INTERIM FINANCIAL REPORT

MARCH 31, 2014

MDN INC.

MANAGEMENT DISCUSSION AND ANALYSIS

(FOR THE PERIOD ENDED MARCH 31ST, 2014)

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the interim condenses consolidated financial statements of MDN Inc. (the "Company" or "MDN") and the accompanying notes to the financial statements for the three-month periods ended March 31, 2014. The reader should also refer to the audited annual financial statements as of December 31, 2013, including the section describing the risks and uncertainties. The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard Board. In preparing its opening IFRS statement of financial position, the Group has adjusted the amounts reported previously in financial statements prepared in accordance with previous Canadian GAAP.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This Management Discussion and Analysis was prepared as of May 7th 2014, and complies with Rule 51-102A1 of the Canadian Securities Administrators on continuous disclosure. This analysis is a supplement to the Company's non-audited financial statements and not reviewed by auditors for the period ended March 31st 2014, 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's 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 and options to purchase mining claim agreements as well as joint venture agreements. Mining activities ceased in February 2014 at the Tulawaka gold mine. Under a joint venture agreement with African Barrick Gold ''ABG'', MDN held a 30% interest in liquidity surplus of the Tulawaka gold mine. MDN also carries on exploration on other mining properties, but has not yet determined whether these other properties contain economically viable minerals.

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

Tanzania, East Africa: MDN is involved in various gold exploration projects totalling 473 km^2 in the area of Lake Victoria Goldfield.

Quebec: MDN is also seeking funding to complete a feasibility study for the Crevier project in Lac-St-Jean, controlled at 72.5%.

EXPLORATION & EVALUATION IN TANZANIA

In the first quarter of 2014, MDN completed the interpretation of all the results obtained in 2013 from the various surveys conducted on the Nikonga and Ikungu East properties. We also continued our search to identify partners for our projects.

Due to the challenging market conditions that prevailed in 2013 and that we anticipate will continue this year, we developed a 2014 budget that provides for a minimum of activities in Tanzania, in order to maintain our properties. Due to the persistently difficult economy, we are maintaining our strategy of a moderate approach to exploration in 2014.

MDN has a good base , with its high-quality projects as described briefly below.

High-quality projects

- Ikungu is one of the most advanced gold projects in Tanzania, as well as being one of the few with growth potential.
- Ikungu East is a 15 km volcanic belt discovered by MDN in 2012, and is the eastern extension of the Ikungu project. Field work conducted in 2013 identified two areas with good gold potential. Together, the Ikungu and Ikungu East projects enable MDN to explore a mineralized zone at the definition drilling stage, as well as an area where other similar zones could be discovered in the next several years.
- Nikonga was discovered by MDN in 2012. Work done in 2013 indicated that 2012 drill discoveries are part of a single gold system that is 2.0 km in diameter. Geochemical soil surveys combined with a soil acidity survey defined a circular zone of gold-copper-molybdenum enrichment associated with higher soil acidity. This soil anomaly covers all the gold intersections obtained in the 2012 drilling, which ranged in grade from 1.86 g/t Au to 14.5 g/t Au over lengths of 1m to 10m.

NIKONGA

The Nikonga discovery was the result of two drilling program in 2012 on this wholly-owned MDN property. The intersections that confirmed the discovery were:

NKD-02:	**12.3 g/t Au over 4.2 m**
	10.9 g/t Au over 4.9 m
NKD-05:	**9.9 g/t Au over 4.2 m**
NKD-04:	**17.3 g/t Au over 1.1 m**

Geophysics and mapping revealed the presence of a deformation corridor over 1 km wide that crosses the property from east to west over a distance of more than 7 km. This corridor marks the contact between the volcanic rocks and the Timiskaming-type sediments.

The soil acidity survey (6,810 reading sites) showed areas with higher acidity (low pH), suggesting the presence of sulphides at depth. One of these acidic areas coincides with the gold showings, as well as being associated with gold, copper and molybdenum soil enrichment. The circular Au-Cu-Mo geochemical anomaly is two kilometers in diameter. The acidity anomaly and the Au-Cu-Mo anomaly also coincide with the positive drill results of 2012, which revealed the presence of mineralization along felsic porphyry dykes.

Detailed mapping (1,440 sites visited) and the petrographic study confirmed the contact between the volcanic rocks and the sediments, and the presence of the felsic porphyry dykes.

Many lineaments with gold-enriched soil were detected within the most acidic area and at the centre of the Au-Cu-Mo anomaly. These lineaments, which range from 500 m to over 1.5 km in length, are quality drill targets that could lead to the discovery of gold-bearing quartz-tourmaline veins or shear zones with sulphides. Several of these lineaments in fact coincide with gold-bearing drill intersections obtained in 2012, and they all constitute drill targets with strong potential for the discovery of additional gold zones.

The presence of the following elements allows a parallel to be drawn with the Timmins mining camp:

1) Presence of a quartz-tourmaline vein and gold-bearing pyritic shear between felsic porphyry dykes
2) Gold-copper-molybdenum soil enrichment forming a circular anomaly 2 km in diameter
3) Increased soil acidity, suggesting a chemical reaction due to the presence of sulphides at depth
4) A deformation corridor marking the contact between the volcanic rocks and the sediments.

These geological observations allow a parallel to be drawn with the types of gold deposit in Timmins, Canada, particularly those of the Hollinger-McIntire, Dome and Pamour mines, which are world-class deposits associated with porphyry dykes and sometimes a porphyry intrusive. These mines lie at the edge of a discontinuity at the contact between volcanics and sediments.

IKUNGU EAST

In 2012, exploration work done by MDN led to the discovery of an as-yet unknown 15-km long volcanic belt. These days, discoveries of volcanic belts over 15 km long with gold potential are few and far between. It is even more unusual to be in a position to explore more than 15 km of uncharted territory, in a region of the world that hosts world-class deposits containing more than 3 million ounces of gold.

MDN has acquired licences to the east of its Ikungu property in Tanzania, with its land acquisition application granted by the Ministry of Energy and Minerals of the United Republic of Tanzania. The new mineral property covers an area of 133 km2 and is wholly-owned by MDN.

Ground magnetic reconnaissance surveys were carried out in 2012 over the entire 15-km long volcanic belt on lines spaced at 200 metres. A more detailed survey was then conducted at a 100-metre spacing. Together, these two surveys involved 1,600 line-kilometres of ground magnetic surveying.

In 2013, some areas were surveyed in greater detail at a spacing of 50 metres, with MDN crews covering a total of 1,992 line kilometres.

Soil geochemistry reconnaissance surveying was carried out in 2012. The survey was conducted on lines spaced at 800 metres, with stations every 50 metres on the volcanic belt and every 100 metres at the contact with the granitoids next to the belt. In 2013, soil acidity readings were also taken in these areas. Four zones were identified, formed of gold-enriched samples spread over three or four consecutive lines. These zones are 1.5 to 3 km long and are defined by gold grades of 25 to 1,500 ppb Au. Such grades are considered significant anomalies when compared to historical soil samples from mines now in production in Tanzania. They are also similar to the results from the Ikungu mineralized zone on MDN's adjacent property.

In 2013, sampling was carried out on lines between the 2012 survey lines. As a result, the 2012 and 2013 surveys put together covered the entire volcanic belt with lines spaced at 400 meters.

Mapping reconnaissance work initiated in 2012 continued in 2013, with a total of 1,918 outcrops visited by MDN's geologists in 2013.

The **interpretation** of the 2013 field work was done for the Ikungu East property in the first quarter of 2013. The mapping, prospecting and geomagnetic survey results revealed that the volcanic belt discovered by MDN in 2012 is indeed the eastern extension of the Ikungu project, and the soil geochemistry survey results identified two zones of gold-enriched soil on this extension.

The 2013 field work combined with the field work done in 2012 revealed a volcanic belt sandwiched between a potassium granitoid to the north and a sodium granitoid to the south. The soil geochemistry results identify two distinctive zones with gold-enriched soil. The two zones cover the volcanic rocks, as does the Ikungu showing on MDN's adjacent property, which is at the definition drilling stage.

A first zone, called Bisumwa, is 17 km east of the Ikungu gold showing, at the eastern end of the Ikungu East property. This zone measures 3 km by 2 km. The second zone, called Kamgaruki, has an elongated shape that covers 4 km by 0.5 km. It lies halfway between the Ikungu mineralized showings and Bisumwa zone. These two zones plus the Ikungu mineralized showing form three nodes of gold-enriched soil along the volcanic belt, which is over 20 km long.

MDN controls a 20 km section of the volcanic belt along which the three gold nodes have been identified. Due to the large size of the exploration targets on the Ikungu East property, induced polarization work and compressed air rotary drilling, commonly called RAB drilling (rotary air blast), are recommended as future work to define drill targets.

Exploration targets:

The highest-priority exploration targets are the two zones identified in 2013. The areas between these zones are second priority targets and targets for future years.

Bisumwa zone: This 3 km by 2 km zone lies at the eastern end of the Ikungu East property. The anomaly spans the entire volcanic belt and straddles the two granitoids. At this stage, it is not clear whether this is a single anomaly that covers the whole zone or two anomalies associated with the north and south contacts of the volcanic belt.

Kamgaruki zone: This zone is an elongated, 4 km by 0.5 km anomaly that coincides with the volcanic belt. It hosts the highest value obtained from the surveys, which was 1,500 ppb Au.

Intermediate areas: There could be gold zones at depth with no surface geochemical signatures between the Bisumwa, Kamgaruki and Ikungu gold showings. These intermediate areas will be exploration targets for several years to come. This type of at-depth target has resulted in the exploration success of the LaRonde-Bousquet-Doyon-Mouska mining camp in Canada for many years.

IKUNGU

MDN has resumed discussions with other potential partners. The Ikungu project, with its 2-km long by 300-m deep gold zone, is one of the most advanced projects in Tanzania, with additional growth potential along each of its extensions. In addition, many of the gold intersections have a sampled average grade of over 6 g/t Au. In a falling gold market, investors give preference to higher-grade gold projects.

CREVIER PROJECT DEVELOPMENT

<u>HISTORY</u>

In fiscal 2010, MDN received a positive Preliminary Economic Assessment for the Crevier project. This project consists of a niobium (Nb) and tantalum (Ta) resource found north of the Lac-Saint-Jean region in Quebec. The Preliminary Economic Assessment was carried out by Met-Chem Canada Inc.

Based on this positive assessment, MDN and Crevier Minerals (CMI) decided to do a feasibility study on the project, with the intention of bringing the niobium and tantalum resource to market.

The feasibility study was ongoing throughout 2011, with the preparation of the environmental and geotechnical studies required for construction of the key facilities (see description in the 2011 MD&A).

The extraction of an initial bulk sample in the last quarter of 2011 enabled the Company to start metallurgical process development work. A delay in the preparation and execution of pilot plant testing and the analysis of the results of this portion of the study led to a delay in the overall preparation of the feasibility study.

Much of the work related to the Crevier feasibility study was suspended throughout 2012 pending the metallurgical results needed for process development. Work was limited to completing the hydrometallurgy studies and conducting a second pilot plant test at COREM to confirm the ore flotation parameters (see description in the Fourth Quarter 2012 MD&A).

During the course of the study, MDN decided to increase its stake in the project to 72.5%, with IAMGOLD holding the remaining 27.5% interest.

Crevier Project Development since 2013

Highlights

- *Restructuring of MDN and Crevier Minerals Inc.*
- *Reorientation of the feasibility study*
- *Search for partners*

Restructuring of MDN and Crevier Minerals Inc.

Serge Bureau has been the full-time President of Crevier Minerals Inc. since February 2013. His mandate for the near term is to secure the funds required to complete the Crevier feasibility study, as the Crevier project development will henceforth be financed by Crevier Minerals Inc., a private company, rather than through equity financings by MDN. Marc Boisvert, formerly MDN’s Vice President, Exploration, was appointed MDN’s President and Chief Executive Officer, effective February 1, 2013.

Work on the feasibility study has been suspended until the required financing is secured.. Internally, we are reviewing the study as a whole, and exploring the options for improving the project economics in the light of the latest metallurgy results.

Reorientation of the feasibility study

We remain convinced that the Crevier project is one of the niobium-tantalum projects with the best chances to be in production in the coming years. As markets evolve, the Crevier project is also becoming one of the world’s very few sources of tantalum located in a stable region. The higher tantalum demand and prices seen in the past two years are positive developments for the Crevier project. Since the 2010 preliminary economic assessment, tantalum has risen in price from US $150 per kg to over US $300 per kg, significantly improving the project economics.

In the first quarter of 2013, we received COREM’s final flotation report, which confirmed that we could obtain an overall flotation circuit recovery of 62.8% and produce a concentrate with a grade of 9.6% niobium and tantalum. This 62.8% recovery is considered normal for this type of ore, and is sufficient to warrant project development.

The COREM results, combined with the SGS hydrometallurgy results from 2012, provide us with an overall view of the mineral processing required to produce niobium and tantalum.

During the development of the hydrometallurgical portion of the mineral processing, the results revealed the possibility of producing a niobium hydroxide at a lower cost, which could then be converted into ferroniobium. This possibility was not considered in the 2010 Preliminary Economic Assessment.

Supplementary metallurgy work is needed to optimize the current results. However, the tantalum price increase associated with the possibility of producing ferroniobium allows us to reorient the feasibility study based on a different approach, namely the production of three products: niobium oxide, ferroniobium and tantalum oxide. The current feasibility study will be reorganized along the following lines:

Production of ferroniobium, for which there is a larger market than niobium oxide, enabling us to increase mine production from 4,000 to 6,000 tonnes per day;

This higher mine production results in higher tantalum production, thus enhancing the leverage gained from improved tantalum prices;

Production of niobium oxide and ferroniobium gives us access to a larger market, thus facilitating niobium sales.

This production increase will lead to a shorter payback period and higher annual cash flow, and should generate better project economics overall compared to the 2010 Preliminary Economic Assessment.

Search for partners

Despite the collapse of the capital markets that normally support mining industry development, we continued to promote our project during the quarter with the goal of finding a partner and/or financing to enable us to complete the feasibility study.

We pursued discussions with various finance companies and potential development partners throughout the first quarter of 2014. A number of confidentiality agreements were signed with various potential partners, who were given technical information on the project. No final agreement has been signed thus far.

SUMMARY OF OPERATING RESULTS

For the period ended March 31	**2014**	2013
(In thousands of dollars, except for amounts per share)		
Finance income	**$2**	$15
Finance cost	**$24**	$7
Administrative expenses	**$211**	$398
Write off of evaluation and exploration assets	**$0**	$0
Management fees related to operations of Tulawaka mine	**$0**	$137
Net loss attributable to the shareholders of the company	**($201)**	($500)
Basic and diluted net loss per share	**($0.002)**	($0.005)
Number of shares outstanding (in thousands)	**101,527**	101,527

<u>Operating results</u>

Finance income ($2,183 in 2014 and $15,435 in 2013), consist of interest income from the Company's various investments, gains on disposal of investment coupled with foreign exchange gain in 2013.

Financial charges totalled $24,312 compared with $6,824 for the period ended March 31 2014 and 2013 respectively. The financial charges included accretion expenses on other long-term liability of $2,351 ($4,481 in 2013), $20,702 net foreign exchange loss for the first quarter 2014 ($0 in 2013) and bank charges & others of $1,259 for 2014 ($2,343 in 2013).

Administrative expenses:

	2014	**2013**
Professional fees	$ 45,151	$ 129,080
Salaries and fringe benefits	73,443	171,703
Share-based payments	1,237	1,953
Transfer fees	2,895	2,581
Travelling expenses	15,915	17,697
Rent	29,462	28,295
Office expenses	3,619	10,577
Promotion expenses	5,444	2,273
Reports to shareholders	17,359	13,355
Insurance, taxes and permits	4,823	8,297
Membership and training	1,763	3,882
Telecommunications	1,389	3,510
Mining title management	6,846	0
Project development	0	1,582
Amortization of property and equipment	2,136	2,782
	$ 211,482	$ 397,567

Administrative expenses totalled $211,482 for the first quarter 2014, compared with $397,567 in 2013. Administrative expenses included professional fees of $45,151 ($129,080 in 2013), a decrease mainly due to lower legal advisor's charges in Tanzania comparatively with 2013, coupled with reimbursement of legal expenses incurred by the cancellation of the agreement with Tanzania Minerals on the Ikungu project. Salary costs of $73,443 ($171,703 in 2013) variation mainly attributable the decision of the board of directors decision to no longer receive fees including the payment due representing the last quarter of 2013, coupled with non-replacement of one opened position, and temporary voluntary salary reduction of directors. Due to the current economic situation, MDN conducted a review of its operation and promotion expenditures, thus reducing several costs including travelling expenses $15,915 (compared to $17,697 in 2013), membership and training expenses $1,763 (compared to $3,882 in 2013), the cancellation of the project development expenditure ($1,582 in 2013) and Insurance tax and permits $4,823 (compared with $8,297 in 2013). These savings was partly offset by the management cost and the mining claims cost for the Crevier project in 2013 ($6,846).

For the first quarter of 2014, as well as for the first quarter of 2013, there been no write-off of evaluation and exploration assets.

Following the closing and the sale of Tulawaka mine, management fees representing 30% of 3% of all operating expenses of the Tulawaka project have been eliminated. During the first quarter of 2013, this charge was $137,236.

(Net loss)

For the period ended March 31 2014, the Company recorded a net loss attributable to the shareholders of the Company of $200,542 or $0.002 per share compared to net loss of $499,757 or $0.005 per share for the same period in 2013 the variation is mainly due the decrease of the administration expenses, coupled with the management fees from the Tulawaka mine in 2013.

The net loss per share is based on weighted-average number of 101,527,220 common shares outstanding as at March 31, 2014, which is the same as of for the same period in 2013.

Financial position	***March 31* 2014**	*December 31* 2013
(In thousands of dollars)		
Cash	**$184**	$275
Investments	**$1,350**	$1,700
Mining taxes receivable	**$140**	$ 140
Accounts receivables	**$746**	$728
Exploration and evaluation assets	**$28,190**	$27,409
Total assets	**$30,691**	$30,346
Total liabilities	**$1,273**	$1,216
Share Capital	**$63,813**	$63,813
Total equity attributable to equity holders of the Company	**$27,576**	$27,275
Non-controlling interest	**$1,842**	$1,855

LIQUIDITY AND FINANCIAL POSITION

Cash, cash equivalents and term deposits

As at March 31, 2014, the Company's cash position, consisting of cash, investments and term deposits, amounted to $1,533,763 compared with $1,974,943 as at December 31, 2013. This variation is mainly due to the investment in exploration and evaluation assets coupled with normal operational expenses for the first quarter 2014.

Mining taxes receivables

As of March 31, 2014, tax credit receivables amounted to $139,742 compared with $139,607 as at December 31, 2013. The mining taxes receivable are mainly attributable to the Crevier project.

Accounts receivables

As of March 31st, 2014, accounts receivable amounted to $745,850 mainly due Tanzanian sales tax reimbursements of $649,741, provincial and federal sales tax reimbursements of $12,638 and resources credit of $12,936.

Mining properties

During the first quarter of 2014, as per our property agreements in Tanzania, MDN made the annual payment of $35,078 for Nikonga property.

Exploration and evaluation assets

During the period ended March 31, 2014 the Company increased by $251,658 its exploration and evaluation assets. Of this amount, $249,997 was spent for properties in Tanzania, mainly for the Nikonga property ($25,714), for the Ikungu property ($142,246), for Ikungu East property ($68,861) and for Simba property ($13,176). The Company also expensed $1,661 in the province of Quebec, for the Crevier property.

Assets, equity attributable to equity holders of the Company and liquidity

Total assets amount to $30,691,430 as at March 31st, 2014, compared to $30,345,795 as of December 31, 2013. The increase is mainly attributable to investment in exploration and evaluation assets coupled with effect of foreign exchange on Tanzanian property partly offset by the normal administration expenses engaged for continuing activities of the period.

Equity attributable to equity holders of the Company amounted to $27,576,461 as of March 31st, 2014, compared to $27,275,448 as of December 31st, 2013, with the increase being attributable to accumulated other comprehensive income partly offset by the loss of the period.

Liabilities

Total liabilities amount to $1,273,442 as at March 31, 2014, compared to $1,215,751 as of December 31, 2013.

Share capital

During the period ended March 31, 2014, the Company did not issue any new shares. The Company`s outstanding share number is 101,527,220 which is the same as of December 31, 2013.

Non-controlling interest

The non-controlling interest is linked to the participation of 27,5% owned by Niobec Inc. I Am GOLD in Crevier Minerals Inc., subsidiary of the Company. Exercise variation relates essentially to the net loss of period ending March 31,2014.

	Three-month periods ended March 31,	
Liquidity needs for the current financial year	**2014**	**2013**
Cash flows (used in) operating activities	(158,410)	(732,738)
Cash flows from investing activities	63,264	1,068,529
Effect of exchange rate changes on cash denominated in Foreign currency	3,966	6,095
Net variation in cash	(91,180)	(341,866)

For the actual financial period, from January 1, 2014 to December 31, 2014, MDN’s liquidity needs are estimated at $1,275,000. The Company’s management believes that this amount is sufficient to meet its financial needs to discharge its commitments and liabilities in the ordinary course of business.

The financial statements have been prepared on a going concern basis. The application of the assumption of going concern may be inappropriate because the above mentioned conditions indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Company to continue as a going concern. The financial statements do not include adjustments that should be made to the carrying amount of assets and liabilities if the assumption of going concern proves to be unfounded.

RISKS AND UNCERTAINTIES

The Company's principal revenue was derived from the operation of the Tulawaka gold mine, which African Barrick Gold (ABG) decided not to extend the life of the mine beyond the middle of 2013 and sold its last assets to Stamico in February 2014.

Except for the Company's investment in CMI, which is at the evaluation phase, all of the Company's other resource properties are exploration 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. The Company depends on 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.

Metal and Mineral prices

Factors that influence the market value of gold, base metals and any other mineral discovered are outside of 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.

Foreign Countries and Regulatory Requirements

The Corporation has various properties located in Tanzania, which may be affected in varying degrees by political and financial instability, inflation and haphazard changes in government regulations relating to the mining industry. Any changes in regulations or shifts in political or financial conditions are beyond its control and may adversely affect its business.

Operations may be affected in various degrees by laws and regulations with respect to, among other things, restrictions on production, price controls, export controls, exchange controls, income taxes, expropriation of property, social and environmental matters and mine safety.

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.

Commitments and other contractual agreements

They have no change in the commitments and other contractual agreements since December 31, 2013.

CONTINGENCIES

Communication with Tanzania Revenue Authority:

During the second quarter of 2013, the Company received a new written communication from the TRA regional office in Mwanza in respect of withholding payment of alleged interests between MDN Tanzania Ltd. and MDN Inc. for advances made by the parent company to its Tanzanian subsidiary during the years 2004 to 2011. The TRA seized an amount of approximately $515,000 (US$490,000) in sales taxes receivable included in accounts receivable in compensation of the amounts claimed in the notice of assessment.

The Company has always stated in the various documents, including a contract between the two parties, that the parent company made advances to its Tanzanian subsidiary without interest, which is a common practice in the industry of mineral exploration. The TRA claims that it is not possible to have an interest free loan and the subsidiary should have retained 10% of all the interest, calculated by the TRA, as withholding tax.

Management, after discussion with his lawyers, immediately notified the National Commissioner of the TRA of its opposition. Management believes that the TRA regional office in Mwanza does not understand the particularities of mining exploration companies, given the standards of markets, corporate business style as well as the inability of exploration company to obtain bank loans. In this opposition, the management is confident of the chances of success with regard to the dispute.

During the third quarter of 2013, TRA's decision to use sales tax receivable in compensation of the amounts claimed was overturned in court, but the TRA appealed to the highest appellate instance, the Court of Appeal. On December 19, 2013, the Court of Appeal overturned ounce again the TRA claims in favor of MDN'S position.

No provisions have been recorded in the Company's financial statements as of March 31, 2014 as management is of the opinion that amounts claimed by the TRA mentioned in this communication are not founded and that the Company does not owe any taxes to the TRA in respect to the internal loans between MDN and MDN Tanzania. . Any amounts that may become payable related to these contingency could have a negative impact on the Company.

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.

DISCLOSURE CONTROLS AND PROCEDURE

The Chief Executive Officer and Chief Financial Officer of the Company are in charge of establishing and maintaining disclosure controls and procedures, as defined by Multilateral Instrument 52-109 of the Canadian Securities Administrators.

An evaluation has been conducted to measure the effectiveness of controls and procedures used for the preparation of reporting documents. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective and well-designed at the year ended December 31, 2013 and, more specifically, that the design of such controls and procedures provides reasonable assurance that they are advised of material information relating to the Company during the period in which these reporting documents are prepared.

Internal Control over Financial Reporting

The chief Executive Officer and Chief financial Officer of the Company are in charge of establishing and maintaining an adequate internal control system in regard to financial reporting.

Management has evaluated the effectiveness of internal control over financial reporting. Management as well as the Chief Executive Officer and the Chief Financial Officer conclude, as at December 31,12,2013 that the Company's internal control over financial reporting was effective in that it provides reasonable assurance as to the reliability of the Company's financial reporting and the preparation of its financial statements for disclosure purposes in accordance with IFRS.

Changes in internal Control over Financial Reporting

No changes in the Company's internal control over financial reporting occurred during the period ended March 31, 2014 materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

SUBSEQUENT EVENTS

At the date of the preparation of the Management Discussion and Analysis there was no subsequent event to report.

OUTLOOK

For the third consecutive year, most junior exploration companies saw their market capitalizations fall and stagnate at their lowest level in 2013, and we were no exception.

In 2013, mine operators focused their activities on reducing and or avoiding losses. Once management of these large mines has stabilized revenues and reduced cost, , they will however begin renewing their resources. Less than 30% of the total reserves and resources of the large and mid-tier companies remain undeveloped as reported by ickerscore.com, February 2, 2014), and this figure could be even lower if resources with environmental, social acceptability or permitting issues are excluded. Companies with nothing in the pipeline will therefore likely be looking to acquire gold assets. This will be especially true given that the acquisition targets are at their lowest valuations in years.

Junior exploration companies with discoveries or feasibility-stage projects will be prime acquisition targets. As such, they will be preferred by investors, and will be the first to see their valuations rise. At that point, junior companies will once again have more appeal for investors.

Since the closure of Tulawaka mine operations, the Company no longer receives royalties from the mine's available cash flow. The Company's future results will depend on our ability to identify strategic partners and access public financing. In 2014, for the properties in Tanzania, minimal exploration work will be done to maintain the properties and property titles. We believe that MDN has high-quality gold assets in Tanzania, and we will continue to solicit partners in 2014. The Crevier asset in Quebec is secure for several years, and MDN does not need to do any immediate work to maintain the property. This tantalum-niobium asset is at the advanced feasibility stage, with about 12 months of work needed to complete the feasibility study. Work on the final stage will start once MDN obtains the required funding.

Ikungu: one of the most advanced gold projects in Tanzania, with growth potential

The Ikungu project is a 2-km long by 300-m deep mineralized zone with excellent growth potential. In addition, many of the gold intersections have a sampled average grade of over 6 g/t Au. In a falling gold market, investors prefer the higher-grade gold projects.

It should be recalled that 53 holes have been drilled to date in earlier exploration programs along the four-kilometre long Ikungu structure. These holes identified a mineralized zone that extends more than two kilometres along strike and 300 metres vertically. Four higher-grade gold zones with a minimum horizontal thickness of two metres have been delineated, based on the drill intersections in holes IKD-45 (8.6 g/t Au over 14.78 m) on Section 2230mE, IKD-48 (3.11 g/t Au over 9.50 m) on Section 2830mE, IKD-51 (3.39 g/t Au over 7.05 m) on Section 3190mE and IKD-36 (13.22 g/t Au over 4.62m) on Section 3610mE.

At Ikungu East: Volcanic belt discovered in 2012

In 2012, MDN discovered a volcanic belt more than 15 km long. MDN controls an area of 133 km2. In 2013, field work delineated two areas where the soil samples are enriched in gold. The first, called Bisumwa, lies 17 km east of the Ikungu gold showing, at the eastern end of the Ikungu East property. This zone measures 3 km by 2 km. The second zone is called Kamgaruki, and has an elongated shape covering 4 km by 0.5 km. It lies halfway between the Ikungu mineralized showing and the Bisumwa zone. These two zones plus the Ikungu mineralized showing form three nodes with gold-enriched soil along the volcanic belt, which is over 20 km long.

Nikonga: A new discovery in Tanzania

NKD-02:	12.3 g/t Au over 4.2 m
	10.9 g/t Au over 4.9 m
NKD-05:	9.9 g/t Au over 4.2 m

NKD-04: 17.3 g/t Au over 1.1 m

The 2013 work outlined a circular area of gold, copper and molybdenum soil enrichment. This anomaly coincides with all the 2012 gold intersections over a 2-km diameter, suggesting that these are part of the same system.

Detailed mapping done in 2013 allows a parallel to be drawn with the types of gold deposit in Timmins, Canada, particularly those of the Hollinger-McIntire, Dome and Pamour mines, which are associated with porphyry dykes and sometimes a porphyry intrusive. Nikonga has the same characteristics as these world-class deposits, which lie at the edge of a discontinuity, at the contact between volcanics and sediments.

Crevier: On the verge of becoming one of the best development projects in Quebec

With last November's changes to the production scenario of the feasibility study, coupled with the confirmation by supplementary metallurgical testing would make the Crevier project one of the best projects to be developed in Quebec in the next five years. It could be:

- In the highest quartile in terms of project return, and
- In the lowest quartile in terms of capital investment.

The new production scenario makes Crevier technically viable and one of the most competitive projects in the world.

In the first quarter of 2013, we received COREM's final flotation report, which confirmed a stable recovery. These results, combined with the SGS hydrometallurgy results from 2012, give us an overall view of the mineral processing required to produce niobium and tantalum.

Supplementary metallurgy work is needed to optimize the current results. However, the tantalum price increase associated with the possibility of producing ferroniobium allows us to reorient the feasibility study based on a different approach, namely the production of three products: niobium oxide, ferroniobium and tantalum oxide.

The current feasibility study will be reorganized along the following lines:

- Production of ferroniobium, for which there is a larger market than niobium oxide, enabling us to increase mine production from 4,000 to 6,000 tonnes per day;

- This higher mine production results in higher tantalum production, thus enhancing the leverage gained from improved tantalum prices;

- Production of niobium oxide and ferroniobium gives us access to a larger market, thus facilitating the sale of niobium.

This increase in production will lead to a shorter payback period and higher annual cash flow and should generate better financial results overall compared to the 2010 Preliminary Economic Assessment.

Since last November, given these new results and new production scenario, we have re-establish contact with various financial companies and potential development partners.. A number of confidential agreements have been signed with various potential partners, who were given technical information on the project.

Future results

The Company's future results will be negatively impacted by the loss of its royalties following the closure of Tulawaka.. They will also depend on the search for strategic partners in Tanzania and Quebec, the results of exploration on gold projects in Tanzania and the development of the Crevier project,and our ability to secure new financing.

(S)	(S)
Marc Boisvert, ing.	Yves Therrien, CPA, CMA
Chairman & CEO	Vice President, Finance

Montreal, Canada
MAY 7, 2014

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. The Company believes that the data for these quarters have been prepared in the same manner as the annual audited financial statements.

FOR THE LAST THREE YEARS

	2014	**2013**	**2012**
	3 months	*12 months*	*12 months*
Operating royalties from Tulawaka mine	**$-**	$-	$313,144
Finance Income	**$2,183**	$19,514	$82,907
Net Loss	**($200,542)**	($5,791,668)	($12,862,510)
Net loss per share	**($0.002)**	($0.057)	($0.127)
Addition on Exploration and evaluation assets	**$251,658**	$1,032,113	$3,265,453
Accounts receivable & Mining tax receivables	**$885,592**	$867,176	$1,262,059
Total assets	**$30,691,430**	$30,345,795	$36,167,533
Non-current liabilities	**$462,357**	$462,224	$1,173,844
Shareholders' equity			
Total	**$29,417,988**	$29,130,044	$34,164,743

FOR THE LAST EIGHT QUARTERS

				2014
	1st quarter	*2nd quarter*	*3rd quarter*	*4th quarter*
Total revenues net of finance expenses	($22,129)			
Net loss	($200,542)			
Net loss per share	($0.002)			

				2013
	1st quarter	*2nd quarter*	*3rd quarter*	*4th quarter*
Total revenues net of finance expenses	$8,611	$1,456	($731)	($96,836)
Net income loss	($499,757)	($405,299)	($290,795)	($4,595,817)
Net income loss per share	($0.005)	($0.004)	($0.010)	($0.095)

			2012
	2nd quarter	*3rd quarter*	*4th quarter*
Total revenues net of finance expenses	$362,818	($39,402)	$5 265
Net loss	($583,820)	($1,012,463)	($9,629,235)
Net loss per share	($0.006)	($0.010)	($0.095)

Note: the loss in the 4th quarter are mainly due to write off of prospecting, exploration and evaluation and mining properties.

Interim Condensed Consolidated Financial Statements of
(Unaudited and not reviewed by the auditors)

MDN INC.

Periods ended March 31, 2014 and 2013

MDN INC.

Interim Condensed Consolidated Financial Statements
(Unaudited and not reviewed by the auditors)

Periods ended March 31, 2014 and 2013

Financial Statements

MDN INC.

Interim Condensed Consolidated Statements of Financial Position
(Unaudited and not reviewed by the auditors)

March 31, 2014 and December 31, 2013

	March 31, 2014	December 31, 2013
Assets		
Current assets:		
Cash	$ 183,763	$ 274,943
Temporary investments (note 4)	1,350,000	1,700,000
Accounts receivable (note 5)	745,850	727,569
Mining taxes receivable	139,742	139,607
Prepaid expenses	11,603	23,745
Total current assets	2,430,958	2,865,864
Non-current assets:		
Mining properties (note 6)	8,548,234	8,510,000
Exploration and evaluation assets (note 7)	19,642,376	18,899,201
Property and equipment	69,862	70,730
Total non-current assets	28,260,472	27,479,931
Total assets	$ 30,691,430	$ 30,345,795
Liabilities and Equity		
Current liabilities:		
Trade accounts payable and accrued liabilities	$ 739,864	$ 659,478
Current portion of other long-term liability	71,401	94,049
Total current liabilities	811,085	753,527
Non-current liabilities:		
Deferred tax liabilities	462,357	462,224
Total non-current liabilities	462,357	462,224
Equity:		
Share capital	63,813,193	63,813,193
Contributed surplus	6,571,230	6,569,993
Accumulated other comprehensive income	586,973	66,655
Deficit	(43,394,935)	(43,174,393)
Total equity attributable to shareholders of the Company	27,576,461	27,275,448
Non-controlling interests	1,841,527	1,854,596
Total equity	29,417,988	29,130,044
Contingencies and commitments (notes 13 and 14)		
Total liabilities and equity	$ 30,691,430	$ 30,345,795

The notes on pages 5 to 16 are an integral part of these interim condensed consolidated financial statements.

MDN INC.

Interim Condensed Consolidated Statements of Comprehensive Income
(Unaudited and not reviewed by the auditors)

Periods ended March 31, 2014 and 2013

	Three-month periods ended March 31, 2014	2013
Administrative expenses (note 9)	$ 211,482	$ 397,567
Management fees related to the Talawaka mine	–	137,236
Loss before net finance cost (income) and income taxes	(211,482)	(534,803)
Net finance cost (income) (note 10):		
Finance income	(2,183)	(15,435)
Finance cost	24,312	6,824
	22,129	(8,611)
Loss before income taxes	(233,611)	(526,192)
Income taxes (recovery):		
Current taxes	(133)	(437)
Deferred taxes	133	462
	–	25
Net loss	(233,611)	(526,217)
Other comprehensive income:		
Foreign currency translation differences for foreign operations	520,318	247,378
Comprehensive income (loss)	$ 286,707	$ (278,839)
Net loss attributable to:		
Shareholders of the Company	$ (220,542)	$ (499,757)
Non-controlling interests	(13,069)	(26,460)
Total comprehensive income (loss) attributable to:		
Shareholders of the Company	$ 305,059	$ (252,379)
Non-controlling interests	(18,352)	(26,460)
Basic and fully diluted net loss per share	$ (0.002)	$ (0.005)
Weighted average of outstanding shares - basic and diluted	101,527,220	101,527,220

The notes on pages 5 to 16 are an integral part of these interim condensed consolidated financial statements.

MDN INC.

Interim Condensed Consolidated Statements of Changes in Equity
(Unaudited and not reviewed by the auditors)

Periods ended March 31, 2014 and 2013

	Number of ordinary shares outstanding	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficit	Total equity attributable to shareholders of the Company	Non-controlling interests	Total equity
Balance, December 31, 2012	101,527,220	$ 63,813,193	$ 6,562,087	$ (755,708)	$ (37,382,725)	$ 32,236,847	$ 1,927,896	$ 34,164,743
Share-based payments	–	–	1,953	–	–	1,953	–	1,953
Foreign currency translation differences of foreign operations	–	–	–	247,378	–	247,378	–	247,378
Net loss	–	–	–	–	(499,757)	(499,757)	(26,460)	(526,217)
Balance, March 31, 2013	101,527,220	$ 63,813,193	$ 6,564,040	$ (508,330)	$ (37,882,482)	$ 31,986,421	$ 1,901,436	$ 33,887,857
Balance, December 31, 2013	101,527,220	$ 63,813,193	$ 6,569,993	$ 66,655	$ (43,174,393)	$ 27,275,448	$ 1,854,596	$ 29,130,044
Share-based payments	–	–	1,237	–	–	1,237	–	1,237
Foreign currency translation differences of foreign operations	–	–	–	520,318	–	520,318	–	520,318
Net loss	–	–	–	–	(220,542)	(220,542)	(13,069)	(233,611)
Balance, March 31, 2014	101,527,220	$ 63,813,193	$ 6,571,230	$ 586,973	$ (43,394,935)	$ 27,576,461	$ 1,841,527	$ 29,417,988

The notes on pages 5 to 16 are an integral part of these interim condensed consolidated financial statements.

MDN INC.

Interim Condensed Consolidated Statements of Cash Flows
(Unaudited and not reviewed by the auditors)

Periods ended March 31, 2014 and 2013

	Three-month periods ended March 31, 2014	Three-month periods ended March 31, 2013
Cash flows used in operating activities:		
Net loss	$ (233,611)	$ (526,217)
Adjustments for:		
Share-based payments	1,237	1,953
Amortization of property and equipment	2,136	2,782
Interest income	(2,183)	(12,475)
Accretion expense related to the other long-term liability	2,351	4,481
Gain on sale of investment	–	(150)
Foreign exchange loss (gain)	20,702	(2,810)
Income taxes	–	25
Change in non-cash working capital item	70,301	(188,161)
Payment related to the other long-term liability	(25,000)	(25,000)
Interest received	5,657	12,834
	(158,410)	(732,738)
Cash flows from investing activities:		
Disposal of investments	350,000	1,350,000
Additions to mining properties	(35,078)	(40,575)
Increase in evaluation and exploration assets	(251,658)	(240,896)
	63,264	1,068,529
Effect of exchange rate changes on cash denominated in foreign currency	3,966	6,095
Net change in cash	(91,180)	341,886
Cash, beginning of period	274,943	1,374,545
Cash, end of period	$ 183,763	$ 1,716,431

The notes on pages 5 to 16 are an integral part of these interim condensed consolidated financial statements.

1. Reporting entity and going concern:

MDN Inc. (the “Company”) is a Company domiciled in Canada and incorporated under Part 1A of the Québec *Companies Act*. The common shares are traded on the Toronto Stock Exchange under the symbol MDN. The address of the Company’s registered office is 1010 de la Gauchetière West, Suite 680, Montréal, Québec, Canada.

The interim condensed consolidated financial statements of the Company as at and for the period ended March 31, 2014 comprise the Company and its subsidiaries, MDN Tanzania Ltd. (100% interests) and Crevier Mineral Inc. (“CMI”, 72.5% interests) (together referred to as the “Group” and individually as “Group entities”).

The Group primarily is involved in the exploration of mineral resources in the Province of Québec, in Canada, and in Tanzania.

Although the Company has taken steps to verify title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

Recovery of amounts indicated under mining properties and the related deferred exploration costs are subject to the discovery of economically recoverable reserves, the Company’s ability to obtain the financing required to complete development and profitable future production or the proceeds from the sale of such assets.

On February 13, 2013, African Barrick Gold decided not to extend the mine life beyond midyear 2013. On November 15, 2013, African Barrick Gold signed an agreement with STAMICO, the mining company of the Tanzanian government, to acquire the Tulawaka Gold Mine and certain exploration licenses around Tulawaka for a consideration of US$4.5 million. Under the joint venture agreement with African Barrick Gold, the Company should continue to receive its share of 30% in the excess cash flows generated by the operating activities of the Tuluwaka Gold mine in 2013, the realization of non-cash working capital and the cash generated by the sale of assets. However, after analysis of operating losses since 2012, other operating expenses, sale of equipment and the result of this transaction, the Company does not expect to get benefits or assume any obligation under this transaction.

As the Company no longer generates revenue, the Company must periodically obtain new funds to continue its operations and, despite the ability of the Company to raise funds in the past, there is no guarantee that it will be able to obtain financing in the future. Management expects that the funds of the Company as at March 31, 2014 are just sufficient to meet its budget for administrative costs and minimum expenses related to mining properties for the year 2014. The Company must find additional funding in the next year to meet its short-term obligations and to cover administrative costs and future exploration activities.

1. Reporting entity and going concern (continued):

These interim condensed consolidated financial statements have been prepared on a going concern basis. The application of the assumption of going concern may be inappropriate because the above conditions indicate the existence of material uncertainty that may cast significant doubt on the ability of the Company to continue its operations. These interim condensed consolidated financial statements do not include any adjustments that should be made to the carrying value of assets and liabilities if the assumption of going concern proves to be unfounded.

2. Basis of preparation:

Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as published by the International Accounting Standards Board ("IASB"). These interim condensed consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*, and, therefore, are condensed consolidated financial statements since they do not contain all disclosures required by IFRS for annual consolidated financial statements. These interim condensed consolidated financial statements should be read in conjunction with the audited annual consolidated financial statements for the year ended December 31, 2013, including the significant accounting policies used by the Company.

The interim condensed consolidated financial statements were approved by the Board of directors on May 8, 2014.

Functional and presentation currency

These interim condensed consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Significant accounting policies:

The accounting policies described in the Company's December 31, 2013 annual consolidated financial statements have been applied consistently to all periods presented in these interim condensed consolidated financial statements. The accounting policies have been applied consistently by Group entities.

3. Significant accounting policies (continued):

(a) New standards and interpretations adopted during the period:

The following new standards and amendments to standards and interpretations are effective for the first time for interim periods beginning on or after January 1, 2014 and have been applied in preparing these interim condensed consolidated financial statements:

(i) IFRIC 21, *Levies*:

In May 2013, the IASB issued IFRIC 21, *Levies*. This IFRIC is effective for annual periods commencing on or after January 1, 2014 and is to be applied retrospectively. The IFRIC provides guidance on accounting for levies in accordance with the requirements of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*. The adoption of IFRIC 21 did not have a material impact on the Company's interim condensed consolidated financial statements.

(ii) Amendments to IAS 32, *Offsetting Financial Assets and Liabilities*:

In December 2011, the IASB published *Offsetting Financial Assets and Financial Liabilities*. The effective date for the amendments to IAS 32 is annual periods beginning on or after January 1, 2014. These amendments are to be applied retrospectively. The amendments to IAS 32 clarify when an entity currently has a legally enforceable right to set-off if and when a settlement mechanism provides for net settlement or gross settlement that is equivalent to net settlement. The adoption of this amendment did not have a material impact on the Company's interim condensed consolidated financial statements.

(b) New standards and interpretations not yet adopted:

(i) IFRS 9, *Financial Instrument*s:

In November 2009, the IASB issued IFRS 9, *Financial Instruments* (IFRS 9 (2009)), and in October 2010, the IASB published amendments to IFRS 9 (IFRS 9 (2010)).

In November 2013, the IASB issued a new general hedge accounting standard, which forms part of IFRS 9, *Financial Instruments* (2013). The new standard removes the January 1, 2015 effective date of IFRS 9. The new mandatory effective date will be determined once the classification and measurement and impairment phases of IFRS 9 are finalized.

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additional changes relating to financial liabilities.

3. Significant accounting policies (continued):

(b) New standards and interpretations adopted during the period (continued):

(i) IFRS 9, *Financial Instrument*s (continued):

IFRS 9 (2013) includes a new general hedge accounting standard which will align hedge accounting more closely with risk management.

The Company does not intend to adopt IFRS 9 (2009), IFRS 9 (2010) or IFRS 9 (2013) in its interim condensed consolidated financial statements for the annual period beginning on January 1, 2015.

(ii) Annual Improvements to IFRS (2010 - 2012) and (2011 - 2013) cycles:

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards as part of its annual improvements process. The IASB uses the annual improvements process to make non-urgent but necessary amendments to IFRS.

Most amendments will apply prospectively for annual periods beginning on or after July 1, 2014; earlier application is permitted, in which case, the related consequential amendments to other IFRS would also apply. The Company intends to adopt these amendments in its interim condensed consolidated financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of the amendments has not yet been determined.

4. Temporary investments:

	March 31, 2014	December 31, 2013
Guaranteed investment certificates, rate of 1.12%, maturing in January 2015	$ 700,000	$ 1,000,000
Guaranteed investment certificates, rate of 1.25%, maturing in September 2016, redeemable at the option of the Company once a month without penalty	300,000	300,000
Guaranteed investment certificates, rate at 1.15%, maturing in July 2014, redeemable at any time	350,000	400,000
	$ 1,350,000	$ 1,700,000

5. Accounts receivable:

	March 31, 2014	December 31, 2013
Tax credit related to resources	$ 12,638	$ 11,744
Sales tax receivable	662,677	639,711
Other	70,535	76,114
	$ 745,850	$ 727,569

6. Mining properties:

Mining properties are detailed as follows:

Properties	Interest at end	December 31, 2013	Additions	Effect of foreign exchange	March 31, 2014
Tanzania:					
Ikungu	81%	$ 307,914	$ –	$ 3,156	$ 311,070
Nikonga	100	75,320	35,078	–	110,398
Simba (Isambara)	100	645,251	–	–	645,251
Québec:					
Crevier	72.5 (i)	7,481,515	–	–	7,481,515
		$ 8,510,000	$ 35,078	$ 3,156	$ 8,548,234

(i) The amounts related to this property represent 100% of CMI capitalized costs because this property is consolidated in the Company.

7. Evaluation and exploration assets:

Evaluation and exploration assets by properties can be detailed as follows:

Properties	December 31, 2013	Tax credits related to resources	Additions	Effect of foreign exchange	March 31, 2014
Tanzania:					
Ikungu East	$ 593,439	$ –	$ 68,861	$ 21,046	$ 683,346
Ikungu	6,779,425	–	142,246	256,220	7,177,891
Nikonga	1,561,702	–	25,714	58,571	1,645,987
Simba (Isambara)	4,646,447	–	13,176	155,680	4,815,303
Tulawaka	–	–	–	–	–
Québec:					
Crevier	5,318,188	–	1,661	–	5,319,849
	$ 18,899,201	$ –	$ 251,658	$ 491,517	$ 19,642,376

8. Share-based payments:

Share option plan

Under the share option plan, the Company may grant up to a maximum of 8,000,000 share options to employees, directors and officers to acquire share capital.

The Board of Directors sets the conditions for acquiring the common share options according to quantity and exercise prices which they established in accordance with regulations, for a contractual period not to exceed ten years. Prior to 2010, options were vesting immediately. Since 2010, options are vesting over a period of 5 to 7 years.

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

	March 31, 2014		March 31, 2013	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of period	2,560,000	$ 0.45	2,800,000	$ 0.47
Expired	–	–	(100,000)	0.84
Balance, end of period	2,560,000	$ 0.45	2,700,000	$ 0.46
Exercisable options, end of period	2,560,000	$ 0.45	2,660,000	$ 0.46

8. Share-based payments (continued):

Share option plan (continued)

The table below presents supplemental information about the share option plan as at March 31, 2014:

Range of exercise prices	Number of outstanding options	Weighted average remaining contractual life (years)
$0.05 - $0.19	140,000	8.10
$0.20 - $0.44	310,000	5.10
$0.45 - $0.51	1,960,000	1.27
$0.52 - $0.79	150,000	0.04
	2,560,000	2.04

9. Administrative expenses:

	Three-month periods ended March 31,	
	2014	2013
Professional fees	$ 45,151	$ 129,080
Salaries and fringe benefits	73,443	171,703
Share-based payments	1,237	1,953
Transfer fees	2,895	2,581
Travelling expenses	15,915	17,697
Rent	29,462	28,295
Office expenses	3,619	10,577
Promotion expenses	5,444	2,273
Reports to shareholders	17,359	13,355
Insurance, taxes and permits	4,823	8,297
Membership and training	1,763	3,882
Telecommunications	1,389	3,510
Project development	–	1,582
Amortization of property and equipment	2,136	2,782
Mining titles management	6,846	–
	$ 211,482	$ 397,567

10. Net finance cost (income):

	Three-month periods ended March 31, 2014	Three-month periods ended March 31, 2013
Interest income on cash and investments	$ (2,183)	$ (12,475)
Gain on sale of investments	–	(150)
Foreign exchange gain	–	(2,810)
Finance income	(2,183)	(15,435)
Accretion expense on other long-term liability	2,351	4,481
Bank charges and other	1,259	2,343
Net foreign exchange loss	20,702	–
Finance cost	24,312	6,824
Net finance cost (income)	$ 22,129	$ (8,611)

11. Cash flows:

	Three-month periods ended March 31, 2014	Three-month periods ended March 31, 2013
Operations without impact on cash related to:		
Operating activities:		
Change in accounts payable and accrued liabilities related to exploration and evaluation assets	$ 2,511	$ 434,832
Investing activities:		
Change in tax credits related to resources capitalized in exploration and evaluation assets included in accounts receivable	894	3,106

12. Financial instruments:

Fair value

In establishing fair value, the Company uses a fair value hierarchy based on levels as defined below:

- Level 1: defined as observable inputs such as quoted prices in active markets.
- Level 2: defined as inputs other than quoted prices in active markets that are either directly or indirectly observable.
- Level 3: defined as inputs that are based on little or no observable market data, therefore requiring entities to develop their own assumptions.

Cash, accounts receivable and trade accounts payable and accrued liabilities are financial instruments whose fair value approximates their carrying value due to their short-term maturity.

The fair value of the temporary investments obtained by discounting future cash flows or forward interest rates derived from interest rates at the close of business on the balance sheet date for similar instruments available on capital markets (Level 2).

The fair value of the other long-term liability is determined by discounting cash flows with a discount rate assessed by comparing closing rates of similar financial instruments at the balance sheet date on the financial markets (Level 3).

The difference between the fair value of short-term investments and the other long-term liability with the book value are not significant.

13. Commitments:

(a) Mining properties:

Nikonga (Tanzania)

On September 30, 2010, the Company acquired the Nikonga property, located 40 kilometers south-east of the Tulawaka mine, in exchange for a series of annual payments:

- US$10,000 upon signature of the agreement;
- US$15,000 on the first anniversary of the agreement;
- US$20,000 on the second anniversary of the agreement;
- US$30,000 on the third anniversary of the agreement.

The subsequent annual payments will be increased by US$2,000 each year, until the start of a feasibility study or the abandonment of work.

13. Commitments:

(a) Mining properties (continued):

Nikonga (Tanzania) (continued)

An additional amount of US$100,000 will be payable upon completion of the feasibility study on the property.

An additional amount of US$200,000 will be payable upon the decision to enter into production.

Lastly, following the beginning of production, a royalty equal to 1% of net revenue of the foundry will be payable. However, this royalty will be redeemable in the amount of US$1,000,000.

Ikungu (Tanzania)

On February 25, 2013, the Company signed an agreement with Metalinvest Capital Corporation (“Metalinvest”). Under this agreement, the Company is granting an option to Metalinvest to acquire a 55% undivided interest in the prospecting licences of the Company on the Ikungu property.

On May 14, 2013, the agreement was terminated because Metalinvest did not provide the funds required by the agreement within the required timeframes.

On October 15, 2013, the Company signed a letter of intent with Tanzania Minerals Corporation in which it gives it an option to acquire a 50% interest in the Company's exploration licenses forming the Ikungu property.

On December 20, 2013, the two companies have mutually decided not to enter into a definitive agreement to jointly explore and develop the Ikungu Gold Project in Tanzania. The two sides decided to abandon the letter of intent dated October 15, 2013. The Company remitted to Tanzania Minerals Corporation its initial deposit of $200,000 which was received at the signature of the letter of intent and had been placed in trust, minus the legal fees of $25,000 incurred by the Company.

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Having completed its required exploration and evaluation work during 2012, the Company has a non-expiring right to acquire an additional interest of 15% in CMI by paying in cash or in shares, as the Company desires $750,000 to the non-controlling shareholder.

13. Commitments (continued):

(b) Management fees related to the Tulawaka mine:

Under its joint venture agreement with African Barrick Gold, the Company committed itself to pay management fees of 3% on its share of exploration, operating, development and capital expenditures related to the Tulawaka mining property. Following the sale of this property by African Barrick Gold, the management fee agreement ended.

(c) Operating lease:

The Company is committed under a lease expiring in July 2015 for the rental of its premises. In May 2013, the Company exercised an option to terminate allowing it to put an end to its lease on January 1, 2015. Minimum payments for 2014 will be $78,849.

14. Contingencies:

Communications with Tanzania Revenue Authority

The Company has always stated in the various documents, including a contract between the two parties, that the parent company made advances to its Tanzanian subsidiary without interest, which is a common practice in the industry of mineral exploration. The TRA claims that it is not possible to have an interest-free loan and the subsidiary should have retained 10% of all amount of interest paid as withholding.

During the second quarter of 2013, the Company received a new written communication from the Tanzania Revenue Authority (“TRA”) regional office in Mwanza in respect of withholding payment of alleged interests between MDN Tanzania Ltd. and MDN Inc. for advances made by the parent company to its Tanzanian subsidiary during the years 2004 to 2011. The TRA had used an amount of approximately $515,000 (US$490,000) in sales taxes receivable included in accounts receivable in the consolidated statements of financial position in compensation of the amounts claimed in the notice of assessment.

Management, after discussion with his lawyers, immediately notified the National Commissioner of the TRA its opposition. Management believes that the TRA regional office in Mwanza does not understand the particularities of mining exploration companies, given the standards of markets, corporate business style as well as the inability of exploration companies to obtain bank loans. In this opposition, management is confident of the chances of success with regard to the dispute.

During the third quarter of 2013, TRA’s decision to use sales tax receivable in compensation of the amounts claimed was overturned in court, but the TRA used the highest appeal court, the Court of Appeal. On December 19, 2013, the Court of Appeal ruled in favour of the Company in this case.

14. Contingencies (continued):

Communications with Tanzania Revenue Authority (continued)

No provision has been recorded in the interim condensed consolidated financial statements of the Company as at March 31, 2014 as management believes that the outstanding items above are unfounded and that the Company owes no tax to TRA.