INTERIM FINANCIAL STATEMENTS

JUNE 30, 2009

MDN INC.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE PERIOD ENDED JUNE 30, 2009

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the financial statements of MDN Inc. (the "Company" or "MDN") and the accompanying notes to the financial statements for the three-month periods ended June 30, 2009 and 2008. The reader should also refer to the audited annual financial statements as at December 31, 2008, 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 as of August 5, 2009, 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 June 30, 2009, 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 SEDAR at www.sedar.com and on the Company's website at www.mdn-mines.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 and options to purchase mining claim agreements as well as joint venture agreements. Under a joint venture agreement with Pangea Goldfields Inc. ("Pangea"), MDN holds a 30% interest in the Tulawaka gold mine. In addition, the Company owns a 28.75% interest in a property with a NI 43-101 niobium and tantalum resource located in the Lac St-Jean area of Quebec. It also carries on exploration on other mining properties, but has not yet determined whether these other properties contain economically viable mineral assets.

These other mining property in wich the Company holds interests in properties located in the following areas:

Tanzania, East Africa: Tulawaka, Baraka, Kunga (Viyonza), Simba (Isambara), Msasa, Kinyongi and Ikungu, totalling 42 exploration permits;

Quebec: Des Méloizes in the Normétal 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.

SECOND QUARTER 2009 HIGHLIGHTS

- Revenue of $2,849,265 compared with $8,385,228 for the same period in 2008.

- Net income of $1,153,330 or $0.012 per share compared to $6,645,689 or $0.073 per share for the same period in 2008.

- The Tulawaka gold mine in Tanzania produced 24,561 ounces of gold with an average grade of 7.5 g/t at a recovery rate of 94.5%. MDN's 30% ownership interest in the Tulawaka gold mine gives it a pro-rata share equal to 7,368 ounces of gold. For the same period in 2008, production was 67,032 ounces of gold with an average grade of 23.0 g/t of gold. The difference is due to the fact that, in 2008, production came from an open pit, whereas, in 2009, it is transitioning into an underground development phase.

- The total cash costs to produce an ounce of gold in the quarter were US$363 as compared with US$180 in 2008. The higher cost is attributable to the underground development phase.

- The Tulawaka gold mine sold 22,536 ounces of gold on the spot market at an average price of US$922 per ounce, generating gross income of US$20.8M. The MDN share (30%) is equal to 6,760 ounces of gold sold, for a gross income equal to US$6.2M.

- Following the notice of intent to proceed with a normal course issuer bid filed on March 24, 2009, with the Toronto Stock Exchange, the Company purchased 116,500 shares at an average cost of $0.73 per share for a total amount of $85,495 during the second quarter.

- Appointment on April 22, 2009, of Mr. Paul Gobeil on MDN'S Board of Directors. Paul Gobeil, F.C.A. is a recognized member of both Quebec and the international business communities. He is presently a Board member of the National Bank of Canada and acts as President of the Auditing and Risk Management Committee. He also serves on many other Boards including those of Métro, Diagnocure, Yellow Pages Income Fund, Munich Reinsurance Company of Canada, as well as several educational, cultural and charitable organizations. He was also Chairman of the Board of Hydro-Québec International, Domtar, European Aeronautic Defence and Space (EADS) Canada and Development Canada. A *Fellow* of l'Ordre des comptables agréés du Québec with tenure of the « Advanced Program in Management » of the Harvard Business School, Paul. Gobeil was involved in Quebec politics from 1985 to 1989, initially as Minister responsible for Government Administration and Chair of the Treasury Board, and subsequently, was Minister of International Affairs and contributed to bring a foreign investments to Quebec.

ACQUISITION

On April 14, 2009, MDN has announced an investment transaction with the shareholders of Les Minéraux Crevier Inc. ("MCI") to acquire a majority interest in MCI. The transaction provides MDN with an option to acquire, over a three (3) year period, a majority equity interest in MCI in return for funding the development and feasibility study of a 43-101 compliant niobium and tantalum resource (the "Resource"), located in Quebec's Lac St-Jean Region, 80 km North of St-Félicien.

<u>Highlights of the Investment:</u>

- At the closing of the Transaction dated June 2, 2009, MDN has acquired 28.75% of the shares of MCI as well as the entire $1.5 million in convertible debentures, for a total amount of $2,325,000. This first stage in a major investment in Quebec was funded from cash currently held by MDN.

- MDN's initial investment will protect its right to increase at certains conditions is ownership in MCI over the next three years, at the end of which the construction phase of the project could begin, ultimately leading to the commercial production phase. This is a relatively short timeframe for achieving potential commercial production and the generation of cash flow for MDN.

- MDN will fund the development costs including a feasibility study, and other costs required to reach the construction phase and commercial production of the Resource. In exchange for its investment, MDN will have the right to acquire up to 75% of the ownership of MCI upon the achievement of every milestone. MCI's President Serge Bureau, P.Eng, will be responsible for the management of the feasibility study and the development process leading to the commercialization of the Resource.

- Following MDN's initial investment, IAMGOLD has a 37.5% ownership interest in MCI. IAMGOLD and MDN each have two representatives on MCI's Board of Directors. IAMGOLD owns and operates a nearby niobium mine and processing plant, Niobec, which produces ferro niobium.

- The niobium oxide – a steel alloy added to metal to increase strength and welding capability – will complement the existing ferro niobium markets. Tantalum is the metal with the highest capacitance known, and is essential in most electronic devices. Niobium and tantalum are expected to play an increasingly large role due to their unique properties and the fact that they are considered to be strategic metals by various governments, particularly the United States.

- The *in situ* Resource amounts to 47,895,000 kg of niobium oxide and 5,124,250 kg of tantalum oxide in the indicated category as well as 27,345,600 kg of niobium oxide and 3,443,520 kg of tantalum oxide in the inferred category (see table below). A conceptual mining scenario based on a resource of 25.75 million metric tonnes with a production rate of approximately one (1) million tonnes per year suggests an average potential lifespan for the mine of 17 to 20 years, with the first 6 years as an open pit operation.

43-101 Values	M tonnes	Ta2O5 g/t	Nb2O5 g/t	Ta2O5 Kg	Nb2O5 Kg
Indicated*	25.75	199	1,860	5,124,250	47,895,000
Inferred*	16.88	204	1,620	3,443,520	27,345,600

*Cut-off grade of 1,000 g/t Nb205 included

- The Resource was confirmed as a 43-101 compliant resource, in a report produced on April 6, 2009 by SGS Geostat Ltd., which was published on SEDAR (www.sedar.com) on May 25, 2009.

- There is growing worldwide demand for both metals and only a small number of producers. The development of the Resource will provide clients with stable sources of supply which will enhance end-product development and overall demand in the market.

- MDN management believes that this investment will create significant value as we develop the Resource from a green field project into the construction of a mine and milling operation for the two metals, which are considered to be highly strategic metals for the future of global industrial development.

- The conceptual work plan was prepared by MCI's President Serge Bureau, P.Eng. Mr. Bureau was previously with Barrick Gold Corporation, where he was a key member of the team responsible for the evaluation, planning and development of mines in South and Central America, as well as Russia. The work plan and related documents were reviewed by Marc Boisvert, P. Eng., and also reviewed in detail by Met-Chem. The final Met-Chem report was issued on March 11, 2009 and concurred with the SGS Geostat resource estimation and conclusions. The Met-Chem due diligence findings indicated the project's initial plan was reasonable, and recommended completion of a pre-feasibility study.

- MDN's investment over the three-year period is to be made gradually, with each further advance to be linked to and supported by evidence of the commercial viability of a niobium and tantalum mining operation. Further investments will be directed at funding the feasibility study, further exploration expenses as required, the design and planning of an open pit and underground mine, and all ensuing expenses leading to the construction of the mine.

- MDN and MCI plan to produce niobium pentoxide (Nb2O5) and tantalum pentoxide (Ta2O5) to be sold in various markets, especially as enhancing elements in super alloys and other markets. Niobium is an additive in the production of specialty steel which is added to increase the strength of the alloy and and improve corrosion resistance. A 2% alloy of niobium has the ability to triple the tensile strength of steel from 40,000 psi (pounds per square inch) to 120,000 psi. Niobium-alloyed steel is used in the construction industry, oil and gas pipelines, nuclear plant pipelines, and in the automotive and aerospace industries.

- Tantalum is the metal with the highest known specific capacitance, which is the ability to hold and instantaneously release electrical charge. This feature makes tantalum an essential component of most electronic devices. Tantalum is a good conductor of heat and electricity, resists corrosion by acids and has a very high melting point (~3,000° C). In the form of a metal powder, tantalum is used primarily in the production of electronic components, mainly tantalum capacitors, where its ability to form stable oxide films creates highly efficient, reliable and environmentally versatile components. Capacitors are used in desktop and laptop computers, mobile phones, digital cameras, pagers, PDAs, handheld games, automotive applications and a number of other products in the electronics industry. Tantalum, which is biocompatible, is also used in implant materials for humans.

- The first stage of the feasibility study, a scoping study, began immediately following the closing of the transaction. A drilling and trenching program is also in progress aimed at converting the Resource from the "indicated" to the "measured" category.

- One of the most important aspects of the scoping study, the metallurgical tests, are under developement and will be spread over approximately one year in order to help in the design of the processing plant.

EXPLORATION ACTIVITIES

Tanzania

- Ground exploration programs for 2009 were started in the first quarter on Isambara and Ikungu in anticipation of drilling programs being conducted as soon as possible. Meanwhile, a compilation of all the permits under the control of MDN, namely Isambara, Ikungu, Viyonza, Isozibi, Msasa and Mnekezi, is currently underway.

- In a context where the majority of our exploration permits in Tanzania are located a short distance from the Tulawaka gold mine and cover an area of more than 638 km^2, the compilation work conducted by the Company is of vital importance in orienting and planning future drilling work.

- A MMI (Mobil Metal Ion) soil sampling program, successfully conducted in April 2009, on the Isambara project, confirms the geological model previously advanced (see March 19, 2009, press release) with respect to the geometry of the gold-bearing structures, the apparent left-hand displacement of each of the structures, and the presence of numerous parallel gold-bearing structures.

- The Southern Area can now be described as a series of parallel gold-bearing structures extending over a strike length of 1.3 km and having significant lateral extensions. To date, these numerous structures have only been partially drill tested.

- The circumstances leading to a systematic drilling approach are the following:
    - the high gold-bearing values obtained in the soil sampling coincide with the surface projected mineralization transected by the drilling;
    - the north-west orientation of the gold-bearing structures is confirmed;
    - the eastern and western sides of the Southern Area form part of the same gold-bearing horizon, but are displaced by north-east oriented faults or dykes;
    - several extensions of the gold-bearing structures have apparently undergone little or no drill testing;
    - the strike length of the Southern Area has been extended from 800 meters to 1.3 kilometers;
    - several of the gold-bearing structures appear in a parallel formation;
    - a new structure has been discovered at the north end of the Southern Area, where two drill tests previously yielded values of 10.51 g/t of gold over 2 meters (RC233) and 9.45 g/t of gold over 1 meter (RC234).

- With these new encouraging data, a drill program has been undertaken at the beginning of July in the Southern Area, while two other MMI soil sampling programs are conducted in the Central and Northern Areas with a view to defining additional drilling targets.

- The Isambara Project is characterized by a soil anomaly with a strike length of 5 kilometers divided into three areas (South, Central and North). To date, the main focus has been on the Southern Area in terms of drilling and analysis due to the ease of conducting all the preliminary work for the next drilling.

- At the heart of the Southern Area are two structures which have been shown to contain the highest gold-bearing values, although they have barely been tested below a vertical depth of 40 meters. In fact, based on all the drilling data obtained to date for the Isambara Project, the highest gold-bearing values actually appear to be located below the vertical depth of 40 meters.

- In the MMI survey, 528 soil samples were obtained, including 26 blank samples to check field and laboratory procedures. Samples were taken every 25 meters along 12 lines spaced 100 to 800 meters apart across the gold-bearing structures of the Southern Area. The samples were prepared in the SGS laboratories in Mwanza, Tanzania, and shipped to the SGS Laboratory in Toronto, Canada, for analysis of the gold and 45 other elements using the MMI procedure.
- Located 28 kilometers north of the Tulawaka gold mine, the Isambara Project is wholly owned by MDN and covers a surface area of 138 km^2.
- Concerning the Ikungu project, geochemical soil surveys with 800 meters space lines have been completed in order to cover the entire property and the results will be announced shortly. MMI detailed soil sampling will also be undertaken in order to better define the extension of the drilling targets already identified. A first phase of drilling will begin following the drilling works on Isambara for the targets previously selected and a second phase will follow once the MMI detailed soil sampling is completed.

Quebec

- The mining exploration properties held in Quebec have been the subject of detailed analysis over the last few months. A strategy involving analysis and establishment of goals that are to be met was instituted aiming at maximising the value of the portfolio.
- The acquisition of the niobium and tantalum project, which will now be promoted under the name of Anita Project, will be MDN's priority in the upcoming months for the geology and metallurgy aspects, as well as its positioning towards the markets.

The technical and scientific information in this report was reviewed by Marc Boisvert, geological engineer and Vice-President Exploration, acting as the qualified person pursuant to National Instrument 43-101.

BUSINESS DEVELOPMENT

During the second quarter, MDN's management team has participated in a number of private meetings with shareholders and potential investors, mainly in Montreal, Toronto, Vancouver, Moncton, Quebec, Chicoutimi, Sherbrooke and New York. In addition, the Company has participated in April in the Denver Gold Forum in Zurich and held its Annual Shareholder's Meeting on june 12, 2009.

Following the acquisition of the Anita Project, MDN's management also met mining analysts in Montreal, Vancouver and Toronto, to promote the potential benefits of the project and to establish long-term relations aiming at assuring the follow-up of the upcoming development phase.

MDN management is active on an ongoing basis in analyzing promising projects with strong growth potential that meet its investment criteria. The targeted projects are analyzed based on the strengths of the management team, the quality of the assets, the costs, and the outlook for growth in light of the Company's strategic development plan. In order to support the mining development activities, the board of directors has approved a substantial budget aiming at evaluating new acquisition projects. MDN's management team can be, if needed, assisted by a multidisciplinary team of industry experts qualified for the evaluation and analysis of such projects..

SUMMARY OF OPERATING RESULTS

For the three months ended June 30, 2009	**2009**	2008
(In thousands of dollars, except for amounts per share)		
Revenue	**$2,849**	$8,385
Administrative expenses	**$871**	$886
Gold price royalties	**$0**	$950
Foreign exchange gain (loss)	**($200)**	($96)
Net income (loss)	**$1,153**	$6,646
Basic and diluted net earnings (loss) per share	**$0.012**	$0.073
Weighted-average number of shares outstanding (in thousands)	**95,277**	90,005

Operating results

Revenue totalled $2,849,265 for the three-month period ended June 30, 2009, compared to $8,385,228 for the same period in 2008. Revenue is attributable mainly to royalties from the operation of the Tulawaka gold mine. This revenue amounted to $2,884,353 in 2009, compared to $8,289,353 in 2008. The decline in revenue from the mine was due mainly to the fact that the ore was derived in part from the development of underground operations, compared to the same period in 2008, when the ore was mined from the open pit. Other revenues consisted of interest income from the Company's various investments.

Administrative expenses totalled $870,781, compared to $885,873 in 2008. Administrative expenses in 2008 included interest expenses of $88,033 on the long-term debt, which was fully repaid during the second quarter of 2008. Administrative expenses also included: management fees of $123,928 ($138,941 in 2008) representing 3% of all operating expenses of the Tulawaka project invoiced by the operator; professional fees of $267,363 ($232,375$ in 2008), with the increase due mainly to the hiring of consultants for business development and project analysis and salary costs of $190,590 ($263,503 in 2008), with the decrease due mainly to a change in the terms of payment of the members of the Board of Directors, who are now paid on a quarterly basis. The Company also expenses $26,444 during the quarter for project generation and analysis. Since the amounts distributed by the Tulawaka gold mine are now recorded as royalties on the income statement, the Company is recording amortization charges for the cost of exploration conducted prior to the opening of the mine; this amount came to $110,936 during the quarter.

As part of the long-term debt agreement, a royalty of $949,951 on gold sold by the Tulawaka mine was capitalized in the long-term debt during the first quarter of 2008, with the mine having produced more than 500,000 ounces of gold; this royalty ended in the second quarter of 2008.

SUMMARY OF OPERATING RESULTS (continued)

Net income

For the six-month period ended June 30, 2009, the Company recorded net income of $1,947,544 or $0.020 per share compared to net income of $8,466,607 or $0.094 per share for the same period in 2008.

The change in net income is attributed to the lower royalties received from the Tulawaka mine, explained in the assessment of revenue. The net gain per share was calculated according to the weighted average of 95,301,054 common shares outstanding on June 30, 2009, compared to the weighted average of 90,005,038 common shares outstanding on June 30, 2008.

Future results

The Company's future results will be influenced mainly by the amount of royalty income received by the Company from the operation of the Tulawaka gold mine. Also, the Company's future results should benefit from the expected increase in underground production.

Financial position	*June 30* **2009**	*December 31* 2008
(In thousands of dollars)		
Cash and cash equivalents	**$19,446**	$18,081
Term deposits	**$1,000**	$1,019
Royalties receivable	**$4,597**	$6,020
Mining properties and deferred exploration costs	**$16,627**	$15,965
Investment in Crevier Minerals	**$2,602**	$0
Total assets	**$46,750**	$44,928
Capital stock	**$61,429**	$61,515
Shareholders' equity	**$46,206**	$44,356

LIQUIDITY AND FINANCIAL POSITION

Cash, cash equivalents and term deposits

As at June 30, 2009, the Company's cash position, consisting of cash and term deposits, amounted to $20,446,386 compared with $19,100,248 as at December 31, 2008. The change in the cash position is due to the receipt of the royalties' payment from the Tulawaka mine.

Accounts receivable

As at June 30, 2009, accounts receivable consisted mainly of the payment of royalties of $4,597,420 from the Tulawaka mine. This amount was determined by the Company from the financial reports of Pangea Minerals, the operators of the Tulawaka mine.

Mining properties

During the three-month period ended June 30, 2009, the Company made his annual payment pursuant to its agreement for the Baraka property in Tanzania.

Deferred exploration costs

During the three-month period ended June 30, 2009, the Company paid $375,910 in deferred exploration costs. Of this amount, $348,026 was spent for the Simba, Baraka, Msasa, Kunga and Ikungu properties in Tanzania. As at June 30, 2009, deferred exploration costs related to mining properties came to $14,296,419, compared to $13,725,184 as at December 31, 2008.

Investment in Crevier Minerals

The investment include three differents distinctive elements; $947,516 was attribuate for the acquisition of 28.75% Crevier Minerals class A share; $1,500,000 for a convertible debenture with annual interest of 2% maturing in November 2015, and a deposit for share aquisiton of $154,500, representing exploration expenses realized during the month of June 2009. The Company has commited to spend $2,000,000 in exploration costs by the end of May 31, 2010, to obtain a right to purchase 10% additional class A shares for an amount of $1,000,000.

Assets, shareholders' equity and liquidity

Total assets amount to $46,750,196 as at June 30, 2009, compared to $44,928,045 as at December 31, 2008. The difference is attributable to the increase in deferred exploration costs and the investment in Crevier Minerals.

Shareholders' equity amounted to $46,206,444 as at June 30, 2009, compared to $44,356,347 as at December 31, 2008, with the increase being attributable to net income earned in the last six months.

The Company's short-term and long-term liquidity is available for the payment of administrative expenses, the financing of exploration activities and to support the Company's growth plan.

LIQUIDITY AND FINANCIAL POSITION

Capital stock

During the three-month period ended June 30, 2009; following the normal course issuer bid, the Company purchased 116,500 shares. As at June 30, 2009, the number of outstanding shares was 95,208,913.

Liquidity needs for the current financial year

Gold production at the Tulawaka mine began in March 2005. Based on the operation of the mining property and the available liquidity pursuant to the joint venture agreement, the Company receives a pro-rata share of 30%. For the current financial year, from January 1 to December 31, 2009, the Company's liquidity needs are estimated at approximately $6,000,000, which includes fixed costs and exploration expenses in Tanzania and Quebec. Also, the investment in Crevier Minerals should amount to approximately $2,000,000 for the same period. Without taking into account the revenues generated by future payments of royalties that will be paid by the mine in 2009, the Company already has the liquidity required to meet its needs.

RISKS AND UNCERTAINTIES

The Company's principal revenue is derived from the operation of the Tulawaka gold mine, which has been in operation since March 2005. The lifespan of the mine is linked to the exploitable gold-bearing reserves. Exploration is underway at Tulawaka to extend the mine's life. As at December 31, 2008, the mine operator has yet to define the lifespan of the mine in the context of underground development.

Except for the Company investment in Crevier Minerals Inc., which is at the evaluation phase, all the Company's other resource properties are exploration and development properties. The Company's long-term profitability depends on the costs and success of its evaluation, 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, and the competitive nature of the industry.

Substantial investments are necessary to carry out evaluation and 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 unforeseen events could affect the Company's ability to obtain the funds required for its development.

Mineral prices

Factors that influence the market value of gold, base metals and any other mineral discovered are outside the Company's control. Resource prices can fluctuate widely, and have done so 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 such claims 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 second quarter of 2009, as in the second quarter of 2008, the Company did not enter into any related party transactions.

Financial instruments

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.

DIVIDEND POLICY

The Company has neither 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.

IFRS CONVERGENCE

In April 2008, the CICA published an exposure draft as guidance which requires the transition to International Financial Reporting Standards ("IFRS") to replace Canadian GAAP as currently employed by Canadian publicly accountable enterprises. The changeover will occur no later than fiscal years beginning on or after January 1, 2011. Accordingly, the Company expects that its first interim financial statements presented in accordance with IFRS will be for the three-month period ended March 31, 2011, and its first annual financial statements presented in accordance with IFRS will be for the year ended December 31, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements.

Team

The company convergence team will be managed by the CFO (who is a certified management accountant). The president and the audit committee will be informed of the progress along the way.

Training

In the fall 2008, the CFO participated in training workshops given by the IFRS Task Force of an accounting cabinet. In June 2009, the CFO participated in training session given by the CICA about the IFRS for the mining industry. As IFRS is expected to change prior to 2011, other training session are forecasted to take in consideration any changes impacting the Company.

Accounting policies impacted

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed throughout 2009. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure.

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements. They are as follows:

First time adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

Impairment of assets (IAS 36)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).

IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

Share-based payments (IFRS 2)

Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.
For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

Mineral property interests, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.

Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

Property, plant and equipment (IAS 16, IFRIC 1)

Under IFRS, the Company can elect to measure fixed assets using either the cost model or the revaluation model. Canadian GAAP only accepts the cost model. The Company will not select the revaluation model due to the difficulty and effort needed to determine the fair value.

Under IFRS, each part of a fixed asset with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. In Canadian GAAP, the same requirement exists but when practical, and consequently rarely implemented. The IFRS may result in additional details needed to maintain de fixed assets sub-ledger. Under IFRS, the residual value and the useful life of an as set shall be reviewed at least at each year end. The Canadian GAAP was requesting the same review but only on a regular basis.

Information systems

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expect at this point to operate the accounting system under the IFRS. Nevertheless, some excel spreadsheets will probably have to be adapted to support the change made in accounting policies.
The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS

As the Company will perform its accounting under Canadian GAAP 2010, it has yet to determine how it will generate in parallel the accounting under IFRS so that in 2011 it has the comparative available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place effective January 2010 to generate the dual accounting.

Internal Controls

Management is responsible for ensuring that processes are in place to provide them with sufficient knowledge to support their certification of the financial statements and MD&A, more specifically assessing that the SEDAR filings are presenting fairly the results of the Company. Management will make sure that once the convergence process is completed, it can still certify its fillings.

Impact on the business

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS. The Company has no debt and no capital obligations. The Company doesn't expect that IFRS will have an impact on the requirements or business processes when it enters in flowthrough financing. The Company has no compensation arrangements that will be affected by the IFRS implementation. The Company's Stock Option Plan is not affected by ratios or financial targets.

Business process will be monitored through 2009 to detect unsuspected impact.

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

Montreal, Canada
August 5, 2009

FINANCIAL SUMMARIES

The tables below provide a summary of the main financial information on the Company for the last three years and for the last eight quarters.

FOR THE LAST THREE YEARS

	2009	**2008**	**2007**
	6 months	*12 months*	*12 months*
Total revenue	**$4,764,884**	$27,256,716	$1,570,637
Net income (loss)	**$1,947,544**	$22,127,336	($11,405,625)
Net income (loss) per share	**$0.020**	$0.241	($0.138)
Exploration expenses	**$644,254**	$3,979,794	$3,166,210
Accounts receivable	**$4,597,419**	$6,019,795	$335,650
Total assets	**$46,750,196**	$44,928,045	$30,768,074
Shareholders' equity			
Total	**$46,206,444**	$44,356,347	$22,597,080
Per share	**$0.49**	$0.47	$0.25

FOR THE LAST EIGHT QUARTERS

	2009	
	1st quarter	*2nd quarter*
Total revenue	$1,915,619	$2,849,265
Net income	$794,214	$1,153,330
Net income per share	$0.008	$0.012

	2008			
	1st quarter	*2nd quarter*	*3rd quarter*	*4th quarter*
Total revenue	$6,751,819	$8,385,228	$6,115,879	$6,003,790
Net income	$1,563,057	$6,322,404	$5,132,751	$9,109,124
Net income per share	$0.017	$0.073	$0.056	$0.095

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

Note: The first and second quarters of 2008 have been adjusted to reflect the amortization charge for the deferred exploration costs incurred before the start of mining operations at the property from which the Company receives royalties.

MDN Inc.

Interim Financial Statements

June 30, 2009

Consolidated Statements of Earnings and Comprehensive Income *(Unaudited)*

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Revenue				
Operating royalties from a mining property	**$ 2,844,517**	$ 8,289,353	**$ 4,712,194**	$ 14,901,165
Interest	**4,748**	95,875	**52,690**	235,882
	2,849,265	8,385,228	**4,764,884**	15,137,047
Administrative expenses				
Professional fees	**267,363**	232,375	**545,899**	360,534
Salaries and fringe benefits	**190,590**	263,503	**367,181**	347,718
Transfer fees	**5,113**	4,179	**67,371**	7,764
Travelling expenses	**62,423**	61,517	**169,722**	143,681
Rent	**22,552**	22,746	**47,633**	45,320
Office expenses	**16,201**	15,306	**60,007**	19,474
Promotion expenses	**7,266**	26,683	**17,328**	57,094
Reports to shareholders	**13,424**	9,995	**15,390**	42,063
Insurance, taxes and permits	**1,188**	5,169	**8,160**	32,484
Telecommunications	**14,835**	12,739	**19,966**	15,014
Management fees	**123,928**	138,941	**203,521**	275,184
Interest on long-term debt	**-**	88,033	**-**	314,964
Projects development	**26,444**	-	**26,444**	-
Bank charges and licenses	**6,740**	2,635	**8,882**	5,219
Amortization of property, equipment and intangible asset	**112,714**	2,052	**187,332**	4,103
	870,781	885,873	**1,744,836**	1,670,616
Income before the following items	**1,978,484**	7,499,355	**3,020,048**	13,466,431
Other expenses (revenue)				
Gold price royalty	**-**	949,951	**-**	4,928,474
Foreign exchange loss (gain)	**199,845**	(96,285)	**(83,766)**	71,350
Share of earnings in a company under significant influence	**5,309**	-	**5,309**	-
Write-off of mining properties and deferred exploration costs	**-**	-	**73,561**	-
	205,154	853,666	**(4,896)**	4,999,824
Income before income taxes	**1,773,330**	6,645,689	**3,024,944**	8,466,607
Income taxes				
Current	**(560,500)**	(1,943,000)	**(960,885)**	(2,493,000)
Recoverable from loss carry-forwards	**560,500**	1,943,000	**960,885**	2,493,000
Future				
Recognition and utilization of losses carry-forward	**560,500**	-	**960,885**	-
Change in temporary differences and others	**59,500**	-	**116,515**	-
	620,000	-	**1,077,400**	-
Net income and comprehensive income	**$ 1,153,330**	$ 6,645,689	**$ 1,947,544**	$ 8,466,607
Basic and fully diluted net income per share	**$ 0.012**	$ 0.073	**$ 0.020**	$ 0.094
Weighted-average number of outstanding shares (in thousands)	**95,277**	90,005	**95,301**	89,882

See notes to the consolidated financial statements

Consolidated Statements of Deficit *(Unaudited)*

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Balance at beginning of period	**$ 22,550,789**	$ 42,907,299	**$ 23,334,051**	$ 44,728,217
Net income	**(1,153,330)**	(6,645,689)	**(1,947,544)**	(8,466,607)
Share issue costs	**1,000**	14,811	**11,952**	14,811
Balance at end of period	**$ 21,398,459**	$ 36,276,421	**$ 21,398,459**	$ 36,276,421

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

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Balance at beginning of period	**$ 6,135,447**	$ 2,464,892	**$ 6,135,447**	$ 2,535,129
Awards during the period	**-**	14,811	**-**	14,811
Exercise of options	**-**	(63,250)	**-**	(133,487)
Balance at end of period	**$ 6,135,447**	$ 2,416,453	**$ 6,135,447**	$ 2,416,453

See notes to the consolidated financial statements

Consolidated Balance Sheets

		June 30, 2009		December 31, 2008
		Unaudited		*Audited*
Current assets				
Cash and cash equivalents (Note 2)	$	**19,446,386**	$	18,081,261
Term deposit, floating rate of 0.25% as at June 30, 2009		**1,000,000**		1,018,987
Receivables		**4,597,419**		6,019,715
Prepaid expenses		**51,574**		169,427
		25,095,379		25,289,390
Mining properties (Note 3)		**2,330,820**		2,239,474
Deferred exploration costs (Note 4)		**14,296,421**		13,725,184
Property, equipment and intangible asset (Note 5)		**320,250**		491,297
Investments (Note 6)		**2,602,026**		-
Future income taxes		**2,105,300**		3,182,700
Total assets	$	**46,750,196**	$	44,928,045
Current liabilities				
Trade accounts payable and accrued liabilities	$	**543,752**	$	571,698
Shareholders' equity				
Capital stock (Note 7)		**61,429,456**		61,514,951
Contributed surplus for stock-based awards		**6,135,447**		6,135,447
Other contributed surplus		**40,000**		40,000
Deficit		**(21,398,459)**		(23,334,051)
		46,206,444		44,356,347
Total liabilities and shareholders' equity	$	**46,750,196**	$	44,928,045

See notes to the consolidated financial statements

Consolidated Statements of Cash Flows *(Unaudited)*

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Operating activities				
Net income	**$ 1,153,330**	$ 6,645,689	**$ 1,947,544**	$ 8,466,607
Items not affecting cash				
Operating royalty revenue applied in reduction of the long-term debt	**-**	(4,871,326)	**-**	(11,483,138)
Share of earnings in a company under significant influence	**5,309**	-	**5,309**	-
Write-off of mining properties and deferred exploration costs	**-**	-	**73,561**	-
Future income taxes	**620,000**	-	**1,077,400**	-
Interest expense capitalized to the long-term debt	**-**	88,033	**-**	314,964
Amortization of property, equipment and intangible asset	**112,714**	2,052	**187,332**	4,103
Gold price royalty capitalized to the long-term debt	**-**	949,951	**-**	4,928,474
Unrealized foreign exchange loss (gain)	**-**	(15,528)	**-**	151,914
	1,891,353	2,798,871	**3,291,146**	2,382,924
Changes in non-cash working capital items (Note 9)	**(2,484,931)**	(3,508,327)	**1,512,203**	(3,363,542)
	(593,578)	(709,456)	**4,803,349**	(980,618)
Financing activities				
Issuance of shares	**-**	123,700	**-**	230,200
Redemption of shares	**(85,495)**	-	**(85,495)**	-
Share issue costs	**(1,000)**	-	**(11,952)**	-
	(86,495)	123,700	**(97,447)**	230,200
Investing activities				
Term deposits	**25,692**	9,322,548	**18,987**	11,292,892
Investment in a company under significant influence	**(1,107,335)**	-	**(1,107,335)**	-
Convertible debenture	**(1,500,000)**		**(1,500,000)**	-
Additions to property, equipment and intangible asset	**(9,591)**	-	**(16,285)**	-
Additions to mining properties	**(34,890)**	-	**(91,890)**	(120,000)
Deferred explorations costs	**(375,910)**	(1,131,006)	**(644,254)**	(2,343,203)
	(3,002,034)	8,191,542	**(3,340,777)**	8,829,689
Net increase (decrease) in cash and cash equivalents	**(3,682,107)**	7,605,786	**1,365,125**	8,079,271
Cash and cash equivalents at beginning of period	**23,128,493**	3,987,878	**18,081,261**	3,514,393
Cash and cash equivalents at end of period	**$ 19,446,386**	$ 11,593,664	**$ 19,446,386**	$ 11,593,664

Supplementary data (Note 9)

See notes to the consolidated financial statements

The interim financial statements should be read in conjunction with MDN Inc.'s annual financial statements for the year ended December 31, 2008.

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, 2008, except for the following changes:

Change in accounting policies

Business combinations and non-controlling interests
As an activity consistent with Canadian GAAP being converged with IFRS-IASB, the previously existing recommendations for business combinations and consolidation financial statements will be replaced with new recommendations for business combinations (CICA Handbook Section 1582), consolidations (CICA Handbook Section 1601) and non-controlling interest (CICA Handbook Section 1602)

Generally, the new recommendations result in measuring business acquisitions at the fair value of the acquired business and a prospectively applied shift form a parent corporation conceptual view of consolidation theory (which results in the parent corporation recording book values attributable to non-controlling interests) to an entity conceptual view (which results in the parent corporation recording fair values attributable to non-controlling interests). Both the new Canadian GAAP recommendations and IFRS-IASB allow the choice of whether or not to recognize the fair value of goodwill attributable to non-controlling interests on a acquisition-by-acquisition basis.

As of June 30, 2009, the Company decided to postpone the adoption of these recommendations until January 1st, 2011 (as allowed by the CICA Handbook) and therefore cancels the early adoption it had announced in its March 31, 2009 financial statements.

EIC 173: Credit risk and the fair value of financial assets and financial liabilities
On January 20, 2009, the CICA issued EIC abstract 173 which establishes that an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of this standard did not have a significant impact on the Company's financial statements.

EIC 174: Mining exploration costs
On March 27, 2009, the CICA issued abstract EIC 174 to provide additional guidance for mining exploration enterprises on when an impairment test is required. This abstract was applied during the current year. The adoption of this standard did not have a significant impact on the Company's financial statements.

1. Significant accounting policies (cont'd)

Change in accounting policies (cont'd)

Other new standards were issued, but are not expected to have a material impact on the Company's financial statements.

Change in accounting policy – Revenue recognition
In order to recognize the revenues of operating royalties from a mining property in the period in which they were realized, the recognition is done when their receipt is reasonably assured and when the Company is able to estimate the distribution with enough accuracy. Previously, these revenues were only recognized when the operating partner disclosed the amount of the distribution. The operating partner not being obligated, and having ceased to disclose the amount of the distribution on a quarterly basis, no amount was disclosed since January 1st, 2009, therefore, the Company decided it was necessary to make this change.

Use of estimates
The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses.

Critical estimates include estimates of the revenues of operating royalties, future income tax assets and liabilities, mining properties and deferred exploration costs and certain amounts payable. Actual results could therefore differ from these estimates.

Future changes in accounting policy

Harmonization of Canadian and international standards
In April 2008, the CICA published an exposure draft as guidance which requires the transition to International Financial Reporting Standards ("IFRS") to replace Canadian GAAP as currently employed by Canadian publicly accountable enterprises. The changeover will occur no later than fiscal years beginning on or after January 1st, 2011. Accordingly, the Company expects that its first interim financial statements presented in accordance with IFRS will be for the three-months period ended March 31, 2011, and its first annual financial statements presented in accordance with IFRS will be for the year ended December 31, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements.

1. Significant accounting policies (cont’d)

Future changes in accounting policy (cont’d)

Harmonization of Canadian and international standards (cont’d)
Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company’s financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company’s financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements. They are as follows:

Property, plant and equipment (IAS 16);
Impairment of assets (IAS 36);
Mineral property interests, exploration and evaluation costs (IFRS 6);
Share-based payments (IFRS 2).

Furthermore, IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

a) optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company’s opening balance sheet; and

b) mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS. The Company is analyzing the various accounting policy choices available and will implement those determined to be most appropriate in the Company’s circumstances. The Company has not yet determined the aggregate financial impact of adopting IFRS 1 on its financial statements.

Notes to Consolidated Financial Statements *(Unaudited)*

June 30, 2009

Information as at December 31, 2008 is audited.

2. Cash and cash equivalents

	June 30, **2009**	*December 31,* 2008
Cash	**$ 323,986**	$ 1,733,634
Cash held for exploration work	**22,400**	9,019
Term deposits, floating rate (between 0.3% and 0.45%)	**19,100,000**	16,238,608
Term deposit, rate of 0.5%, held for exploration work	**-**	100,000
	$ 19,446,386	$ 18,081,261

As of June 30, 2009, the nominal value of the term deposits was $19,100,000 and they mature on July 2, 2009.

3. Mining properties

	June 30, **2009**		*December 31,* 2008	
	Interest	Amount	Interest	Amount
Properties				
Tanzanie				
Kunga (Viyonza)	**65% – 100%**	**$ 904,785**	65% – 100%	$ 904,785
Simba (Isambara)	**100%**	**645,252**	100%	645,252
Baraka (PL-1561-1562)	**90%**	**169,478**	90%	169,478
Baraka (PL-2479)	**100%**	**114,188**	100%	79,298
Ikungu	**60%**	**57,000**	-%	-
Quebec				
Lac Shortt	**50%**	**170,461**	50%	170,461
Lespérance	**50%**	**78,000**	50%	78,000
Le Tac	**50%**	**43,052**	50%	43,052
Barlow Est	**100%**	**60,000**	100%	60,000
Barlow Ouest	**100%**	**60,000**	100%	60,000
Other properties	**100%**	**28,604**	100%	29,148
		$ 2,330,820		$ 2,239,474

In 2009, the balance of other properties takes into account the write-off of Lozeau property in the amount of $544.

4. Deferred exploration costs

The table below shows the additions to deferred exploration costs:

	Decembre 31, 2008	Exploration costs	Write-down	June 30, 2009
Properties				
Tanzanie				
Tulawaka	$ 220,276	$ 21,065	$ -	**$ 241,341**
Simba (Isambara)	3,250,204	240,021	-	**3,490,225**
Baraka (PL-1561-1562)	252,986	9,326	-	**262,312**
Baraka (PL-2479)	259,553	13,665	-	**273,218**
Kunga (Viyonza)	5,036,308	137,012	-	**5,173,320**
Msasa	477,707	34,426	-	**512,133**
Ikungu	22,799	139,867	-	**162,666**
Quebec				
Lac Shortt	1,202,121	698	-	**1,202,819**
Lespérance	359,644	16,068	-	**375,712**
Le Tac	657,639	17,461	-	**675,100**
Clairy	445,047	-	-	**445,047**
Des Meloïses	785,634	860	-	**786,494**
Isle Dieu	474,941	12,395	-	**487,336**
Barlow Est	74,705	695	-	**75,400**
Barlow Ouest	74,705	695	-	**75,400**
Other properties	130,915	-	(73,017)	**57,898**
	$ 13,725,184	$ 644,254	$ (73,017)	**$ 14,296,421**

The write down of exploration costs is due to the write-off of Lozeau property located in Quebec.

5. Property, equipment and intangible asset

			June 30, 2009	December 31, 2008
	Cost	Accumulated amortization	Net value	Net value
Property and equipment				
Exploration equipment	$ 14,813	$ 12,796	**$ 2,017**	$ 289
Furniture and equipment	44,637	12,016	**32,621**	24,093
Computer equipment	40,899	21,746	**19,153**	16,680
	100,349	46,558	**53,791**	41,062
Intangible asset				
Exploration costs	1,497,360	1,230,901	**266,459**	450,235
	$ 1,597,709	$ 1,277,459	**$ 320,250**	$ 491,297

6. Investments

	30 juin **2009**	*31 décembre* 2008
Crevier Minerals Inc. – company under significant influence		
57,500 class A shares, representing 28.75% of the outstanding voting shares – equity method	**$ 947,526**	$ -
Convertible debenture, 2%, no terms of repayment, maturing in December 2015 (a)	**1,500,000**	-
Deposit on acquisition of shares (b)	**154,500**	-
	$ 2,602,026	$ Nil

a) The debenture and accrued interests may be redeemed at any time. The debenture and accrued interests are convertible upon Crevier Minerals Inc.'s (Crevier) demand into class A shares of Crevier at prices ranging from $0.70 to $2.10 per share prior to maturity and at $10.00 per share at maturity.

b) The Company is committed to spend $2,000,000 in exploration costs within May 31, 2010, to obtain a right to buy 10% additional class A shares for an amount of $1,000,000.

7. Capital stock

During the quarter, the Company redeemed 116,500 common shares for a cash consideration of $85,495, thus decrease the number of common shares issued at the end of the period to 95,209,913.

Warrants

The table below shows a summary of the warrants:

	June 30, **2009**			*December 31,* 2008		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Outstanding at beginning of period	**2,133,154**	**$**	**0.99**	29,437,571	$	1.17
Granted	**-**	**$**	**-**	110,000	$	1.00
Exercised	**-**	**$**	**-**	(5,000)	$	1.00
Exchanged	**-**	**$**	**-**	(19,009,417)	$	1.00
Cancelled	**(1,733,154)**	**$**	**1.00**	(8,400,000)	$	1.60
End of period allowing holders to purchase warrants at $1.50	**-**	**$**	**1.50**	-	$	-
Outstanding at end of period	**400,000**	**$**	**1.06**	2,133,154	$	0.99

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

	Exercise price	Number	Maturity
$	2.00	100,000	12-31-2009
$	0.75	300,000	12-05-2010

Stock option plan

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

	June 30, **2009**			*December 31,* 2008		
	Number		Weighted average exercise price	Number		Weighted average exercise price
Options at beginning of period	**4,464,438**	**$**	**0.78**	5,138,445	$	0.75
Exercised	**-**	**$**	**-**	(624,007)	$	0.56
Cancelled	**(580,000)**	**$**	**1.00**	(50,000)	$	0.65
Options at end of period	**3,884,438**	**$**	**0.75**	4,464,438	$	0.78
Exercisable options at end of period	**3,884,438**	**$**	**0.75**	4,464,438	$	0.78

7. Capital stock (cont'd)

Stock option plan (cont'd)
As at June 30, 2009, there were 3,884,438 stock options outstanding at exercise prices ranging from $0.45 to $1.17 with a weighted average remaining contractual life of 4.42 years.

The table below shows 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	1,225,000	6.20	$ 0.48
$0.73 – $0.76	450,000	6.76	$ 0.75
$0.80 – $0.84	609,438	2.29	$ 0.81
$0.90 – $0.91	1,490,000	4.47	$ 0.91
$1.10 – $1.17	110,000	0.31	$ 1.17

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 and incurs exploration costs in US dollars and is consequently exposed to currency rate fluctuations.

The Company occasionally enter into various types of foreign exchange contracts. During the period ended June 30, 2009, the Company did not enter into any forward exchange contracts.

Credit risk
The only credit risk the Company is exposed to is related to receivables from 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.

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

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

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. Statements of cash flows

	Three months ended June 30		*Six months ended June 30*	
	2009	2008	**2009**	2008
Changes in non-cash working capital items				
Current assets, decrease (increase)				
Receivables	**$ (2,673,970)**	$ (3,703,252)	**$ 1,422,296**	$ (3,742,289)
Prepaid expenses	**19,258**	6,546	**117,853**	(2,268)
Current liabilities, increase (decrease)				
Accounts payable and accrued liabilities	**169,781**	188,379	**(27,946)**	381,015
	$ (2,484,931)	$ (3,508,327)	**$ 1,512,203**	$ (3,363,542)

Supplemental data on non-cash transactions:

	Three months ended June 30		*Six months ended June 30*	
	2009	2008	**2009**	2008
Unrealized foreign exchange gain attributed to the loan receivable	**$ -**	$ -	**$ -**	$ (206,197)
Loan receivable applied in reduction of long-term debt	**$ -**	$ -	**$ -**	$ 2,010,788
Unrealized foreign exchange loss (gain) attributed to long-term debt	**$ -**	$ (15,528)	**$ -**	$ 358,111
Issuance of warrants as consideration of share issue costs	**$ -**	$ 14,811	**$ -**	$ 14,811