MDN inc.

INTERIM FINANCIAL REPORT

SEPTEMBER 30, 2015

MDN INC.

MANAGEMENT DISCUSSION AND ANALYSIS

(FOR THE PERIOD ENDED SEPTEMBER 30, 2015)

SCOPE OF MANAGEMENT'S FINANCIAL ANALYSIS

The following analysis should be read in conjunction with the interim condensed consolidated financial statements of MDN Inc. (the "Company" or "MDN") and the accompanying notes to the financial statements for the three-month periods ended September 30, 2015 and 2014. The reader should also refer to the audited annual financial statements as of December 31, 2014, 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.

ADDITIONAL INFORMATION AND CONTINUOUS DISCLOSURE

This Management Discussion and Analysis was prepared as of November 12, 2015, 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 September 30, 2015, 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 claims as well as joint venture agreements.

MDN carries exploration on mining properties, but has not yet determined whether these properties contain economically viable mineral deposit. 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 km2 in the area of Lake Victoria Goldfield. These projects are known under the names Ikungu, Ikungu East, and Isambara (Simba).

- **Canada**: MDN has a 72.5% interest in the Crevier niobium and tantalum deposit located in the Saguenay Lac-St-Jean region in the province of Quebec. The Company also has the option to acquire 100% of the Prairie Lake and Prairie Lake South properties in the Thunder Bay region in Ontario.

ACTIVITIES - TANZANIA

Signature of a Head of Agreement

During the third quarter of 2015, MDN signed a Head of Agreement ("HOA") with Sichuan Xinye Investment Corporation of Mining and Exploration ("XINYE") to enter into a joint venture whereby XINYE would be transferred, in escrow, 50% of interests in the Company's Ikungu and Ikungu East properties in Tanzania and would have the option of retaining such interests by investing up to US$7M in such Properties over a maximum period of 42 months (see September 8, 2015 press release). Under the terms of the HOA, XINYE has 100 days to complete a due diligence review. During this period, MDN has agreed to an exclusivity of discussions with XINYE with respect to the properties. At the end of 100 days, the Company will be able to confirm or deny XINYE interest to continue with the signing of a definitive agreement.

During the current period, MDN continued to keep its workforce and expenses to the minimum in Tanzania, due to the challenging market conditions that persisted in the third quarter of 2015. The expenses that will occur in relation to the due diligence will be charged to XINYE.

MDN owns good quality projects as briefly described below;

IKUNGU

- 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 depressed gold market, investors normally prefer higher-grade gold projects, which can benefits MDN.

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, the discoveries of volcanic belts over 15 km long with gold potential are few and far between. Field work conducted in 2013 identified two areas with good gold potential. The property covers an area of 133 km2 and is wholly-owned by MDN.

ISAMBARA (SIMBA)

- During the period ended on December 31, 2014, the Company decided to devalue the Isambara property while maintaining the mining titles. Following a demand from the Tanzanian Ministry of Energy and Minerals, the Company has the intention to give certain mining titles of the Isambara property to the Tanzanian government. This decision is based on our current financial situation and will also allow us to concentrate our efforts on our most developed projects namely, Ikungu and Ikungu East.

ACTIVITIES – CANADA

CREVIER PROJECT

History

The Crevier project consists of a niobium (Nb) and tantalum (Ta) resource which is located in the north of the Lac-Saint-Jean region in the province of Quebec. In the fiscal year of 2010, MDN received a positive Preliminary Economic Assessment for the project. Based on this positive assessment MDN and Crevier Minerals Inc. (CMI) decided to start a feasibility study with the intention of bringing the niobium and tantalum resource to the market.

The feasibility study was ongoing throughout 2011, with the preparation of the environmental and geotechnical studies required for construction of the key facilities. Much of the work related to the Crevier feasibility study was suspended throughout 2012 pending the metallurgical results needed for the mineral treatment process development. Work was limited to completing the hydrometallurgy studies and conducting a second pilot plant test at COREM in order to confirm the ore flotation parameters (see description in the 2012 Fourth Quarter's MD&A).

During the course of the study, MDN decided to increase its stake in the project to 72.5%, with Niobec Inc. a then subsidiary of IAMGOLD (now owned by Magris Resources) holding the remaining 27.5% interest.

Crevier project developments since last year

MDN must perform a third pilot plant test with stricter parameters that will allow the Company to validate the laboratory tests and by the same token increase the project's financial sturdiness. The costs associated with such a test are estimated at 1.5M$, an amount that the Company cannot finance in the actual market conditions. The feasibility study completion is thus still temporarily suspended until the required funding is secured.

The Crevier project is one of the few sources of tantalum in a conflict-free and stable region. This is a very important fact because, following the reform of the Dodd Frank Act section 1502, US companies must be able to prove that their products do not contain tantalum originating from a conflict source, such as the Democratic Republic of Congo. Moreover, tantalum and niobium are both classified as strategic and critical metals for the United States and Europe, in part because of their military applications and the limited number of producers. Finally, unlike many metals, niobium and tantalum prices have not drastically decreased in recent years. Their utilization in high technology applications is also a very promising aspect in regards to their respective forecasted demand growth.

SAMAQUA PROJECT

During the third quarter of 2015, the Company decided to proceed with the write-off of the Samaqua property, following the drilling campaign results. The objective of the exploration program was to determine the presence of a mineralized carbonatite or alkaline system that could have the potential to host a niobium and tantalum mineralization. The geology intersected by drilling confirms the validity of the previous interpretation, which is to have a circular shape alkaline system. However, the results did not justify continuing the exploration work, mainly because of the very low grades of niobium and other metals of interest contained in the drill cores.

PRAIRIE LAKE PROJECT

During the first quarter of fiscal year 2015, the Company entered into two option agreements for the acquisition of 100% interest in two properties located in the Thunder Bay Mining Division, 45 kilometers north-west of Marathon, Ontario, known as the Prairie Lake Property and Prairie Lake South Property. The deal structure calls for capital expenditures to be distributed over time and also includes a 3% net smelter royalty (NSR), with 2% that can be repurchased for $2M.

During the second quarter of 2015, MDN sent a team of geologist on the field to start a geological mapping program. The first known results validated those generated by the prospector and the Ministry of Northern Development and Mines team. All known mineralized showings were sampled. The field works also led to the discovery of a new carbonatite occurrence hosting high grade niobium oxide some 100 meters south-west of the high-grade showings of blasted pits 1 and 2 (see June 25, 2015 press release). On the new discovery three continuous channel samples on the carbonatite gave 1.21% Nb2O5 over 1.1 meter, 0.77% Nb2O5 over 1.0 meter and 0.47% Nb2O5 over 1.2 meter for a weighted average of 0.81% Nb2O5 over 3.3 meters.

The summer exploration program also demonstrated that the previous niobium showings found in the blasted pits were made of narrow carbonatite dykes and/or syenite breccia with carbonatite matrix within barren syenite.

With this acquisition MDN strengthen its position in the niobium niche market and intends to conduct an exploration campaign to define a resource. Sample assay results show a great potential for Ferro-Niobium production.

In April of this year, for its discoveries on the Prairie Lake properties, the prospector/seller received the Bernie Schnieders Discovery of the Year Award given by the Northwestern Ontario Prospectors Association (NWOPA).

SUMMARY OF OPERATING RESULTS

For the three months periods ended September 30 **(in thousands of dollars, except for amounts per share)**		**2015**		2014
Administrative expenses	**$**	**114**	$	216
Gain on settlement of liabilities	**$**	**(638)**	$	-
Write-off of exploration and evaluation assets and mining properties	**$**	**491**	$	-
Finance income	**$**	**(1)**	$	(41)
Finance cost	**$**	**34**	$	32
Net income (loss) attributable to the shareholders of the company	**$**	**7**	$	(191)
Net loss attributable to non-controlling interests	**$**	**(6)**	$	(16)
Basic and diluted net income (loss) per share	**$**	**0.000**	$	(0.002)
Weighted-average number of shares outstanding (in thousands)		**114,658**		112,066

Administrative expenses:

	Three months ended September 30,			
		2015		2014
Professional fees	**$**	**60,062**	$	104,903
Salaries and fringe benefits		**27,123**		39,487
Share-based payments		**727**		1,238
Transfer fees		**2,713**		4,318
Travelling expenses		**3,406**		8,996
Rent		**10,562**		29,567
Office expenses		**1,998**		1,786
Promotion expenses		**-**		2,440
Reports to shareholders		**443**		7,968
Insurance, taxes and permits		**4,039**		4,354
Membership and training		**150**		-
Telecommunications		**286**		4,885
Amortization of property and equipment		**1,646**		2,135
Mining titles management		**1,254**		3,504
	$	**114,409**	$	215,581

Administrative expenses totalled $114,409 for the third quarter of 2015 compared to $ 215,581 in 2014. The decrease in professional fees in 2015 is mainly due to the reduction of contract positions, as well as by careful cost management. The variation in salary costs is primarily due to the non-replacement of permanent position coupled with a reduction of billable working hours. Due to the current economic situation, MDN conducted a review of its operating expenses, thus reducing many costs including rent, travel, promotional costs, telecommunications costs and insurance, tax and permit expenses.

Operating results

On September 30, the Company proceeded to the cancellation of a liability. The Company had in its books an account payable of US $ 478 392 representing its share of the management fees of the Tulawaka mine for the last five quarters of the mine operations. This amount had to be deducted from the available cash generated after the final sale of the assets of the mine. Following the receipt of the details of the final settlement of the disposal of assets on September 2015, the Company received confirmation that the available cash balance was negative. In accordance with its contract of partnership, the Company proceeded to the write-off of this account for a value of $ 639 414 CDN.

On September 15th, the Company proceeded to the write-off of the Samaqua property following the results of the drilling campaign. The objective of the campaign on Samaqua was the discovery of a carbonatite, which was suspected owing to the magnetic signature revealed by a high-definition magnetic survey. Unfortunately the interpretation of the drill cores supported by their analysis of niobium, tantalum and other metals of interest did not confirm the presence of a carbonatite.

The finance income, consist of interest income from the Company's various investments in 2015 and 2014 coupled with other income related to flow-through shares in 2014 ($38,185).

Financial charges totalled $33,778 in 2015 (compared to $32,257 in 2014). The financial charges in 2014 included, an accretion expense on other long-term liability of $1,205 (nil in 2015), foreign exchange loss of $32,094 in 2015 (compared to $30,252 in 2014) and bank charges & others of $874 for 2015 ($800 in 2014).

Net loss

For the three months period ended September 30 2015, the Company recorded a net income attributable to the shareholders of the Company of $7,062 or $0.000 per share compared to a net loss of $191,339 or $0.002 per share for the same period in 2014. The variation is mainly due to the gain on settlement of liabilities, coupled with decrease in administration expense, partly offset by the write-off of the Samaqua property.

The net loss per share is based on weighted-average number of 114,657,539 common shares outstanding for the period of three months closed on September 30, 2015, compared to 112,065,969 for the period of three months closed September 30, 2014.

SUMMARY OF OPERATING RESULTS

For the nine months periods ended September 30 (in thousands of dollar, except for amounts per share)		**2015**		2014
Administrative expenses	**$**	**484**	$	841
Gain on settlement of liabilities	**$**	**(638)**	$	-
Write-off of exploration and evaluation assets and mining properties	**$**	**2 447**	$	-
Finance income	**$**	**(52)**	$	(46)
Finance Cost	**$**	**88**	$	40
Net loss attributable to the shareholders of the company	**$**	**(2 309)**	$	(790)
Net loss attributable to non-controlling interests	**$**	**(20)**	$	(45)
Basic and diluted net loss per share	**$**	**(0,020)**	$	(0,008)
Weighted-average number of shares outstanding (in thousands)		**114 511**		105 079

Administrative expenses:

	Nine months ended September 30,			
		2015		2014
Professional fees	**$**	**247,741**	$	322,946
Salaries and fringe benefits		**84,814**		231,454
Share-based payments		**30,056**		51,078
Transfer fees		**22,010**		22,718
Travelling expenses		**12,435**		28,348
Rent		**32,053**		88,964
Office expenses		**6,589**		11,542
Promotion expenses		**449**		13,784
Reports to shareholders		**26,805**		27,092
Insurance, taxes and permits		**11,643**		13,824
Membership and training		**150**		2,285
Telecommunications		**2,182**		10,040
Amortization of property and equipment		**4,938**		6,407
Mining titles management		**2,177**		10,350
	$	**484,042**	$	840,832

Administrative expenses totalled $484,042 for the first nine months of 2015 compared to $ 840,832 in 2014. The decrease in professional fees in 2015 compared to 2014 is mainly due to legal advisor’s charges in Tanzania in 2014 in relation to the legal opposition with the TRA (US$50,771), as well as tight costs control, partly offset by a reorganization of the company transforming some permanent positions into contractual ones, resulting in an increase of $50,000 of professional fees. The variation in wage costs is mainly due to the reorganization described in the level of professional fees, as well as by the payment of a severance bonus ($38 812) in 2014. The company granted 1 250 000 options in 2015 compared to 1 850 000 in 2014. Due to the current economic situation, MDN conducted a review of its operating expenses, thus reducing many costs, including rent, travel, office expenses, promotional costs, telecommunications cost and insurance tax and permits expenses.

Operating results

On September 30, the Company proceeded to the cancellation of a liability. The Company had in its books an account payable of US $ 478 392 representing its share of the management fees of the Tulawaka mine for the last five quarters of the mine operations. This amount had to be deducted from the available cash generated after the final sale of the assets of the mine. Following the receipt of the details of the final settlement of the disposal of assets on September 2015, the Company received confirmation that the available cash balance was negative. In accordance with its contract of partnership, the Company proceeded to the write-off of this account for a value of $ 639 414 CDN.

On April 7 2015, the Company wrote-off an amount of $1,956,500 related to exploration and evaluation assets and mining properties of the Nikonga property. Considering the financial commitments in relation with the joint venture agreement on the Nikonga project, and considering the current difficult environment for gold exploration in Tanzania, the Company concluded that it was too expensive to continue the annual payment required to maintain its exploration rights.

On September 15th, the Company proceeded to the write-off of the Samaqua property following the results of the drilling campaign. The objective of the campaign on Samaqua was the discovery of a carbonatite, which was suspected owing to the magnetic signature revealed by a high-definition magnetic survey. Unfortunately the interpretation of the drill cores supported by their analysis of niobium, tantalum and other metals of interest did not confirm the presence of a carbonatite.

Finance income for the first nine months ($51,919 in 2015 and $46,324 in 2014), primarily represent other income related to flow through shares ($48,058 in 2015 and $38,185l in 2014) and interest income from the Company’s various investments ($3,861 in 2015 and $8,139 in 2014).

Financial charges totalled $87,806 compared with $40,112 for the nine months period ended in September 30, 2015 and 2014 respectively. The financial charges included accretion expenses on other long-term liability of (nil in 2015), $5,341 in 2014, foreign exchange loss $85,223 ($31,576 in 2014) and bank charges & others of $2,583 ($3,195 in 2014).

Net loss

For the nine months period ended September 30 2015, the Company recorded a net loss attributable to the shareholders of the Company of $2,308,588 or $0.020 per share compared to net loss of $789,220 or $0.008 per share for the same period in 2014. The variation is mainly due the write-off of the Nikonga and Samaqua properties partly offset by the gain on settlement of liabilities, coupled with decrease in administration expense.

The net loss per share is based on weighted-average number of 114,511,385 common shares outstanding for the nine months ended September 30, 2015 compared to 105,078,740 for the same period ended September 30, 2014.

Financial position (in thousands of dollars)		**September 30, 2015**		December 31, 2014
Cash	**$**	**151**	$	265
Investments	**$**	**300**	$	700
Mining taxes receivable	**$**	**140**	$	140
Accounts receivables	**$**	**222**	$	692
Exploration and evaluation assets	**$**	**23 166**	$	23 723
Total assets	**$**	**24 056**	$	25 600
Total liabilities	**$**	**681**	$	1 327
Share Capital	**$**	**64 531**	$	64 482
Total equity attributable to equity holders of the Company	**$**	**21 597**	$	22 475
Non-controlling interest	**$**	**1 778**	$	1 798

LIQUIDITY AND FINANCIAL POSITION

Cash, cash equivalents and term deposits

As at September 30, 2015, the Company's cash position, consisting of cash, investments and term deposits, amounted to $451,280 compared with $964,796 as at December 31, 2014. This variation is mainly due to the investment in mining properties and exploration and evaluation assets coupled with normal operational expenses for the first nine months of 2015 partly reduce by reimbursement of approximately $511,000 by the Tanzanian Revenue Authority regarding sales tax returns.

Mining taxes receivables

As of September 30, 2015 and December 31, 2014, tax credit receivables amounted to $139,609. The mining taxes receivable are mainly attributable to the Crevier project.

Accounts receivables

As of September 30, 2015, accounts receivable amounted to $222,273 and were mainly related to Tanzanian sales tax receivable of $130,777, tax credit related to resources of $41,696, and of provincial and federal sales tax receivables.

Mining properties

During the nine months period ended September 30 2015, the company paid $1,105 for exploration claims related to the Samaqua project and, as per the option agreement related to the acquisition of the Prairie Lake properties, paid $30,000 in cash consideration and issued capital shares having a value of $49,000. In addition, the company has written-off an amount of $110,398 related to the Nikonga property and $7,441 for the Samaqua property.

Exploration and evaluation assets

During the nine months period ended September 30, 2015 the Company incurred $502,353 in exploration and evaluation assets. Of this amount, $98,136 was spent for properties in Tanzania $24,799for the Ikungu property and $68,809 for Ikungu East property). The Company also incurred $404,217 in exploration and evaluation expenses in Canada ($300,433 for the Samaqua project in Quebec and $102,569 for the project in Ontario Praire Lake). The Company has also written-off an amount of $1,846,102 related to the exploration and evaluation assets of the Nikonga property, and $483,234 for the Samaqua property.

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

Total assets amounted to $24,056,014 as at September 30, 2015, compared to $25,599,783 as of December 31, 2014. The variation is mainly attributable to the write-off of the Nikonga property in Tanzania and the Samaqua property in Canada and by the current administration expenses engaged for continuing activities of the period, partly offset by the investment in exploration and evaluation assets coupled with effect of foreign exchange on Tanzanian property.

Equity attributable to shareholders of the Company amounted to $20,958,452 as of September 30, 2015, compared to $22,475,011 as of December 31, 2014. The variation is attributable to the loss of the period, partly offset by the variation of the foreign currency translation adjustment, related to MDN’s assets in Tanzania.

Liabilities

Total liabilities amount to $681 535 as at September 30, 2015, compared to $1,327,057 as of December 31, 2014. The difference is attributable to the cancellation of a liability describe in the operating results section.

Share capital

During the nine months period ended September 30, 2015, the Company issued 700,000 capital shares in relation with the Prairie Lake project. As at November 12, 2015, the Company has 114,657,539 outstanding capital shares.

Non-controlling interest

The non-controlling interest is linked to the participation of 27,5% owned by Niobec Inc. in Crevier Minerals Inc. The variation during the six months period ended June 30, 2015 relates essentially to the net loss.

Liquidity needs for the current financial year

	Three-months period ended September 30,		Nine-months period ended September 30,	
	2015	2014	**2015**	2014
Cash flows (used in) from operating activities	**$ (150,276)**	$ (350,097)	**$ 26,401**	$ (898,160)
Cash flows (used in) from financing activities	**$ -**	$ 785,000	**$ -**	$ 785,000
Cash flows (used in) from investing activities	**$ (30,206)**	$ 28,853	**$ (122,018)**	$ 350,978
Effect of exchange rate changes on cash denominated in foreign currency	**$ (1,848)**	$ -	**$ (17,899)**	$ 3,157
Net variation in cash	**$ (182,330)**	$ 463,756	**$ (113,516)**	$ 240,975

For the current fiscal year, from January 1, 2015 to December 31, 2015, MDN's liquidity needs are estimated at $925,000. The Company's management believes that it has sufficient liquidity to meet its financial needs to discharge its commitments and liabilities in the ordinary course of business for the fiscal year 2015.

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

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 and materially affected by different factors. These factors include 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 other minerals and metals, and the competitive nature of the industry.

Financing Risks

Mining projects are capital intensive by nature. The Company has limited financial resources, limited sources of operating cash flow and no assurance that additional funding will be available for further exploration and development of its projects. There can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain additional financing may materially affect the Company's operation, and without limitation, may result in the delay or postponement of the exploration and development of its properties

Title Matters

The acquisition of title to mineral concessions is a very detailed and time-consuming process. Failure to comply with the legal requirements with respect to exploration permits and mining concessions may result in a loss of title. Title and/or the area of mining concessions may be disputed. While the Company has diligently investigated title to its properties and continues to do so, this should not be construed as a guarantee of title. Title to the mineral concessions may be affected by undetected errors or omissions.

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.

Laws and Regulatory Requirements

The Company's 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.

Currency Risks

The Company has operations in Tanzania and is subject to foreign currency fluctuations, and such fluctuations may materially affect its financial position and results.

Volatility of Share Prices

Share prices are subject to change because of numerous different factors related to Company activities, including reports of new information, changes in the Company's financial situation, the sale of shares in the market, and may also be subject to change due to the stock market environment in the industry and generally. There is no guarantee that the market price of Company's shares will be protected from material share price fluctuations in the future.

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

(a) Mining properties:

Crevier (Québec)

Having carried out exploration investments required during fiscal year 2012, the Company has an option, without due date, to acquire an additional 15% interest in MCI by paying in cash or in shares, at the discretion of the Company, $750,000 to the non-controlling shareholder.

Prairie Lake (Ontario)

On February 13, 2015, the Company signed two option agreements to acquire a 100% interest in two properties located in the mining district of Thunder Bay, 45 km northwest of Marathon, Ontario known by the names of Prairie Lake Property and Prairie Lake South Property. The sampling confirmed the presence of alkaline rocks that contain high grades of Niobium.

Two agreements were signed:

(i) The Company has the option to acquire a 100% interest in the Prairie Lake Property by paying a total amount of $190,000 and issuing a total of 2,850,000 common shares over a four-year period. The Company must also incur a minimum of $305,000 in exploration expenditures over the same period. Prairie Lake Property consists of 210 mining claims included in 16 blocks of claims and covering 3,360 hectares in the Killala Lake Township.

(ii) The Company has the option to acquire a 100% interest in the Prairie Lake South Property by paying a total amount of $93,000 and issuing a total of 1,300,000 common shares over a four-year period. The Company must also incur a minimum of $115,000 in exploration expenditures over the same period. Prairie Lake South Property consists of 37 mining claims included in 3 blocks of claims and covering 592 hectares in the Killala Lake Township.

(b) Flow-through shares:

The Company has committed to incur, before December 31, 2015, an amount of $380,011 in eligible exploration and evaluation expenses in accordance with the federal Income Tax Act and the Québec Income Tax Act, and to transfer these tax deductions to subscribers of the flow-through shares. In connection with this commitment, the Company incurred cumulative eligible expenses of $469,697 as at March 31, 2015, and therefore completed its obligation in regard to this funding.

CONTINGENCIES

(a) Communications with Tanzania Revenue Authority ("TRA")

During the second quarter of 2013, the Company received a written communication from the TRA regional office in Mwanza in respect of withholding payments 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 784,893,170 Tanzanian shillings (or approximately $511,000 on December 31,2014) 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.

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 amounts of interest paid as withholding.

After discussion with their lawyers, the management immediately notified its opposition to the National Commissioner of the TRA. 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 difficulty of exploration companies to obtain bank loans. In this opposition, the management has always been 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 MDN in this case.

Following this decision, on February 26, 2015, the TRA repaid MDN Tanzania Ltd. the amounts owed, representing approximately $511,000.

No provision has been recorded in the consolidated financial statements of the Company as of September 30, 2015 as management believes that the outstanding items above are unfounded and that the Company owes no tax to TRA.

(b) The Company is partly financed by the issuance of flow-through shares, however there is no guarantee that the funds spent by the Company will qualify as Canadian operating costs, even if the Company has agreed to take all necessary measures for this purpose. Refusal of certain expenses by the tax authorities could have adverse tax consequences for investors or the Company. As of March 30, 2015, the Company conducted all required expenditures under commitment for the flow through shares issued in 2014.

(c) Communications with Revenu Québec

Following an audit in regard to the tax credits relating to the resources granted to Crevier Minerals Inc. for the years 2010, 2011 and 2012, Revenu Québec issued on April 2015 a notice of assessment for an amount of $ 370 517 for expenditures for projects deemed non-compliant.

With the help of its tax specialists, the management of the Company filed an objection against the notice of assessment. The management consider that the costs incurred by Crevier Minerals Inc. meets object testing requirement which is to increase the knowledge on the resource for the following reasons:

- These explorations costs allowed to obtain basic data which helped to enhance the knowledge of the resource;

- These explorations costs also allowed in the acquisition of baseline data for the development of the process of treatment and exploitation and their integration even allowed improving the knowledge of the resource.

After discussion with its tax experts, the direction of the Company is confident of winning this opposition. It has however accrued an amount of $ 144,000 to the financial statements in line with this opposition.

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

Control over Information Reporting

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, 2014 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 were 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. To be accomplished, it is inspired by the criteria established in internal control integrated framework of Committee of Sponsoring Organizations of the Treadway Commission (<<COSO>>) (frame of 2013 COSO). The management as well as the Chief Executive Officer and the Chief Financial Officer concluded, as at December 31, 2014 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 June 30, 2015 materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

OUTLOOK

MDN will carry on implementing its strategy to develop its critical metals assets that are niobium and tantalum. With the primary objective of creating long-term value for its shareholders, the Company will focus on the following four steps in the short terms:

- Decision of XINYE following the due diligence in Tanzania.
- Continue the exploration works on the high grade niobium property Prairie Lake.
- Maintain administrative expenses to a low level.
- Look into the potential of various projects that are in line with the Company’s strategy.

The decision of the Chinese state-owned company has the potential to have a significant impact on the financial health of MDN. On one hand, it could generate short-term cash flow that would help to develop the projects in Canada. On the other hand, it would progress the Ikungu and Ikungu East projects, the most promising projects in Tanzania for the Company, which when developed would generate sales revenues or royalties.

In Ontario, Canada, the Prairie Lake properties have already demonstrated that they contain high levels of niobium when compared with known projects. Field works during summer 2015 have generated very satisfying results and MDN intends to continue with a second phase of exploration which would include drilling. In order to do so, the Company will need raise money.

The long awaited stock market recovery in the metals and mining sector has yet to come. The price of most of the metals and minerals also continued to decline. The junior mining exploration companies saw their market capitalization, their cash and available funding decrease and MDN is no exception. This is a situation that we consider unacceptable and which we strive to correct in finding solutions that combine value creation for shareholders and increase of interest for investors. We are convinced that our focus toward niobium rich resources will bear fruit in due course. Besides, the price for niobium did not depreciated like other and remains relatively stable since several years.

The Crevier project remains an important asset for MDN. The Company must first validate the recovery of niobium and tantalum obtained on a laboratory scale. These tests are essential to the further development of Crevier but the Company does not have the financial resources to conduct such tests. Government entities have confirmed their intention to help finance the tests but with a shared risk participation. Due to the current challenging context, the development of the Crevier project is suspended because it is very difficult to raise the sums required.

Over the past year, MDN was able to greatly reduce its administrative expenses. This helped to keep a sufficient level of liquidity to meet short-term obligations and thus get through this difficult period affecting the mining industry. Strict control measures are applied to continue our activities in the future.

The Company is also very active in identifying high value-added projects. In these difficult times for the industry, opportunities may arise and only the best equipped companies will achieve their goals. MDN strongly believes it is taking all necessary actions for the achievement of its objectives.

Future results

The Company's future results will be influenced by the decision in regard to the signature of a definitive agreement in Tanzania and also by its ability to raise funds in the market. The exploration campaigns results on Prairie Lake will also have a role to play in the Company's future results.

(S)	(S)
Claude Dufresne, eng.	Yves Therrien, CPA, CMA
President & CEO	Vice President, Finance & CFO

Montreal, Canada
November 12, 2015

FINANCIAL SUMMARIES

The tables below provide a summary of the main financial information on the Company 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 as at December 31, 2014.

FOR THE LAST EIGHT QUARTERS

		2015		
		1st quarter	*2nd quarter*	*3rd quarter*
Total revenues net of finance expenses		$ (23 606)	$ 20 371	$ (32 652)
Net income (loss) attributable to Shareholders		$ (204 270)	$ (2 111 380) *	$ 7 062
Net income (loss) per share		$ (0,002)	$ (0,019)	$ 0,000

	2014			
	1st quarter	*2nd quarter*	*3rd quarter*	*4th quarter*
Total revenues net of finance expenses	$ (22 129)	$ 19 796	$ 8 545	$ (70 117)
Net loss attributable to Shareholders	$ (220 542)	$ (377 341)	$ (191 339)	$ (5 944 611) *
Net loss per share	$ (0,002)	$ (0,004)	$ (0,002)	$ (0,055)

	2013
	4th quarter
Total revenues net of finance expenses	$ (96 836)
Net loss attributable to Shareholders	$ (4 595 817) *
Net loss per share	$ (0,045)

Note: the loss in the 4th quarter of 2013 and 2014 and the 2nd quarter of 2015 are mainly due to the 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 September 30, 2015 and 2014

MDN INC.

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

Periods ended September 30, 2015 and 2014

Financial Statements

MDN INC.

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

September 30, 2015 and December 31, 2014

	September 30, 2015	December 31, 2014
Assets		
Current assets:		
Cash	$ 151 280	$ 264 796
Temporary investments (note 3)	300 000	700 000
Accounts receivable (note 4)	222 273	691 778
Mining taxes receivable	139 609	139 609
Prepaid expenses	15 759	19 277
Total current assets	828 921	1 815 460
Non-current assets:		
Mining properties (note 5)	7 888 823	7 913 430
Exploration and evaluation assets (note 6)	15 277 633	15 809 968
Property and equipment	60 637	60 925
Total non-current assets	23 227 093	23 784 323
Total assets	$ 24 056 014	$ 25 599 783
Liabilities and Equity		
Current liabilities:		
Trade accounts payable and accrued liabilities (note 7)	$ 219 311	$ 816 775
Liability related to flow-through shares	-	48 058
Total current liabilities	219 311	864 833
Non-current liabilities		
Deferred tax liabilities	462 224	462 224
Total non-current liabilities	462 224	462 224
Equity:		
Share capital and warrants (note 9)	64 530 913	64 481 913
Contributed surplus	6 652 364	6 622 308
Accumulated other comprehensive income	2 630 403	1 279 016
Deficit	(52 216 814)	(49 908 226)
Total equity attributable to shareholders of the Company	21 596 866	22 475 011
Non-controlling interests	1 777 613	1 797 715
Total equity	23 374 479	24 272 726
Contigencies and commitments (notes 15 and 16)		
Total liabilities and equity	$ 24 056 014	$ 25 599 783

The notes on pages 5 to 15 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 September 30, 2015 and 2014

	Thee-month periods ended September 30,		Nine-month periods ended September 30,	
	2015	2014	2015	2014
Administrative expenses (note 11)	$ 114 409	$ 215 581	$ 484 042	$ 840 832
Gain on settlement of liabilities (note 13)	(638 414)	-	(638 414)	-
Write-off of exploraton and evaluation assets and mining property (note 8)	490 675	-	2 447 175	-
Loss before net finance cost (income) and income taxes	33 330	(215 581)	(2 292 803)	(840 832)
Net finance cost (income) (note 12)				
Finance income	(1 126)	(40 802)	(51 919)	(46 324)
Finance cost	33 778	32 257	87 806	40 112
	32 652	(8 545)	35 887	(6 212)
Loss before income taxes	678	(207 036)	(2 328 690)	(834 620)
Income taxes (recovery):				
Current taxes	-	159	-	-
Deferred taxes	-	(159)	-	-
	-	-	-	-
Net loss	678	(207 036)	(2 328 690)	(834 620)
Other comprehensive income:				
Foreign currencies translation differences of foreign operations	606 974	670 869	1 375 387	705 304
Comprehensive income (loss)	$ 607 652	$ 463 833	$ (953 303)	$ (129 316)
Net income (loss) attributable to:				
Shareholders of the Company	$ 7 062	$ (191 339)	$ (2 308 588)	$ (789 220)
Non-controlling interests	(6 384)	(15 697)	(20 102)	(45 400)
Total comprehensive income (loss) attributable to:				
Shareholders of the Company	$ 614 036	$ 479 530	$ (933 201)	$ (83 916)
Non-controlling interests	(6 384)	(15 697)	(20 102)	(45 400)
Basic and fully diluted net income (loss) per share	$ 0,000	$ (0,002)	$ (0,020)	$ (0,008)
Weighted average of outstanding shares - basic and diluted	114 657 539	112 065 969	114 511 385	105 078 740

The notes on pages 5 to 15 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 September 30,2015 and 2014

	Number of ordinary shares outstanding	Number of warrants	Share capital	Contributed Surplus	Accumlated other comprehensive income (loss)	Deficit	Total equity attributable to shareholders of the Company	Non-controlling Interest	Total equity
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
Issuance of Shares and warrants	12 430 319	3 681 747	668 720	-	-	-	668 720	-	668 720
Share-based payments	-	-	-	51 078	-	-	51 078	-	51 078
Foreign currendy translation differences of foreign operations	-	-	-	-	705 304	-	705 304	-	705 304
Net loss	-	-	-	-	-	(789 220)	(789 220)	(45 400)	(834 620)
Balance, September 30, 2014	113 957 539	3 681 747	$ 64 481 913	$ 6 621 071	$ 771 959	$ (43 963 613)	$ 27 911 330	$ 1 809 196	$ 29 720 526
Balance, December 31, 2014	113 957 539	3 681 747	$ 64 481 913	$ 6 622 308	$ 1 279 016	$ (49 908 226)	$ 22 475 011	$ 1 797 715	$ 24 272 726
Stake acquisition in Prairie Lake (note 8)	700 000	-	49 000	-	-	-	49 000	-	49 000
Shared-based payments	-	-	-	30 056	-	-	30 056	-	30 056
Foreign currency translation of foreign operations	-	-	-	-	1 351 387	-	1 351 387	-	1 351 387
Net loss	-	-	-	-	-	(2 308 588)	(2 308 588)	(20 102)	(2 328 690)
Balance, September 30, 2015	114 657 539	3 681 747	$ 64 530 913	$ 6 652 364	$ 2 630 403	$ (52 216 814)	$ 21 596 866	$ 1 777 613	$ 23 374 479

The notes on pages 5 to 15 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 September 30, 2015 and 2014

	Three monthes ended September 30,		Nine month ended September 30,	
	2015	2014	2015	2014
Cash flows used in operating activities:				
Net loss	$ 678	$ (207 036)	$ (2 328 690)	$ (834 620)
Adjustments for:				
Shared-based payments	727	1 238	30 056	51 078
Amortization of property and equipment	1 646	2 135	4 938	6 407
Gain on settlement of liabilities	(638 414)	-	(638 414)	-
Write-off of exploraton and evaluation assets and mining property	490 675	-	2 447 175	-
Interest income	(839)	(2 617)	(3 861)	(8 139)
Accretion expenses related to the other long-term liability	-	1 205	-	5 341
Foreign exchange loss	32 904	30 252	52 403	31 576
Other income related to flow-through shares	-	(38 185)	-	(38 185)
Change in non-cash working capital items	(34 949)	(110 164)	472 003	(43 058)
Payment related to the other long-term liability	-	(25 000)	-	(75 000)
Interest received	(2 704)	(1 925)	(9 209)	6 440
	(150 276)	(350 097)	26 401	(898 160)
Cash flows from financing activities:				
Share and warrant issuance	-	785 000	-	785 000
Cash flows from investing activities:				
Disposal of investments	50 000	200 000	400 000	950 000
Additions to mining properties	-	(2 738)	(31 105)	(40 061)
Increase in evaluation and exploration assets	(80 206)	(168 409)	(490 913)	(558 961)
	(30 206)	813 853	(122 018)	1 135 978
Effect of exchange rates changes on cash denominated in foreign currency	(1 848)	-	(17 899)	3 157
Net change in cash	(182 330)	463 756	(113 516)	240 975
Cash, beginning of period	333 610	52 162	264 796	274 943
Cash, end of period	$ 151 280	$ 515 918	$ 151 280	$ 515 918

The notes on pages 5 to 15 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 1693 Saint-Patrick Street, Suite 106, Montréal, Quebec, Canada.

The interim condensed consolidated financial statements of the Company as at and for the period ended September 30, 2015 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 Provinces of Quebec and Ontario in Canada, and in Tanzania.

These consolidated financial statements have been prepared on a going concern basis. The going concern assumption assumes that the Company will continue in operation for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business.

As the Company does not generate revenue, the Company must periodically obtain new funds to continue its operations. 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 September 30, 2015 are just sufficient to meet its budget for administrative costs and minimum expenses related to mining properties for the next 10 months. 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.

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 consolidated financial statements do not give effect to adjustments that may be required in the event that the assumption of the going was not proven appropriate. If that were the case, adjustments could be made to the carrying value of assets and liabilities.

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, 2014, including the significant accounting policies used by the Company.

The interim condensed consolidated financial statements were approved by the Board of directors on November 4, 2015.

Functional and presentation currency

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

3. Temporary Investments

	September 30, 2015	December 31, 2014
Guaranteed investment certificate, rate of 1.12% maturing in January 2016, redeemable at any time	$ 100 000	$ 200 000
Guaranteed investment certificate, rate of 1.15%, maturing in September 2016, redeemable at the option of the Company once a month without penalty	150 000	200 000
Guaranteed investment certificate, rate at 0.7% maturing in July 2016, redeemable at any time	50 000	300 000
	$ 300 000	$ 700 000

4. Accounts receivable:

		September 30, 2015		December 31, 2014
Tax credit related to resources	$	41 696	$	1 550
Sales tax receivable		152 101		656 404
Others		28 476		33 824
	$	222 273	$	691 778

5. Mining properties:

Mining properties are detailed as follows:

Properties	Interest at end		December 31, 2014		Additions		Write-off (note 8)		Effect of foreign exchange		Sept. 30, 2015
Tanzania											
Ikungu	81 %	$	315 181	$	-	$	-	$	13 127	$	328 308
Nikonga	100		110 398		-		(110 398)		-		-
Canada											
Crevier	72,5 [i)]		7 481 515		-		-		-		7 481 515
Samaqua	100		6 336		1 105		(7 441)		-		-
Prairie Lake	-		-		79 000		-		-		79 000
		$	7 913 430	$	80 105	$	(117 839)	$	13 127	$	7 888 823

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

On February 13, 2015, the Company signed two option agreements (note 13) to acquire a 100% interest in two properties located in the mining district of Thunder Bay, 45 km northwest of Marathon, Ontario known by the names of Prairie Lake Property and Prairie Lake South Property.

To acquire these options, the Company paid a cash consideration in the amount of $ 30,000 and issued common shares for an amount of $ 49,000.

(i) The Company has the option to acquire a 100% interest in the Prairie Lake Property by paying a total amount of $190,000 and issuing a total of 2,850,000 common shares over a four-year period. The Company must also incur a minimum of $305,000 in exploration expenditures over the same period. Prairie Lake Property consists of 210 mining claims included in 16 blocks of claims and covering 3,360 hectares in the Killala Lake Township.

(ii) The Company has the option to acquire a 100% interest in the Prairie Lake South Property by paying a total amount of $93,000 and issuing a total of 1,300,000 common shares over a four-year period. The Company must also incur a minimum of $115,000 in exploration expenditures over the same period. Prairie Lake South Property consists of 37 mining claims included in 3 blocks of claims and covering 592 hectares in the Killala Lake Township.

6. Evaluation and exploration assets:

Evaluation and exploration assets by properties are detailed as follows:

Properties	December 31, 2014	Tax credits related to resources	Additions	Write-off (note 8)	Effect of foreign exchange	Sept. 30, 2015
Tanzania						
Ikungu	$ 7 634 221	$ -	$ 24 799	$ -	$ 1 117 879	$ 8 776 899
Ikungu East	754 603	-	68 809	-	108 632	932 044
Nikonga	1 733 291	-	4 528	(1 846 102)	108 283	-
Canada						
Crevier	5 464 906	-	1 215	-	-	5 466 121
Samaqua	222 947	(40 146)	300 433	(483 234)	-	-
Prairie Lake	-	-	102 569	-	-	102 569
	$ 15 809 968	$ (40 146)	$ 502 353	$ (2 329 336)	$ 1 334 794	$ 15 277 633

7. Trade accounts payable and accrued liabilities

Trade accounts payable and accured liabilities are mainly composed of a reserve of $ 144,000 for the opposition of Crevier Minerals inc. with Revenu Québec (see note 15 (c)), as well as various accrued and payable in Tanzania ($50 106) and in Canada ($25 205).

8. Write-off of exploration and evaluation assets and mining property:

On a regular basis, a special committee reviews all the different mining properties to ensure that they still comply with the strategic objectives of the Company.

On April 7, 2015, the Company wrote-off an amount of $1,956,500 related to the Nikonga evaluation and exploration asset and mining property. Considering the financial commitments in relation with the joint venture agreement on the Nikonga project, and considering the current difficult environment for gold exploration in Tanzania, the Company has come to the conclusion that it was too expensive to continue to disburse the annual payment required to maintain exploration rights.

On September 15, 2015, the Company proceeded to the write-off of the mining property and evaluation and exploration assets of the Samaqua property for a value of $490,675 following the results of the drilling campaign. The objective of the campaign on Samaqua was the discovery of a carbonatite, which was suspected owing to the magnetic signature revealed by a high-definition magnetic survey.

Unfortunately the interpretation of the drill cores supported by their analysis of niobium, tantalum and other metals of interest did not confirm the presence of a carbonatite.

9. Share capital and warrants:

On February 27, 2015, the Company issued 700,000 common shares in exchange for an interest in two mineral properties (Note 6 and Note 13). The shares were issued at the market price at the date of the transaction. The total fair market value of shares issued was $49,000.

10. 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. Prior to 2010, options vested immediately. Since 2010, options are vested immediately or over a period of five to seven years. The maximum term is ten years.

On June 3, 2015, the Company granted 1,250,000 stock options to directors and officers of the Company. The stock options have a five year term and are exercisable at a price of $0.05 per share. All the stock options granted vested on the date of grant. The fair value of the stock option was estimated at $0.0223 per option by applying the Black-Sholes option pricing model, using an expected time-period of 5 years, a risk-free interest rate of 1.01%, a volatility rate of 61.70% and a 0% dividend factor. At the date of grant, the market value of the share was $0.045.

The following table set out the activity in the stock options:

	Nine-months periods ended September 30,			
	2015		2014	
	Number of outstanding options	Weighted average exercise price	Number of outstanding options	Weighted average exercise price
Balance, beginning of period	3 810 000	$ 0,24	2 560 000	$ 0,45
Granted	1 250 000	0,05	1 850 000	0,06
Expired	(1 105 000)	0,47	(150 000)	0,73
Balance, end of period	3 955 000	$ 0,12	4 260 000	$ 0,15
Exercisable options, end of period	3 955 000	$ 0,12	4 260 000	$ 0,15

The following table reflects the stock options issued and outstanding at September 30, 2015:

Range of exercise prices	Number of outstanding options	Weighted average remaining contractual life (years)
$ 0.05 - $ 0.19	3 240 000	4,20
$ 0.20 - $ 0.44	310 000	3,60
$ 0.45 - $ 0.51	405 000	1,05
	3 955 000	3,81

11. Administrative expenses:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Professional fees	$ 60 062	$ 104 903	$ 247 741	$ 322 946
Salaries and fringe benefits	27 123	39 487	84 814	231 454
Share-based payments	727	1 238	30 056	51 078
Tranfer fees	2 713	4 318	22 010	22 718
Travelling expenses	3 406	8 996	12 435	28 348
Rent	10 562	29 567	32 053	88 964
Office expenses	1 998	1 786	6 589	11 542
Promotion expenses	-	2 440	449	13 784
Reports to shareholders	443	7 968	26 805	27 092
Insurance, taxes and permits	4 039	4 354	11 643	13 824
Membership and training	150	-	150	2 285
Telecommunications	286	4 885	2 182	10 040
Amortization of property and equipment	1 646	2 135	4 938	6 407
Mining titles management	1 254	3 504	2 177	10 350
	$ 114 409	$ 215 581	$ 484 042	$ 840 832

12. Net finance cost (income):

	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Other income related to flow-through shares	$ (287)	$ (38 185)	$ (48 058)	$ (38 185)
Interest income on cash and investments	(839)	(2 617)	(3 861)	(8 139)
Foreign exchange gain	-	-	-	-
Finance income	(1 126)	(40 802)	(51 919)	(46 324)
Acrretion expense on other long-term liability	-	1 205	-	5 341
Bank charges and other	874	800	2 583	3 195
Foreign exchange loss	32 904	30 252	85 223	31 576
Finance cost	33 778	32 257	87 806	40 112
Net finance cost (income)	$ 32 652	$ (8 545)	$ 35 887	$ (6 212)

13. Cash flows:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
Operations without impact on cash related to:				
Operating activities:				
Change in accounts payable and accrued liabilities related to exploration and evaluation assets	$ 10 000	$ 4 176	$ 67 203	$ 2 596
Investing activities				
Change in tax credit related to resources capitalized in exploraton and evaluation assets included in accounts recevable	-	28 355	40 146	31 409
Financing activities				
Issuance of shares as consideration for acquisition of option for the acquisition of rights to mining properties	-	-	49 000	-

14. Gain on settlement of liabilities

The company had in its books an account payable of US $ 478 392 representing its share of the management fees of the Tulawaka mine for the last five quarters of the mine operations. This amount had to be deducted from the available cash generated after the final sale of the assets of the mine. Following the receipt of the details of the final settlement of the disposal of assets on September 2015, the Company received confirmation that the available cash balance was negative. In accordance with its contract of partnership, the Company proceeded in the third quarter of 2015, to the write-off of this account for a value of $ 639 414 CDN.

15. Commitments:

Mining properties

Crevier (Québec)

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, at the option of the Company, $750,000 to the non-controlling shareholder.

Prairie Lake (Ontario)

On February 13, 2015, the Company signed two option agreements to acquire a 100% interest in two properties located in the mining district of Thunder Bay, 45 km northwest of Marathon, Ontario known by the names of Prairie Lake Property and Prairie Lake South Property.

Two agreements were signed:

(i) The Company has the option to acquire a 100% interest in the Prairie Lake Property by paying a total amount of $190,000 and issuing a total of 2,850,000 common shares over a four-year period. The Company must also incur a minimum of $305,000 in exploration expenditures over the same period. Prairie Lake Property consists of 210 mining claims included in 16 blocks of claims and covering 3,360 hectares in the Killala Lake Township.

(ii) The Company has the option to acquire a 100% interest in the Prairie Lake South Property by paying a total amount of $93,000 and issuing a total of 1,300,000 common shares over a four-year period. The Company must also incur a minimum of $115,000 in exploration expenditures over the same period. Prairie Lake South Property consists of 37 mining claims included in 3 blocks of claims and covering 592 hectares in the Killala Lake Township.

16. Contingencies:

(a) Communications with Tanzania Revenue Authority (“TRA”)

During the second quarter of 2013, the Company received a written communication from the TRA regional office in Mwanza in respect of withholding payments 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 784,893,170 Tanzanian shillings (or approximately $511,000 on December 31, 2014) 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.

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 MDN in this case.

Following this decision, on February 26, 2015, the TRA repaid MDN Tanzania Ltd. the amounts owed, representing approximately $511,000.

No provision has been recorded in the condensed consolidated financial statements of the Company at September 30, 2015 as management believes that the outstanding items above are unfounded and that the Company owes no tax to TRA.

(b) The Company is partly financed by the issuance of flow-through shares, however there is no guarantee that the funds spent by the Company will qualify as Canadian operating costs, even if the Company has agreed to take all necessary measures for this purpose. Refusal of certain expenses by the tax authorities could have adverse tax consequences for investors or the Company. As of March 30, 2015, the Company conducted all required expenditures under commitment for the flow through shares issued in 2014.

(c) Communications with Revenu Québec

Following an audit in regard to the tax credits relating to the resources granted to Crevier Minerals Inc. for years 2010, 2011 and 2012, Revenu Québec issued on April 2015 a notice of assessment for an amount of $ 370 517 for expenditures for projects deemed non-compliant.

With the help of its tax specialists, the management of the Company filed an objection against the notice of assessment. The management consider that the costs incurred by Crevier Minerals Inc. meets object testing requirement which is to increase the knowledge on the resource for the following reasons:

- These explorations costs allowed to obtain basic data which helped to enhance the knowledge of the resource;

- These explorations costs also allowed in the acquisition of baseline data for the development of the process of treatment and exploitation and their integration even allowed improving the knowledge of the resource.

After discussion with its tax experts, the direction of the Company is confident of winning this opposition. It has however accrued an amount of $ 144,000 to the financial statements in line with this opposition.