



INTERIM FINANCIAL STATEMENTS

AMENDED AND RESTATED

March 31, 2010

MDN INC.

MANAGEMENT DISCUSSION AND ANALYSIS

(FOR THE PERIOD ENDED MARCH 31, 2010)

AMENDED AND RESTATED

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 March 31, 2010 and 2009. The reader should also refer to the audited annual financial statements as at December 31, 2009, 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 May 7, 2010, and amended and restated on August 3rd 2010 and complies with Rule 51-102A of the Canadian Securities Administrators on continuous disclosure. This analysis is a supplement to the Company's unaudited interim financial statements for the three-month period ended March 31, 2010, 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. Under a joint venture agreement with African Barrick Gold, MDN holds a 30% interest in the Tulawaka gold mine. It also carries on exploration on other mining properties, but has not yet determined whether these other properties contain economically viable mineral assets.

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

Tanzania, East Africa: MDN Inc. is active on various projects totalling 35 exploration permits in the Lake Victoria Goldfield and in a joint venture with African Barrick Gold (70%) and MDN (30%) at the Tulawaka mine and its adjacents permits.

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

FIRST QUARTER 2010 HIGHLIGHTS

- Revenue of \$58 611 compared to \$1,915,619 for the same period in 2009.
- Net loss attributable to the shareholders of the company of \$1,161,380 or \$0.012 per share compared with a net profit attributable to the shareholders of the company of \$794,214 or \$0.008 per share for the same period in 2009.
- The Tulawaka gold mine (100%) in Tanzania produced 14,591 ounces of gold with an average grade of 4.09 g/t at a recovery rate of 93.6%. MDN's 30% ownership interest in the Tulawaka gold mine gives it a pro-rata share equal to 4,377 ounces of gold. For the same period in 2009, production (100%) was 20,496 ounces of gold with an average grade of 6.7 g/t of gold.
- The difference was attributable to the lower availability of mining equipment at Tulawaka in the first quarter of 2010, which resulted in less high-grade material mined from the underground mine and consequently a greater quantity of material milled from the low-grade stockpiles on surface.
- Because of the decrease in gold production from the underground mine at Tulawaka and the development of an aggressive exploration program by the two partners to extend the life of the Tulawaka mine. There was no cash available to MDN from the Tulawaka mine for the first quarter 2010.
- Total cash costs to produce an ounce of gold in the quarter were US \$558 compared with US \$379 for the same period in 2009.
- MDN continued its Tanzanian gold exploration program in the first quarter. Work was primarily focused on the Ikungu property, which generate positive results.
- MDN received the Scoping Study for its Crevier project. At a planned production of 4,000 tonnes per day, the niobium-tantalum project is expected to generate average annual revenues of \$125 million and average annual net operating cash flows of \$57million over the planned 18-year operating period.
- Following the completion of First Milestone work on the Crevier project and MDN board approval of the Second Milestone program, MDN increased its interest in the Crevier project from 28.75% to 67.5%, on February 16,2010.
- MDN's Board of Directors announced the appointment of Serge Bureau as President, Chief Executive Officer and director. Mr. Bureau is a graduate geological engineer and has a master in geology from *Université du Québec à Chicoutimi*. He has 30 years of experience in the mining industry, including 25 years in gold mining companies.
- The annual financial statements for the year ended December 31, 2009, were released on March 31, 2010, and showed net earnings of \$824,029 or \$0.009 per share. As of the date of this MD&A, MDN is debt free and has approximately \$17.4 million in working capital.

EXPLORATION ACTIVITIES

Tanzania

Work began on the 2010 field exploration programs for the Ikungu and Msasa projects in the first quarter. At the Ikungu project, work consisted of completing the drilling program started in October 2009. Once drilling on Ikungu was completed, the drills were moved to the Msasa property.

- Ikungu Project: All the assay results for the Ikungu project were available by the end of the first quarter. The results for the second part of the drilling program, which resumed on January 28, 2010 and was completed on March 17, show multiple mineralized intersections grading over 5 g/t and as high as 54.3 g/t Au. The mineralized zones lie along the known gold-bearing horizon that extends more than 2.5 km, and will be tested for vertical continuity by the next drilling program, now in the planning stage.

The entire MDN program (IKD-17 to IKD-37) was carried out from October 2009 to March 2010 and consisted of 21 diamond drill holes for a total of 4,369 m of drilling. Between the months of October and December 2009, MDN drilled 10 diamond drill holes (IKD 17 to IKD 26) totalling 2,024 metres that indicated the potential of the continuity of the gold-bearing mineralization over at least 2.5 km (news release dated March 5, 2010). The program was suspended in December and resumed in late January 2010 to identify high-grade zones along this horizon. Subsequently, eleven holes (IKD 27 to IKD 37) were drilled from the time that activities resumed until March 18. The mineralized horizon was thus tested over a distance of 2.5 km by holes drilled about 70 m apart, with only two of these drilled deeper than 100 metres.

Holes IKD-34, 36 and 37 confirmed the presence of a higher-grade mineralized zone in the east sector between sections 3190 E and 3790 E. The same applies to holes IKD-32 and IKD -35 in the central sector, for a second zone between sections 2435 E and 2770 E. Hole IKD-33 returned an intersection of 2.66 g/t Au over 5.36 m at the western end, indicating that the mineralized horizon traced over 2.5 km remains open to the west.

The assay results received to date confirm that the mineralization is continuous over more than 2.5 km, with a minimum thickness of 2 metres and sample grades above 1.2 g/t Au. This gold-bearing horizon hosts higher-grade zones 2 to 4 metres thick ranging from 5 g/t Au to 11.5 g/t Au, including sections of up to 54.3 g/t over 0.4 m. The gold-bearing intersections for holes IKD-08, IKD-28, IKD-36, IKD-37, SIK1 and SIK 8 are good examples of these higher-grade zones. A concentration of such zones has been identified in the central and eastern sectors, with a higher occurrence of zones with average sample grade over 10 g/t Au toward the east.

Quebec

- Lespérance Project (MDN 50% – SOQUEM 50%). Assay results for five holes (1,791 m) drilled in the last quarter of 2009 were received. Overall, the results for gold show 15 samples grading over 200 ppb Au, including two at over 1 g/t Au. For copper, 11 samples graded higher than 0.5% Cu, including seven over 1% Cu. Ag and Zn grades were negligible. The best results were obtained in holes:
 - LES-09-40: 225 ppb Au, 2.56% Cu /5.5 m and 0.75% Cu/2.1 m;
 - LES-09-42: 230 ppb Au/2.5 m; and
 - LES-09-43: 2767 ppb Au/3.5 m, 629 ppb Au/2.7 m and 223 ppb Au, 0.51% Cu/3.8 m.
- Isle-Dieu Project (MDN 100%). A review of previous results was carried out in the first quarter to assess the residual potential of the Dunlop granitoid for intrusive gold deposits. A total of 19 drill holes with 948 samples were digitized. Multiple samples (70) with values of over 1 g/t Au and up to 9.2 g/t Au were compiled. These samples proved to be in the order of 10 cm long, yielding composites ranging from 150-790 ppb Au over 1.5-5.5 m. The Company is now in the process of determining whether a pedogeochemical approach would make it possible to assess the potential of the entire area of the Dunlop pluton for intrusive gold deposits.

CORPORATE ACTIVITIES

A change in senior management took place in the first quarter of 2010, with the appointment of Serge Bureau as President and Chief Executive Officer and member of the Board of Directors. Mr. Bureau has undertaken to engineer the Company's growth by increasing the value of its assets through the acquisition of new gold properties and the discovery of new resources. MDN remains first and foremost a gold exploration company, and has allocated a budget of \$4.5 million for 2010 to develop the Tulawaka mine and explore its properties in Tanzania. The Company has increased its interest in the Crevier project (niobium-tantalum) in Quebec to 67.5%, and has undertaken to complete a feasibility study in 2010, with the goal of defining the resource and its economic implications by the beginning of 2011.

CREVIER PROJECT DEVELOPMENT

MDN Inc. received a positive Scoping Study analysis on the niobium (Nb) and tantalum (Ta) resource regarding its projected mine located north of the Lac St-Jean area, in the Province of Quebec. The Scoping Study was prepared by Met-Chem Canada Inc.

With a proposed production of 4,000 tonnes per day (tpd) and at an estimated investment of \$315.6 million, the project is expected to generate, at the start of production in 2013, average annual revenues of \$125 million and annual net operating cash flows of \$57 million, over the 18 year operating period.

The 43-101 report (Preliminary Economic Assessment) on the Crevier project was released in February 2010.

Given this positive evaluation, MDN and Minéraux Crevier Inc (MCI) decided to proceed with a feasibility study with the objective of commercializing the niobium and tantalum resource identified on the Crevier project (the "Project"). MDN's Board of Directors reviewed the Scoping Study and approved the purchase of a further 10% of the shares of MCI in relation to the completion of the First Milestone. MDN will continue with the Second Milestone Funding Program of \$2 million (feasibility study), as announced in the press release of June 2, 2009.

During the period, MDN also decided to increase its interest in MCI from 38.75% to 67.5% by acquiring the equity interests of minority shareholders. Subsequent to this transaction, the two shareholders of MCI are now MDN with 67.5% and IAMGOLD with 32.5%. The acquisition was paid for through a cash payment of \$582,750 and the issuance of 3,349,777 common shares of MDN Inc.

During the first quarter of 2010, MCI has selected the various engineering consulting firms for the preparation of the feasibility study.

On February 16, 2010, MDN inc. increased its participation in Crevier Minerals Inc. (MCI) up to 67.5%. Pursuant to this acquisition, the results of MCI are now consolidated with MDN's Financial Statements.

SUMMARY OF OPERATING RESULTS

For the three months ended March 31	2010	2009
<i>(In thousands of dollars, except for amounts per share)</i>		
Revenue	\$59	\$1,916
Administrative expenses	\$1,492	\$874
Foreign exchange gain (loss)	(\$144)	\$284
Net income (loss) attributable to the shareholders of the company	(\$1,161)	\$794
Basic and diluted net earnings (loss) per share	(\$.012)	\$0.008
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Weighted-average number of shares outstanding (in thousands)	95,376	95,325

Operating results

Revenue totalled \$58 611 for the three-month period ended March 31, 2010, compared to \$1,915,619 for the same period in 2009. Revenue for 2009 is attributable mainly to royalties from the production at the Tulawaka gold mine (\$1,867,677). Following an agreement between the two partners agreed on a new aggressive exploration program in order to increase the life of mine, they was no liquidity available to record any royalties in the 2010 first quarter results. Other revenues consisted of interest income from the Company's various investments.

Administrative expenses totalled \$1,492,075 (including \$59,615 for MCI) compared with \$874,056 in 2009. Administrative expenses included management fees of \$110,937 (\$79,593 in 2009) representing 3% of all operating expenses of the Tulawaka project invoiced by the operator; professional fees of \$411,942 including \$49,030 registered in MCI (\$278,536 in 2009),

with the increase due mainly to legal, audit, and communication analysis for the investment in MCI, stock base compensation of \$149,620 due to attribution of stock option, salary costs of \$559,357 (\$176,591 in 2009), increase mainly due to record of discounted indemnification and project development expense for a value of \$38,275 in 2010. Since the amounts distributed by the Tulawaka gold mine are now recorded as royalties in the income statement, the Company is recording amortization charges for the cost of exploration conducted prior to the opening of the mine based on royalties paid; this amount was \$72,839 in 2009 and no amortization was recorded in the first quarter of 2010.

Net loss

For the three-month period ended March 31, 2010, the Company recorded a net loss of \$1,161,380 or \$0.012 per share compared to net income of \$794,214 or \$0.008 per share for the same period in 2009.

The change in net income is attributed to non reception of any royalties from the Tulawaka mine. The net gain per share was calculated according to the weighted average of 95,376,362 common shares outstanding on March 31, 2010, compared to the weighted average of 95,325,413 common shares outstanding on March 31, 2009.

Future results

The Company's future results will be influenced mainly by the amount of royalty income received by the Company from the production at the Tulawaka gold mine and from its exploration programs.

Acquisition of participation giving the control of CMI project:

In February 2009, the Company had the opportunity to evaluate the economic potential of CMI. After analysis, the Company concluded that a progressive acquisition of the project could highly benefit its shareholders.

On January 29, 2010, the Company increased its participation of 28.5% to 38.5% in compensation of \$950,000 in cash-settlement to shareholders and by completing an investment in exploration costs in CMI for an amount totaling \$2 million.

On February 16, 2010, the Company obtained control of CMI by acquiring 28.75% of voting common shares in compensation of cash settlement of \$582,750 and by issuance of 3,349,777 shares of the Company worth \$1,641,391. MDN's interest in CMI therefore increased from 38.5% to 67.5%.

The acquisition of the interest in CMI allowed the Company to acquire an advanced project with a national instrument 43-101 known resource and a possibility to be in production in a relatively short period of time.

Following the transaction that led to the takeover by the Company, the options allowing the Company to increase its participation have been modified. The company has the option to increase its participation in MCI of 5% by investing \$2M in exploration work and paying \$625 000 to the non-controlling shareholder by February 2011. The Company can also increase its participation of an additional 15% if additional investments of \$2M in exploration work are completed by February 2012.

Acquisition of participation giving the control of CMI project (cont'd)

This acquisition has been recorded as an asset acquisition since MCI does not meet the definition of a Company according to the standards of Section 1582 "Business Combinations" of the CICA Handbook.

The major components of assets acquired are the following:

Assets acquired:

Cash	141 318 \$
Term deposits	215 000
Tax credit receivable	800 086
Sales tax recoverable	85 959
Accrued interest receivable	8 647
Long-term investment	200 000
Mining property i)	7 985 188
Deferred exploration cost	1 277 883
Property, plant and equipment	675
	<hr/>
	10 714 756

Liabilities assumed:

Accounts payable and accrued liabilities	114 207
Future tax liability	2 167 501
	<hr/>
	2 281 708

8 433 048

Non-controlling interest 953 179

Net assets acquired 7 479 869 \$

Paid counterpart:

Acquisition of a participation of 28.75% as of June 1, 2009, in cash	825 000 \$
Acquisition of an additional participation of 10% on January 29, 2010 in cash	950 000
Advance to MCI regarding completed exploration work up to February 16, 2010	2 000 000
Share of cumulated loss on investment up to February 16, 2010	(19 272)
Convertible debenture held in MCI	1 500 000
Acquisition of an additional participation on February 16, 2010	
Cash	582 750
Issuance of 3,347,777 ordinary shares ii)	1 641 391

7 479 869 \$

Acquisition of participation giving the control of CMI project (cont'd)

The net cash flow linked to the increase of value of the investment up to January 29th 2010 is detailed as following:

Total paid counterpart	\$7,479,869
Minus:	
Acquisition on June 1, 2009	(82,500)
Acquisition on January 29, 2010	(95,000)
Convertible debenture acquired on June 1, 2009	(1,500,000)
Advances relative to exploration work	(2,000,000)
Share issuance	(1,641,391)
Plus	
Share of cumulated loss on investment up to February 16, 2010	19,272
Acquired cash	(141,318)
	<hr/>
	\$ 441,432
Acquisition on January 29th 2010	950 000
Advances relative to exploration work, minus advances of \$1,822,500 already made as of December 31, 2009	177 500
	<hr/>
	\$ 1 127 500

- i) The mining property value was increased by \$7,343,845, due to its re-evaluation.
- ii) The fair value of common shares issued in consideration is \$0.49 based on MDN's quoted market price as at February 16, 2010.

Financial position	<i>March 31</i> 2010	<i>December 31</i> 2009
<i>(In thousands of dollars)</i>		
Cash and cash equivalents	\$10,917	\$12,200
Investments	\$6,069	\$5,162
Income tax receivables	\$ 961	
Receivables	\$456	\$3,561
Mining properties and deferred exploration costs	\$28,484	\$18,370
Total assets	\$47,128	\$45,246
Capital stock	\$62,147	\$60,506
Shareholders' equity	\$45,191	\$44,567

LIQUIDITY AND FINANCIAL POSITION

Cash, cash equivalents and term deposits

As at March 31, 2010, the Company's cash position, consisting of cash, investments and term deposits, amounted to \$16,985,988 compared with \$17,362,272 as at December 31, 2009. This decrease is due to the transfer of short term investments to long term investment.

Tax credit receivables

As of March 31, 2010, tax credit receivables amounted to \$960,888 of which \$846,091 were attributable to the Crevier project.

Accounts receivables

As of March 31, 2010, accounts receivable amounted to \$455,646 of which \$68,667 were receivable interests on investments, \$88,762 for GST and QST reimbursements, and 298,217 for Tanzanian sales tax reimbursements.

Mining properties

During the three-month period ended March 31, 2010, the Company made its annual payment pursuant to its agreement to acquire 60% of the Ikungu property in Tanzania. Also, the value of the mining properties consolidated to the financial statements for MCI was \$7,992,052.

Deferred exploration costs

During the three-month period ended March 31, 2010, the Company expensed \$867,401 in deferred exploration costs. Of this amount, \$742,767 was spent for properties in Tanzania, mainly for the Ikungu property. The Company also expensed \$124,634 in the province of Quebec, mainly for the Crevier property. The acquisition of MCI also increased the value of deferred exploration costs for an amount of \$1,277,883. As at March 31, 2010, deferred exploration costs related to mining properties reached \$18,160,327, compared with \$16,068,387 as at December 31, 2009.

Assets, shareholders' equity and liquidity

Total assets amount to \$47,128,418 as at March 31, 2010, compared to \$45,245,826 as of December 31, 2009. The difference is attributable to the increase in deferred exploration costs and the acquisition of MCI.

Shareholders' equity amounted to \$45,191,479 as at March 31, 2010, compared to \$44,566,803 as of December 31, 2009, with the increase being attributable to the acquisition of MCI.

The Company's short-term and long-term liquidity are 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 March 31, 2010, the company issued 3,349,777 common shares at a price of \$0.49 for the acquisition of MCI. As of March 31, 2010, the number of outstanding shares was 97,125,690 compared to 93,775,913 as of December 31, 2009.

Liquidity needs for the current financial year

Gold production at the Tulawaka gold mine started in March 2005. Based on the operation of the mining property and the available liquidities based on the JVA, the Company receives a 30% share of surplus distributed. For the current financial year ending on December 31, 2010, the Company's liquidity needs are estimated at \$9,000,000, which includes fixed costs and exploration expenses in Tanzania, in Québec and for the investment in Crevier Minerals Inc. Without considering the future distribution of royalties by the mine in 2010 the Company's available liquidity exceeds the amount required to meet these 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 of March 31, 2010, the mine operator has yet to define the lifespan of the mine in the context of underground development.

Except for the Company's investment in MCI, 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. In the absence of cash flows generated by mining operations, 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.

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.

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

In relation with the acquisition of CMI, the Company paid \$459,000 and issued 1,488,790 shares to its actual president and to a director in consideration of the 600,000 shares they held in CMI (representing 15% of the outstanding shares of CMI). Furthermore, during the period, the Company paid professional fees of \$18,000 to the same director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

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 & CEO and the audit committee members will be informed of the progress along the way.

The Company is using a five step roadmap to convert to IFRS:

STEP 1: DIAGNOSTIC

The initial diagnostic stage has been completed in 2009 with a preliminary gap analysis of the accounting and business.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed in the third quarter of 2010. 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, the 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.

The Company believes that the choices available under IFRS 1 will allow the opening balance as of January 1, 2010 to remain similar to the closing balance of December 31, 2009. The Company expects that key IFRS 1 exemption decisions will be approved by Management during the third quarter of 2010.

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”).

The Company believes that the changes of this policy will have no impact on the financial statements on the changeover date. Nevertheless, in the subsequent years, this policy could generate more impairment than Canadian GAAP would since it uses a one-step test.

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.

The Company believes that the changes of this policy will have a very limited impact on the Financial Statements of the Company. In addition, in future years, the stock-based compensation for grants with vesting period will be front loaded instead of being linear.

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.

The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date and in subsequent years.

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

Under IFRS, the Company can elect to measure property plant and equipment (“PPE”) 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 PPE with a cost that is significant in relation to the total cost of the asset shall be depreciated separately. The IFRS may result in additional details needed to maintain de PPE sub-ledger. Under IFRS, the residual value and the useful life of an asset shall be reviewed at least at each year end. The Canadian GAAP was requesting the same review but only on a regular basis.

The Company believes that the changes of this policy will have no impact on the Financial Statements on the changeover date since its PPE were simple. Nevertheless, when the Company obtains the right to built the exploration ramp, additional attention will be needed to identify the different parts of each PPE.

Financial instruments (IAS 39)

Under IFRS, all financial assets must be classified into “loans and receivables”, held-to-maturity”, “fair value through profit or loss” or “available-for-sale” categories. Like IFRS, all financial assets under Canadian GAAP must be classified into “loans and receivables”, ‘held-to-maturity”, “held-for-trading” (far value through profit or loss) or “available-for-sale” categories. However, there are certain differences from IFRS with respect to the types of assets that may be classified into each of these categories.

Financial instruments may be designated on initial recognition as measured at fair value through profit or loss only if certain criteria are met. Like IFRS, financial instruments may be designated on initial recognition as held for trading (and measured at fair value through profit and loss) only if certain criteria are met. However, these criteria are less restrictive than under IFRS.

The Company is presently evaluating the impact of these potential modifications.

STEP 2.2: FINANCIAL STATEMENTS PREPARATION

During the third quarter of 2010, we will prepare the financial statement model and we will identify the IFRS convergence adjustments.

STEP 2.3: TRAINING AND COMMUNICATION

During the third quarter of 2010, the Company will evaluate if there is a need to engage experts to assist in the transition and provide the appropriate training to the employees.

STEP 2.4: IT 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 changes 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 1.

It has yet to determine how it will generate in parallel the accounting under IFRS so that in 2011 it has the comparative information available. Once the extent of the adjustments needed to convert to IFRS will be established, processes will be put in place in the third quarter 2010 to generate the dual accounting.

STEP 2.5: 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.

STEP 2.6: 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 flow through 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 2010 to detect unsuspected impact.

STEP 3: IMPLEMENTATION

In this stage the Company will implement the changes that have been developed including changes to the accounting processes and policies. The Company will also quantify the IFRS impacts.

Management will prepare the structure of the first financial statements as of March 31, 2011 with the opening balance as of January 1st, 2010, the comparables as of March 31, 2010 and the disclosure notes.

Management plans to start this step in the third quarter of 2010 and finalize it in the fourth quarter of 2010.

STEP 4: POST IMPLEMENTATION

Management will prepare the interim annual financial statements in compliance with IFRS for the year ending December 31, 2011.

Information disclosure controls and procedure

The president and the chief financial officer have designed or supervised the design of disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known to them, particularly during the period in which the interim and annual documents are prepared. Company management, including the President the Chief Financial Officer, participated in an assessment of the effectiveness of information disclosure controls and procedures for the year ended December 31, 2009. Based on this assessment, the President and Chief Financial Officer have concluded that such controls and procedures were effective.

Information disclosure controls and procedure

The president and the chief financial officer have designed or supervised the design of disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known to them, particularly during the period in which the interim and annual documents are prepared. Company management, including the President the Chief Financial Officer, participated in an assessment of the effectiveness of information disclosure controls and procedures as at March 31, 2010. Based on this assessment, the President and Chief Financial Officer have concluded that such controls and procedures were not effective for the reasons enunciate on the following paragraph.

Companies of small capitalization such as MDN do not necessarily have all the technical knowhow related to financial information, in particular in the interpretation of new chapters of the CICA handbook and in the extreme technical complexity of certain transactions which require a in-depth knowledge of generally recognised accounting principles of Canada. Therefore, some transactions could be incorrectly reported resulting in a significant discrepancy in the financial statements of the Company.

To address this risk, the Company hires and takes advice from accounting specialists to help in the selection and interpretation of these uncommon transactions.

The management of the Company realized that this control was not efficient during the preparation of the unaudited financial statements of the first quarter of 2010, specifically in the selection and application of the new chapter 1582 of the CICA handbook in relation to the Company amalgamation related to the acquisition of Les Minéraux Creviers Inc. and in the interpretation of a contract signed with an ex- employee of the Company. The Company therefore had the obligation to amend and restate the financial statements of the first quarter of 2010.

Subsequent to the period ending March 31st 2010, management of the Company brought necessary improvements to control processes in order to allow efficient controls in the future.

Outlook

During 2010, MDN will continue to be active in its chosen sectors of activities. African Barrick Gold has already announced a forecasted gold production of 76,376 ounces at the Tulawaka mine. This production will come from the underground mine and from the low-grade ore piled on surface. Moreover, an important exploration program underground and on surface is planned in order to increase the life of mine and replace extracted reserves.

MDN will be active in Tanzania through its own exploration program including 12,000 meters of drilling on properties located close to the Tulawaka mine. In Canada, we will focus on the ongoing feasibility study on the Crevier project.

Throughout the year, our technical team will be on the lookout for business development opportunities and will continue to search for advanced projects that could be rapidly developed, as well as search for potential acquisitions that could improve the quality of our exploration properties.

Serge Bureau
President & CEO

Yves Therrien, CMA
Vice President, Finance

Montreal, Canada
August 3rd, 2010

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

	2010	2009	2008
	<i>3 months</i>	<i>12 months</i>	<i>12 months</i>
Total revenue	\$58,611	\$7,109,664	\$27,256,716
Net income (loss)	(\$1,161,380)	\$824,029	\$21,956,836
Net income (loss) per share	(\$0.012)	\$0.009	\$0.239
Exploration expenses	\$867,401	\$2,716,069	\$4,006,636
Accounts receivable	\$1,416,534	\$3,358,402	\$6,019,715
Total assets	\$47,128,418	\$45,245,826	\$44,757,545
Shareholders' equity			
Total	\$45,191,479	\$44,566,803	\$44,185,847
Per share	\$0.47	\$0.47	\$0.46

FOR THE LAST EIGHT QUARTERS

	2010			
	<i>1st quarter</i>			
Total revenue	\$58,611			
Net income (loss)	(\$1,161,380)			
Net income (loss) per share	(.012)			
	2009			
	<i>1st quarter</i>	<i>2nd quarter</i>	<i>3rd quarter</i>	<i>4th quarter</i>
Total revenue	\$1,915,619	\$2,849,265	\$2,790,286	(\$445,506)
Net income (loss)	\$794,214	\$1,153,330	\$737,649	(\$1,861,164)
Net income (loss) per share	\$0.008	\$0.012	\$0.008	(\$0.020)
				2008
	<i>2nd quarter</i>	<i>3rd quarter</i>	<i>4th quarter</i>	
Total revenue	\$8,385,228	\$6,115,879	\$6,003,790	
Net loss	\$6,322,404	\$5,132,751	\$9,109,124	
Net loss per share	\$0.073	\$0.056	\$0.095	

Consolidated Financial Statements of
(Unaudited)

MDN INC.

Periods ended March 31, 2010 and 2009
(Amended and restated)

MDN INC.

Consolidated Financial Statements
(Unaudited)

Periods ended March 31, 2010 and 2009

Consolidated Financial Statements

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MDN INC.

Consolidated Balance Sheets

March 31, 2010 and December 31, 2009

	March 31, 2010	December 31, 2009
	(Unaudited) (Amended and restated)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,917,354	\$ 12,200,029
Temporary investments (note 3)	5,611,492	5,162,243
Accounts receivable	1,416,534	3,561,291
Prepaid expenses	17,613	32,023
	17,962,993	20,955,586
Investment in a company under significant influence (note 2)	—	4,128,228
Long-term investments (note 4)	457,142	—
Mining properties (note 5)	10,323,932	2,301,406
Deferred exploration costs (note 6)	18,160,327	16,068,387
Property and equipment	45,004	45,699
Intangible asset	179,020	179,020
Future tax asset	—	1,567,500
	\$ 47,128,418	\$ 45,245,826
Liabilities and Equity		
Current liabilities:		
Trade accounts payable and accrued liabilities	\$ 550,511	\$ 679,023
Other liability (note 7)	274,472	—
Future tax liability	179,394	—
	453,866	—
Equity:		
Non-controlling interest	932,562	—
Shareholders' equity:		
Capital stock (note 8)	62,146,981	60,505,590
Warrants	74,219	74,219
Contributed surplus	6,718,848	6,569,228
Deficit	(23,748,569)	(22,582,234)
	45,191,479	44,566,803
	46,124,041	44,566,803
	\$ 47,128,418	\$ 45,245,826

See accompanying notes to unaudited consolidated financial statements.

MDN INC.

Consolidated Statement of Earnings and Comprehensive Income (Unaudited)

Periods ended March 31, 2010 and 2009

	Three months ended March 31,	
	2010	2009
	(Amended and restated)	
Revenue:		
Operating royalties from a mining property	\$ –	\$ 1,867,677
Interest	58,611	47,942
	58,611	1,915,619
Administrative expenses (note 9)	1,492,075	874,056
(Loss) income before the following items	(1,433,464)	1,041,563
Other expenses (revenue):		
Change in fair value of a financial instrument held for trading	25,264	–
Foreign exchange loss (gain)	143,876	(283,612)
Write-off mining properties and deferred exploration costs	–	73,561
	169,140	(210,051)
(Loss) income before income taxes	(1,602,604)	1,251,614
Income taxes		
Current	–	(400,385)
Recoverable from loss carry-forward	–	400,385
Future		
Recognition and utilization of losses carry-forward	–	400,385
Change in temporary differences and other	(420,607)	57,015
	(420,607)	457,400
Net (loss) income and comprehensive income	\$ (1,181,997)	\$ 794,214
Attributable to shareholders of the Company	\$ (1,161,380)	\$ 794,214
Attributable to non-controlling interest	(20,617)	–
Basic and fully diluted net (loss) income per share	\$ (0.012)	\$ 0.008
Weighted-average number of outstanding shares (in thousands)	95,376	95,325

See accompanying notes to unaudited consolidated financial statements.

MDN INC.

Consolidated Statement of Shareholders' Equity (Unaudited)

Three months ended March 31, 2010 and year ended December 31, 2009

	Number of shares outstanding	Capital stock	Number of warrants outstanding	Warrants	Contributed surplus	Deficit	Total
Balance, December 31, 2008	95,325,413	\$ 61,514,951	2,133,154	237,743	\$ 5,937,704	\$ (23,504,551)	\$ 44,185,847
Share issued	125,000	71,250	—	—	—	—	71,250
Redemption of shares	(1,674,500)	(970,371)	—	—	—	—	(970,371)
Share issue or redemption costs	—	—	—	—	—	(11,952)	(11,952)
Excess of paid-up capital on consideration paid for redeemed shares	—	(110,240)	—	—	—	110,240	—
Expiry of warrants	—	—	(1,833,154)	(163,524)	163,524	—	—
Stock-based compensation	—	—	—	—	468,000	—	468,000
Net income	—	—	—	—	—	824,029	824,029
Balance, December 31, 2009	93,775,913	60,505,590	300,000	74,219	6,569,228	(22,582,234)	44,566,803
Share issued	3,349,777	1,641,391	—	—	—	—	1,641,391
Share issue costs	—	—	—	—	—	(4,955)	(4,955)
Stock-based compensation	—	—	—	—	149,620	—	149,620
Net loss	—	—	—	—	—	(1,161,380)	(1,161,380)
Balance, March 31, 2010 (amended and restated)	97,125,690	\$ 62,146,981	300,000	74,219	\$ 6,718,848	\$ (23,748,569)	\$ 45,191,479

See accompanying notes to unaudited consolidated financial statements.

MDN INC.

Consolidated Statement of Cash Flows (Unaudited)

Periods ended March 31, 2010 and 2009

	Three months ended March 31,	
	2010	2009
	(Amended and restated)	
Cash flows from operating activities:		
Net (loss) income	\$ (1,181,997)	\$ 1,153,330
Adjustments to:		
Stock-based compensation	149,620	—
Share of earnings in a company under significant influence	—	5,309
Future income taxes	(922,607)	620,000
Amortization of property, equipment and intangible asset	1,370	112,714
Change in fair value of a financial instrument held for trading	25,264	—
Accretion expense related to other liability	9,743	—
Severance benefit presented in other liability	389,729	—
Changes in non-cash working capital items (note 11)	2,686,140	(2,484,931)
	1,157,262	(593,578)
Cash flows from financing activities:		
Redemption of shares	—	(85,495)
Share issue costs	(4,955)	(1,000)
	(4,955)	(86,495)
Cash flows from investing activities:		
Investment in a company under significant influence (note 2)	(441,432)	(1,107,335)
Convertible debenture	—	(1,500,000)
Acquisition of a participation giving the control of the CMI project, net of cash acquired (note 2)	(1,127,500)	—
Acquisition of investments	(516,655)	—
Disposition of investments	—	25,692
Additions to property, equipment and intangible asset	—	(9,591)
Additions to mining properties	(37,338)	(34,890)
Increase in deferred explorations costs	(312,057)	(375,910)
	(2,434,982)	(3,002,034)
Net decrease in cash and cash equivalents	(1,282,675)	(3,682,107)
Cash and cash equivalents, beginning of period	12,200,029	23,128,493
Cash and cash equivalents, end of period	\$ 10,917,354	\$ 19,446,386

See accompanying notes to unaudited consolidated financial statements.

MDN INC.

Notes to Consolidated Financial Statements
(Unaudited)

Periods ended March 31, 2010 and 2009

The interim financial statements should be read in conjunction with MDN Inc.'s (the "Company") annual unaudited financial statements for the year ended December 31, 2009.

1. Significant accounting policies:

The interim financial statement have been prepared following the same basis of presentation and accounting policies used in the annual financial statements for the year ended December 31, 2009, except as to the adoption of the following standards effective January 1, 2010:

(a) Business combinations and non-controlling interests:

(i) Business combinations:

The Company adopted CICA Handbook Section 1582, *Business Combinations*.

This new section requires, among other things, that most identifiable assets and liabilities acquired in a business combination be recorded at full fair value, that acquisition-related costs be recognized as expenses as incurred, and that liabilities associated with restructuring or exit activities be recognized only if they meet the definition of a liability as of the acquisition date. The adoption of this standard did not have a significant impact on the financial position or results of the Company.

(ii) Non-controlling interests:

The Company adopted CICA Handbook Section 1602, *Non-Controlling Interests*, and CICA Section 1601, *Consolidated Financial Statements*. The impact of this adoption on the Company's financial statement is non-controlling interests in subsidiaries are presented in the consolidated balance sheet with equity of the controlling interest, separate from the shareholders' equity of the controlling interest. In the statements of earnings, non-controlling interest is no longer deducted in arriving at consolidated net income, but is allocated to the controlling interest and the non-controlling interest according to the percentage ownership.

(b) Financial instruments:

Starting January 1, 2010, all new accounts receivable recorded after this date are classified as loans and receivables.

(c) Principles of consolidation:

The consolidated financial statements include the accounts of the Company ("MDN") and its subsidiaries, MDN Tanzania Ltd. (100% interest) and Crevier Minerals Inc. ("CMI") (67.5% legal interest). Intercompany accounts have been eliminated upon consolidation.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

1. Significant accounting policies (continued):

(d) 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, amortization, estimates of the credit for mining duties refundable for losses and the refundable tax credit for resources, the fair value of stock options and warrants granted, mining properties and deferred exploration costs and certain amounts payable. Actual results could therefore differ from these estimates.

2. Acquisition of a participation giving the control of the CMI project:

In February 2009, the Company had the opportunity to evaluate the economic potential of CMI. After analysis, the Company concluded that a progressive acquisition of the project could highly benefit its shareholders.

On January 29, 2010, the Company increased its participation of 28.75% to 38.75% for a consideration of \$950,000 in cash paid to shareholders and by completing investment in exploration costs in CMI for an amount totaling \$2,000,000.

On February 16, 2010, the Company obtained control of CMI by acquiring 28.75% of voting common shares for a cash consideration of \$582,750 and by the issuance of 3,349,777 shares of the Company worth \$1,641,391. MDN's interest in CMI therefore increased from 38.75% to 67.5%.

The acquisition of the interest in CMI allowed the Company to acquire an advanced project with a national instrument 43-101 known resource and a possibility to be in production in a relatively short period of time.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

2. Acquisition of a participation giving the control of the CMI project (continued):

Following the transaction giving control to the Company, the options allowing the Company to increase its participation have been modified. The company has the option to increase its participation in CMI by 5% by investing \$2,000,000 in exploration work and paying \$625,000, in cash or in shares at Company's discretion, to the non-controlling shareholder by February 2011.

Afterward, the Company will have the option to obtain an additional participation of 15% in CMI by investing an additional \$2,000,000 in exploration work and paying \$750,000, in cash or in shares at Company's discretion, to the non-controlling shareholder by February 2012.

This acquisition has been recorded as an asset acquisition since CMI does not meet the definition of a business according to the standards of Section 1582, *Business Combinations*, of the CICA Handbook.

The major components of assets and liabilities acquired are the following:

Assets acquired:	
Cash	\$ 141,318
Term deposits	215,000
Tax credit receivable	800,086
Sales tax recoverable	85,959
Accrued interest receivable	8,647
Long-term investments	200,000
Mining property ⁽ⁱ⁾	7,985,188
Deferred exploration costs	1,277,883
Property, plant and equipment	675
	<hr/> 10,714,756
Liabilities assumed:	
Accounts payable and accrued liabilities	114,207
Future tax liability	2,167,501
	<hr/> 2,281,708
	<hr/> 8,433,048
Non-controlling interests	953,179
	<hr/>
Net assets acquired	<hr/> \$ 7,479,869 <hr/>

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

2. Acquisition of a participation giving the control of the CMI project (continued):

Consideration paid:	
Acquisition of a participation of 28.75% as of June 1, 2009, in cash	\$ 825,000
Acquisition of an additional participation of 10% on January 29, 2010, in cash	950,000
Advances to CMI regarding completed exploration work up to January 29, 2010	2,000,000
Share of cumulated losses on investment up to February 16, 2010	(19,272)
Convertible debenture held in CMI	1,500,000
Acquisition of an additional participation of 28.75% on February 16, 2010	
Cash	582,750
Issuance of 3,349,777 common shares ⁽ⁱⁱ⁾	1,641,391
	<hr/>
	\$ 7,479,869

The net cash flows related to this acquisition for the period are detailed as follow:

Total consideration paid	\$ 7,479,869
Less:	
Acquisition on June 1, 2009	(82,500)
Acquisition on January 29, 2010	(95,000)
Convertible debenture acquired on June 1, 2009	(1,500,000)
Advances relating to exploration work	(2,000,000)
Share issuance	(1,641,391)
Plus:	
Share of cumulated losses on investment up to February 16, 2010	19,272
Acquired cash	(141,318)
Net cash consideration paid	<hr/>
	\$ 441,432

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

2. Acquisition of a participation giving the control of the CMI project (continued):

The net cash flows related to the increase in the investment up to January 29, 2010 are detailed as follow:

Acquisition on January 29, 2010	\$ 950,000
Advances relating to exploration work, less advances of \$1,822,500 already made as of December 31, 2009	177,500
	<hr/> \$ 1,127,500 <hr/>

- (i) The mining property value was increased by \$7,383,845.
- (ii) The fair value of common shares issued in consideration is \$0.49 based on the Company's quoted market price as at February 16, 2010.

3. Temporary investments:

	March 31, 2010	December 31, 2009
	(Amended and restated)	
Term deposits, rates varying from 0.50% to 0.85%, maturing between August and December 2010 (rates at 0.25%, maturing in August 2010 as at December 2009)	\$ 1,215,000	\$ 1,000,000
Short-term portion of long-term investments	4,396,492	4,162,243
	<hr/> \$ 5,611,492	<hr/> \$ 5,162,243 <hr/>

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

4. Long term investments:

	March 31, 2010	December 31, 2009
	(Amended and restated)	
Term deposits, rate at 3%, maturing in September 2011	\$ 200,000	\$ –
Bonds, rates varying from 1.15% to 5.50%, maturing between May 2010 and April 2011 (rates varying from 1.15% to 5.50%, maturing between May and December 2010 as at December 2009)	4,653,634	4,162,243
	4,853,634	4,162,243
Short-term portion of long-term investments	(4,396,492)	(4,162,243)
	\$ 457,142	\$ –

5. Mining properties:

	March 31, 2010		December 31, 2009	
	(Amended and restated)			
	Interest	Amount	Interest	Amount
Properties:				
Tanzania:				
Kunga (Viyonza)	65% - 100% ⁽ⁱ⁾	\$ 976,035	65% - 100%	\$ 976,035
Simba (Isambara)	100	645,252	100	645,252
Baraka (PL-1561-1562)	90	193,238	90	193,238
Baraka (PL-2479)	100	114,188	100	114,188
Ikungu	60	87,474	60	57,000
Québec:				
Lac Shortt	50	170,461	50	170,461
Lespérance	50	78,000	50	78,000
Le Tac	50	43,052	50	43,052
Isle Dieu	100	24,180	100	24,180
Crevier	67.5	7,992,052	–	–
		\$ 10,323,932		\$ 2,301,406

⁽ⁱ⁾ Some property licences of this property are owned at 65% and others at 100%.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

6. Deferred exploration costs:

The table below shows the variation of deferred exploration costs:

	December 31, 2009	Acquisition	Income tax credits	Exploration costs	March 31, 2010 (Amended and restated)
Properties:					
Tanzania:					
Tulawaka	\$ 242,078	\$ —	\$ —	\$ 23,510	\$ 265,588
Simba (Isambara)	4,470,390	—	—	19,564	4,489,954
Baraka					
(PL-1561-1562)	294,465	—	—	—	294,465
Baraka (PL-2479)	280,329	—	—	—	280,329
Kunga (Viyonza)	5,220,772	—	—	15,347	5,236,119
Msasa	519,469	—	—	45,034	564,503
Ikungu	865,292	—	—	639,312	1,504,604
Québec:					
Lac Shortt	1,367,012	—	—	—	1,367,012
Lespérance	481,580	—	(1,916)	4,477	484,141
Le Tac	878,344	—	(4,215)	9,847	883,976
Des Meloïses	895,175	—	—	—	895,175
Isle Dieu	553,481	—	(1,209)	2,826	555,098
Crevier	—	1,277,883	(46,004)	107,484	1,339,363
	\$ 16,068,387	\$ 1,277,883	\$ (53,344)	\$ 867,401	\$ 18,160,327

7. Other liability:

Amount payable relating to a severance benefit of \$500,000, payable in quarterly payments of \$25,000, discounted at a rate of 10%, maturing in December 2015.

8. Capital stock:

(a) Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

(b) Warrants:

During the period, there were no variations in outstanding warrants.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

8. Capital stock (continued):

(c) Stock option plan:

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

	March 31, 2010		December 31, 2009	
	(Amended and restated)			
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Options, beginning of period	3,884,438	\$ 0.75	4,464,348	\$ 0.78
Granted	800,000	0.49	—	—
Cancelled	(110,000)	1.17	(580,000)	1.00
	4,574,438	\$ 0.70	3,884,438	\$ 0.75
Exercisable options, end of period	4,114,438	\$ 0.70	3,884,438	\$ 0.75

As at March 31, 2010, there were 4,574,438 stock options outstanding at exercise prices ranging from \$0.45 to \$0.91 with a weighted average remaining contractual life of 4.14 years.

The table below presents supplemental information about the stock option plan at the end of the period:

Range of exercise prices	Number of outstanding options	Weighted average remaining life (years)	Weighted average exercise price
\$0.45 - \$0.50	1,865,000	5.19	\$ 0.48
\$0.73 - \$0.76	450,000	5.77	0.75
\$0.80 - \$0.84	609,438	1.30	0.81
\$0.90 - \$0.91	1,490,000	3.48	0.91
Undetermined	160,000	10.00	Undetermined
	4,574,438		

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

8. Capital stock (continued):

(c) Stock option plan (continued):

The fair value options granted during the period was estimated at the date of the grant using the "Black-Scholes" valuation model for 600,000 options and the "Binomial" valuation model for 200,000 options with the following assumptions:

Risk-free interest rate	Between 2% and 3%
Expected weighted average life	5 and 10 years
Expected volatility	51% to 59%
Expected dividend rate	Nil
Weighted average grant-date fair value of options granted during the period	0.274

(d) Long-term incentive plan ("LTIP"):

On June 1, 2007, the Company established a LTIP for some administrators, members of management and consultants of the Company for a period of 3 years. According to this incentive plan, they vest shares of the Company if certain performance conditions are met. A total of 716,666 shares have been granted and acquired as at March 31, 2010.

The fair value of the granted shares during the period has been established at the grant date according to the value of the Company's shares on that date. The average fair value of the shares granted under the incentive plan was of \$0.52 per share.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

9. Administrative expenses:

	Three months ended March 31,	
	2010	2009
	(Amended and restated)	
Professional fees	\$ 411,942	\$ 278,536
Salaries and fringe benefits	559,357	176,591
Stock-based compensation	149,620	–
Transfer fees	20,508	62,258
Travelling expenses	73,459	107,298
Rent	24,469	25,081
Office expenses	18,821	43,806
Promotion expenses	33,994	10,062
Reports to shareholders	6,766	1,966
Insurance, taxes and permits	24,364	6,972
Telecommunications	3,213	5,131
Management fees	110,937	79,593
Projects development	38,275	–
Bank charges	5,237	2,144
Accretion expense related to other liability	9,743	–
Amortization of property and equipment and intangible asset	1,370	74,618
	\$ 1,492,075	\$ 874,056

10. Related party transactions:

In relation with the acquisition of CMI, the Company paid \$459,000 during the first quarter of 2010 and issued 1,488,790 shares to a shareholder of CMI who became the president and a director of the Company and to a shareholder of CMI who was already a director of the Company in consideration of the 600,000 shares they held in CMI (representing 15% of the outstanding shares of CMI). Furthermore, during the period, the Company paid professional fees of \$18,000 to a director.

These transactions, made in the normal course of business, were measured at the exchange amount, which is the amount established and agreed to by the parties.

There was no related party transactions during the year ended December 31, 2009.

MDN INC.

Notes to Consolidated Financial Statements, Continued
(Unaudited)

Periods ended March 31, 2010 and 2009

11. Statement of cash flows:

	Three months ended March 31,	
	2010	2009
	(Amended and restated)	
Changes in non-cash working capital items		
Receivables	\$ 3,039,449	\$ (2,673,970)
Prepaid	14,410	19,258
Accounts payable and accrued liabilities	(367,719)	169,781
	<hr/>	<hr/>
	\$ 2,686,140	\$ (2,484,931)

12. Comparative figures:

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.