

## Message to Shareholders

Dear Shareholder,

The quarter under review has seen Moydow focus its efforts on two main projects, the Dala diamond licence in Angola and the Port Loko bauxite licence in Sierra Leone.

At Dala, work has continued apace with geophysical and geochemical studies being completed on the licence. Moydow geologists have now identified several anomalies which display all the characteristics of kimberlitic bodies and we will focus our efforts in these areas over the coming months. One area of particular interest is at Zone 34, on the western side of the licence. Here, our geologists have mapped a large gravity anomaly which is coincident with an almost perfectly circular lake and an associated depression in the surface approximately 1 kilometre in width. We will drill these targets as soon as a drilling rig becomes available.

Moydow recently announced that the Angolan government ratified the kimberlite licence originally granted in January, 2006. Now that this final piece of the permitting process has been completed we expect to concentrate on finding, outlining and proving up kimberlitic bodies on this large tract of very prospective ground.

At Port Loko, the results of a scoping study were received by the company and its partners. The Port Loko project is a large and well known bauxite deposit and with current bauxite prices running close to record highs, the economic feasibility of the project has become more attractive. Moydow have now agreed on terms with its partners whereby the property will be run as a 50/50 joint venture on a going forward basis. This will reduce the Moydow overheads in Sierra Leone and free up valuable financial resources.

I am pleased to report that during the quarter, Newmont Ghana Gold poured its first gold at the Ahafo Project in Ghana. As you know, Moydow holds a 2% net smelter royalty on production in excess of 1.2 million ounces from the Ntoroso portion of the Ahafo property. Management currently estimates that this royalty will be come payable within the next four years and at current gold prices will generate in excess of US\$2 million per year for Moydow.

A private placement was completed for net proceeds of US\$1.25 million during the quarter and a loan facility for \$1.75 million was also arranged. This cash will be used to advance our projects in as timely a manner as possible to help ensure the greatest return for all our stakeholders. As always, Moydow continues to be active in seeking out new opportunities in mineral exploration and we are currently evaluating several new projects which have been brought to our attention.

“Signed”

Brian Kiernan  
President and CEO

November 14, 2006

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

## **General**

This interim management discussion and analysis ("MD&A") is a review of Moydow's financial and operating results for the third quarter ending September 30, 2006 and is compared with those for the corresponding quarter of 2005. 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, 2005. 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. This discussion is based on information available to November 10, 2006.

## **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 Alternative Investment Market ("AIM") of the London Stock Exchange (symbol "MOY"). For further information on the Company please visit our website at [www.moydow.com](http://www.moydow.com) or view our public filings on the SEDAR website at [www.sedar.com](http://www.sedar.com).

On March 1, 2006, the Company announced that it had reached an agreement with Diamond Fields International Ltd. ("Diamond Fields") effective February 28, 2006; pursuant to which, Moydow common shareholders will exchange their Moydow securities for securities of Diamond Fields ("the acquisition"). Diamond Fields is engaged in mineral exploration and development worldwide.

The acquisition was subject to, among other things, receipt of all necessary regulatory, court and stock exchange approvals, Moydow's shareholder approval, a valuation and/or fairness opinion by each Company and lock-up agreements executed by the chairman and chief executive officer of the Company under which they have agreed to vote in favour of the merger and entry of the parties into a definite agreement. As all the necessary stipulations required under the terms of agreement were not fulfilled by the parties by May 31, 2006 the agreement automatically terminated.

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, equity markets, results of exploration and related expenses, drilling activity, sampling and other data, currency exchange rates, change in governments, ability to raise finances and changes to regulations affecting the mining industry. Such forward-looking statements involve known and unknown risks and uncertainties that could cause actual events or results to differ materially from estimated or anticipated events or results implied or expressed in such forward-looking statements.

## **Disclosure Controls and Procedures**

As at September 30, 2006, an evaluation was carried out under the supervision of and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective as at September 30, 2006 to provide reasonable assurance that material information relating to the Company and its consolidated subsidiaries would be made known to them by others within those entities.

## **Application of Critical Accounting Estimates**

Moydow's accounting policies are described in note 2 to the Consolidated Financial Statements for the year ended December 31, 2005. Set out below is a discussion of the application of Moydow's critical accounting policies that require the Company to make assumptions about matters that are uncertain at the time the accounting estimate is made, and where different estimates that could reasonably have been used in the current period, or changes in the accounting estimate that reasonably likely to occur from period to period would have a material impact on Moydow's financial statements.

### *Carrying value of mineral properties*

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

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

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

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

## **Overview of Exploration Activities, Contractual Obligations and Commitments**

### Dala project, Angola

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

### Kimberlite diamonds

On December 16, 2005, 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 kimberlite (primary) diamonds on the Dala concession, located near the town of Saurimo, in north-east Angola. The concession comprises 3,000 square kilometres. Under the terms of the agreement, the Company can earn a 40% interest in the concession with the remaining percentages held by Endiama and Cimader. The Company entered into a separate agreement with Concord Minerals LLC ("Concord"), a private

Nevada company, whereby Concord has the right to earn up to 50% of Moydow's interest in the concession by funding exploration expenditures under Moydow's agreement with Endiama and Cimader. To maintain their interest, the Company and Concord will have to incur expenditures of not less than \$10 million on or before January 14, 2009. Cimader and Endiama have a free carried interest in the project. If Moydow or Concord decide not to fund their percentage interest, then the non-funding party will be diluted on a straight-line percentage expressed as percentage of total expenditures.

#### Alluvial diamonds

On October 1, 2004, the Company signed an agreement with Endiama and Cimader to explore for alluvial diamonds on the Dala concession. Under the terms of the agreement, the Company and its strategic partner, Concord have a 23.3% and a 9.7% interest, respectively, in the concession with the remaining percentages held by Endiama and Cimader. To maintain their interest, the Company and Concord will have to incur expenditures of not less than \$5 million on or before October 1, 2007. Cimader and Endiama have a free carried interest in the project. If Moydow or Concord decide not to fund their percentage interest, then the non-funding party will be diluted on a straight-line percentage expressed as percentage of total expenditures

The Company's cumulative expenditures on the Dala project to September 30, 2006 amounted to \$3.04 million of which \$0.39 million was incurred during the third quarter of 2006.

On January 14, 2006, pursuant to the agreement with Endiama, Moydow posted a \$1 million bond with Endiama. In order for the bond to be refunded to Moydow, the Company must incur expenditures of \$1 million within six months of posting the bond to avoid forfeiture of the cash. As of September 30, 2006, the Company has spent \$1.27 million on the kimberlite licence as satisfaction towards this requirement to spend \$1 million.

#### Port Loko property, Sierra Leone

In September 2004, the Company entered into an option agreement, with Gondwana Investments Limited ("Gondwana"), a company incorporated in Luxembourg. The agreement allows Moydow to acquire up to a 60% interest in the Port Loko bauxite deposit by incurring exploration expenditure of \$1 million and produce and deliver a feasibility study on or before June 30, 2006. The agreement only covers bauxite and no other minerals on the property.

Cumulative expenditures to September 30, 2006 amounted to \$2.38 million of which \$0.13 million was incurred during the third quarter of 2006.

On October 24, 2005, the Company appointed Chlumsky Armbrust & Meyer ("CAM") to prepare a Feasibility Study on the Port Loko Bauxite Deposit in Sierra Leone, West Africa. CAM delivered the Feasibility Study on June 30, 2006. The joint venture parties are currently reviewing the report.

#### Ntoroso property, Ghana

On December 8, 2003, the Company sold its wholly owned subsidiary, Moydow Limited (Isle of Man), which, following an internal restructuring, owned the Company's 50% joint venture interest in the Ntoroso gold property in Ghana but no other mineral properties, to Newmont Mining Corporation ("Newmont").

In connection with the sale, the Company entered into a royalty agreement whereby the Company acquired the right to a net smelter return royalty of 2% on all recovered ounces of gold and silver produced from the Ntoroso property after the first 1.2 million gold equivalent ounces for a consideration for \$0.25 million. No value has been ascribed to the royalty rights acquired by the Company. The Ahafo mine in Ghana which the Ntoroso property forms part of, poured its first gold on July 18, 2006. Newmont stated that the Ahafo mine has a 20 year life span and is capable of processing 7 million tons of ore per year.

## Hwidem property, Ghana

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

The Company incurred exploration expenditures on this property of \$nil million during the third quarter of 2006. The minimum exploration expenditures required to maintain the licence are \$0.52 million of which \$0.48 million had been spent as at September 30, 2006. The company carried out a reverse circulation drill program in June. Management are presenting correlating the data. It is the company's intention to carry out a further drill program after the rainy season. 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 on the minimum exploration expenditures.

## Okumpreko property, Ghana

During the first nine months of 2006, exploration work continued on the Okumpreko gold property in Ghana where the Company carried out a 2,000 metre reverse circulation drilling program. Results from this drilling program will be provided on an on-going basis as they become available. The Company can earn a 40% interest in this gold project in return for direct expenditures of \$0.25 million incurred within one year of entering into the agreement, which was signed in September 2004. The Company can increase its interest to 51% by incurring additional exploration expenditure of \$0.25 million within two years of signing the agreement. Management is currently negotiating an extension to the terms of the agreement. Cumulative expenditures to September 30, 2006 amounted to \$0.42 million of which \$0.04 million was incurred during the third quarter of 2006.

## Commitments

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

Payments due (\$ thousand)	Total	Less than 1 year	1 to 3 years
Exploration and development	\$15,918	\$395	\$15,523

## Segmented Information

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

## Results of Operations

Net loss for the quarter ended September 30, 2006 was \$0.34 million or \$0.010 per share compared to a loss of \$0.74 million in the same period in 2005 or \$0.025 per share.

During the third quarter ended September 30, 2006, the Company did not hold any Newmont common shares as compared to the same period in 2005, when the company sold 10,000 Newmont common shares for proceeds of \$0.41 million. In 2005, the Company recognized a gain of \$0.41 million on the sale of these shares. The Company also recorded a gain of \$0.49 million on the write-up of its remaining 60,000 Newmont common shares to their market value on September 30, 2005.

General and administrative expenses were \$0.20 million in the third quarter of 2006 as compared with \$0.29 million in the same period of 2005. The decrease in 2006 as compared to 2005 is a result of stringent cost controls especially in the area of professional fees, computer software, travel and the annual report.

During the third quarter of 2006, the Company incurred costs associated with the proposed merger in the amount of \$0.20 million. The Company felt it was prudent to write off these costs as the agreement with Diamond Fields elapsed on May 31, 2006.

During the third quarter of 2005, the Company wrote off mineral property expenditures in the sum of \$1.24 million. As exploration results are not promising on the True Grit property located in south-central Newfoundland and Labrador and the Kanyankaw property in Ghana, the Company decided to write off its investments in the amount of \$0.87 million and \$0.33 million respectively. In addition, the Company wrote off mineral property expenditures incurred on a number of minor projects in the sum of \$0.04 million.

The foreign exchange loss in the third quarter of 2006 was \$0.01 million compared to a gain of \$0.11 million in the same period of 2005. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

The Company earned dividend income of \$nil million and \$0.005 million during the third quarter 2006 and 2005, respectively. The dividend income was received from the Company's shareholding in Newmont.

The Company earned deposit interest income of \$0.002 million and \$0.002 million during the third quarter of 2006 and 2005, respectively.

The Company's revenues are derived from interest and dividend income, which are dependent on available cash balances and prevailing interest rates and returns on investments which are dependent on the prevailing market at the time of sale.

Net loss for the period ended September 30, 2006 was \$0.63 million or \$0.010 per share compared to a loss of \$1.94 million in the same period in 2005 or \$0.067 per share.

During the nine month period ended September 30, 2006, the Company sold its remaining 45,000 Newmont common shares for proceeds of \$2.53 million. The Company recognized a gain of \$0.31 million on the sale of these shares. During the same period of 2005, the Company sold 80,000 Newmont common shares for proceeds of \$3.28 million. The Company recognized a loss of \$0.18 million on the sale of these shares. The Company also recorded a net gain of \$0.07 million on the write-up of its remaining 60,000 Newmont common shares to their respective market value on March 31 and June 30 and September 30, 2005.

General and administrative expenses were \$0.64 million during the first nine months of 2006 as compared with \$0.90 million in the same period of 2005. The decrease in 2006 as compared to 2005 is a result stringent cost controls especially in the area of professional fees, computer software, travel and the annual report.

During the nine months ended September 30, 2005, the Company wrote off mineral property expenditures in the sum of \$1.24 million and \$0.03 million, respectively. As exploration results are not promising on the True Grit property located in south-central Newfoundland and Labrador and the Kanyankaw property in Ghana, the Company decided to write off its investments in the amount of \$0.87 million and \$0.33 million, respectively. In addition, the Company wrote off mineral property expenditures incurred on a number of minor projects in the sum of \$0.04 million.

The foreign exchange gain in the first nine months of 2006 was \$0.18 million compared to a gain of \$0.13 million in the same period of 2005. The foreign exchange gain resulted from the movements in exchange rates between operating currencies and the United States dollar.

The Company earned dividend income of \$0.001 million and \$0.02 million during the period ended September 30, 2006 and 2005, respectively. The dividend income was received from the Company's shareholding in Newmont.

The Company earned deposit interest income of \$0.008 million and \$0.007 million during the first nine months of 2006 and 2005, respectively.

The Company's revenues are derived from interest and dividend income, which are 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 September 30, 2006, the Company recorded a provision for income taxes in the sum of \$0.18 million and a recovery of future income taxes in the sum of \$0.16 million. The net effect was a provision for income taxes of \$0.02 million. The Company received a tax refund of \$0.10 million in the third quarter of 2006.

### **Liquidity and Capital Resources**

Cash and cash equivalents at September 30, 2006 amounted to \$1.60 million compared to cash and cash equivalents at December 31, 2005 of \$0.02 million.

Changes in future conditions could require material write-downs of the carrying amounts of future expenditures. As at September 30, 2006, the Company had an excess of current liabilities over current assets of \$0.14 million and has recorded losses and net cash outflows from operations for the past two years. The Company was required to pay \$1 million to keep its mineral property rights in Angola in the near-term. These circumstances cast significant doubt as to the ability of the Company to continue as a going concern. Management has secured financing in the sum of \$3.0 million. The Company has completed a private placement of \$1.25 million and has arranged a debt facility of \$1.75 million with the option of converting the debt into Moydow common shares.

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.

### **Cash Flow Statements**

Cash flow provided for operating activities for the three months ended September 30, 2006, including changes in non-cash working capital of \$0.38 million, totalled \$0.72 million as compared to cash flow used in operating activities of \$0.50 million in the same period in 2005. In the three months ended September 30, 2006 cash used in investing activities was \$0.55 million (2005 - cash from investing activities was \$0.35 million) which was expended on exploration of mineral properties incurred principally in Angola and Sierra Leone. The Company had no common shares of Newmont to sell in the third quarter of 2006 whereas during the third quarter of 2005 the Company received \$0.41 million from the sale of 10,000 Newmont common shares.

Cash flow used in financing activities for the quarter and nine month period ended September 30, 2006 was \$1.25 million. The company issued 7,655,143 common shares of the Company at a price of Cdn\$0.18225 per share. The proceeds will be used to advance the Company's projects in Angola, Sierra Leone and Ghana. The Company closed a private placement on August 30, 2005 at price of Cdn\$0.197 per common share. The Company capitalized an additional \$0.01 million pursuant to a joint venture agreement with Altius Resources Inc.

Cash flow provided for operating activities for the nine months of 2006, including decreases in non-cash working capital of \$0.27 million, totalled \$1.21 million as compared to cash flow used in operating activities of \$1.74 million in the same period of 2005. During the nine months ended September 30, 2006 cash provided by investing activities was \$0.19 million representing the proceeds from the sale of 45,000 Newmont common shares less \$2.33 million (2005 - \$1.37 million) expended on exploration of mineral properties, principally on the Port Loko bauxite property in Sierra Leone and on the Dala diamond project in Angola.

### **Use of Financial Instruments**

The Company has not entered into any specialized financial agreements to minimize its investment risk, currency risk or commodity risk. There are no off-balance sheet arrangements.

### Changes in Accounting Policies

There were no change in accounting policies during the third quarter of 2006 and 2005.

### Outstanding Share Data

As at November 10 24, 2006, the Company has 38,275,718 common shares in issued and outstanding. Holders of common shares are entitled to one vote on any ballot at meetings in respect of each common share held. The Company has 2,150,000 stock options outstanding at a weighted average price of Cdn\$0.33 together with 200,000 warrants at an exercise price of Cdn\$0.38 for a vesting period of two years pursuant to exploration agreements.

### Transactions with Related Parties

Related party transactions relate primarily to the payment of fees under contracts for services with companies in which a Moydow Mines' director is a shareholder and director. The Company was charged a total of \$0.07 million during the quarter ended September 30, 2006 with respect to drilling and administration services. Included in accounts payable and accrued liabilities as at September 30, 2006 is \$0.21 million payable to these related parties for such services.

The company's primary legal counsel is a firm in which a director of the company is a partner. The company was charged \$0.12 million during the quarter ended September 30, 2006 for legal services provided by this firm. Included in accounts payable and accrued liabilities as at September 30, 2006 is \$0.28 million with respect to such services. These transactions are made in the normal course of business.

### Selected Consolidated Annual Financial Information

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

	<b>December 31, 2005</b>	<b>December 31, 2004</b>	<b>December 31, 2003</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total revenue	-	-	-
Basic and diluted (loss) earning per share	(0.06)	(0.07)	1.10
Total assets	6,334,596	9,296,704	39,712,942
(Loss) net income for the year	(1,1612,359)	(1,938,765)	30,908,193
Total long term financial liabilities	-	-	-
Dividends declared	-	-	27,752,267

## Quarterly Information

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

	June 2006	June 2005	March 2006	March 2005	Dec 2005	Dec 2004	Sept 2005	Sept 2006
Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net profit/(loss)	(331,574)	(678,423)	33,490	(529,462)	331,297	126,053	(735,771)	(335,633)
Basic and diluted (loss)/ earnings per Common share	(0.011)	(0.023)	0.001	(0.018)	0.011	0.004	(0.025)	0.010
Total assets	7,110,675	6,821,886	6,841,872	7,225,175	6,334,596	9,296,704	6,662,268	8,931,585
Number of common shares outstanding	30,620,575	28,964,382	30,620,575	28,964,382	30,620,575	28,964,382	30,620,575	38,275,718

## Regulatory, Environmental and Other Risk Factors

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

The Company's operating income and cash flow are affected by changes in the U.S./Canadian dollar exchange rate together with movement in the local currencies in Angola, Sierra Leone, Ghana, and Ireland, as a portion of the Company's costs are incurred in these currencies.

The profitability of any mining operation will be significantly affected by changes in the market price of commodities. Commodity prices fluctuate on a daily basis and are affected by numerous factors such as world supply, Central Bank selling, stability of exchange rates, forward sales and inflationary forces, among other factors beyond Moydow's control.

Exploration companies are subject to various laws and regulations including but not limited to environmental and, health and safety matters together with political risks which are outside the Company's control. Moydow is committed to a program of environmental protection at all of its projects and exploration sites.

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

## Outlook

The Company will in the short term focus its efforts on adding value to its diamond property in Angola and its bauxite property in Sierra Leone.