MDN Inc.

Interim Financial Statements

March 31, 2008

MDN INC.

MANAGEMENT DISCUSSIONS AND ANALYSIS

(FOR THE FIRST QUARTER PERIOD ENDED MARCH 31, 2008)

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the financial statements of MDN Inc. (the "Company") and the accompanying notes to the financial statements for the three-month periods ended March 31, 2008 and 2007. The reader should also refer to the audited annual financial statements as at December 31, 2007, including the section describing the risks and uncertainties. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This Management Discussion and Analysis was prepared on April 24, 2008 and complies with Rule 51-102A of the Canadian Securities Administrators on continuous disclosure. This analysis is a supplement to the Company's unaudited interim financial statements for the three-month period ended March 31, 2008, and is intended to help the reader understand and assess the material changes and trends affecting the Company's results and financial position. It represents the view of management on the Company's ongoing activities and its current and past financial results and presents an overview of activities planned for the coming months. The Company regularly discloses additional information through press releases and financial statements available on the Company Website at www.mdn-mines.com and on SEDAR at www.sedar.com.

NATURE OF OPERATIONS

The business of the Company consists of acquiring, exploring and developing mining properties. In the context of realizing its objectives, the Company is likely to sign various agreements specific to the mining industry, such as the purchase of and options to purchase mining claims agreements as well as Joint Venture Agreement. The Company, as partner with Pangea Goldfields Inc. ("Pangea"), holds a 30% interest in the Tulawaka Gold Mine. It also operates other mining properties and has not yet determined whether these other properties contain economically viable mineral assets.

The Company holds interests in properties located in the following areas:

Tanzania, East Africa: Tulawaka, Baraka, Kunga (Viyonza), Simba (Isambara) and Ikungu, totalling 28 exploration permits;

Quebec: Des Méloizes in the Normetal area; Le Tac, Lac Shortt, Lespérance, Clairy, East Barlow and West Barlow in the Chibougamau area; Isle-Dieu and Lozeau in the Matagami area; and Landrienne in the Barraute area.

FIRST QUARTER 2008 HIGHLIGHTS

- Net revenue of $6,751,819 compared to $447,506 for the same period in 2007.
- Net income of $1,820,918 or $0.02 per share compared to a net loss of $1,993,805 or $0.028 per share for the same period in 2007.
- The Tulawaka Gold Mine in Tanzania produced a record 62,085 ounces of gold with an average grade of 23.3 g/t at a recovery rate of 94.48%. The 30% participation of MDN in the Tulawaka project results in its share being equivalent to 18,625 ounces of gold.
- Total cash costs to produce an ounce of gold were US$181.
- The Tulawaka Gold Mine sold 53,234 ounces of gold on the "spot" market at an average price of US$921 per ounce, generating gross income of US$49M. The MDN share (30%) is equivalent to 15,970 ounces of gold sold for a gross income equivalent to US$14.7M; an amount of US$8.4M was distributed to MDN, the difference being retained at the mine for its working capital, which amounted to US$28.8 M as at March 31, 2008.
- Drilling on the T7 Zone, located inside the vast Tulawaka property, has confirmed high-grade gold deposits, such as 15.48 g/t over 5 meters and 10.7 g/t over 3 meters. This zone is now confirmed as a significant development target.
- The exploration programs on the Isambara and Viyonza properties, under MDN's control, are progressing according to schedule, given that the rainy season in Tanzania always extends throughout most of the first quarter.

EXPLORATION ACTIVITIES

Tanzania

- Over one million dollars was spent during the period on drilling on the Isambara and Viyonza projects. Drilling results of the first phase on Isambara will be known shortly. The first phase of drilling on Viyonza is currently being completed.

  We signed an agreement with Lakota Resources Inc. to acquire a 60% interest in the Ikungu property located 20 km southwest of the city of Musoma in northern Tanzania. The Ikungu project covers a surface of 16.84 km2, on the eastern shore of Lake Victoria.

Quebec

- Acquisition of two properties from DIAGNOS inc., a leader in the use of artificial intelligence and advanced knowledge recovery technology was completed. Together, the East Barlow and West Barlow properties cover a surface area of approximately 15 km^2 in the Chibougamau sector. These two properties represent major base metal targets. The East Barlow and West Barlow properties are located in the Gilman Formation, near the Gwillim shear zone. A total of nine deposits of varying types were discovered in this sector less than 3 km from the shear zone.

Quebec (continued)

- Encouraging results on the Des Méloizes property, covering a surface area of 4,413 hectares about 2 km southeast of the Normetal mine (Abitibi) were observed. The drill holes confirmed the presence of "volcanogenic massive sulfide" polymetallic deposits by identifying a favourable geological context and an intersection of 1.05% zinc over a thickness of 4.5 meters, among other discoveries. The mineralized horizon of the old Normetal mine is well identified over a distance of at least 5 km inside Des Méloizes, not far from the Normetal regional fault.

BUSINESS DEVELOPPEMENT

Business development activities have been quite significant during the first quarter, mainly:

- Participation in the Indaba Mining Conference in Cape Town, South Africa.
- Road shows in Toronto and Europe targeting investors and institutions.
- Participation at the PDAC Conference in Toronto.
- Analysis of mining projects and potential investments in order to acquire assets allowing the increase in mineral resources.

SUMMARY OF OPERATING RESULTS

For the three months ended March 31		**2008**		2007
(In thousands of dollars, except per-share amounts)				
Revenue	**$**	**6,752**	$	448
Administrative expenses	**$**	**785**	$	1,016
Royalties on the price of gold	**$**	**3,979**	$	1,416
Foreign exchange loss	**$**	**168**	$	12
Net income (loss)	**$**	**1,821**	$	(1,994)
Basic and diluted net earnings (loss) per share	**$**	**0.020**	$	(0.028)
Weighted-average number of shares outstanding (in thousands)		**89,759**		70,626

Operating Results

Revenue for the three-month period ended March 31, 2008, totaled $6,751,819 compared to $447,506 for the same period in 2007. Due to the fact than Pangea Minerals Ltd repaid its debt to MDN in full, the amounts distributed by the Tulawaka Gold Mine will be recorded from now on as operating royalties from a mining property ($6,600,000 for the period). Administrative expenses amounted to $784,743 compared to $1,015,676 in 2007. Administrative expenses include, among others, interest of $226,931 ($656,887 in 2007) on the long-term debt, which decreased due to the repayments made by the Company. They also include management fees of $136,243 ($139,518 in 2007) representing 3% of all operating expenses of the Tulawaka project billed by the operator; professional fees of $128,159 ($44,192 in 2007) as well as travel and promotion expenses of $112,175 ($48,945 in 2007) which increased mainly due to additional business development activities; and salary expenses of $84,215 ($61,260 in 2007) attributable to management team reinforcement. Under the long-term debt agreement, a royalty of $3,978,523 ($1,415,948 in 2007) on the gold sold by the Tulawaka project was capitalized on the long-term debt.

Net Income

For the first quarter, the Company recorded net income of $1,820,918 or 0.020 $ per share compared to a net loss of $1,993,805 or $0.028 per share for the same period in 2007. The net gain per share is based on a weighted-average number of 89,759,063 common shares outstanding as at March 31, 2008, compared to a weighted-average number of 70,626,238 common shares outstanding as at March 31, 2007.

Future results

The Company's future results will be influenced mainly by two major factors. The first factor is the termination of the royalty payments on the selling price per ounce of gold. These royalties were limited to the first 500,000 ounces of gold sold. As at March 31, 2008, there were already 487,650 ounces of gold sold since the beginning of the operations of the Tulawaka Gold Mine in March 2005, leaving an unsold balance of 13,350 ounces to terminate the royalties. Consequently, the future expenditure related to the payment of these royalties will be negligible, whereas for the quarter ended March 31, 2008, the Company had to pay nearly $4 million on gold sales of 53,234 ounces. Secondly, the amount of investment income received by the Company from the operation of the Tulawaka Gold Mine will also have a significant impact. In fact, since the loan receivable has been repaid in full, the future distributions coming from the Tulawaka Gold Mine will be fully considered as investment income.

Financial position		*March 31,* **2008**		*December 31,* 2007
(In thousands of dollars)				
Cash and cash equivalents	**$**	**3,988**	$	3,514
Term deposits	**$**	**10,328**	$	12,298
Loan and interest receivable	**$**	**-**	$	1,805
Mining properties and deferred exploration costs	**$**	**14,098**	$	12,765
Total assets	**$**	**28,845**	$	30,768
Long-term debt	**$**	**3,849**	$	7,892
Capital stock	**$**	**64,927**	$	64,750
Shareholders' equity	**$**	**24,525**	$	22,597

LIQUIDITY AND FINANCIAL POSITION

Cash, cash equivalents and term deposits

As at March 31, 2008, the Company's cash position, consisting of cash and term deposits, amounted to $14,315,549 compared to $15,812,408 as at December 31, 2007.

Loan and interest receivable		*March 31,* **2008**
Balance as at December 31, 2007	**$**	**1,804,591**
Repayment		**(1,804,591)**
Balance as at March 31, 2008	**$**	**Nil**

Pangea Minerals Ltd., operator of the Tulawaka Gold Mine, repaid its loan receivable in full in the first quarter. This loan had amounted to $1,804,591 as at December 31, 2007.

Deferred exploration costs

During the period ended March 31, 2008, the Company disbursed $1,212,197 for deferred exploration costs. Of this amount, $1,035,062 was spent on the Simba, Baraka, Msasa and Kunga properties in Tanzania. Deferred exploration costs on mining properties as at March 31, 2008, amounted to $12,454,947 compared to $11,242,750 as at December 31, 2007.

Long-term debt		*March 31,* **2008**
Balance as at December 31, 2007	**$**	**7,892,377**
Capitalized interest		**226,931**
Capitalized royalty on the price of gold		**3,978,523**
Foreign exchange loss		**373,639**
Repayment		**(8,622,600)**
Balance as at March 31, 2008	**$**	**3,848,870**

As at March 31, 2008, the Company's non-recourse loan regarding the Tulawaka Gold Mine amounted to $3,848,870 compared to $7,892,377 as at December 31, 2007 (see Note 5 to the financial statements). The Company undertook to pay a royalty when the price of gold extracted from the Tulawaka Gold Mine exceeded US$400 per ounce at the time of sale for the 500,000 first ounces sold. As at March 31, 2008, a total of 487,650 ounces had been sold.

Assets, shareholders' equity and liquidities

Total assets amounted to $28,844,621 $ as at March 31, 2008 compared to $30,768,074 as at December 31, 2007. The difference is mainly attributable to the repayment of the loan receivable by Pangea Minerals Ltd., and by a $1,332,197 net increase in mineral properties and deferred exploration costs.

Shareholders'equity amounted to $24,524,498 as at March 31, 2008 compared to $22,597,080 as at December 31, 2007, the increase being attributable to the net earnings for the period.

The Company's short and long-term liquidities are available for the payment of administrative expenses and for the financing of exploration activities.

Capital stock

As at March 31, 2008, the number of common shares outstanding totalled 89,859,454 compared to 89,627,237 as at December 31, 2007.

Liquidity needs for the current financial year

Gold production at the Tulawaka Gold Mine started in March 2005. Based on operation of the mining property and the liquidities available according to the agreement, the Company first receives payment of its interest and repayment of its loan receivable (this loan was repaid in full in the first quarter of 2008). The Company further receives its 30% share of all surplus liquidities distributed. The Company uses this money to repay its long-term debt and interest payable. For the current financial year, from January 1 to December 31, 2008, the Company's liquidity needs are estimated at $7,570,000, which includes fixed costs and exploration expenses in Tanzania and Quebec. Without considering the future distribution of surplus liquidities by the mine in 2008, the Company's assets already include the total amount of liquidities required to meet these needs.

OUTLOOK FOR FISCAL YEAR 2008

- During the 2008 fiscal year, the production at the Tulawaka Gold Mine is estimated to be 180,000 ounces of gold. Assuming an annual average selling price of US$800 per ounce, gross revenue are estimated to be US$144M.

- For the 2008 fiscal year, Tulawaka's total cash costs to produce an ounce of gold are estimated at US$220 and the average grades to be over 16 g/t.

- Under these conditions, the Joint Venture operating profit is estimated to be US$90M (MDN's participating interest is 30%).

- MDN looks forward to a continuous growth of its earnings per share and cash flows, mainly due to: i) repayment in full of its long-term debt in 39 months instead of the 54 months stipulated in the schedule; ii) the termination of royalty payments on the selling price per ounce of gold; this royalty was limited to the first 500,000 ounces of gold sold, whereas at March 31, 2008, there were already 487,650 ounces of gold sold since the beginning of operations at the Tulawaka Gold Mine in March 2005.

- Investment of over US$5M in exploration in Tanzania (East Africa) and in Quebec, to which is added US$2M representing the MDN share in the drilling works on the Tulawaka property.

- Continuation of its business development activities by increasing its presence on the leading North American and European financial markets.

- Assessment of potential acquisition projects based on simple criteria, mainly the increase in the value of mining assets which can contribute directly to the increase in market capitalization.

- Maintenance of its commitment to operate in a conscientious and socially responsible manner, particularly in Tanzania. MDN maintains a disciplined approach to maximize the productivity and safety of its crews.

RISK FACTORS

The Company's main mining asset is its interest in the Tulawaka Gold Mine in Tanzania, which has been in production since the beginning of March 2005. All the other mining properties held by the Company's are in the exploration stage. The Company's long-term profitability will be partially related to the costs and success of the subsequent exploration and development programs, which may also be influenced by different factors. Among these factors, one must consider the attributes of future mineral deposits, including the quantity and quality of the resources, the development costs of a production infrastructure, financing costs, the market value of gold, as well as the competitive nature of the industry.

Substantial investments are necessary to carry out exploration programs and to develop reserves. In the absence of cash flows generated by mining operations, the Company depends on the capital markets to fund its exploration and development activities. Market conditions and other unforseen events could affect the Company's ability to obtain the funds required for its development.

Mineral prices

Factors beyond the control of the Company's officers may influence the market value of gold, base metals and any other mineral discovered. Resource prices have fluctuated considerably, especially in recent years. The impact of these factors cannot be accurately predicted.

Uninsured risks

The Company may become subject to claims arising from natural phenomena, pollution or other risks against which it cannot or chooses not to insure itself due to the high cost of premiums or for other reasons. Payment of claims arising from these liabilities would decrease and could eliminate funds available for exploration and mining activities. Furthermore, as the Company carries on business in foreign countries, it is subject to governmental decisions and policies.

Related party transactions

During the first quarter of 2008, as in the first quarter of 2007, the Company did not realize any related party transactions.

Financial instruments

Interest rate risk
The Company is exposed to an interest rate risk resulting from the fluctuation of the interest rate on its long-term debt.

Fair value
Fair values for cash and cash equivalents, term deposits, accounts receivable, trade accounts payable and accruals approximate their book value due to their short-term maturity.

The fair value of the long-term debt cannot be determined because the terms of repayment cannot be established precisely.

DIVIDEND POLICY

The Company has not declared nor paid any dividends on its common shares since incorporation. Any decision to pay dividends to the Company's common shareholders will be made by the Board of Directors based on its assessment of the Company's financial position, taking into account the financial requirements to ensure its future growth and other factors that the Board might deem pertinent under the circumstances.

Paul-A. Girard	Yves Therrien, CMA
President and CEO	Vice-President, Finance

Montreal, Canada
April 24, 2008

FORWARD-LOOKING STATEMENTS

This document may contain forward-looking statements that reflect management's current expectations with regards to future events. Such forward-looking statements are subject to certain factors and involve a number of risks and uncertainties. There can be no assurance that such statements will prove to be correct. Factors that could cause our results, our operations and future events to change materially compared to the expectations expressed or implied by such forward-looking statements include but are not limited to, gold price volatility, risks inherent to the mining industry, uncertainty regarding mineral resource estimates, additional funding requirements and the Company's ability to obtain such funding.

FINANCIAL HIGHLIGHTS

The following tables present a summary of the main financial elements for the last three years and the last eight quarters.

FOR THE LAST THREE YEARS

	2008	2007	2006
	3 months	*12 months*	*12 months*
Total revenue	**$ 6,751,819**	$ 1,570,637	$ 2,300,159
Net income (loss)	**$ 1,820,918**	$ (11,405,565)	$ (7,662,630)
Net income (loss) per share	**$ 0.020**	$ (0.138)	$ (0.112)
Exploration expenses	**$ 1,212,197**	$ 3,166,219	$ 2,719,127
Total assets	**$ 28,844,621**	$ 30,768,074	$ 35,320,482
Shareholders' equity			
Total	**$ 24,524,498**	$ 22,597,080	$ 16,084,687
Per share	**$ 0.27**	$ 0.25	$ 0.23

FOR THE LAST EIGHT QUARTERS

	2008
	1st Quarter
Total revenue	$ 6,751,819
Net income	$ 1,820,918
Net income per share	$ 0.020

				2007
	1st Quarter	*2nd Quarter*	*3rd Quarter*	*4th Quarter*
Total revenue	$ 447,506	$ 472,230	$ 377,326	$ 273,575
Net loss	$ 1,993,805	$ 4,204,488	$ 1,975,929	$ 3,237,463
Net loss per share	$ 0.028	$ 0.058	$ 0.023	$ 0.036

			2006
	2nd Quarter	*3rd Quarter*	*4th Quarter*
Total revenue	$ 611,600	$ 558,436	$ 502,228
Net loss	$ 2,667,524	$ 1,699,088	$ 2,108,267
Net loss per share	$ 0,039	$ 0,025	$ 0.029

MDN Inc.

Interim Financial Statements

March 31, 2008

Consolidated Statements of Operations *(Unaudited)*

	Three months ended March 31, 2008	2007
Revenue		
Operating royalties from a mining property	**$ 6,611,812**	$ -
Interest	**140,007**	447,506
	6,751,819	447,506
Administrative expenses		
Professional fees	**128,159**	44,192
Salaries and fringe benefits	**84,215**	61,260
Transfer fees	**3,585**	24,396
Travelling expenses	**82,164**	43,448
Rent	**22,574**	8,244
Office expenses	**4,168**	4,450
Promotion expenses	**30,411**	5,497
Reports to shareholders	**32,068**	3,141
Insurance, taxes and permits	**27,315**	6,939
Telecommunications	**2,275**	5,649
Management fees	**136,243**	139,518
Interest on long-term debt, including amortization of deferred financing costs in 2007	**226,931**	656,887
Penalties and bank charges	**2,584**	9,030
Depreciation on fixed assets	**2,051**	3,025
	784,743	1,015,676
Income (loss) before the following items	**5,967,076**	(568,170)
Other expenses		
Gold price royalty	**3,978,523**	1,415,948
Foreign exchange loss	**167,635**	12,077
	4,146,158	1,428,025
Income (loss) before income taxes and non-controlling interest	**1,820,918**	(1,996,195)
Income taxes		
Current	**(560,000)**	-
Recoverable from loss carry-forward	**560,000**	-
	-	-
Income (loss) before non-controlling interest	**1,820,918**	(1,996,195)
Non-controlling interest	**-**	2,390
Net income (loss)	**$ 1,820,918**	$ (1,993,805)
Basic and fully diluted net income (loss) per share	**$ 0.020**	$ (0.028)
Weighted-average number of outstanding shares (in thousands)	**89,759**	70,626

Consolidated Statements of Deficit *(Unaudited)*

	Three months ended March 31, 2008	2007
Balance at beginning of period	**$ 44,728,217**	$ 32,479,460
Net loss (income)	**(1,820,918)**	1,993,805
Share issue expenses	**-**	2,816
Balance at end of period	**$ 42,907,299**	$ 34,476,081

Consolidated Statements of Contributed Surplus for Stock-Based Awards *(Unaudited)*

	Three months ended March 31, 2008	2007
Balance at beginning of period	**$ 2,535,129**	$ 3,035,287
Exercise of warrants	**-**	(85,987)
Exercise of options	**(70,237)**	(244,438)
Balance at end of period	**$ 2,464,892**	$ 2,704,862

Consolidated Balance Sheets

	March 31, **2008** *Unaudited*	*December 31,* **2007** *Audited*
Current assets		
Cash and cash equivalents (note 2)	**$ 3,987,878**	$ 3,514,393
Term deposits, rate of 4%	**10,327,671**	12,298,015
Accounts receivable	**374,687**	335,650
Prepaid expenses	**22,993**	14,179
	14,713,229	16,162,237
Loan receivable	**-**	1,804,591
Fixed assets, at cost less accumulated depreciation	**33,800**	35,851
Mining properties (note 3)	**1,642,645**	1,522,645
Deferred exploration costs (note 4)	**12,454,947**	11,242,750
Total assets	**$ 28,844,621**	$ 30,768,074
Current liabilities		
Trade accounts payable and accrued liabilities	**$ 471,253**	$ 278,617
Current portion of long-term debt (note 5)	**3,848,870**	7,892,377
	4,320,123	8,170,994
Shareholders' equity		
Capital stock (note 6)	**64,926,905**	64,750,168
Contributed surplus for stock-based awards	**2,464,892**	2,535,129
Other contributed surplus	**40,000**	40,000
Deficit	**(42,907,299)**	(44,728,217)
	24,524,498	22,597,080
Total liabilities and shareholders' equity	**$ 28,844,621**	$ 30,768,074

Consolidated Statements of Cash Flows *(Unaudited)*

	Three months ended March 31, 2008	2007
Operating activities		
Net income (loss)	**$ 1,820,918**	$ (1,993,805)
Items not affecting cash		
Operating royalties revenue applied in reduction of long-term debt	**(6,611,812)**	-
Interest income capitalized to the loan receivable	**-**	(417,765)
Interest expense capitalized to the long-term debt	**226,931**	566,464
Amortization of deferred financing costs	**-**	90,423
Depreciation on fixed assets	**2,051**	3,025
Gold price royalty capitalized to the long-term debt	**3,978,523**	1,415,948
Unrealized foreign exchange loss	**167,442**	852
Non-controlling interest	**-**	(2,390)
	(415,947)	(337,248)
Changes in non-cash working capital items	**144,785**	11,411
	(271,162)	(325,837)
Financing activities		
Issuance of capital stock	**106,500**	2,549,606
Share issue expenses	**-**	(2,816)
	106,500	2,546,790
Investing activities		
Term deposits	**1,970,344**	350,000
Additions to fixed assets	**-**	(2,386)
Additions to mining properties	**(120,000)**	(17,964)
Deferred explorations costs	**(1,212,197)**	(295,794)
	638,147	33,856
Net increase in cash and cash equivalents	**473,485**	2,254,809
Cash and cash equivalents at beginning of period	**3,514,393**	647,018
Cash and cash equivalents at end of period	**$ 3,987,878**	$ 2,901,827

Supplemental information *(note 9)*

Notes to Consolidated Financial Statements *(Unaudited)*

March 31, 2008

Information as at December 31, 2007 is audited.

The interim financial statements should be read in conjunction with MDN Inc.'s annual financial statements for the year ended December 31, 2007.

1. Significant accounting policies

The interim financial statements have been prepared following the same basis of presentation and accounting policies used in the annual financial statements for the year ended December 31, 2007, except for the adoption of the following standards effective January 1st, 2008:

Capital disclosures
In December 2006, the Canadian Institute of Chartered Accountants (CICA) issued Section 1535 of the *Handbook*, Capital Disclosure. This section establishes standards for disclosing information about an entity's capital; i) qualitative information about an entity's objectives, policies and processes for managing capital; ii) summary quantitative data about the components of the entity's capital; iii) the fact that the entity has complied with any externally imposed capital requirements; and iv) if the entity has not complied, the consequences of such non-compliance. As a result of the adoption of these standards, note 7 has been added to these interim consolidated financial statements.

Financial instruments – disclosure and presentation
In December 2006, the CICA issued *Handbook* Section 3862, Financial Instrument – Disclosures, and *Handbook* Section 3863, Financial Instruments – Presentation. Together, these two sections replace *Handbook* Section 3861. Financial Instruments – Disclosures and Presentation, and require additional disclosure, particularly regarding the documentation of risks. As a result of the adoption of this standard, note 8 has been added to these interim consolidated financial statements.

2. Cash and cash equivalents

	March 31, **2008**	*December 31,* 2007
Cash	**$ 523,877**	$ 238,944
Cash held for exploration work	**13,373**	449
Term deposits, rate of 3.35%	**3,300,606**	2,900,000
Term deposit, rate of 2.75%, held for exploration work	**150,022**	375,000
	$ 3,987,878	$ 3,514,393

The term deposits have a maturity date of less than three months from the date of acquisition.

Notes to Consolidated Financial Statements *(Unaudited)*

March 31, 2008

Information as at December 31, 2007 is audited.

3. Mining properties

The Company acquired two properties, Barlow-East and Barlow-West, from the company Diagnos Inc. in consideration for a cash disbursement of $120,000. These properties are subject to royalties of 2% on net smelting income.

4. Deferred exploration costs

The table below shows the additions to deferred exploration costs:

	December 31, 2007		*March 31,* **2008**
	Opening balance	Additions	Closing balance
Tulawaka	$ 1,692,392	7,056	**1,699,448**
Simba, Baraka and Kunga	5,376,582	1,017,973	**6,394,555**
Msasa	423,738	17,089	**440,827**
Des Meloïzes	573,498	160,729	**734,227**
Lac Shortt and Lespérance	1,524,374	-	**1,524,374**
Le Tac	635,614	-	**635,614**
Clairy	441,856	-	**441,856**
Isle Dieu	443,654	9,350	**453,004**
Other properties	131,042	-	**131,042**
	$ 11,242,750	1,212,197	**12,454,947**

5. Long-term debt

	March 31, **2008**	*December 31,* 2007
Term loan for a maximum amount of US$18,000,000, at LIBOR (5.21% as at March 31, 2008) plus 6.5%, repayable by quarterly instalments varying from 1% to 12.3% calculated on the total amount of the term loan, maturing in September 2008, guaranteed on a non-recourse basis by the interest held in the Tulawaka project	**$ 3,848,870**	$ 7,892,377
Current portion	**3,848,870**	7,892,377
	$ Nil	$ Nil

Notes to Consolidated Financial Statements *(Unaudited)*

March 31, 2008

Information as at December 31, 2007 is audited.

6. Capital stock

The Company is authorized to issue an unlimited number of common shares of no par value. Changes in the outstanding capital stock are as follows:

	March 31, **2008**		*December 31,* 2007	
	Number	Value	Number	Value
Balance at beginning of period	**89,627,232**	**$ 64,750,168**	69,708,771	$ 45,488,860
Shares issued in consideration for				
Mining properties	-	-	125,000	98,750
Share issue expenses	-	-	400,000	480,000
Shares issued for cash				
Private placements	-	-	8,000,000	9,600,000
Flow-through shares	-	-	369,500	369,500
Exercise of warrants	-	-	8,793,776	6,584,580
Exercise of stock options	**232,222**	**106,500**	2,230,185	1,379,700
Amounts from contributed surplus				
Exercise of warrants	-	-	-	128,440
Exercise of stock options	-	**70,237**	-	620,338
	232,222	**176,737**	19,918,461	19,261,308
Balance at end of period	**89,859,454**	**$ 64,926,905**	89,627,232	$ 64,750,168

6. Capital stock (cont'd)

Warrants

The table below presents a summary of the warrants:

	March 31, **2008**			December 31, 2007		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Outstanding at beginning of period	**29,437,571**	**$**	**1.17**	30,397,087	$	0.92
Granted	**-**	**$**	**-**	8,619,010	$	1.58
Exercised	**-**	**$**	**-**	(8,793,776)	$	0.75
Cancelled	**-**	**$**	**-**	(784,750)	$	0.75
Outstanding at end of period	**29,437,571**	**$**	**1.17**	29,437,571	$	1.17

The table below presents supplemental information about the outstanding warrants at the end of the period:

	Exercise prices	Number	Maturity
$	1.60	8,400,000	2008-10-05
$	1.00	20,737,571	2009-01-14
$	0.75	300,000	2010-12-05

Stock option plan

The table below presents a summary of the stock option plan:

	March 31, **2008**			December 31, 2007		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Options at beginning of period	**5,138,445**	**$**	**0.75**	7,198,630	$	0.71
Granted	**-**	**$**	**-**	300,000	$	0.76
Exercised	**(232,222)**	**$**	**0.46**	(2,230,185)	$	0.62
Cancelled	**-**	**$**	**-**	(130,000)	$	0.81
Options at end of period	**4,906,223**	**$**	**0.77**	5,138,445	$	0.75
Exercisable options at end of period	**4,906,223**	**$**	**0.77**	5,138,445	$	0.75

As at March 31, 2008, there were 4,906,223 stock options outstanding at exercise prices ranging from $0.45 to $1.17 with a weighted average remaining contractual life of 4.98 years.

6. Capital stock (cont'd)

Stock option plan (cont'd)
The table below presents supplemental information about the stock option plan at the end of the period:

Range of exercise prices	Number	Weighted average remaining life (years)	Weighted average exercise price
\$0.45 – \$0.50	1,336,223	7.22	\$ 0.48
\$0.64 – \$0.76	690,000	5.19	\$ 0.71
\$0.80 – \$0.84	900,000	2.73	\$ 0.80
\$0.90 – \$0.91	1,490,000	5.45	\$ 0.91
\$1.10 – \$1.17	490,000	1.29	\$ 1.12

7. Capital disclosures

The Company's objectives concerning capital management are to ensure that it will be able to continue its activities in order to pursue the development of its mining properties.

The capital structure of the Company consists of long-term debt (note 5) and the shareholders' equity components consisting of capital stock and contributed surplus.

The Company is not subjected to externally imposed capital requirements.

8. Financial instruments and risk management

Market risk
The Company is exposed to gold price fluctuations because gold price influences the economic potential of the mining properties held by the Company and impacts on the decision to enter or not into production.

Foreign exchange risk
The Company gets royalties revenue, incurs exploration costs and repays its long-term debt in US dollars and is consequently exposed to currency rate fluctuations.

The Company can occasionally enter into various types of foreign exchange contracts. During the period ended March 31, 2008, the Company did not enter into any forward exchange contracts.

Credit risk
The only credit risk the Company is exposed to is related to accounts receivable for partners following a split of exploration expenses. The Company considers that this risk is minimized by the dilution of the partners' interest in the mining properties following a payment default.

Information as at December 31, 2007 is audited.

8. Financial instruments and risk management (cont'd)

The Company invests its cash and cash equivalents in fully guaranteed high quality titles issued by financial institutions.

Liquidity risk
The Company manages its liquidity risk by using budgets allowing to determine the necessary funds required to meet its exploration plans. Moreover, the Company makes sure that the working capital is sufficient to meet its current obligations.

9. Cash flows

Supplemental information on non-cash transactions:

	Three months ended March 31,	
	2008	2007
Unrealized foreign exchange loss (gain) allocated to loan receivable	**$ (206,197)**	$ 204,490
Reduction of long-term debt applied in reduction of loan receivable	**$ 2,010,788**	$ 3,463,800
Unrealized foreign exchange loss (gain) allocated to long-term debt	**$ 373,639**	$ (203,638)