impact on the Company. The Company has a number of subsidiaries and related companies that operate in a number of different tax jurisdictions. At present, profits from the Company would most likely be generated in Africa and will be susceptible to taxation in that jurisdiction, as well as the Isle of Man and Canada.

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 fulfil 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 the 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 of June 30, 2009, 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 June 30, 2009, the Company had a cash balance of $0.104 million (December 31, 2008 - $0.147 million), to settle current liabilities of $8.281 million (December 31, 2008 - $7.360 million).

For the current liabilities, $7.868 million of the balance relates to money advanced to the Company by a company controlled by certain insiders of the Company.

Interest Rate Risk

The cash advance from the related party of $7.868 million, is interest bearing. Interest is paid at Libor + 2%. The amount of interest charged to the Company to June 30, 2009 and 2008 was $0.053 million and $0.122 million, respectively.

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 exchange gains and losses are recognized in the consolidated statements of loss, comprehensive loss and deficit. Management believes the foreign exchange risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk. The Company recognized a $0.012 million loss (2008 - $0.009 million gain) on currency translation for the period ended June 30, 2009.

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

Price Risk

The Company's financial assets and 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 June 30, 2009, both the carrying value and the fair value amounts of the Company's financial instruments are approximately equivalent.

Management estimates that a plus or minus change interest rates of one percentage point would have impacted net loss by approximately $0.07 million for the year ended December 31, 2008.

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

Impairments

There has been notable market turbulence worldwide due to the credit crisis and potential of a global recession. This has impacted the ability of mining companies to secure debt and equity funding or enter into Joint Venture arrangements. As the Company is in the exploration stage, it has historically relied on equity financing to raise capital and will continue to do so, but this ability will be impacted by the current situation, particularly with respect to dilution.

The world diamond industry was not immune to the global economic turbulence. The fears regarding the future of the US economy and other Western markets have hindered pricing, consumption and exacerbated the status of small and medium-sized diamond mining companies. As a result, mining companies, in general, are finding it problematic to finance new exploration projects.

Management's reviews the carrying cost of its mineral properties, whenever there is an event or circumstance that indicates that the assets carrying amount may not be recoverable. The current market conditions led to a fall in the Company's share price and therefore, a decline in the Company's market capitalization, which is currently lower than the book value of the capitalized mineral properties.

These factors combined, provide an indicator that the mineral properties may be impaired. As such management has conducted an impairment test on all properties for the period ended June 30, 2009.

During the quarter ended June 30, 2009, the management of the Company decided to write off all expenditures on the Kimberlite diamond property, Angola, in the sum of $7.183 million due to the extraordinary challenging times for the diamond industry and the global economic crisis together with concerns over the commercial viability of the mineral deposit which is dependent on a number of factors together with concerns over the particular attributes of the deposit, such as its size, grade and proximity to infrastructure. As the alluvial licence expired on February 7, 2009, the Company has written off all expenditures in the accounts to December 31, 2008, on this licence in the amount of $5.361 million. Management considers that the expected future cash flows from the other properties exceeds the current carrying value and that they are not impaired at this time.

There is a risk that in the future, that the continuing unfavorable trends on commodity prices, worsening market conditions or the inability to raise funds could result in an impairment to the carrying value of the Company's mineral properties, which would be recorded as an impairment in the financial statements.

Going Concern

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 continue to focus its efforts to secure sufficient capital to meet it obligations. Future cash flow from the 2% net smelter return royalty on the Ntotoroso gold property in Ghana will provide funds with which to evaluate new mining opportunities.