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New Issue

February 18, 2000

MOYDOW MINES INTERNATIONAL INC.

Cdn\$5,749,998.40

**3,382,352 Common Shares and 1,691,176 Warrants
Issuable Upon the Exercise of 3,382,352 Special Warrants**

This prospectus qualifies for distribution 3,382,352 common shares ("Common Shares") and 1,691,176 warrants ("Warrants") of Moydow Mines International Inc. (the "Company") issuable upon the exercise of 3,382,352 outstanding special warrants of the Company (the "Special Warrants"). The Company issued the Special Warrants on November 26, 1999 at a price of Cdn\$1.70 per Special Warrant pursuant to a special warrant indenture (the "Special Warrant Indenture") dated as of November 26, 1999 between the Company and Montreal Trust Company of Canada (the "Trustee"). Each Special Warrant entitles the holder thereof to acquire one Common Share and one-half of a Warrant, subject to adjustment in certain events, at no additional cost, at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of (a) the fifth business day following the date (the "Qualification Date") upon which a final receipt for this prospectus is issued by the Ontario Securities Commission, and (b) November 26, 2000. Any Special Warrants not exercised prior to the Expiry Time shall be exercised by the Trustee on behalf of the holder at such time without any further action on the part of the holder. Each whole Warrant entitles the holder to purchase one Common Share at a price of Cdn\$2.25 until November 26, 2000.

If the Qualification Date has not occurred by 5:00 p.m. (Toronto time) on March 25, 2000, each holder of Special Warrants shall subsequently be entitled to, at the option of the holder, either (i) require that up to 100% of the Special Warrants held by such holder be repurchased by the Company for an amount equal to the purchase price therefor, being Cdn\$1.70 per Special Warrant, together with a pro rata portion of all interest earned on the subscription funds, or (ii) receive upon the exercise of the Special Warrants held by such holder 1.1 Common Shares and 0.55 of a Warrant, in lieu of one Common Share and 0.5 of a Warrant, for each Special Warrant exercised, without payment of additional consideration. All of the proceeds from the sale of the Special Warrants less the commission paid to the Agent (as defined below) were deposited in escrow with the Trustee pursuant to the Special Warrant Indenture for the purpose of funding any Special Warrant repurchase obligation of the Company, provided, however, that the Company will be liable to fund any amount not covered by such escrowed proceeds and interest earned thereon. Subject to any such funding obligation, such escrowed proceeds and interest earned thereon will be released to the Company by the Trustee on the fifth business day following the Qualification Date. See "Plan of Distribution".

The Special Warrants were issued to investors pursuant to prospectus exemptions under applicable securities legislation in accordance with an agency agreement dated November 26, 1999 (the "Agency Agreement") between Loewen, Ondaatje, McCutcheon Limited (the "Agent") and the Company. The issue price of Cdn\$1.70 per Special Warrant was determined by negotiation between the Company and the Agent. See "Plan of Distribution".

	<u>Price to Investor</u>	<u>Agent's Fee</u> ⁽¹⁾⁽²⁾	<u>Net Proceeds to the Company</u> ⁽³⁾⁽⁴⁾
Per Special Warrant ⁽⁵⁾	\$1.70	\$0.1105	\$1.5895
Total ⁽⁵⁾	\$5,749,998.40	\$373,750.00	\$5,376,248.40

- (1) Pursuant to the Agency Agreement, the Company paid a commission to the Agent equal to 6.5% of the gross proceeds realized by the Company from the sale of the Special Warrants. Such fee was paid to the Agent from such proceeds at the closing of the sale of the Special Warrants. No additional fee will be payable to the Agent in connection with the distribution of the Common Shares and Warrants upon the exercise of the Special Warrants.
- (2) As additional compensation, the Company granted to the Agent a non-assignable option to acquire, without payment of any additional consideration, a further non-assignable option (the "Agent's Option"). The Agent's Option will entitle the Agent to purchase up to 169,117 units of the Company at a price of Cdn\$1.80 per unit at any time commencing on the issuance of the Agent's Option and continuing up to 5:00 p.m. (Toronto time) on November 26, 2000. Each such unit will consist of one Common Share and one-half of one Warrant. This prospectus qualifies the distribution of the Agent's Option.
- (3) Before deducting expenses of this offering estimated at Cdn\$200,000 to be paid by the Company.
- (4) The proceeds from the sale of the Special Warrants net of the Agent's commission were deposited in escrow with the Trustee pursuant to the terms of the Special Warrant Indenture. See "Plan of Distribution".
- (5) All figures are in Canadian dollars.

There is no market through which the Special Warrants may be sold and no such market is expected to develop. The outstanding Common Shares are listed on The Toronto Stock Exchange. On November 11, 1999, the day immediately prior to the date on which the offering of the Special Warrants was announced by the Company, the closing price of the Common Shares on The Toronto Stock Exchange (as reported by such exchange) was Cdn\$1.90 per share. On February 17, 2000, the closing price of the Common Shares on The Toronto Stock Exchange (as reported by such exchange) was Cdn\$1.40 per share. See "Price Range and Trading Volume of the Common Shares".

Investors should consider an investment in the Common Shares speculative due to the nature of the Company's involvement in the exploration and development of gold mining properties. See "Risk Factors". The effective price paid for each Common Share through the purchase of a Special Warrant, namely Cdn\$1.70, exceeds the Company's unaudited net tangible book value per Common Share as at October 31, 1999, after giving effect to the issue of 3,382,352 Common Shares upon exercise of the Special Warrants under this offering, by Cdn\$1.00 representing a dilution factor of 59%. See "Dilution".

Certificates for Common Shares and Warrants will be available for delivery upon the exercise of the Special Warrants. Certain legal matters in connection with the issue of the Special Warrants and the distribution of the Common Shares and Warrants issuable upon exercise thereof have been passed upon on behalf of the Company by Macleod Dixon, Toronto, and on behalf of the Agent by Stikeman, Elliott, Toronto.

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GLOSSARY - GENERAL

In this prospectus, the following terms have the meanings set forth below:

Agent means Loewen, Ondaatje, McCutcheon Limited of Toronto, Ontario;

Agent's Option means the option issuable upon exercise of the Agent's Special Option entitling the Agent to purchase up to 169,117 units of the Company at a price of Cdn\$1.80 per unit until November 26, 2000, each such unit consisting of one Common Share and one-half of one Warrant;

Agent's Special Option means the non-assignable option of the Company held by the Agent entitling the Agent to acquire, for no additional consideration, the Agent's Option;

Antubia means Antubia Resources Limited, a subsidiary of Glencar;

CDC means the Commonwealth Development Corporation, a U.K. statutory corporation;

Common Shares means common shares in the capital of the Company;

Company means Moydow Mines International Inc., an Ontario company;

EIA means an environmental impact assessment required to be filed with the EPA in connection with an application for a mining lease in Ghana;

Ensign means Ensign Resources Limited, an Isle of Man company and a subsidiary of Glencar;

EPA means the Environment Protection Agency of Ghana;

Glencar means Glencar Mining plc, an Irish company;

Kanyankaw Property means the property in south-central Ghana over which Moydow (Ghana) and Antubia hold a prospecting licence;

Moydow (Ghana) means Moydow Limited, a Ghanaian company wholly-owned by the Company;

Moydow Group means the Company and its affiliated and associated companies;

Moydow (Isle of Man) means Moydow Limited, an Isle of Man company wholly-owned by the Company;

Normandy means Normandy Mining Limited, a subsidiary of which is LaSource;

Normandy LaSource means LaSource SAS, a French company and a subsidiary of Normandy;

Ntoroso Property means the property in central-west Ghana over which Rank holds a prospecting licence;

Ntoroso Report means the report dated January 13, 2000 prepared for the Company by PAH in respect of the Ntoroso Property;

PAH means Pincock, Allen & Holt, a technical consulting firm based in Lakewood, Colorado, U.S.A.;

Pontil means Pontil Minerex Limited, a Ghanaian company;

Project Financing has the meaning ascribed thereto in the first paragraph under "Description of Properties – Wassa Property – Wassa Project Financing";

Rank means Rank Mining Company Limited, a Ghanaian company;

Rank Farm–In Shareholders Agreement means the agreement dated October 22, 1997, as amended November 5, 1997, among Normandy LaSource, Moydow (Ghana) and Rank in respect of the respective interests of Normandy LaSource and Moydow (Ghana) in Rank;

RTO Transaction means the transaction completed on December 9, 1998 pursuant to which the Company purchased all of the outstanding shares and warrants of Moydow (Isle of Man) in consideration for shares and warrants of the Company;

Satellite means Satellite Goldfields Limited, a Ghanaian company;

SBL means Standard Bank London Limited, a U.K. bank;

Special Warrants means the special warrants issued by the Company to various investors on November 26, 1999 at a price of Cdn\$1.70 per special warrant, each such special warrant entitling the holder to acquire, for no additional consideration, one Common Share and one half of one Warrant;

TSE means The Toronto Stock Exchange;

Warrants means the warrants of the Company issuable upon exercise of the Special Warrants, each such warrant entitling the holder to purchase one Common Share at a price of Cdn\$2.25 until November 26, 2000;

Wassa Feasibility Report means the feasibility report of PAH completed September 24, 1997 with respect to the Wassa Property;

Wassa Holdings means Wassa Holdings Limited, an Isle of Man company;

Wassa Mine means the gold mine located on the Wassa Property;

Wassa Property means the property in south-central Ghana over which Satellite holds a mining lease and held a prospecting licence, which licence is presently in the process of renewal; and

Wassa Report means the report dated January 13, 2000 prepared for the Company by PAH in respect of the Wassa Property.

GLOSSARY – GEOLOGICAL TERMS

ADR - a processing plant where gold is adsorbed onto carbon pellets from solution combined with subsequent desorption of gold from carbon to caustic solution and subsequent refining of this product to produce gold doré.

aeromagnetic survey - a regional scale exploration method involving the use of magnetometers and data recording instrumentation mounted in fixed wing aircraft or helicopters. The survey usually takes the form of a systematic flight pattern designed to cover the survey area with the objective of detecting magnetic anomalies.

Ag – silver.

Au – gold.

beresitized - a particular type of hydrothermal alteration involving the formation of the minerals sericite, carbonate and pyrite in alteration of a granitic host rock.

Birimian - the name given to a group of Precambrian (3000 to 1900 million years old approximately) age sedimentary and volcanic rocks regionally metamorphosed to Greenschist-Amphibolite facies. Birimian rocks are found throughout West Africa, from Senegal and Guinea in the west to Niger and Ghana in the east. Birimian rocks are the principal host of hard rock gold deposits in West Africa.

breccia - a fragmental rock whose components are angular and not water-worn.

cross-cut - a mining tunnel driven perpendicular to the dominant trend of a vein or ore bearing structure.

cross section – a diagram or drawing that shows features transected by a vertical plane drawn at right angles to the longer of the axis of a geologic feature.

Cu – copper.

cut-off grade - the lowest grade of mineralised material considered economic to mine and process - used in the calculation of mineable reserves.

diamond drill holes - a drilling method whereby rock is drilled with a diamond impregnated, hollow drilling bit which produces a continuous, in-situ record of the rock mass intersected in the form of solid cylinders of rock which are referred to as core.

drive - a mining tunnel driven parallel to the dominant trend of a vein or ore bearing structure.

dyke - a tabular body of igneous rock that cuts across the layering or fabric of the host rock.

feasibility study - a definitive engineering estimate of all costs, revenues, equipment requirements, and production levels likely to be achieved if a mine is developed. The study is used to define the economic viability of a project and to support the search for project financing.

galamsey - local artisanal miners, generally mining with rudimentary tools and without mechanisation.

geochemical sampling - a mineral exploration method whereby samples of soil, stream sediments rocks are collected in a systematic way and analysed for a suite of elements.

grade - the amount of valuable mineral in each tonne of ore, expressed as ounces per ton or grams per tonne for precious metal and as a percentage by weight for other metals.

greenstone belt - a common host for gold deposits often comprising green coloured rocks derived from lavas and sediments which have been heated and altered through deep burial.

ground magnetic survey - a mineral exploration method involving the use of hand held magnetometer instruments which measure the intensity of the earth's magnetic field. The survey usually takes the form of a regular pattern of parallel lines designed to cover the survey area with the objective of identifying magnetic anomalies which may be indicative of hidden mineralisation.

g/t - grams per metric tonne.

hanging wall - the overlying side of a fault, orebody, or mineworking, in particular the wall rock above a fault or inclined vein.

heap leach - a relatively cheap processing method based on hydrometallurgical technology, whereby crushed rock placed on an impermeable pad is sprayed with a cyanide solution. The resulting gold bearing liquid is collected and recovered employing conventional technologies culminating in smelting and doré production.

hornblende granodiorites - a plutonic rock with a high percentage of silica and in which large crystal size is typical; hornblende being the dominant dark material.

host rock - a volume of rock within which the orebody occurs.

hydrogeological studies - studies concerning the occurrence, movement and condition of ground water.

inferred resource - a mineral resource inferred from geoscientific evidence, drill holes, underground openings or other sampling procedures where the lack of data is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

in-situ-resources - a tonnage of mineralised rock of intrinsic economic interest, the grades and limits of which are known with a specified degree of knowledge, expressed in terms of the material as it exists in the ground prior to mining.

IP (induced polarisation) - a geophysical technique for detecting buried disseminated sulphides through the application to the ground of electrical currents.

lineament - a linear feature in the earth's crust generally coincident with a geological fault.

lithological contact - a boundary between two different rock types.

lode - a tabular or vein-like deposit of valuable minerals between well defined walls of rock.

metamorphosed - a term used to describe a rock mass which has been subjected to metamorphism. Metamorphism is a geological process where the original mineral composition of a rock is changed or metamorphosed in response to local or regional scale changes in temperature, pressure and the action of chemically active fluids.

metasediments - sedimentary rocks, which are rocks formed out of the consolidation of sediment settled out of water, ice or air, which have been metamorphosed – see metamorphosed.

minerable reserves – that portion of an in-situ resource which technical and economic studies have shown to be mineable at a profit under specified economic conditions expressed in terms of the tonnage and grade of the material that would be mined and processed.

mineralisation - mineral bearing rock. Mineralisation generally refers to the presence of gold and silver established by widely spaced drilling.

mylonitization - deformation of a rock by microbrecciation resulting from mechanical forces that are applied in a definite direction.

ore - rock that contains one or more minerals or metals, at least one of which has commercial value and which can be recovered at a profit.

orebody - a continuous volume of mineralised material which may be economic and feasible to mine.

phyllites - finely banded, often greasy looking metasediment formed by the deep burial and heating of clay rich rocks.

phyllitic - a textural term describing the planar fabric or cleavage which is developed in fine grained rocks which are subjected to low grade regional metamorphism.

placer mining - the extraction of gold from loosely consolidated material, often a river bed.

probable reserves - reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling, and measurement are further apart or otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.

Proterozoic - the second oldest geological period after Archaean and the typical age of gold deposits in West Africa, Brazil and Venezuela.

proven reserves - reserves for which: (a) quantity is computed from dimensions revealed in outcrops, trenches, working or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling, and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth, and mineral content of reserves are well-established.

pyroclastic - a fragmentary volcanic material formed by explosive volcanic activity.

pyrite - a common iron sulphide mineral commonly found in hydrothermal veins and systems and commonly associated with gold mineralisation.

quartz-eye rhyolites - fine grained, high silica volcanic rocks studded with blebs or 'eyes' of quartz.

raking - angle between a linear feature and the horizontal measured in the plane that contains the two.

reserve - a reserve is that part of the resource that meets minimum physical and chemical criteria related to the specified mining and production practices, including those for grade, quality, thickness and depth, and reasonably can be assumed to be able to be economically and legally extracted or produced at the time of determination. The feasibility of the specified mining and production practices must have been demonstrated or reasonably can be assumed on the basis of tests and measurements. The term reserves need not signify that extraction facilities are in place and operational.

resource - a concentration of naturally occurring solid, liquid or gaseous material in or on the earth's crust in such form and amount that economic extraction of a commodity from the concentration is currently or potentially feasible. Location, grade, quality and quantity are known or estimated from specific geological evidence. To be classified as a resource, there not only must be some evidence that the concentration of material exists, but there must be sufficient information available to estimate the quantity of the material.

reverse circulation drilling - a type of rotary drilling that uses a double-walled drill pipe. Compressed air, water or other drilling medium is forced down the space between the two pipes to the drill bit and the drilled chips are flushed back up to the surface through the centre tube of the drill pipe.

reverse circulation holes - a drilling method employing dual walled drill rods fitted with either a hammer or rotary drilling bit. The pressurised drilling fluid (air or water) travels down the outer annulus and the return fluid travels up the centre of the drill rod carrying the sample of rock chips and dust sized particles to the surface.

schist - a metamorphic rock characterised by a well developed parallel orientation of more than 50% of the minerals present.

sedimentary - formed by the deposition of solid fragmented material that originates from weathering of rocks and is transported from a source to a site of deposition.

sericitic - a rock containing fine grained white mica – usually occurring in flecks.

shear zones - linear areas of weakness along which a failure occurred whereby the portion of mass on one side of the area slides past the portion on the opposite side and which often form conduits for mineralising fluids.

stockwork - a mineral deposit in the form of a branching or interlocking network of veinlets.

stockwork of quartz veins - a crosscutting network of fractures filled with quartz.

strike – geological measurement of the direction of a horizontal line on the surface of the bed.

stripping ratio - ratio of waste to ore.

synform - a concave-upwards fold in strata of unknown stratigraphic sequence.

Tarkwaian - a rock formation in Ghana, occurring immediately above the Birimian, which is mostly made up of sandstones and contains thin gold-bearing reefs near its base.

tectonised - a rock mass that has been severally modified by folding and/or faulting.

tertiary - that portion of the geologic sedimentary section younger than the Cretaceous and older than the Quaternary ranging in age from approximately 55 million to 2 million years old.

vein - sheet-like body of minerals formed by fracture-filling or replacement of the host rock.

VLF - a geophysical technique which utilizes the magnetic components of the electromagnetic field generated by long distance radio transmitters to delineate geological structures.

volcanic - formed by volcanic activity.

winze - a vertical shaft in a mine sunk or excavated from top to bottom.

CURRENCY

In this prospectus, all references to “Cdn\$” are to Canadian dollars and all references to “US\$” are to United States dollars. On February 17, 2000, the noon spot rate quoted by the Bank of Canada was Cdn\$1.4522 = US\$1.00.

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471
Grams	Ounces (troy)	0.032
Ounces (troy)	Grams	31.103
Tonnes	Short tons	1.102
Short tons	Tonnes	0.907
Grams per tonne	Ounces (troy) per ton	0.029
Ounces (troy) per ton	Grams per tonne	34.438

PROSPECTUS SUMMARY

The following is a summary only and is qualified in its entirety by the more detailed information contained elsewhere in this prospectus. Capitalized terms used in this summary and not otherwise defined are defined in the Glossary - General.

The Company

Moydow Mines International Inc. (the "Company") is engaged primarily in the acquisition, exploration and development of gold properties. Exploration and development activities are currently focussed on Ghana, West Africa. The Company's gold property portfolio includes interests in four properties in Ghana - Ntoroso, Wassa, Kanyankaw East and Kanyankaw West. Except for the Wassa Property, the Company's properties are in the early to mid-stages of exploration with the Ntoroso Property being the Company's most advanced exploration property. See "Business of the Company" and "Description of Properties". The Company's outstanding Common Shares are listed on the TSE under the symbol "MOY".

The Offering

On November 26, 1999, the Company completed the issue and sale of an aggregate of 3,382,352 Special Warrants at a price of Cdn\$1.70 per Special Warrant (or Cdn\$5,749,998.40 in the aggregate) in accordance with an agency agreement dated November 26, 1999 between Loewen, Ondaatje, McCutcheon Limited (the "Agent") and the Company. The Special Warrants were issued pursuant to the terms of a special warrant indenture (the "Special Warrant Indenture") dated as of November 26, 1999 between the Company and Montreal Trust Company of Canada (the "Trustee"). Since the date of issuance, no Special Warrants have been exercised. Each Special Warrant entitles the holder thereof to acquire, at no additional cost to the holder, one Common Share and one-half of one Warrant at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of: (i) the fifth business day following the date (the "Qualification Date") upon which a final receipt for this prospectus is issued by the Ontario Securities Commission; and (ii) November 26, 2000. Any Special Warrants not exercised prior to the Expiry Time shall be exercised by the Trustee on behalf of the holder at such time without any further action on the part of the holder.

If the Qualification Date has not occurred by 5:00 p.m. (Toronto time) on March 25, 2000, each holder of Special Warrants shall subsequently be entitled to, at the option of the holder, either (i) require that up to 100% of the Special Warrants held by such holder be repurchased by the Company for an amount equal to the purchase price therefor, being Cdn\$1.70 per Special Warrant, together with a pro rata portion of all interest earned on the subscription funds, or (ii) receive upon the exercise of the Special Warrants held by such holder 1.1 Common Shares and 0.55 of a Warrant, in lieu of one Common Share and 0.5 of a Warrant, for each Special Warrant exercised, without payment of additional consideration. All of the proceeds from the sale of the Special Warrants less the Agent's commission were deposited in escrow with the Trustee pursuant to the Special Warrant Indenture for the purpose of funding any Special Warrant repurchase obligation of the Company, provided, however, that the Company will be liable to fund any amount not covered by such escrowed proceeds and interest earned thereon. Subject to any such funding obligation, such escrowed proceeds and interest earned thereon will be released to the Company by the Trustee on the fifth business day following the Qualification Date.

See "Plan of Distribution".

Use of Proceeds

The net proceeds from the sale of the Special Warrants are estimated to be Cdn\$5,176,248.40, after deducting the expenses of the offering estimated at Cdn\$200,000 and the Agent's commission of Cdn\$373,750 and assuming no exercise of the Agent's Option. It is anticipated that approximately Cdn\$3,000,000 of such proceeds will be used by the Company for further exploration and development of the Ntotoroso Property, while the balance of \$2,176,248 will be added to the Company's working capital and used for general corporate purposes. See "Use of Proceeds".

Risk Factors

An investment in the securities offered hereunder should be considered speculative due to the nature of the Company's involvement in the exploration and development of gold mining properties. Prospective investors should carefully consider, in particular, the following risks in addition to the other information set forth in this prospectus: risks relating to fluctuations in the price of gold and hedging arrangements entered into in respect of the Wassa Mine; the lack of operational control over the Wassa Mine and the potential for default by Glencar, the operator of the Wassa Mine; the Company's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time; exploration for gold is speculative in nature, involves many risks and is frequently unsuccessful; except for the Wassa Property, all of the resource properties in which the Company has an interest or right are in the exploration or development stages only and are without reserves of gold or other minerals; the Company is conducting exploration and development activities in the West African country of Ghana; risks relating to environmental regulation; there is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production; the Company is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Company; risks relating to title to the Company's properties; currency fluctuations may affect the cash flow which the Company may realize from its operations; risks relating to the repatriation of capital and distribution of earnings from Ghana to foreign entities; and amendments to current taxation laws and regulations which alter tax rates and/or capital allowances could have a material adverse impact on the Company. See "Risk Factors".

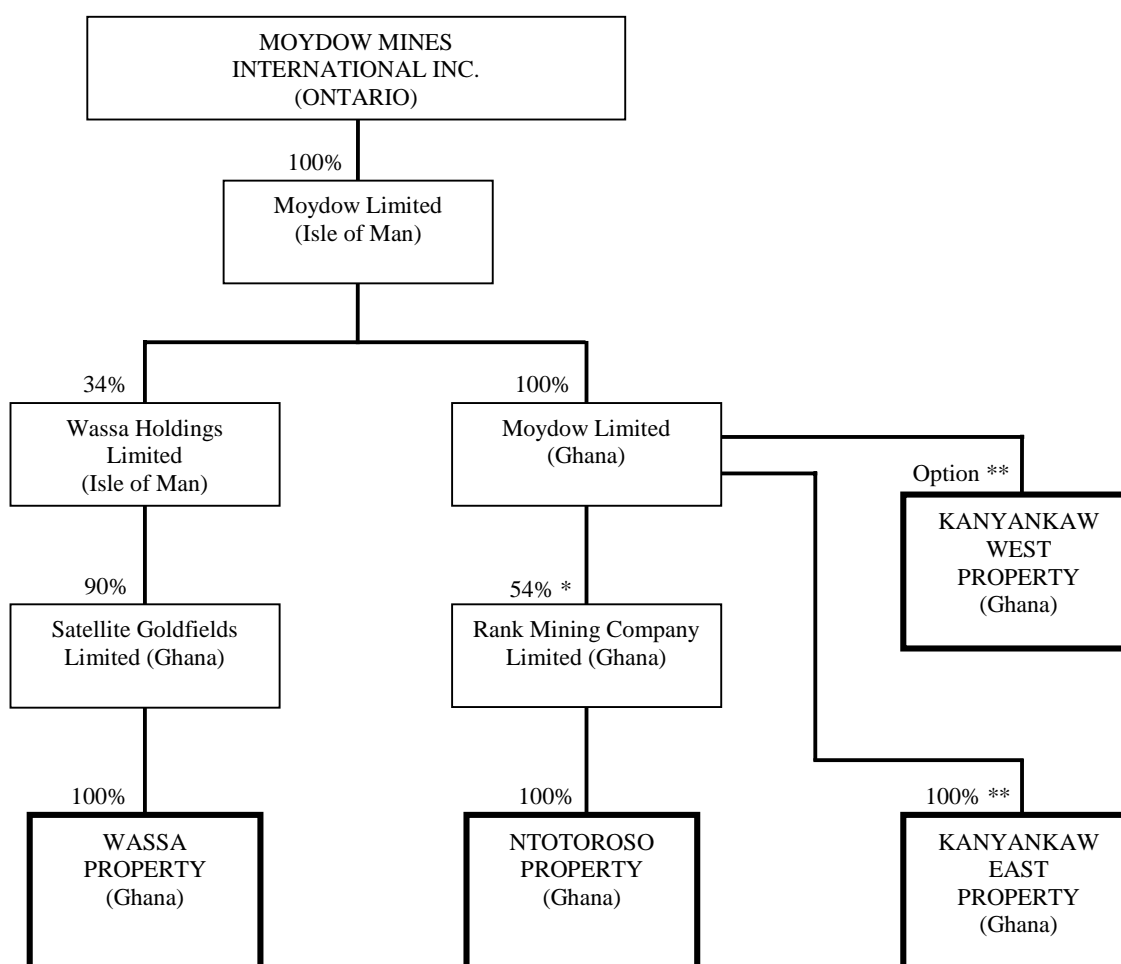
Dilution

This offering results in immediate and substantial dilution. The effective price paid for a Common Share through the purchase of a Special Warrant of Cdn\$1.70 exceeds the Company's unaudited net tangible book value per Common Share as at October 31, 1999, adjusted to account for the issue of 3,382,352 Common Shares upon exercise of the Special Warrants under this offering, by Cdn\$1.00 representing a dilution factor of 59% per Common Share as represented by Special Warrants. See "Dilution".

THE COMPANY

Moydow Mines International Inc. (the “Company”) was incorporated under the laws of the province of Alberta by certificate of incorporation issued December 12, 1972, continued under the laws of the province of British Columbia on January 16, 1981 by certificate of incorporation and continued under the laws of the province of Ontario by articles of continuance effective on December 9, 1998. The Company’s head office is located at 475 Howe Street, Suite 515, Vancouver, British Columbia, V6C 2B3 and its registered office is located at BCE Place, Canada Trust Tower, Suite 3900, 161 Bay Street, Toronto, Ontario, M5J 2S1. The Company also has offices located in Dublin, Ireland and Accra, Ghana. The Company’s outstanding Common Shares are listed on The Toronto Stock Exchange (the “TSE”) under the symbol “MOY”.

The following diagram sets forth the relationship of the Company with its material subsidiaries and associated companies (the Company together with such subsidiaries and associated companies shall collectively be referred to herein as the “Moydow Group”), including their jurisdictions of incorporation, and the percentage interests of the Moydow Group in its current material mineral properties:



* The interest held by Moydow Limited (Ghana) (“Moydow (Ghana)”) in Rank Mining Company Limited (“Rank”) is subject to dilution. See “Description of Properties – Ntotoroso Property - Ownership”.

** The interest held by Moydow (Ghana) in the Kanyankaw East Property is subject to the back-in rights of Glencar Mining plc’s (“Glencar’s”) subsidiary, Antubia Resources Limited (“Antubia”). Moydow (Ghana) holds reciprocal back-in rights with respect to the Kanyankaw West Property. See “Description of Properties – Kanyankaw East and Kanyankaw West Properties - Ownership”.

On December 9, 1998 the Company completed the acquisition (the "RTO Transaction") of all of the outstanding shares and warrants of Moydow Limited (Isle of Man) ("Moydow (Isle of Man)") in consideration for shares and warrants of the Company and commenced its current business activities. In accordance with the terms of the RTO Transaction, the name of the Company was changed from Westley Mines International Inc. to its present name, the management of Moydow (Isle of Man) took over management of the Company and the outstanding Common Shares of the Company were consolidated on a 12 for 1 basis. See also "Interest of Management and Others in Material Transactions". The RTO Transaction resulted in the former shareholders of Moydow (Isle of Man) owning, immediately following the completion of such transaction, over 90% of the outstanding Common Shares of the Company. Moydow (Isle of Man), which was incorporated under the laws of the Isle of Man on January 27, 1992, holds an interest in a producing gold mine in Ghana, as well as several exploration and development properties in Ghana. See "Business of the Company" and "Description of Properties".

BUSINESS OF THE COMPANY

The Company is engaged primarily in the acquisition, exploration and development of gold properties. The Moydow Group has focussed its exploration efforts in West Africa and, in particular, the historical gold producing regions of Ghana (formerly the Gold Coast) and Guinea. The Company's gold property portfolio currently includes interests in four properties in Ghana - Ntotoroso, Wassa, Kanyankaw East and Kanyankaw West. See "Description of Properties". Except for the Wassa Property, the Company's properties are in the early to mid-stages of exploration with the Ntotoroso Property being the most advanced exploration property.

The Company has a 54% beneficial interest in Rank, which holds the Ntotoroso prospecting licence. Moydow (Ghana) entered into a joint venture with LaSource SAS ("Normandy LaSource") with respect to the Ntotoroso Property in late 1997, pursuant to which more than US\$4 million has been incurred (approximately US\$900,000 had been spent on the Ntotoroso Property by the Moydow Group prior to entering into this agreement). Normandy LaSource has the right to acquire a 50% interest in Rank by funding additional expenditures aggregating approximately US\$1.6 million. Results to date have enabled the Company to perform an in-house resource calculation of approximately 600,000 ounces of gold in respect of Zones A and C, however, the Company believes that there is great potential for an increase in resources from Zone E, which is currently being drilled on 50 metre spacing.

The Company has a 34% interest in Wassa Holdings Limited ("Wassa Holdings"), which owns 90% of Satellite Goldfields Limited ("Satellite"), the holder of the mining lease in respect of the Wassa Property. The Moydow Group has spent approximately US\$4.4 million to maintain its interest at the current level. The first ore was mined at Wassa in October 1998 and the following month saw the commissioning of the crushing plant and the laying of crushed ore on the leach pad. The first gold bar was poured at the on-site refinery in January 1999. The Wassa Feasibility Report calculated a total mineable reserve of 17.6 million tonnes grading 1.7g/t gold based on a gold price of US\$300 per ounce, resulting in an aggregate of approximately 932,000 contained ounces of gold. In 1999, over 87,000 ounces of gold were produced by the Wassa Mine.

History of the Moydow Group

The Chairman of the Board of the Company, Noel Kiernan, has over 16 years of experience in West Africa and is the Ghanaian Honourary Consul to Ireland. Mr. Kiernan was the original applicant for the property now known as the Teberebie mine located in Ghana and, as managing director of the project, brought the mine through feasibility and into production. The Teberebie mine has produced over one million ounces of gold since it commenced production in the early 1990s and is now owned and operated by The Pioneer Group, Inc. The Teberebie mine was reported to have reserves of over 9.2 million ounces of gold as of the end of August 1995. Noel Kiernan is also the Chairman of the Board and controlling shareholder of Pontil Minerex Limited ("Pontil"), a drilling company which is active in West Africa and from time to time provides drilling and other services to the Moydow Group.

In March 1989, Noel Kiernan formed Moydow (Ghana) to acquire the Kanyankaw Property, which was subsequently the subject of an agreement with Glencar. See “Description of Properties – Kanyankaw East and Kanyankaw West Properties”. Brian Kiernan joined the management of the Moydow Group in 1993, as Chief Executive Officer of Moydow (Isle of Man), and Mr. Joseph Breen joined as Chief Operating Officer of Moydow (Isle of Man) in 1996 after three years of consulting for Moydow (Isle of Man). Additional support staff and operating personnel have been added as the Moydow Group has continued to grow.

The Wassa Property was acquired in 1994 by Satellite, a company owned by several shareholders, including Moydow (Isle of Man) and Glencar. Pursuant to rights offerings and share purchase transactions, the ownership of Wassa Holdings was consolidated to two shareholders only (Moydow (Isle of Man) and Glencar) as of May 1998, the month in which the Wassa Mine financing was arranged. The Wassa Mine began producing gold in January 1999. See “Description of Properties – Wassa Property”. Moydow (Isle of Man) completed a rights issue financing in 1996 of 6000 shares at a price of US\$150 per share to enable it to participate in a Wassa Holdings rights offering.

In October 1997 (a) Normandy LaSource, a company now owned by Normandy Mining Limited (“Normandy”), invested US\$1,000,000 in Moydow (Isle of Man) in return for a 6.15% equity interest in Moydow (Isle of Man), (b) the Ntoroso Property became the subject of the Rank Farm-In Shareholders Agreement, which provided for the creation of a joint venture to manage the respective interests of Normandy LaSource and the Moydow Group in the Ntoroso Property, and (c) a creditor of Moydow (Ghana) agreed to convert US\$2,000,000 of debt of Moydow (Ghana) to equity of Moydow (Isle of Man). See “Description of Properties – Ntoroso Property.”

In December 1998, Moydow (Isle of Man) completed the RTO Transaction. In conjunction with such transaction, Moydow (Isle of Man) also completed a Cdn\$2,000,000 private placement. See “The Company” and “Interest of Management and Others in Material Transactions.” Subsequently, in the first half of 1999, all of the warrants issued by the Company pursuant to the RTO Transaction in exchange for the warrants of Moydow (Isle of Man) were exercised for aggregate proceeds to the Company of approximately Cdn\$2.4 million.

Mining in West Africa

West Africa has a long history of mineral production that dates back to the 10th century A.D. and possibly as early as the 5th century B.C. A significant gold trade began with overland transportation to North Africa and the Middle East in the 12th and 13th centuries. As European economies grew and the great marine explorers of the 15th century took to the seas, French, Dutch, English and Portuguese merchants launched aggressive trading activities between Europe and West Africa. Gold was the most valuable commodity in this lucrative trade.

In the 18th and the 19th centuries, the region was colonized and the “Gold Coast” was carved into dependencies of Portugal, England and France. France colonized most of the region covering Senegal, Guinea, Cote d’Ivoire, Mali, Dahomey and Niger. England became the protector of Sierra Leone, Ghana, Upper Volta and Nigeria. The early history of Ghana and Mali is somewhat entwined because the tribes of this region were nomadic. Ghana appears to have been the principal source of West African gold and Mali a subsidiary source and main route for gold that found its way to North Africa, Europe and the Middle East in the 13th and 15th centuries. The first record of gold from the region is connected with an account that Emperor Cainca Moussa brought four tons of gold to Mecca on a pilgrimage in 1433.

Ghana

Great Britain secured control of the region in 1844 and created a crown colony which it designated, “Gold Coast”. It is reported that most of the world’s gold production between 1450 and 1600 came from this region. In 1901, the Ashanti region became part of the Gold Coast colony. This British Colony was one of the

first to achieve independence and in March of 1957 was renamed Ghana. The “Minerals and Mining Law” of Ghana was introduced and came into effect in 1986. In 1992, the country had its first democratic elections. Meanwhile, gold production from this territory continued almost without pause and it is now estimated that some 30-50 million ounces have been produced.

Ghana is an African nation with a British law system and English as its official language. The local people of Ghana speak English but also use a local dialect of mixed tribal origin which they refer to as “Twi”. Ghana is a coastal country with its capital, Accra, on the Atlantic seaboard. Principal roads into the interior of the country are, for the most part, two-laned, asphalt-based and in fair to good condition. Country roads are laterite-based and quite adequate, except during the rainy season which lasts from May to October.

[Mineral Rights in Ghana](#)

Under the Constitution and the mining laws of Ghana, all minerals in Ghana in their natural state are the property of the state and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage granted by the state under licences or leases. Three types of tenure are granted as a company progresses through the reconnaissance, exploration, development and production phases: a reconnaissance licence, a prospecting licence and a mining lease. In addition, a licence is required for the export or disposal of minerals and the government has a pre-emptive right over all minerals produced. Activities such as the diversion of water require separate licences or consents. A rental fee is payable to the government in respect of licences and leases.

A reconnaissance licence permits the holder to carry out geophysical, geochemical and photo-geological surveys, but not drilling, excavation or subsurface activities. They are granted for a period of up to 12 months and may be renewed, provided the renewal application is made at least 3 months prior to the expiration of the licence and the government determines that the renewal is in the public interest. While a reconnaissance licence is not necessary in order to secure a prospecting licence, it does grant the holder with the exclusive right to obtain a prospecting licence in respect of the same lands and minerals.

A prospecting licence permits the holder to carry out both reconnaissance work and surface excavation and drilling work, including trenching. Prospecting licences are granted for a period of up to 3 years and may be renewed for additional periods of 2 years, provided the renewal application is made at least 3 months prior to the expiration of the licence and the government determines that the renewal is in the public interest. Upon the renewal of a prospecting licence, the area covered by the initial licence will be reduced by one-half of the area covered by the previous licence. The licence holder is able to select the areas to be eliminated upon renewal. If a licence holder fails to expend any monies which the holder designated in its programme for exploration under the prospecting licence, then such non-expended monies will become a debt due to the Republic of Ghana.

A mining lease grants rights to take all reasonable measures on or under the surface to mine the mineral to which the mining lease relates, to erect necessary equipment, plant and buildings, to prospect within the mining area and to stack or dump mineral waste in an approved manner. A mining lease may only be obtained by the holder of a prospecting licence who has given notice to the government that a mineral covered by the terms of the licence exists in commercial quantities, provided the proposed development plan ensures that mining operations will be carried on in an efficient and environmentally safe manner. The application for the mining lease must be made within 3 months of such notice. A mining lease may also be obtained on request by persons who do not hold a relevant prospecting licence over an area, but such grants are discretionary.

A mining lease is valid for 30 years although the Provisional National Defence Council may, where it considers that it is in the national interest to exceed this time limit, direct that the grant of a mining lease exceed 30 years. A mining lease may be renewed for an additional period of 30 years provided that the renewal application is made no later than 1 year before expiry of the initial lease. Persons proposing to undertake the mining and processing of minerals are required to register the undertaking with the

Environmental Protection Agency (the “EPA”) and obtain an environmental permit prior to commencing this undertaking. Additionally, no person may commence activities in respect of the undertaking which, in the opinion of the EPA, has, or is likely to have an adverse effect on the environment or public health unless, prior to the commencement, the undertaking has been registered with the EPA and an environmental permit has been issued by the EPA in respect of the undertaking. An environmental impact assessment (“EIA”) is required to be submitted to the EPA prior to issuance by the EPA of any environmental permit where the undertaking is the mining and processing of minerals in areas where the mining lease covers a total area in excess of 10 hectares. The grant of a mining lease takes place upon approval of the EIA. A holder of a mining lease is obliged to commence commercial production on the date specified in a programme which it has submitted to the government and to develop and mine the mineral in accordance with such programmes.

The EPA is required to hold a public hearing in respect of an application for an environmental permit where there is great adverse public reaction to the commencement of the proposed undertaking or the undertaking will involve dislocation, relocation or resettlement of communities or the undertaking could have extensive and far reaching effects on the environment. Where an EIA is ultimately found to be acceptable to the EPA, the environmental permit is required to be issued to the applicant. The permit is valid for 18 months from the date of issuance. Failure to commence operations of the undertaking within that time renders the permit invalid and the applicant is required to resubmit an application to the EPA and provide reasons for the new application.

After commencement of mining operations, the applicant is required to apply for an environmental certificate which may be issued subject to terms and conditions. A certificate may not be issued by the EPA until the person responsible for the certificate application has submitted to the EPA evidence or confirmation of actual commencement of operations, acquisition of other permits and approvals where required and compliance with mitigation commitments indicated in the EIA or preliminary environmental report.

A mineral right or interest therein may not be transferred, assigned or otherwise dealt with in any other manner without the Minister of Energy and Mines’ prior written approval. In addition, a company holding, directly or indirectly, a mining lease in Ghana must obtain the written consent of the Minister of Energy and Mines before it undertakes any action which would result in a change of control or a new “controller” of such holder. The Ghanaian government must be advised of all changes in “significant shareholders” of such a company, as well, which refers to shareholders holding 5% or more of the voting rights thereof.

The Minister of Energy and Mines has the power to negotiate, grant, revoke, suspend or renew any mineral right, subject to a power of disallowance exercisable within 30 days of such grant, revocation, suspension or renewal by the cabinet. The powers of the Ministry of Energy and Mines are to be exercised on the advice of the Minerals Commission which is responsible for regulating and managing the utilization of mineral resources and coordinating policies relating to them. The grant of a mining lease by the Ministry of Energy and Mines is subject to parliamentary ratification.

The Ghanaian government holds, as of right and without payment of any compensation, a 10% interest in all mineral rights in Ghana. The government has the option to acquire a further 20% interest where any mineral is discovered in commercial quantities on terms agreed between the government and the holder of the mining lease or, failing such agreement, on terms established through arbitration. The government normally secures its 10% interest upon the grant of a mining lease through a special class of shares in the company holding the lease, which are typically non-assessable shares entitling the holder to 10% of any dividends distributed by the holder. The Ghanaian government is also entitled to a royalty of 3% to 12% of mineral sales after direct expenses. Companies are required to make a payment on account every quarter based on a 3% rate. At the end of the year, companies are required to compute the actual royalty due on the basis of the profitability of the mine and to make any further payment which may arise from the computation.

Furthermore, the government may, if it so desires, acquire a “special share” in a company holding, directly or indirectly, a mining lease in Ghana, which would result in such company having to obtain the government’s approval for: any amendment to the regulations of the company that would have the effect of making a person a controller of the company; the voluntary liquidation of the company; or the disposal of any mining lease or the whole or a material part of the company’s assets. A “controller” is a person who either directly or indirectly directs the affairs of the mining company or controls at least 20% of the voting power of the company, either alone or with an associate or associates. The issuance of a “special share” may, at the government’s option, be for no consideration or at such consideration as the government and the mining company may agree.

DESCRIPTION OF PROPERTIES

Consulting Geologist Reports

Certain of the following information relating to the Ntotoroso Property is derived from a report dated January 13, 2000 (the “Ntotoroso Report”) prepared for the Company by Pincock, Allen & Holt (“PAH”), and certain of the following information relating to the Wassa Property is derived from a report dated January 13, 2000 (the “Wassa Report”) also prepared for the Company by PAH. PAH’s Wassa Report is based in part on PAH’s Wassa Feasibility Report and a more recent due diligence review of operations at the Wassa Mine. Such information has been included herein with the consent and prior review of PAH.

The PAH Reports have been filed with this prospectus and are available for inspection at the offices of Macleod Dixon (counsel to the Company) at BCE Place, Canada Trust Tower, Suite 3900, 161 Bay Street, Toronto, Ontario, M5J 2S1, during normal business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter. PAH’s address is 274 Union Boulevard, Suite 200, Lakewood, Colorado, 80228 – 1835, U.S.A.

Ntotoroso Property

Ownership

The Ntotoroso prospecting licence, which is held by Rank, was renewed on November 30, 1999 and is valid until November 30, 2000. Rank was incorporated on March 22, 1995 under the laws of Ghana for the purpose of holding the Ntotoroso prospecting licence. Rank’s two shareholders, Moydow (Ghana), a wholly-owned subsidiary of the Company, and Normandy LaSource beneficially hold 54% and 46% of Rank’s shares, respectively. As with the granting of all mineral rights, the government of Ghana is entitled to a free 10% carried interest in the Ntotoroso prospecting licence pursuant to the Ghana mining law, which eventually may be secured by the issuance of shares in Rank.

Under an agreement dated October 22, 1997, Normandy LaSource invested US\$1 million in Moydow (Isle of Man) in return for a 6.15% equity stake in Moydow (Isle of Man) (Normandy LaSource’s shares in Moydow (Isle of Man) were subsequently exchanged for Common Shares of the Company pursuant to the terms of the RTO Transaction - see “Interest of Management and Others in Material Transactions”). Normandy LaSource also paid US\$750,000 to acquire a 40% interest in Rank: US\$500,000 (the “Option Payment”) was paid to Amegashie and Partners Limited (“Amegashie”) in order to enable Moydow (Ghana) to exercise an option to purchase 35% of Amegashie’s 40% interest in Rank, which 35% interest was then transferred from Moydow (Ghana) to Normandy LaSource in consideration of Normandy LaSource making the Option Payment; US\$250,000 was paid by Normandy LaSource to increase its equity interest in Rank to 40% by acquiring Amegashie’s remaining 5% residual interest in Rank.

Normandy LaSource, Moydow (Ghana) and Rank entered into an agreement dated October 22, 1997, as amended November 5, 1997 (the “Rank Farm-In Shareholders Agreement”), wherein the parties provided for the creation of a joint venture to manage their respective interests in Rank. Pursuant to the Rank Farm-In Shareholders Agreement, Normandy LaSource agreed to invest US\$2,500,000 in Rank to fund exploration and development activities in respect of the Ntoroso Property. Subsequent to making its required US\$2,500,000 investment in Rank, Normandy LaSource has the right to earn up to a 50% interest in Rank by funding further exploration expenditures of US\$4 million (for an aggregate of US\$6.5 million).

Expenditures of approximately US\$4.9 million have been funded by Normandy LaSource bringing its earned interest in Rank to 46%. By spending the balance of US\$1.6 million, Normandy LaSource will have earned a 50% interest in Rank. Moydow (Ghana) retains operatorship of the project until the completion of a positive feasibility study. Once such a study has been completed by Moydow (Ghana) or a third party designated by Moydow (Ghana), Normandy LaSource will become the operator of the project. Should Normandy LaSource earn a 50% shareholding in Rank, the parties’ aggregate deemed expenditures for dilution purposes will be US\$40 million.

As a condition of Normandy LaSource’s US\$1 million investment in Moydow (Isle of Man), a creditor of Moydow (Ghana), Pontil, agreed to convert US\$2,000,000 (the “Subject Debt”) of debt to equity in Moydow (Isle of Man) pursuant to an agreement dated October 23, 1997 (the “Debt Conversion Agreement”). Pontil is a drilling company controlled by Noel Kiernan, who is Chairman of the Board and the largest beneficial shareholder of the Company (see “Principal Shareholder”). Moydow (Isle of Man) acquired from Pontil all of its rights and entitlement to the Subject Debt and, in consideration thereof, Moydow (Isle of Man) agreed to pay for such rights and entitlement through the issuance to Pontil of 16,000 shares of Moydow (Isle of Man), as well as 8,000 warrants to purchase shares of Moydow (Isle of Man), each such warrant entitling the holder to purchase one share at a price of Cdn\$200 until April 23, 1999 (subsequently, pursuant to the terms of the RTO Transaction - see “Interest of Management and Others in Material Transactions” - the said 16,000 shares of Moydow (Isle of Man) were exchanged for 2,240,000 Common Shares of the Company and the said 8,000 warrants of Moydow (Isle of Man) were exchanged for warrants to purchase 1,120,000 Common Shares of the Company at a price of Cdn\$1.43 per share).

Location, Size and Access

The Ntoroso Property is located in central west Ghana approximately 30 kilometres south of Sunyani (see Figure 1) and comprises 72 square kilometres (see Figure 2). Travel time from the capital, Accra, is about five hours and all but the last five kilometres to the Company’s base at Kenyase is by good asphalt road. The remaining five kilometres is via a well maintained dirt road.

Geology and Mineralization

The Ntoroso licence is located on the Sefwi gold belt, a well defined zone of many gold occurrences trending 20 to 30 degrees east of north and stretching northwards from the Ghanaian border with Cote d’Ivoire for a distance of about 200 kilometres. Intruded along this trend are a series of hornblende granodiorites which preferentially exploit a major regional break separating Lower Birimian sediments from Upper Birimian volcanics. This major break has been mapped for a strike length of 6.4 kilometres in the northern part of the licence and for an additional 6.4 kilometres in the southern part and marks the contact between Birimian metasediments to the west and a complex of multiphase granodiorite intrusions to the east.

Among the numerous major gold occurrences located along this structure is the Centenary (Yamfo) deposit owned by Normandy LaSource lying some 35 kilometres north east of the Company’s Ntoroso licence. Recent publications by Normandy LaSource have indicated further significant mineralization on this structure at Kenyase, on the western border of the Ntoroso licence, and at Subenso to the north east. Lying within the property are three segments of the granodiorite-metasediment contact cumulatively estimated to cover almost 13 kilometres of strike length – 6.6 kilometres in the north and 6.5 kilometres in the south.

Exploration

Past Exploration

Archival data for the Ntotoroso Property is extremely scarce and is limited to the general observation that occurrences of gold have been known in this area for some time. The previous owner, Amegashie, states that a stream sediment survey recorded anomalous gold values at seven different localities. Moydow (Ghana) began a systematic soil geochemical survey in September 1996. Approximately 5,500 samples were collected on a 400 metre x 50 metre grid covering the entire licence area. Geochemical soil sampling identified eight major gold anomalies, seven of which are named in alphabetical order Zone A through G, and an eighth zone named Sika Aminaso (see Figure 3). Infill soil sampling using a denser 200 metre x 25 metre grid focused on the most anomalous areas.

The target was a brecciated and hydrothermally altered shear-zone of granodiorite lying in thrust/wrench contact with underlying graphitic phyllites of the Birimian Supergroup - phyllites also contain scattered pods of gold mineralization, but these appear to be limited to a zone lying no more than 20 metres from the granodiorite. The thrust contact always dips east at angles varying from 30⁰ to 65⁰. Ground magnetics further refined the contact. A significant geochemical anomaly was identified in the north of the licence area corresponding to the approximate location of the contact between the Birimian metasediments and granodiorite. This target (Zone A) was initially tested by a reverse circulation drilling program (program 1), completed in May 1997, consisting of 53 holes totaling 2,654 metres.

Program 2 drilling commenced on Zone A in the period immediately following the signing of the Rank Farm-In Shareholders Agreement on October 22, 1997 and, subsequently, a total of 9,140 metres of diamond core and 25,022 metres of reverse circulation drilling has been completed in 7 programs of exploration drilling. Gold-in-soil anomalies were progressively targeted along the main structure with the discovery of Zones A and C. During program 4 (July to October 1998) shallow reverse circulation drilling targeted a relatively low-level soil geochemical target about 1.2 kilometres east of the granodiorite-metasediment and intersected significant mineralization within a zone subparallel to the main trend and dipping from 60° east to sub-vertical. During the next three exploration phases (programs 5 – 7) drilling delineated a mineralized zone (Zone E) about 1.2 kilometres in length.

Zone A

Zone A has a strike length of 1.5 kilometres from Lines 13,700N to 15,200N and is located along the northeast-trending metasediment thrust-fault contact between the metasediments and granodiorites. The thrust dips 30° to 60° southeast. Within 300 meters of the thrust, the granodiorites are intensely brecciated and gold within this alteration is associated with intense mylonitization and brecciation. Individual shoots up to 30 metres thick occur as stacked, gently-dipping slabs of wispy, quartz pyrite stockworks separated by varying thicknesses of quartz-free mylonites generally devoid of gold mineralization. Zone A represents the northeast continuation of Normandy LaSource's Kenyase East deposit (see Figure 3).

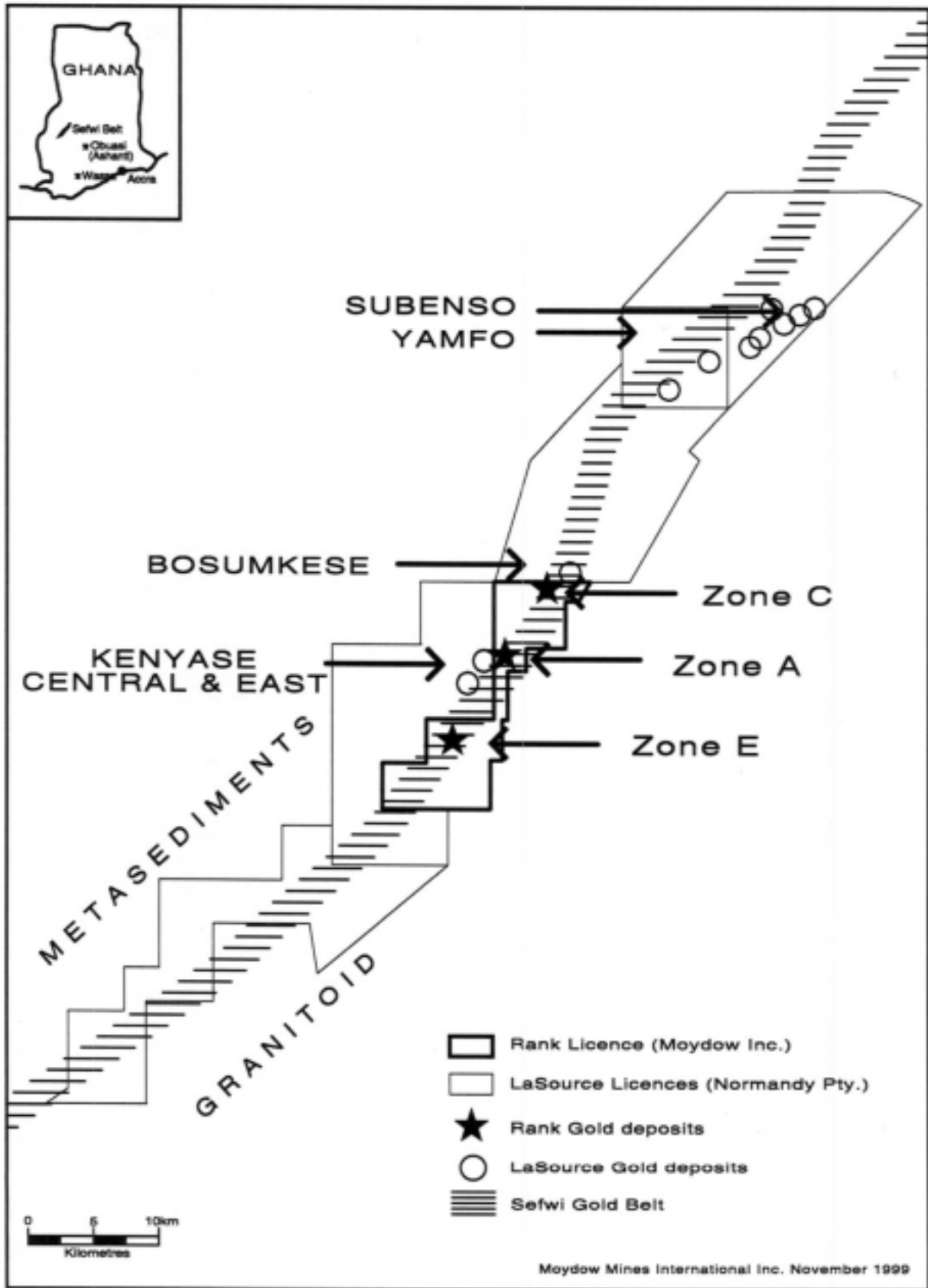


Figure 2 - Sefwi Gold Belt Trend

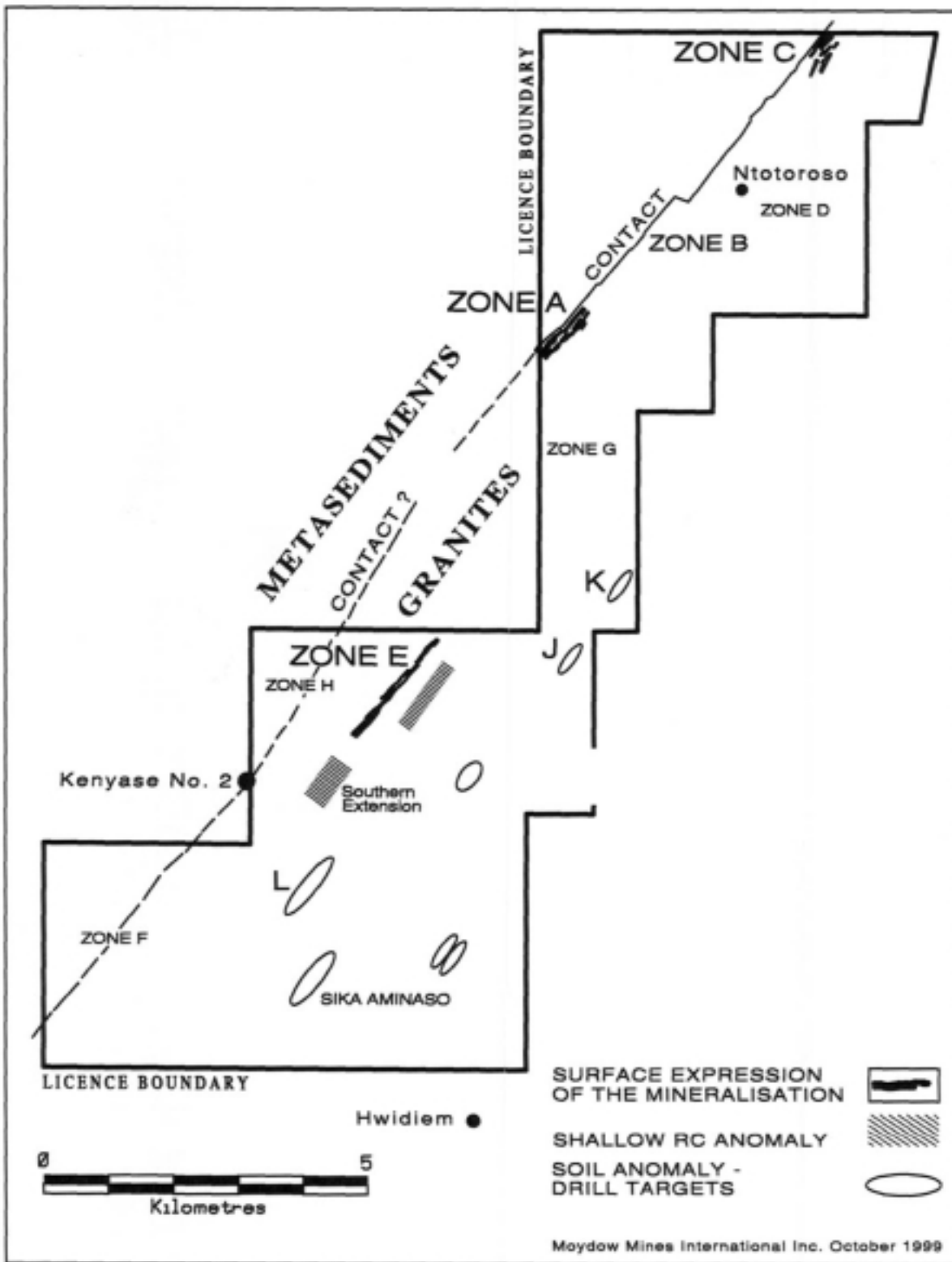


Figure 3 - Ntoroso Prospecting Licence Mineralized Zones

A total of 81 holes have been drilled in Zone A. The best mineralized intersections⁽¹⁾ in Zone A from North to South are tabulated below:

<u>Hole</u>	<u>Coordinates</u>		<u>Azimuth</u>	<u>Inclination</u>	<u>From - To</u>	<u>Drilled Width</u>	<u>Grade⁽²⁾</u>
	<u>Northing</u>	<u>Easting</u>					
RC88	14050	3876	306°	-60°	67-103	36	3.04
RC84	13950	3847	306°	-60°	61-116	55	1.93
RC179	13900	3855	306°	-60°	88-138	50	2.41
RC79	13850	3834	306°	-60°	64-130	66	1.87
NP-07	13800	3825	306°	-60°	9-128	119	1.95
ND-02	13700	3805	306°	-60°	29-63	34	3.58

- (1) Best mineralized intersections are defined as ≥ 100 grammetres with an average grade ≥ 1 g/t gold and a drilled width > 25 metres. Drilled widths may not represent true widths.
- (2) Grams of gold per metric tonne – equivalent to parts per million.

Apart from these holes, there are scattered occurrences of bonanza grade gold mineralization ranging up to 80 g/t gold. Current thinking of the Company is that these bonanza grades occur in steeply raking ore shoots both at the immediate granodiorite - phyllite contact and at varying distances away from it.

Zone B

Zone B has a strike length of 1.6 kilometres, from Lines 15,400N to 17,000N. Gold mineralization is localized along the metasedimentary–granodiorite contact, which dips at 30° to 60° to the southeast. The highest-grade intervals, however, were intersected 400 metres east of the contact, entirely within the granodiorite. A total of 51 holes were drilled in this zone. The highest grade encountered was 65g/t gold over a one-metre interval, with several wider intervals in the 1 – 4 g/t range. The distribution of mineralization is considered too sporadic to warrant a resource estimate at this time.

Zone C

Zone C is located in the northern part of the property and abuts Normandy LaSource's Bosumkese deposit (see Figure 2) extending north of the licence boundary. Zone C has a strike length of 2 kilometres from Lines 17,200N to 20,200N, however, most of the potentially economic mineralization was intersected in the northernmost 400 metres of the zone. The main mineralization in this zone occurs some 150 to 200 metres east of the metasediment-granodiorite contact entirely within the intrusive. Drilling on 100 metre spaced fences and 50 metre hole spacing has delineated several parallel zones of mineralization associated with sheared granodiorite and hydrothermally altered xenoliths.

A mineralized pod was intersected at the metasediment-granite contact on Line 20,200N in Hole RC174 (6 metres @ 1.36g/t). The best intersections occur on Line 19,000N in hole RC143 (15 metres @ 3.36g/t) and Hole RC144 (23 metres @ 2.41g/t). Alteration appears to be less intense than in Zones A or B but may simply reflect masking due to deeper weathering. Geological interpretation is made difficult by the weathering profile (generally 35 metres) and as all holes were reverse circulation drilled the relationship of schistosity to mineralized shoots is unclear, but both are interpreted to dip 70° – 80° southeast.

Zone E

It was recognised early in the exploration that gold was not limited to the main structure because flat-lying slabs of gold mineralization were intersected up to 200 metres from the contact in the granodiorite hanging wall. The discovery of Zone E at a distance of about 1.2 kilometres east of the main structure and associated with a relatively subtle soil geochemical surface expression (>100 ppb threshold ranging up to

200ppb) resulted in a radical reworking of the exploration model and a consequent shift in exploration focus to explore the potential for other similar mineralized structures.

During program 4 (July to October 1998) 27 shallow reverse circulation holes were drilled to test a linear gold-in-soil anomaly which extended along grid 5000E from 8000N to 8800N (see Figure 4). Results were encouraging and particularly significant was a broad zone of bedrock mineralization linking holes 103 – 105 on 8000N with holes 122- 124 on line 8800N. The highest assay within this zone was 4.2g/t gold over the last metre (8–9 metres) in hole 104 which correlated with mineralization at the bottom of hole 105, which assayed 2.05g/t gold at 13 metres depth.

In program 5 (January to February 1999), four pairs of reverse circulation holes (RC180 – 187) were drilled to depths of 100 metres at 200 metre spacing from 8200N to 8800N to test the down dip extension intersected in the program 4 shallow reverse circulation holes. It was clear that an extensive gold-mineralized system had been discovered which was open along strike and down dip – hole RC184 intersected 27 metres averaging 3.99g/t gold from 64 metres on Line 8400N, RC187 and 186 intersected 52 metres @ 1.97g/t from surface and 98 metres @ 3.69g/t from 29 metres depth, respectively, on Line 8200N (see Figure 5). Programs 6 (RC188 – 206: April to June 1999) and 7 (RC231 – 252: July to September 1999) were designed to test strike and depth continuity and infill on 100 metres between drill lines over a 1.2 kilometre long zone.

Best mineralized intersections⁽¹⁾ in Zone E from North to South are tabulated below:

<u>Hole</u>	<u>Co-ordinates</u>		<u>Azimuth</u>	<u>Inclination</u>	<u>From - To</u> (metres)	<u>Drilled Width</u> (metres)	<u>Grade⁽²⁾</u> (g/t Au)
	<u>Northing</u>	<u>Easting</u>					
RC202	8600	5110	306°	-60°	107-140	33	3.27
RC204	8500	5099	306°	-50°	84-133	49	2.22
RC184	8400	5060	306°	-60°	64-91	27	3.99
RC200	8400	5090	306°	-60°	90-167	77	2.95
RC240	8300	5010	306°	-50°	4-51	47	3.18
RC187	8200	4975	306°	-60°	0-52	52	1.97
RC195	8200	5000	306°	-60°	0-96	96	3.9
RC186	8200	5025	306°	-60°	20-118	98	3.69
RC238	8200	5050	306°	-60°	92-159	67	4.13
RC188	8200	5075	306°	-60°	149-210	61	3.06
RC235	8130	4969	306°	-50°	0-54	54	2.12
RC234	8130	5002	306°	-50°	3-89	86	3.61
RC198	8130	5035	306°	-50°	42-124	82	4.12
RC233	8130	5035	306°	-50°	114-157	43	3.01
RC197	8060	4980	306°	-60°	75-105	30	4.9
RC189	8060	5025	306°	-60°	61 – 189.9	128.9	3.05

(1) Best mineralized intersections are defined as ≥ 100 gram/metres with an average grade ≥ 1 g/t gold and a drilled with > 25 metres. Drilled widths may not represent true widths.

(2) Grams of gold per metric tonne – equivalent to parts per million.

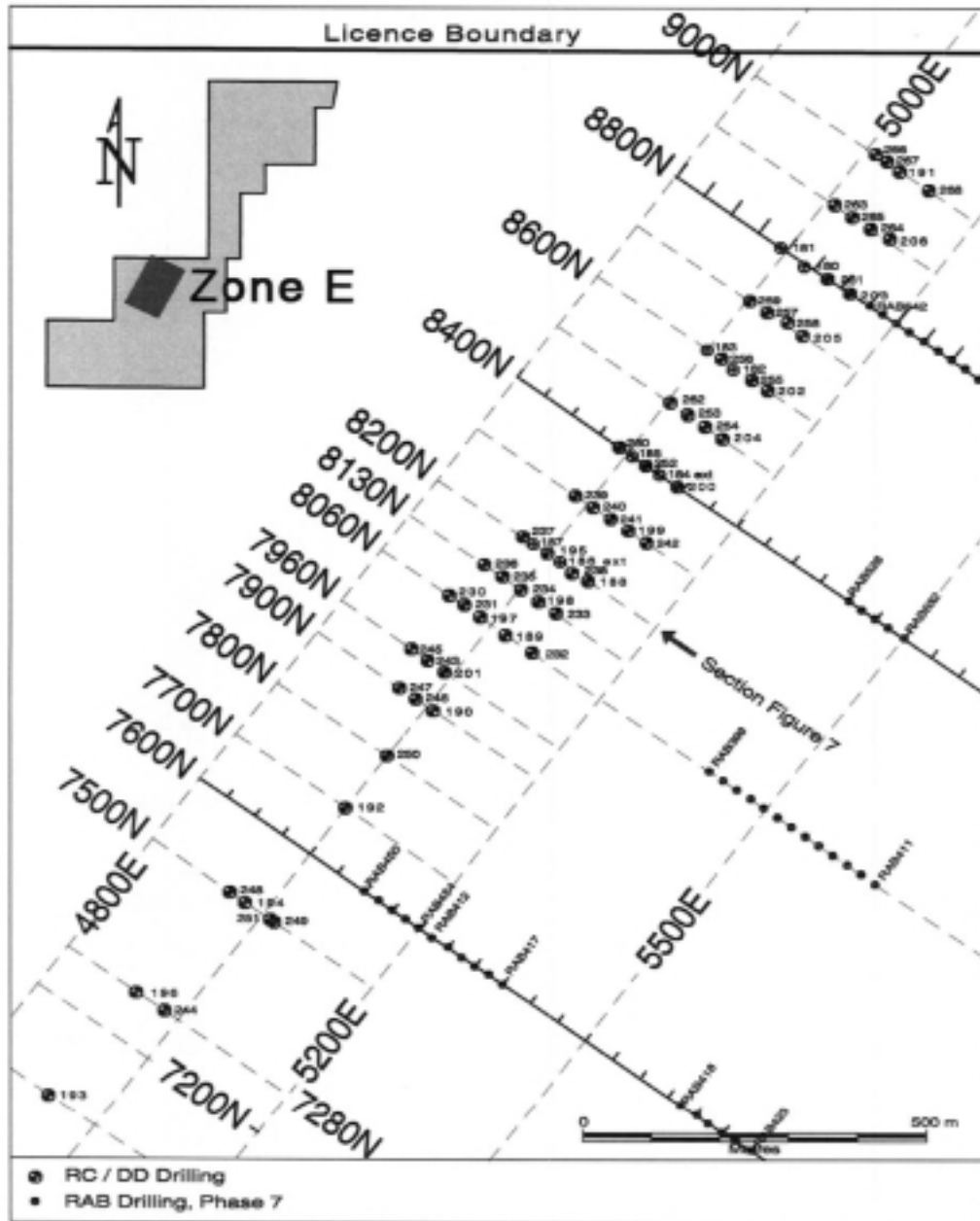


Figure 4 – Drill Hole Plan of Zone E

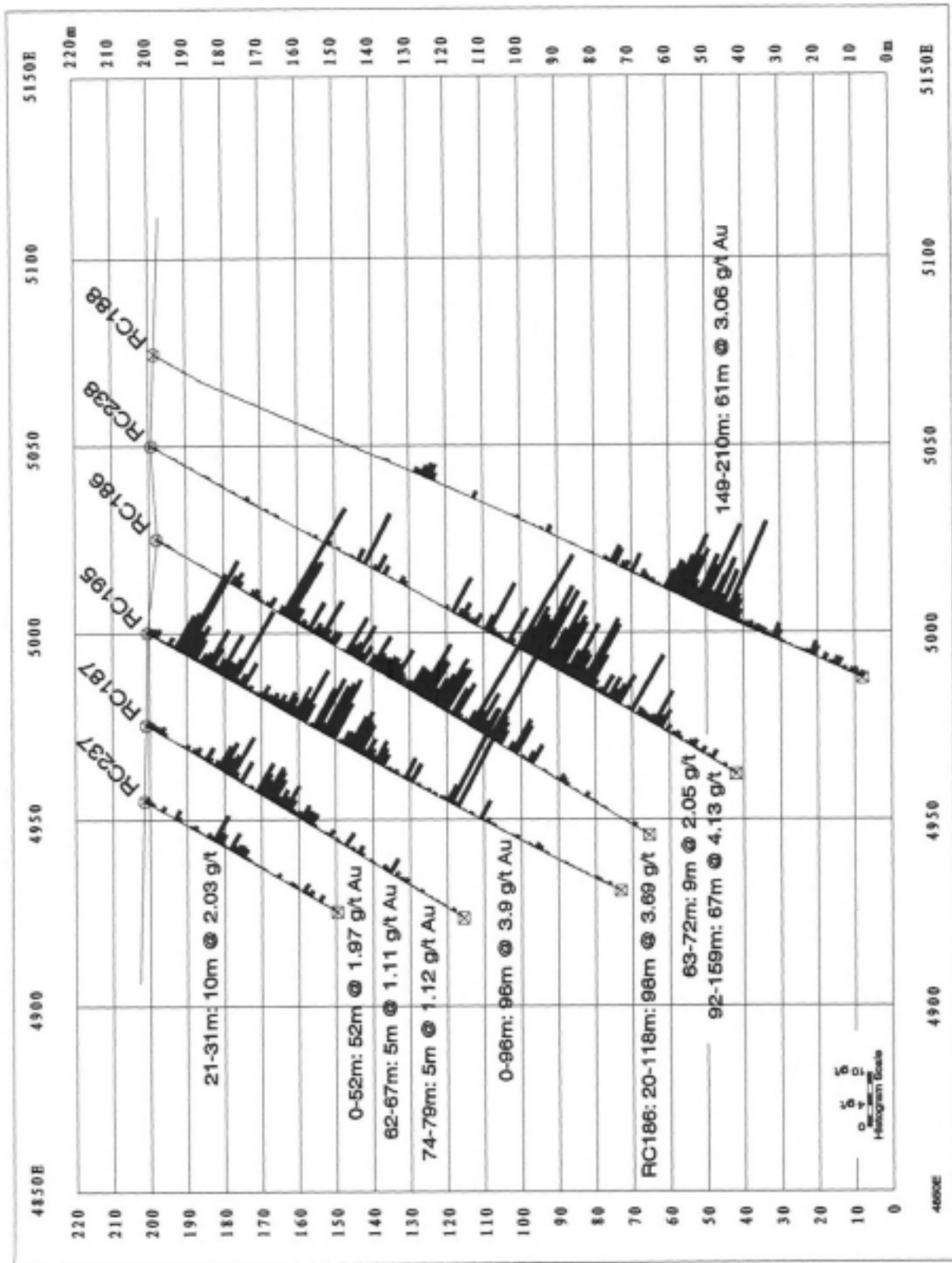


Figure 5 – Cross Zone through Zone E along Section 8200N

Current and Future Exploration

Program 8, budgeted at approximately US\$1.3 million, commenced on November 16, 1999 and will focus, for the most part, on in-fill drilling of Zone E at a maximum of 50 metre spacing between drill lines. Initial geostatistical analysis indicates that a 50 metre spacing between drill lines is optimum to test for continuity in grade and thickness at the required level of confidence for prefeasibility resource/reserve estimation purposes. Also in program 8 shallow in-fill soil sampling and shallow reverse circulation drilling will provide greater definition and test the potential bedrock source of soil anomalies at Zones J, K and L (see Figure 3).

Future drilling is planned to confirm the continuity of the mineralization in Zone E at an estimated cost of Cdn\$0.75 million and along several targets parallel to Zone E at an estimated cost of Cdn\$2.25 million. The Company intends to use proceeds from this offering to fund this future drilling. See "Use of Proceeds".

Resources

Preliminary resources of 7.64 million tonnes @ 2.14g/t gold (525,710 ounces) and 1.34 million tonnes @ 1.83g/t gold (78,848 ounces) have been estimated in-house by the Company for Zones A and C, respectively, using standard polygonal methods on cross sections.

Zone	Tonnes (million)	Average grade (g/t)	Ounces
Zone A	7.64	2.14	525,710
Zone C	1.34	1.83	78,848

PAH reviewed the methods used by the Company, but did not conduct a detailed review of the calculations, as records of the calculations were not available during PAH's site visit. PAH in its Ntotoroso Report states, "It is PAH's opinion that the methods used [by the Company] for the preliminary resource estimates should produce a reasonable estimate of in situ resources, but more detailed wireframe models of the deposits need to be prepared to satisfy the requirements for mine planning and preparation of a feasibility study." Further in-fill drilling is required before a resource calculation can be estimated for Zone E. No resource calculations are anticipated at the present time with respect to any of the other Zones.

Environment

The EPA has authority to require any person responsible for an undertaking or activity that has, or is likely to have, an adverse effect on the environment to submit to the EPA an environmental impact assessment. Currently, environmental assessment legislation requires such assessment for mining and processing of minerals, not for prospecting and exploration, such as is being carried out on the Ntotoroso Property.

Wassa Property

Ownership

Satellite holds a 30 year gold mining lease for the Wassa Property, which expires in the year 2022, and held a prospecting licence which is presently in the process of renewal. Satellite is owned 90% by Wassa Holdings and 10% by the government of Ghana pursuant to the Ghana mining law. Satellite was incorporated under the laws of Ghana on February 9, 1994 for the purpose of holding the Wassa mining lease. As project operator of the Wassa Mine, Satellite operates independently under the directions of its board of directors, which currently is composed of four directors of which one represents the Company (Noel Kiernan, who is Chairman of the Board of the Company) and two represent Glencar. Wassa Holdings was incorporated under the laws of the Isle of Man on March 15, 1994; its two shareholders, Ensign Resources Limited ("Ensign") and Moydow (Isle of Man), hold 66% and 34% of its shares, respectively. Ensign is a subsidiary of Glencar. The

board of directors of Wassa Holdings is composed of three directors, of which one represents the Company (Noel Kiernan) and two represent Glencar.

The business and affairs of Wassa Holdings are subject to the terms of a shareholders' agreement between Ensign and Moydow (Isle of Man) dated October 7, 1994, as amended by agreements dated October 7, 1994 and November 3, 1994 (collectively, the "Shareholders' Agreement"). The Shareholders' Agreement, which remains effective until January 1, 2010, unless terminated earlier in accordance with its provisions, provides that certain actions ("Special Matters") sought to be taken by Wassa Holdings require the unanimous approval of all of the directors, including: (i) fundamental changes involving amendments to Wassa Holdings' articles or other governing documents or the capital stock or assets of Wassa Holdings or its subsidiaries; (ii) the issuance by Wassa Holdings of any securities, but excluding rights offerings; (iii) the decision to commence a small heap leach or other mining operation on the properties held by Satellite; and (iv) terms and conditions of the appointment, continued employment or removal of a project manager for Satellite.

The Shareholders' Agreement contains a deadlock provision which provides that Special Matters which cannot be unanimously agreed upon by the board of directors will be submitted to the shareholders of Wassa Holdings at an annual or an extraordinary general meeting for resolution of such decisions; provided that a vote of shareholders representing at least 75% of the issued and outstanding voting shares of Wassa Holdings is required for approval of Special Matters. Pursuant to the Shareholders' Agreement, shareholders acknowledge and agree that future programmes and budgets for Wassa Holdings, unless debt financed or otherwise agreed, will be funded by means of rights offerings to the shareholders. If a shareholder elects not to fund an approved programme and budget under the rights issue, the other shareholder shall have the right to take up proportionately all or part of the rights renounced by the non-funding shareholder.

Wassa Project Financing

1998 Financing

The total capital cost for the development and construction of the Wassa Mine was US\$42.5 million and was funded entirely by debt finance. Standard Bank London Limited, a U.K. bank ("SBL"), provided a US\$27.5 million senior finance gold loan together with a subordinated standby facility of US\$5 million to cover any possible cost overruns, and The Commonwealth Development Corporation, a U.K. statutory corporation ("CDC"), provided US\$15 million of subordinated finance (collectively, the "Project Financing"). The standby facility has not been drawn down and has expired. All net free cash flow from production from the Wassa Mine will be applied to the repayment of the Project Financing, until it is repaid in full.

The Project Financing is governed by a Definitions and Common Terms Agreement dated May 8, 1998 (the "DACTA") among Satellite, as borrower, Glencar, Ensign, Wassa Holdings and Moydow (Isle of Man), as obligors, SBL, CDC and The Law Debenture Trust Corporation p.l.c. ("LDTC") as security trustee for the lenders, as well as a number of ancillary agreements. Pursuant to a security agreement dated May 8, 1998 among Ensign, Moydow (Isle of Man), SBL and LDTC (the "Ensign/Moydow Security Agreement"), Moydow (Isle of Man) granted the lenders a first fixed charge on its shares of Wassa Holdings. Under a subordination agreement (the "Wassa Holdings Subordination Agreement") dated May 8, 1998 among Wassa Holdings, Glencar, Moydow (Isle of Man), Ensign, SBL and LDTC, Moydow (Isle of Man) guaranteed the obligations of Wassa Holdings to the lenders to the extent of the liabilities and obligations of Wassa Holdings to such parties. The Project Financing is secured by the assets of Satellite as well as collateral security from the obligors, including the shares of Satellite held by Wassa Holdings.

As part of the Project Financing, Satellite has taken a gold loan (the "Gold Loan") of 92,220 ounces equivalent to US\$27.5 million. Satellite will receive the benefit of a lower interest rate on this loan since the rate charged is based on the gold lease rate rather than the dollar interest rate. In addition, a hedge program has been entered into in order to protect the project against a fall in the gold price and to meet operating costs and debt service requirements. See "Description of Properties – Wassa Property – Wassa Project Financing – Hedging". The Gold Loan may be converted from time to time into a dollar loan and vice versa. Interest is

payable on any such loans outstanding at a rate per annum equal to: (a) in the case of a dollar loan, the sum of the "LIBOR" (being the U.S. dollar-denominated London interbank offer rate) plus the Applicable Margin; and (b) in the case of a gold loan, the sum of the "Gold Rate" (being LIBOR less the rate offered for deposits of gold in the London Gold Market) plus the Applicable Margin. For the foregoing purposes, "Applicable Margin" means: (a) prior to the time the Wassa Mine has been completed and is operating within its design parameters ("Economic Completion"), 2.5% per annum; and (b) thereafter 2.0% per annum. Glencar recently announced that an extension of time from September 30, 1999 to March 31, 2001 was given to achieve Economic Completion.

The US\$15 million of subordinated finance by CDC (the "CDC Loan") is governed by an agreement between Satellite and CDC, dated May 8, 1998. Interest is payable on the CDC Loan at a rate of 13% per annum. Should the gold price exceed US\$320 per ounce in any 3 month period, additional interest is payable of 0.25% for each US\$20 per ounce increase in the average 3 month gold price up to a maximum of 14.5% where the gold price exceeds US\$420 per ounce. Prepayment fees of up to US\$2.1 million are payable in the event of prepayment and Satellite must pay a commitment fee of 1% on the portion of the CDC Loan that is undrawn and uncanceled. The CDC Loan is repayable in eight equal instalments commencing on March 31, 2003.

1999-2000 Loan Restructuring

Due to slow recoveries of gold, Satellite was unable to make a CDC interest payment of US\$487,500 on September 30, 1999, which was deferred, by consent, until March 20, 2000. The December 31, 1999 interest payment of US\$487,500 to CDC was also deferred to the same date. While the first capital repayment was made to SBL on September 30, 1999 of approximately US\$2,000,000, the second payment was deferred from December 31, 1999 to February 29, 2000. On January 27, 2000, Satellite agreed with SBL to restructure the Gold Loan. The restructuring extends the term of the Gold Loan from December 31, 2002 to March 31, 2004.

Hedging

The following was reported by Glencar on January 27, 2000. As at January 1, 2000, Satellite had forward contracts with SBL for the sale of some 168,959 ounces of gold at a price of US\$324 per ounce. At that time, approximately 67,249 ounces of gold had been sold under similar forward contracts at an average price of US\$320 per ounce. These contracts mature at a rate of approximately 4,500 ounces per month. The terms of Satellite's hedging agreement with SBL, including agreed credit limits, provide SBL with the right to make margin calls against the hedge contracts outstanding at the time should the spot price of gold exceed US\$334 per ounce.

Location, Size and Access

The Wassa Property is located in the south-central region of Ghana approximately 80 kilometres north of Cape Coast and 150 kilometres west of the capital, Accra (see Figure 1) and consists of a mining lease and a prospecting licence (renewal pending). Travel time from Accra to the Wassa Property is approximately four hours via a good asphalt road to within 25 kilometres of the permanent camp located on the property. The last 25 kilometres is via a reasonably well maintained all weather road. The Wassa Property was mainly a cocoa farming and forest area with three villages having a combined population of approximately 5,000 people. Few, if any, of these people are currently living in or around the areas that have been developed for mining production, including areas required for plant and processing operations, and compensation has been paid to relocated persons. Compensation has also been paid for disturbance (such as interruption in land use), where necessary, with the Minister of Energy and Mines acting as an intermediary.

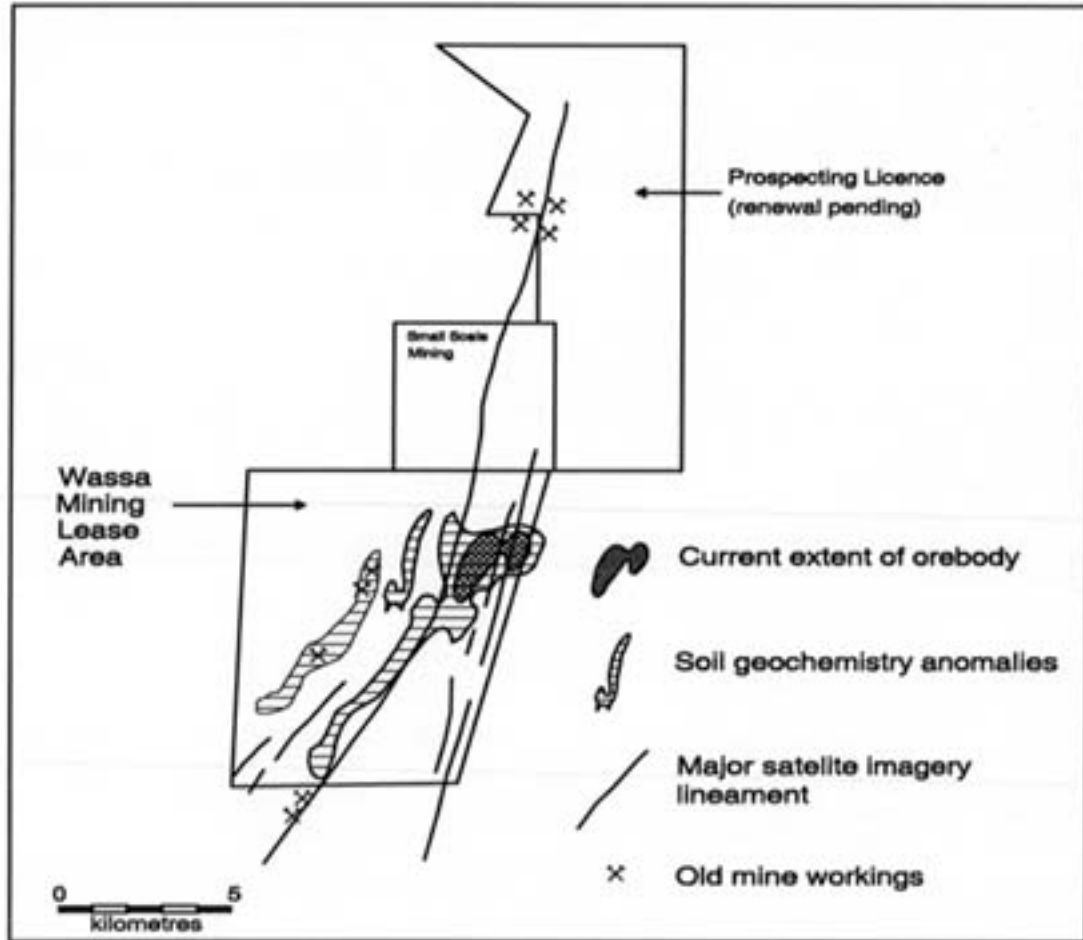


Figure 6 – Map of Wassa Mining Lease

The area of the mining lease is 57 square kilometres (see Figure 6). One half of that 57 sq. kms. is covered by part of the protected Subri River Forest Reserve (“Subri Reserve”), however, all reserves and resources quoted in this prospectus are outside of the Subri Reserve. The prospecting licence originally covered 97 square kilometres in the grant to Satellite in late 1997, however, of this area 41 square kilometres is expected to be retained in the pending renewal of this licence. Permission to explore in the Subri Reserve within a defined 1416 hectares within the Subri Reserve was granted by the Chief Conservator of Forests’ Office Forestry Department in Accra on July 9, 1999, subject to certain conditions. One of the conditions requires posting of a bond equivalent to US\$40,000 before the start of work in the Subri Reserve to cover any failure to implement remediation. Certain technical issues relating to the placement of the bond are outstanding but expected to be resolved shortly.

Water is available on the Wassa Property through wells from which water can be pumped year round. Management of the Company believes that water is available through such sources in sufficient quantities to satisfy both exploration and mining needs. A Ghanaian electricity grid system is located approximately 40 kilometres from the Wassa Mine, but power for production is supplied by on-site generators.

Geology and Mineralization

The Wassa area is reported to be underlain by rock of the Proterozoic Birimian Formation, a metamorphosed volcano-sedimentary package which hosts most of the lode gold deposits of Ghana. Unlike either the Lower (Sedimentary) or the Upper (Volcanic) Birimian, however, the succession in the Wassa area exposes a highly tectonized suite of quartzitic phyllites and ironstones which do not fit neatly into either category. Other known lode deposits in Ghana occur in simple shear zones which are unaffected by post-mineralization folding.

Gold mineralization at the Wassa Property has been subjected to at least three phases of folding and is consequently thought to be older than “typical” Ghanaian deposits, such as Ashanti or Prestea. Mineralization in the Main Zone occurs in a hydrothermal vein stockwork preferentially hosted by a phyllitic pyroclastic unit within which gold is mainly associated with veinlets, stringers and blebs of quartz-pyrite set in a matrix of finely disseminated, dusty pyrite; a variable alteration assemblage of ankerite, albite, chlorite and sericite may also be locally present. Mineralized shoots vary from 10 to 25 metres in thickness and are distributed about opposing limbs of an asymmetrical synform. On the flat limb, mineralized shoots are sub-horizontal and are parallel to a well developed metamorphic layering. On the steep limb, mineralized shoots are generally sub-vertical, but may be as little as 50 degrees. In the Dead Man’s Hill zone, the presence of quartz-eye rhyolites spatially related to gold mineralization and coarse clots of hydrothermal chlorite observed in an agglomeratic facies suggest that gold mineralization may be contemporaneous with brecciation and explosive activity in a proximal volcanic setting.

Exploration

Past Exploration

The Wassa Property, in common with many of the current exploration plays in this area, has a history of gold mining, probably dating back to the Portuguese era of the sixteenth century. During English colonial rule, a small part of the lease area was intensely prospected underground by a series of cross-cuts, drives and winzes. These workings essentially followed high-grade quartz veins, locally assaying 8 oz/ton gold. Production figures for these activities are lacking but the total was probably less than 10,000 ounces of gold.

Satellite initiated exploration in February 1994. Approximately 80 kilometres of line cutting was completed to orient geological mapping and both geochemical and geophysical surveys. Soil samples were collected along 44 kilometres of cut-line with a 10 or 20-metre sample-point interval. Several gold-in-soil anomalies were selected for trenching and drilling. The following geophysical surveys were conducted: VLF surveys along 43 line-kilometres, magnetometer surveys along 40 line-kilometres primarily in the northeast segment of the lease area and IP surveys along 12 line-kilometres. In addition aeromagnetic data for the entire lease area was acquired to assist in the interpretation of the geology. Geophysical surveys were useful in locating the position of some major structures.

Prior to the initiation of the Wassa Feasibility Report in April 1997, the drill hole/assay database for the Wassa Property consisted of 49,459 metres of reverse circulation drilling in 515 holes that generated 16,554 three-metre composite samples and 9,203 metres of diamond core drilling in 84 holes that generated 7,505, predominantly, one-metre samples. Three separate zones were identified, each within one kilometre of the others (see Figure 7): the Main Zone, Dead Man’s Hill Zone and the Southeast Zone. Additional drilling targets were generated by soil geochemical survey work which to date has covered approximately 7.5 square kilometres of the total lease area. A ground magnetic survey has been conducted over about four square kilometres, chiefly in the northeast segment of the lease area.

Exploration drilling during 1999 focused on: (a) the potential for additional ore marginal to pit perimeters; (b) testing strike extensions and proximal mineralized zones within one kilometre and predominantly within 500 metres of the current pit design; (c) additional condemnation drilling for waste dumps and low grade stockpiles; and (d) the Bally Ebo soil anomaly about 1.5 kilometres south east of the

current pit complex. The current exploration drill hole database has increased to 1,037 drill holes for a total of 91,000 metres of reverse circulation and diamond exploration drilling.

Potential

The Wassa deposit remains open in several directions around the currently delineated orebody. Large areas of the base of the orebody remain undefined at depth. Areas on the margins of the currently defined pit which could provide significant additional resource ounces include:

1. The northwestern corner of the Main Zone where drilling subsequent to the Wassa Feasibility Report database cut-off date has already yielded highly significant mineralized intersections, e.g., H708 96-111 metres: 15 metres @ 7.32g/t.
2. The southern end of the Main Zone (Nsa Zone) where drilling after the cut-off date has yielded significant ore-grade intersections, e.g.,

H697 0-32 metres: 32 metres @ 1.19g/t and 44-61 metres: 17 metres @ 2.74g/t
H699 0-45 metres: 45 metres @ 1.6g/t.

This zone is likely to add significantly to the Wassa reserve and is thought that it will probably be incorporated into the main pit.

3. The southeast extension of the Main Zone around H638.
4. The southeastern corner of Deadman's Hill.
5. The northwestern corner of Deadman's Hill.
6. The Mid Zone between Main Zone and Deadman's Hill. An area remains undrilled and potential here is high for significant addition to the resource base.

To date, an area of less than five square kilometres has been covered by drilling (including sterilization drilling of the townsite, etc.) representing under ten percent of the mining lease area. Regional aeromagnetic data indicates that the currently delineated deposit may represent only the northeastern tip of a broad, locally mineralized structural horizon stretching southwestwards from the Akeympim area towards and through the Subri Reserve which makes up most of the mine lease area. Satellite's soil geochemistry surveys to date reflect this trend and confirm the potential for discovery of additional ore along the trend. The potential extent of the mineralized structures is further supported by the satellite imagery interpretation which highlights large scale structures parallel to the aeromagnetics trend.

Two areas with particularly strong soil geochemical expression are the BallyEbo and Bawdia Bosso Zones. BallyEbo is a southwesterly extension of the Main Zone geochemical anomaly and approximately 800 metres from the "419 Zone". Old surface workings have been found here from which grab samples have confirmed high grade mineralization. Initially six vertical reverse circulation holes were drilled on this zone. During 1999, 24 shallow reverse circulation drill holes were drilled on fences 200 metres apart to test one of the stronger, linear gold-in-soil anomalies within the zone. Significant mineralization was intersected in the first and last fences of the grid. A follow up program of trenching is underway to test the anomalies within this zone.

The Bawdia Bosso prospect lies approximately two kilometres west of the Main Zone and represents a NE-SW trending structural zone parallel to the Main Zone mineralization trend. There is a cluster of surface workings here dating back to the early part of this century, the largest of which is a cut by a trench with dimensions of the order of 80 metres (long) x 12 metres (wide) x 15 metres (deep). Grab sampling has yielded grades of up to 18 g/t and the workings are at the centre of a NE-SW trending soil anomaly stretching for approximately 1,000 metres. This prospect has not been drill tested and is considered a high priority exploration target. Another anomaly with the same trend lies midway between Bawdia Bosso and the Main Zone and this area is marked by a significant number of galamsey workings. This zone also remains untested by drilling. It should be noted that the anomalies in each of the above three locations show extensive areas within the 250ppb Au contour, a contour level which at the Main Zone and Deadman's Hill defines a target area within which drilling has consistently yielded ore grade intersections.

The area covered by the prospecting licence that was held by Satellite (see "Description of Properties – Wassa Property – Location, Size and Access") is contiguous with the western and northern parts of the Wassa mining lease area. Prospecting commenced immediately following the grant of the prospecting licence with stream sediment sampling and reconnaissance geological sampling and mapping. Numerous old artisanal (galamsey) workings have been discovered and significant quantities of alluvial gold found across a broad area along strike from the Wassa orebody.

Mine Operation

The Wassa Mine has a modern office complex completed at the end of 1998 and a townsite comprising staff housing, clubhouse and recreational facilities, approximately two kilometres west of the mine. All major facets of the construction of the Wassa Mine were completed on schedule and within budget.

Mining

The first ore was mined at Wassa in October 1998 and the following month saw the commissioning of the crushing plant and the laying of crushed ore on the leach pad. The first gold bar was poured at the on-site refinery in January 1999. A major change from the Wassa Feasibility Report was the use of a contractor for mining. Ore is mined by P.W. Ghana Ltd. from a series of interconnecting pits by utilizing an O & K excavator. The ore is trucked to the crushing plant by a fleet of four 100 tonne capacity Caterpillar-777 dump trucks. Low grade ore is stockpiled.

PAH in its Wassa Report briefly evaluated the mine's equipment, maintenance facilities, supervision and operating procedures and concluded that overall the mining contractor appears to be doing an excellent job at a competitive cost. A comparison of actual production versus the November 1998 scheduled production for March through June 1999 indicates that the mine was producing more waste than planned while ore production was essentially on schedule. The impact of a higher stripping ratio will be to increase production costs for the period reviewed.

Processing

The crushing plant is a four stage system comprising a primary jaw crusher, a secondary gyratory crusher, two tertiary cone crushers and four quaternary cone crushers. The crushed ore is then agglomerated with cement and the agglomerated ore is stacked on a lined leach pad to the north of the mine via a conveyor system. Ore is leached over a 90 day period and gold is recovered in an "ADR" (Adsorption Desorption Refinery) plant in the form of dore bullion bars. The dore bullion is shipped to a Johnson Matthey refinery in London where the final product is 24 carat gold bullion.

The ore processing consists of a gold heap leach system designed to process 10,000 tonnes of ore per day at an average grade of 1.7g/t gold. Early delays were encountered in getting the heap leach/ADR facility up to its designed steady-state capacity of approximately 10,000 ounces of gold per month. It generally takes

several months for a heap leach operation to reach its normal production rate because of inventory build up in the system. Actual production in July 1999, for example, was only about 7,000 ounces, though the average for August, September and October 1999 was about 10,600 ounces per month. In total, over 87,000 ounces of gold were produced by the Wassa Mine in 1999.

While the production rate of ore placement on the heap through July 1999 was acceptable, leaching results were less than expected. The principal reason for unsatisfactory leaching was due to a tie-up of gold in the agglomerate in the overliner material which forms a base to protect the plastic which lines the leach pad. The estimate of unrecoverable gold retained in the overliner is 9,288 ounces contained in approximately 180,000 tonnes. Drainage through the agglomerate was severely restricted due to compaction caused by equipment movement over the material.

It is the opinion of PAH that the restricted permeability of the overliner has reduced the physical stability of the heap. PAH in its Wassa Report states as follows:

“Use of agglomerate for the overliner and its subsequent breakdown has partially plugged the underdrain of the pad so that most of the leach solution now cannot drain vertically through the first lift of ore on the heap and, consequently, has to flow horizontally through the sides of the heap. Percolation of solution sideways through the heap is slow, slower than the application rate of leach solution to the surface. This results in the build-up of phreatic surface (water table) in the heap and has the potential to create ‘blow-outs’, where several tonnes of mud suddenly discharge out the side of the heap. Another problem that can occur because of the high phreatic level, one which is much more serious though much less likely, is a slide. In a slide, part of the heap, from base to surface, will slide en-masse toward to open side of the heap. No blow-outs or slides have occurred through July. Fortuitously, a space about 10 meters wide has been left between the toe of the heap and the edge of the pad, minimizing the likelihood of any blow-outs flowing off of the pad.”

Satellite is making a determined effort to solve problems of poor underdrainage by installing a network of drainage pipes on top of the overliner and between the first and second lifts of the heap to assist drainage of leach solution. The problem will be minimized further by using leached ore from Phase I as overliner for Phase II and the harder fresh-rock-hosted ore that will be stacked in Phase II will have significantly better drainage characteristics than the oxidized, relatively clay-rich ore stacked in Phase I. PAH observed considerable drainage flow from one of these upper pipe drainage systems and considers that the other systems are similarly effective.

More recently, Glencar reported that in the third quarter of 1999: (a) approximately 900,000 tonnes of ore were mined at an average gold grade of 1.89 g/t; (b) the Wassa Mine produced 29,475 ounces of gold at a cash operating cost per ounce of US\$186; and (c) the average price received for the gold was US\$312 per ounce. The cash operating cost per ounce figure was calculated by taking into account all mining, processing and maintenance costs, together with an appropriate allocation of administration costs and apportioning such costs over the total number of ounces of gold produced and sold, together with those ounces of gold expected to be recovered from inventory. On February 18, 2000, Glencar announced that anticipated production levels may not be reached in 2000.

Reserves and Resources

The decision to proceed with the Wassa Mine development was made on receipt of the Wassa Feasibility Report in late September 1997, which was based on a mineable reserve of 932,000 ounces of gold. The drill hole database used to estimate reserves and resources was based on assays from 564 drill holes with an aggregate length of 59,059.8 metres. There were 24,058 composite intervals from these drill holes. As previously mentioned, there have now been 1,037 drill holes completed on the Wassa Property, however, Satellite has not published any updated reserve or resource estimates that incorporate the post-feasibility drilling results. Glencar has indicated its intention to update the reserves and mine model in the near term.



Figure 7 - Wassa Mine Plan

PAH defined two cutoff grades for the Wassa Feasibility Report. The break-even cut-off (“BECO”) represents the grade at which all costs, including allocations for general and administrative (“G&A”) costs, are covered by the block model. Note that the BECO does not include stripping, as the cost of stripping is calculated in the floating cone algorithm. A second cutoff criteria is the in-pit cut-off (“IPCO”), which considers that G&A costs and mining costs are sunk costs. Tonnes of material at this grade will contribute to cash flow provided that they do not displace higher grade material. PAH’s practice is to design on the BECO, but include the IPCO as low grade feed when it can be segregated.

Floating cone runs were prepared using the dollar models based on the predetermined parameters. All process costs and recoveries were based on the test work available at the time. Mineable reserves were estimated using the floating cones after applying the pit slope designs recommended by the geotechnical consultant, adding haul roads, and removing unstable structures from the final floating cone pit design to design the ultimate pit. A summary of the Wassa mineable resource/reserve estimated by PAH for the Wassa Feasibility Report is reported in the following table.

**Wassa Mine: Statement of Mineable Reserves (with Dilution)
(as presented in the Wassa Feasibility Report, Sept. 24, 1997)**

Resource/Reserve Category	Tonnes	Grade Au g/t	Contained Ounces	Waste Tonnes	Total Tonnes
<i>Proven & Probable Reserves</i>					
Oxide	9,776,000	1.528	480,000		
Fresh	6,525,000	1.858	390,000		
Total Prv. & Prb.	16,301,000	1.660	870,000		
<i>In-Pit Inferred Resource</i>					
Oxide	803,000	1.311	34,000		
Fresh	450,000	1.976	29,000		
Total I.P.I.R.	1,253,000	1.550	62,000		
Total Wassa	17,554,000	1.652	932,000	30,527,000	48,081,000

PAH defines a resource according to standards set forth by the Society of Mining Engineers or by the S.E.C. in the United States, which PAH has advised are consistent with standards used in Ontario. A “resource” is a concentration of metals in which the location, grade and quantity of the material has been estimated from specific geological data. In practical terms, the “resource” is that material available for development as defined by the block model without mining, economic or other constraints. The term “reserve,” in contrast, refers to material that can be demonstrated to be physically, legally and economically mined at a profit. See also the “Glossary – Geological Terms”.

The current pit design incorporates six individual, relatively shallow pits with an overall stripping ratio of just 1.5:1 and with a maximum pit depth of 135 metres from surface (see Figure 7). Mine scheduling is currently being undertaken based on this current pit design giving total tonnage to be mined of 58 million tonnes.

Environment

The development of the Wassa Mine was, and its operation is, subject to applicable Ghanaian environmental regulations. Mine development included preparation of an environmental baseline study and an EIA which was carried out by Société Generale de Surveillance, a leading international environmental services

group. Inclusion of reclamation plans is a required component of an EIA for mining and posting of a bond for reclamation is required under environmental assessment legislation. The EIA was lodged with the EPA in October 1997. Following review of the EIA by the EPA, a public oral hearing in January 1998 and input on the proposed development at Wassa, a final EIA was drawn up and submitted to the EPA in Accra. An environmental permit (“Permit”) for the mine was granted by the EPA on February 24, 1998 allowing full scale development work at Wassa to proceed.

A provisional environmental management plan, as required under environmental assessment legislation, formed an integral basis of the EIA and it incorporated plans that had been developed to monitor predicted environmental impacts and proposed mitigation measures. One of the Permit terms stipulates that an environmental management plan is required to be submitted to the EPA within 18 months of the commencement of mining operations (including a reclamation plan that is properly programmed, sequenced, timed and costed). The environmental management plan is currently being compiled for submission to the EPA before the end of June 2000. An additional Permit term requires submission of an annual environmental report. The first such report is currently nearing completion and is expected to be submitted shortly. The Permit also specifies that the environmental certificate required by environmental assessment legislation will be granted by the EPA after a year’s satisfactory performance and compliance with the relevant permit conditions (see “Business of the Company – Mining in West Africa – Mineral Rights in Ghana”).

Kanyankaw East and Kanyankaw West Properties

Ownership

A prospecting licence covering the Kanyankaw Property was granted to Moydow (Ghana) and Antubia, a subsidiary of Glencar, on January 16, 1996 and is currently held in a 50:50 joint venture between Moydow (Ghana) and Antubia. Pursuant to the terms of the licence, an annual fee of 45,000 cedis (approximately US\$13) must be paid to the government of Ghana in order to maintain the property in good standing and all such amounts due have been paid. This licence was renewed on November 25, 1999 for a further one year term expiring November 24, 2000.

The Kanyankaw Property is the subject of an agreement between Glencar (which subsequently assigned its rights to Antubia) and Moydow (Ghana), dated November 6, 1992 (and amended on March 17, 1994 and June 20, 1995) (the “Kanyankaw 1992 Agreement”). The Kanyankaw 1992 Agreement granted Glencar an option to earn a 50% interest in the Kanyankaw Property by funding US\$150,000 of reverse circulation drilling and then contributing a further US\$330,000 in exploration expenditures before December 31, 1993. The option was exercised in 1995 after two time extensions were granted to Glencar in March 1994 and June 1995. The agreement provided for the funding of subsequent work through *pro rata* contributions to work plans in accordance with each parties’ respective interests in the joint venture.

Glencar, Antubia, Moydow (Ghana) and the Company entered into an additional agreement dated January 25, 2000 which contemplates the parties making an application to the Ghanaian government for a split of the property into two licences along longitude 2° 03’ 43” (see Figure 8) (the “Kanyankaw 2000 Agreement”). Pursuant to the Kanyankaw 2000 Agreement, Moydow (Ghana) would hold the licence for the eastern half which contains the old gold workings at Kanyankaw (the “Kankawkaw East Property”) and Antubia would hold the licence to the western half which contains the old workings at Asheba (the “Kanyankaw West Property”). Application was made to the Minerals Commission in August 1999 to ratify this proposal - a decision is pending. Unless and until the Kanyankaw Property is split as contemplated, the parties shall continue to be governed by the Kanyankaw 1992 Agreement.

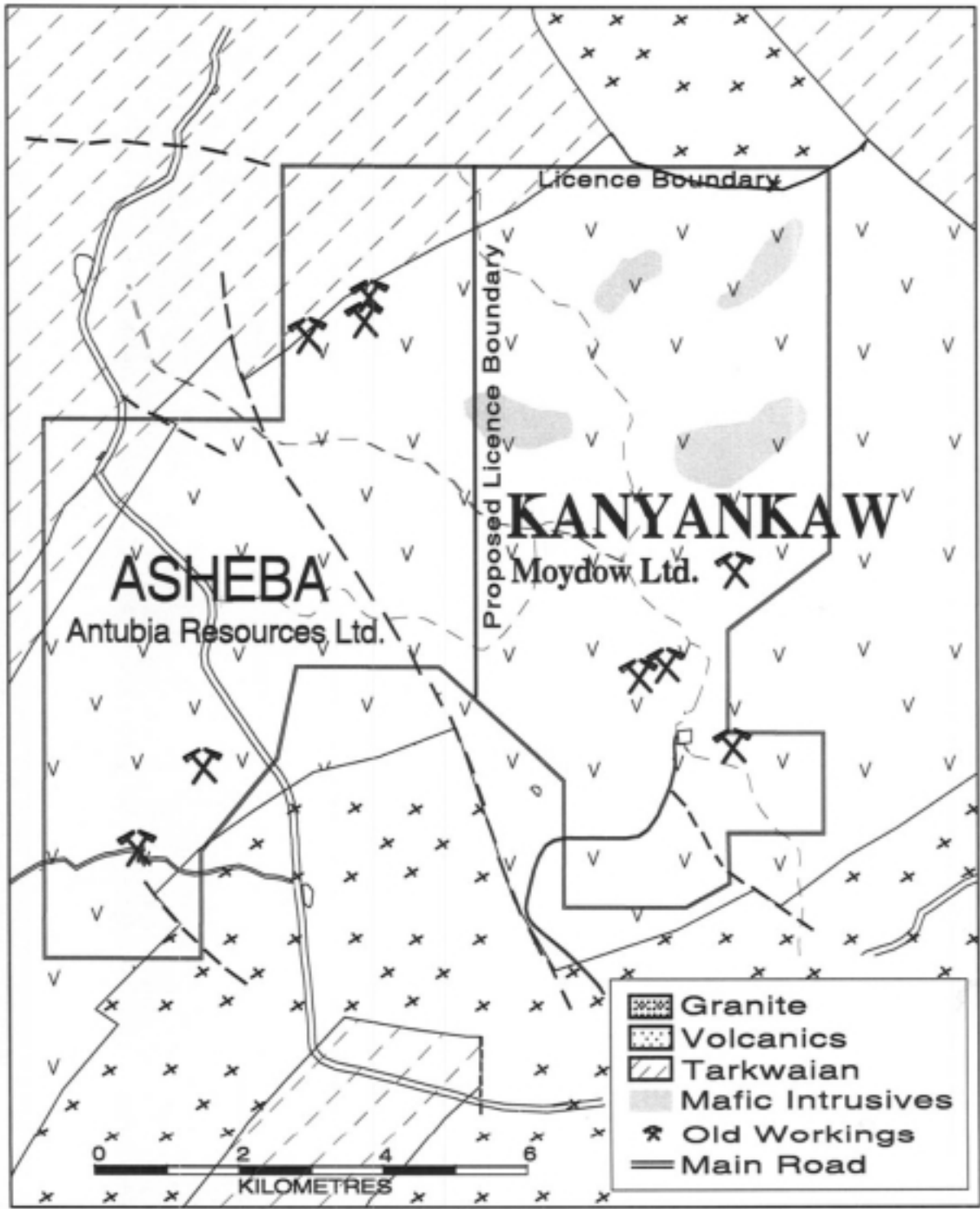


Figure 8 - Kanyankaw Licence Geology

Pursuant to the Kanyankaw 2000 Agreement, each party will have the right to back-in and acquire an interest in the other party's property (40% in the case of the Kanyankaw East Property and 44% in the case of the Kanyankaw West Property). In order to exercise a back-in right, a party (A) must have performed a minimum of 5,000 metres of drilling on its own property and must make a payment to the other party (B) based on the drilling completed by B. The payment is calculated by multiplying the number of metres of drilling completed by B by a figure ranging between US\$50 and US\$100 (depending on the overall number of drill holes completed by B). The splitting of the licence was designed to facilitate aggressive exploration of the entire property in 2000.

Location, Size and Access

The Kanyankaw Property is located in south-central Ghana (see Figure 1) approximately 50 kilometres north of the important sea port of Takoradi. The licence area is 91 square kilometres. Travel time from Accra to the property is about four hours via a good network of asphalt roads. The main road from Takoradi to the gold mines of Teberebie and Tarkwa, located approximately 30 kilometres to the north, traverses the licence area.

Geology and Mineralization

The licence area is underlain chiefly by Upper Birimian greenstones and intruded by small stocks and dykes of hornblende granodiorite. Slicing through the rock pile is a series of NNE-trending fractures with associated minor splays; interestingly, all recorded past production has come from the minor splays and only minimal exploration has been conducted over the major lineaments which characteristically occupy the low ground in fault-controlled valleys. Where these major lineaments cross slightly more elevated terrain their trace is frequently coincident with a trail of sericitically altered, granodiorite dykes which show patchy development of gold bearing, quartz stockworks.

Exploration

Past Exploration

Placer mining has been a continuous occupation of the local population for well over 100 years and is still in evidence today. In the early part of this century, several small companies worked a number of high-grade, quartz reefs in the southern parts of the current licence area. It has been reported that these companies recovered approximately 20,000 ounces of gold from an array of stamp mills. A drilling program on the Kanyankaw West Property by Moydow (Ghana) in 1992 tested several geochemical anomalies and returned mineralized intersections from a number of drill holes, the most significant being from a hole in the southwest part of the licence area which averaged 1.5 g/t gold over 40 metres.

Pursuant to an option agreement (the "Cyprus Agreement") dated February 6, 1996 among Antubia, Moydow (Ghana) and Cyprus Exploration and Development Corporation ("Cyprus"), Cyprus commenced a diamond drilling program in September 1996 pursuant to which Cyprus drilled 13 holes on the Kanyankaw West Property for a total of 2,000 metres. High grade intersections were identified in altered metavolcanics, but Cyprus nonetheless terminated its option to earn an interest in the Kanyankaw Property. Cyprus incurred approximately US\$750,000 during the currency of the Cyprus Agreement.

Recommended Exploration

In 2000, the Company intends to spend approximately US\$350,000 on an exploration drilling program designed to test the strike extensions of mineralization at the Kanyankaw workings and to explore for sub-parallel mineralized structures. Glencar has indicated its present intention to expend US\$750,000 in exploration expenditures in respect of the Asheba area, primarily for drilling and geological studies.

Other Properties

Kissi Kissi

Ownership

The Kissi Kissi prospecting licence was obtained on May 13, 1996 and was held 100% by Moydow (Isle of Man). The licence was valid for two years, renewable pursuant to the conditions of the Guinea Mining Code. The licence has now expired and work has been halted on the property due to political instability in the region. The Company believes that when the political situation stabilizes, renewal of the licence will be a formality and exploration work will recommence.

Location, Size and Access

This licence area is located in south-western Guinea, West Africa, about 75 kilometres east of the capital, Conakry, and covers an area of 500 square kilometres. Access is via a good asphalt road to the town of Forecariah and by dirt road for five kilometres to the western boundary of the licence area. The property is traversed by a network of poorly maintained dirt roads, many of which are impassable during the rainy season which occurs from July to November.

Geology and Mineralization

The licence area was mapped in the 1960s by a team of geological experts from the former Soviet Union and the broad sub-divisions made by this group form the basis of this section. The dominant lithology is a high grade suite of metamorphics known as the Kissi Kissi group which occupies most of the broad valley of the eponymous river. This group consists of crystalline schists and gneisses containing varying amounts of pyroxene, amphibole, biotite and within these lithologies occur discrete units of magnetite-garnet-cummingtonite quartzites. In faulted contact with the Kissi Kissi group is a belt of granulite metamorphics known as the Forecariah suite consisting of hypersthene, pyroxene, biotite and amphibole gneisses.

Both the Kissi Kissi group and the Forecariah group are Archaean in age and are reported to have been intruded in the south by an intrusive complex of Palaeozoic granites varying in composition from biotite granites to hornblende granodiorites. Un-conformably overlying both these groups in the northern part of the licence is the Proterozoic Taban group consisting of conglomerates and sandstones; this series has been correlated with the gold-bearing Tarkwaian succession of Ghana. Capping the high mesas in the northern part are isolated patches of Ordovician age sandstones, shales and conglomerates. Intruded into all the foregoing rock types are a number of dolerite-gabbro stocks and sills.

The predominant tectonic grain within the Archaean basement trends 25° to 30° west of north and a number of shear zones of this orientation have been mapped as major structural lineaments traceable over a strike length of some 200 kilometres. One such zone lying in the eastern part of the licence area is associated with strong mylonitization and separates the Kissi Kissi group from the Forecariah group for a distance of 50 kilometres. A set of these major 25° west of north lineaments is locally seen to be linked by a series of NW-trending shears that cross-cut the dominant structural grain and which are also associated with zones of mylonitization. Mesozoic or Tertiary age faults trending 80° east of north are locally seen to offset the major lithological units by minor amounts.

The area has long been known for its iron deposits, several of which attracted attention during the colonial area, but all of which were generally regarded to be uneconomic. Diamond production has been small and intermittent though occasionally stones of good size and quality have been reported. A Canadian project in the late 1980s identified a number of gold occurrences in the licence area, which were then investigated by a variety of geophysical methods including ground magnetics, electromagnetics and induced polarization. Gold-bearing mineralization was reported to be associated with minor pyrite in mylonitized zones and a major induced polarization anomaly was reported over a one kilometre strike length near and to the south-east of the village of Bakaria.

Work recently conducted in this area did not locate the pyritic-mineralization referred to in the Canadian report, but significant gold mineralization was located by the Company's staff geologists some three kilometres south and west of this locality. The characteristics of the mineralization found closely match those described in the Canadian report and so there remains the possibility that the two localities are one and the same or else lie on the same major mineralized structure. Initial sampling of the outcropping pyritic mineralization recorded highly anomalous gold values.

Exploration

Since July 1997, Moydow (Isle of Man) has carried out the following exploration programme on the licence:

Heavy Metal Survey

Undertaken in July 1997, this survey was carried out by a team of Guinean experts contracted by Moydow (Isle of Man). The area covered was about 200 square kilometres and approximately 300 samples were collected, washed, panned and the resultant concentrates sent for laboratory analysis and Au, Cu and Ag values determined. This survey identified a number of significant gold anomalies which indicated that gold sources exist both within the Archaean basement gneisses and schists and also within the Proterozoic Taban Formation and indeed the sheared contact between these formations also appears to be highly prospective terrain.

The faulted contact which trends 20° west of north was the focus of the Canadian mission during the 1980s and several geochemical anomalies draining off it would indicate that it has operated as a major hydrothermal channel throughout its length. Also, streams draining these areas of basement containing bands of iron formation indicate elevated gold values demanding more detailed follow up. Specifically those areas containing cummingtonite schist (as described in Russian reports of the 1960s) would appear to be good exploration targets because they consistently evince higher background gold values.

The highest gold concentration of more than 2 g/t gold was found in a stream draining the Taban Formation which has been correlated with the Tarkwaian Formation in Ghana, which hosts many world class gold deposits. Although gold has not been identified in any conglomeratic facies of this unit it clearly presents an attractive exploration target because as yet it has not been extensively investigated by any of the previous investigators. As Moydow (Isle of Man) was instrumental in opening up the exploration possibilities of the Tarkwaian in Ghana it presents itself as a target well suited to the Company's considerable expertise in this regard.

Line Cutting

A large portion of the licence was covered by a grid system cut through the bush and used by the Moydow (Isle of Man) staff to make a detailed geological map, conduct a ground magnetic survey, conduct a soil sampling program and facilitate a very detailed stream geochemistry program. A total of 280 kilometres were cut and surveyed and in many cases it was found that the lines changed direction quite abruptly for several reasons, the principal being that the magnetite component of the iron formation resulted in compass deviations along the lines of profile. These deviations were accurately determined and mapped by the geological staff using very accurate GPS systems which proved to be an invaluable help during data compilation.

Geological Mapping

A geological map resulted from this survey. The main divisions closely follow those determined by the Soviet Geological Mission which separated the complex into three fundamental units of Archaean gneisses, amphibolite, and banded iron formation. The ground control during this survey was much more accurate than previously, which permitted the iron formations to be mapped more precisely and to be individually subdivided according to facies characteristics. This in turn led to the realization that facies control had an important influence on the pattern of gold distribution; gold tends to favour those areas where the iron formation horizon is depleted in magnetite and this appears to occur most frequently when mylonitic shear zones cross-cut the iron-rich stratigraphic units. In these areas the iron depletion is often accompanied by the prolific development of sericite and minor tourmaline - an alteration assemblage of much lower metamorphic grade than is characteristic of the Archaean gneisses as a whole.

Magnetic Survey

During late 1997 and early 1998 an exploration program for gold, diamonds and base metals was carried out at Kissi Kissi. The work included geological mapping, stream sampling and soil sampling. The base line extended about 14.5 kilometres in a north westerly direction and the lines, with a nominal separation of 400 metres, had a maximum length of 8.5 kilometres. About 8 kilometres north east of the main grid a small grid having 5 lines, 2 kilometres in length and 400 metres line separation was also surveyed. A magnetic survey was carried out during the same period.

Slave Diamond Syndicate

Formed in 1993, the Slave Diamond Syndicate, under the direction of Gerle Gold Ltd. as the operating partner, has conducted extensive staking, heavy mineral sampling and drilling on a number of claims in the Northwest Territories, Canada, considered favourable for hosting diamondiferous kimberlite. The Company holds a 20% working interest in the Slave Diamond Syndicate which has prospected about 120,000 acres over two areas known as the Fishback Lake area, north of Yellowknife, and the Dessert Lake area to the west of Great Slave Lake. Several targets of interest have been identified from the reconnaissance and heavy mineral sampling work and micro probe results which identified G-9 and G-10 garnets within several indicator mineral trains. The Slave Diamond Syndicate is continuing modest programs in the search for diamondiferous kimberlites. While most of the claims held by the Syndicate are at an early stage of exploration the operator has identified several high priority drill targets.

PLAN OF DISTRIBUTION

On November 26, 1999, the Company completed the issue and sale of an aggregate of 3,382,352 special warrants of the Company (the "Special Warrants") at a price of Cdn\$1.70 per Special Warrant (or Cdn\$5,749,998.40 in the aggregate) in accordance with an agreement dated November 26, 1999 (the "Agency Agreement") between Loewen, Ondaatje, McCutcheon Limited (the "Agent") and the Company. The Agent agreed in the Agency Agreement to act as agent of the Company to solicit, on a best efforts basis, offers to purchase the Special Warrants. The Special Warrants were sold to investors arranged by the Agent on a private placement basis pursuant to exemptions from prospectus requirements of applicable securities legislation. The issue price of Cdn\$1.70 per Special Warrant was determined by negotiation between the Company and the Agent. This prospectus is being filed with the Ontario Securities Commission to qualify the distribution of the Common Shares and Warrants to be issued upon exercise of the Special Warrants.

In consideration of the Agent's services, the Company (a) paid a commission to the Agent in the amount of Cdn\$373,750, which equals 6.5% of the gross proceeds realized by the Company from the sale of the Special Warrants, and (b) granted to the Agent a non-assignable option to acquire, without payment of any additional consideration, a further non-assignable option (the "Agent's Option"). The Agent's Option will entitle the Agent to purchase up to 169,117 units of the Company at a price of Cdn\$1.80 per unit at any time commencing on the issuance of the Agent's Option and continuing up to 5:00 p.m. (Toronto time) on November 26, 2000. Each such unit will consist of one common share of the Company ("Common Share") and one-half of one warrant of the Company, each whole warrant ("Warrant") entitling the holder to purchase one Common Share at a price of Cdn\$2.25 until November 26, 2000. This prospectus also qualifies the distribution of the Agent's Option. The Agent's fee was paid to the Agent by the Company from the proceeds of the sale of the Special Warrants at the closing of such sale. No additional fee will be payable to the Agent in connection with the distribution of the Common Shares and Warrants upon the exercise of the Special Warrants. The remaining expenses estimated at Cdn\$200,000 relating to the offering of the Special Warrants will be paid by the Company from the proceeds of the Special Warrant offering, subject to such proceeds funding any Special Warrant repurchase obligation of the Company as described below.

The Special Warrants were issued pursuant to a special warrant indenture (the "Special Warrant Indenture") dated as of November 26, 1999 between the Company and Montreal Trust Company of Canada (the "Trustee"). Since the date of issuance, no Special Warrants have been exercised. Each Special Warrant entitles the holder thereof to acquire, at no additional cost to the holder, one Common Share and one-half of one Warrant at any time until 4:30 p.m. (Toronto time) (the "Expiry Time") on the earlier of: (i) the fifth business day following the date (the "Qualification Date") upon which a final receipt for this prospectus is issued by the Ontario Securities Commission; and (ii) November 26, 2000. Any Special Warrants not exercised prior to the Expiry Time shall be exercised by the Trustee on behalf of the holder at such time without any further action on the part of the holder. The Company and the Trustee have entered into a warrant indenture dated as of November 26, 1999 (the "Warrant Indenture") which will provide for the issuance of the Warrants issuable upon exercise of the Special Warrants, as well as the Warrants issuable upon exercise of the Agent's Option.

If the Qualification Date has not occurred by 5:00 p.m. (Toronto time) on March 25, 2000, each holder of Special Warrants shall subsequently be entitled to, at the option of the holder, either (i) require that up to 100% of the Special Warrants held by such holder be repurchased by the Company for an amount equal to the purchase price therefor, being Cdn\$1.70 per Special Warrant, together with a pro rata portion of all interest earned on the subscription funds, or (ii) receive upon the exercise of the Special Warrants held by such holder 1.1 Common Shares and 0.55 of a Warrant, in lieu of one Common Share and 0.5 of a Warrant, for each Special Warrant exercised, without payment of additional consideration. All of the proceeds from the sale of the Special Warrants less the Agent's commission were deposited in escrow with the Trustee pursuant to the Special Warrant Indenture for the purpose of funding any Special Warrant repurchase obligation of the Company, provided, however, that the Company will be liable to fund any amount not covered by such escrowed proceeds and interest earned thereon. Subject to any such funding obligation, such escrowed proceeds and interest earned thereon will be released to the Company by the Trustee on the fifth business day

following the Qualification Date. At the direction of the Company and the Agent, the Trustee has invested such escrowed proceeds in short-term treasury bills of the Government of Canada.

Common Shares and Warrants obtained on the exercise of Special Warrants prior to the issuance of a receipt for this prospectus are subject to hold periods under applicable securities legislation.

The Common Shares and Warrants issuable upon the exercise of the Special Warrants have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “1933 Act”). The portion of the Special Warrants sold in the United States or to or for the account or benefit of U.S. Persons (as defined in Regulation S under the 1933 Act) were sold to “accredited” investors in reliance upon an exemption from the registration requirements under the 1933 Act. The Common Shares and Warrants issuable to the holders of such Special Warrants will be issued pursuant to another exemption from the registration requirements under the 1933 Act and may not be offered or sold directly or indirectly within the United States or to or for the account or benefit of U.S. Persons, except in reliance upon an exemption from the registration requirements of the 1933 Act.

USE OF PROCEEDS

The net proceeds from the sale of the Special Warrants are estimated to be Cdn\$5,176,248.40, after deducting the expenses of the offering estimated at Cdn\$200,000 and the Agent’s commission of Cdn\$373,750 and assuming no exercise of the Agent’s Option. It is anticipated that approximately Cdn\$3,000,000 of such proceeds will be used by the Company for further exploration and development of the Ntoroso Property (see “Description of Properties – Ntoroso Property – Current and Future Exploration”), while the balance of \$2,176,248 will be added to the Company’s working capital and used for general corporate purposes.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series, of which 23,498,795 Common Shares and no preferred shares were issued and outstanding as at February 17, 2000.

The holders of the Common Shares are entitled to receive notice of and to attend all meetings of the shareholders of the Company and shall have one vote for each Common Share held at all meetings of the shareholders of the Company, except for meetings at which only holders of another specified class or series of shares are entitled to vote separately as a class or series. Subject to the prior rights of the holders of the preferred shares or any other shares ranking senior to the Common Shares, the holders of the Common Shares are entitled to (a) receive any dividends as and when declared by the board of directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the board of directors may from time to time determine, and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. The holders of the Common Shares have no pre-emptive, redemption or conversion rights.

The board of directors of the Company is authorized to issue the preferred shares at any time and from time to time in one or more series and to fix the number of shares in, and determine the designation, rights, privileges, restrictions and conditions attaching to, the shares of each series, including, but not limited to, the rate or amount of dividends or the method of calculating dividends, the date of payment of dividends, the redemption, purchase or conversion prices and terms and conditions of redemption, purchase or conversion and any sinking fund or other provisions. The preferred shares of each series shall rank on a parity with the preferred shares of every other series, and shall be entitled to priority over the Common Shares and any other shares of the Company ranking junior to the preferred shares, with respect to priority in the payment of dividends and the return of capital and the distribution of assets of the Company in the event of any

liquidation, dissolution or winding-up of the Company. Holders of preferred shares shall not be entitled to receive notice of or vote at meetings of shareholders, except where required under applicable law.

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Company as at October 31, 1999 and December 31, 1999 and the pro forma capitalization of the Company as at December 31, 1999 after giving effect to the exercise of the Special Warrants. This table should be read in conjunction with the consolidated financial statements of the Company and notes thereto included elsewhere in this prospectus.

<u>Designation of Security</u> ⁽¹⁾	<u>Amount Authorized</u>	<u>Outstanding as at October 31, 1999</u> ⁽²⁾⁽³⁾ <i>(unaudited)</i>	<u>Outstanding as at December 31, 1999</u> <i>(unaudited)</i>	<u>Pro Forma Outstanding as at December 31, 1999</u> ⁽⁴⁾ <i>(unaudited)</i>
Common Shares	Unlimited	US\$11,561,662 (23,497,215 shares)	US\$11,562,683 (23,498,795 shares)	US\$15,126,438 (26,881,147 shares)
Preferred Shares	Unlimited	Nil	Nil	Nil
Special Warrants	3,382,352	Nil	Cdn\$5,176,248.40 ⁽⁵⁾ (3,382,352 Special Warrants)	Nil

(1) The Company has no outstanding long term debt.

(2) The Company's deficit as of October 31, 1999 was US\$2,333,605 (unaudited).

(3) As of October 31, 1999, the amount of the 44% interest of Normandy LaSource in the Company's subsidiary, Rank, was US\$4,055 (unaudited).

(4) Assuming the issue of 3,382,352 Common Shares on the exercise of the Special Warrants (see "Plan of Distribution") and without giving effect to the exercise of (a) the 1,691,176 Warrants issuable upon exercise of the Special Warrants, (b) the Agent's Option (see "Plan of Distribution"), (c) the currently outstanding stock options of the Company (see "Stock Option Plan"), and (d) the currently outstanding warrants held by three holders to purchase an aggregate of 212,034 Common Shares at exercise prices ranging from Cdn\$0.95 per share to Cdn\$3.00 per share.

(5) This amount gives effect to the gross proceeds of Cdn\$5,749,998.40 less the Agents' commission of Cdn\$373,750 and less the estimated expenses of the offering of Cdn\$200,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On December 9, 1998, the Company completed the RTO Transaction (see "The Company" and "Interest of Management and Others in Material Transactions"). As the former shareholders of Moydow (Isle of Man) obtained control of the Company through this transaction, the RTO Transaction has been accounted for in the Company's financial statements as a reverse take-over and the purchase method of accounting has been applied. Under reverse take-over accounting, Moydow (Isle of Man) is considered to have acquired the Company and is considered to be the continuing entity. Accordingly, the following discussion, which should be read in conjunction with the consolidated financial statements of the Company (the "Financial Statements") and related notes included elsewhere in this prospectus, reflects this accounting treatment.

Overview

The Company is an international exploration and development company with primary interests in precious metals. Exploration and development activities are currently focussed on Ghana, West Africa, where the Company's 31% owned gold mine at Wassa was brought into production and the first pour of gold took place in January 1999, and significant exploration has been carried out at the Ntoroso Property. See "Description of Properties". The value to the Company of its interest in the Wassa Mine has been reflected using the equity method of accounting. The value to the Company of its interest in the Ntoroso Property (which interest is held through an indirect share-ownership of Rank, a Ghanaian registered company) has been reflected using proportionate consolidation. Subsidiaries and affiliates of the Company are organized internationally so that each has a specific geographic area or mineral project interest. The Company assists these companies by providing administrative, technical and financial assistance.

As an exploration and development company, the Company's revenues have been derived from interest income, which is dependant on available cash balances and prevailing interest rates, exploration management fees and recoveries, which are dependant on the level of exploration expenditures managed by the Company, and returns on investments, which are dependant on the prevailing market at the time of sale. Corporate expenses relate to administration and related costs, as well as exploration expenditures at the Company's properties. In 1998, there were also significant costs incurred in connection with RTO Transaction.

The Company has no liabilities in respect of the Wassa project other than Moydow (Isle of Man)'s guarantee of the obligations of Wassa Holdings (see note 6 to the Financial Statements) to the lenders to the extent of the value of Moydow (Isle of Man)'s shares of Wassa Holdings. Capital investment for the mine was provided by US\$42.5 million of project financing from SBL and CDC, together with an available subordinated standby facility of US\$5 million to cover any possible overruns. The Company's investment in Wassa Holdings has been reflected in the Company's financial statements using the equity method of accounting.

Results of Operations

Ten month period ended October 31, 1999 compared to ten month period ended October 31, 1998

During the period to October 31, 1999 the Company was not called upon to contribute to costs at Wassa which were covered by mine development loans and cash flow from operations, or at the Ntoroso project which was funded by Normandy LaSource. Normandy LaSource is required to fund exploration during the earn-in period under the terms of the Rank Farm-In Shareholders Agreement and earned 40% by funding US\$2,500,00 in expenditures. Normandy LaSource may increase its holding to 50% by funding further expenditures of US\$4,000,000. As at October 31, 1999, US\$1,618,460 of this had been advanced and a budget for a further US\$1,300,000 had been approved. As at October 31, 1999, the Company had a 56% beneficial interest in Rank, which holds the prospecting licence on the Ntoroso Property in Ghana.

Operating losses for ten months to October 31, 1999 were US\$540,600 compared to operating losses of US\$128,358 in the corresponding period in 1998. General and administrative expenses increased from US\$383,818 in the ten month period ended October 31, 1998 to US\$800,300 in the ten month period ended October 31, 1999. During the ten month period to October 31, 1999 the Company received operator's and advisory service fees in the sum of US\$265,645 from Rank, earned interest of US\$28,989 and made a profit on the sale of investments and other assets of US\$30,008. The Company's share of earnings of an equity associate was US\$319,828. In the corresponding period in 1998, operator's and advisory service fees in the sum of US\$255,460 were received, as well as earned interest of US\$9,250.

Year ended December 31, 1998 compared to year ended December 31, 1997

During 1998, Moydow (Isle of Man) was not called upon to contribute to costs at Wassa, which were covered by mine development loans, or at the Ntotoroso project which was funded by Normandy LaSource. In December 1998, Moydow (Isle of Man) completed a private placement of Cdn\$2,000,000 in conjunction with the RTO Transaction. Operating losses for 1998 were US\$1,058,163 which included the write down of resource properties in the sum of US\$871,778 which related wholly to properties acquired under the RTO Transaction. Operator's and advisory service fees of US\$272,168 were received from Rank in the year ended 1998 compared with US\$345,323 for the year ended 1997.

In 1997, Moydow (Isle of Man) showed an operating loss of US\$828,528. During 1997, a private placement was completed in conjunction with the Rank Farm-In Shareholders Agreement entered into between Moydow (Ghana) and Normandy LaSource in relation to the Ntotoroso project. Normandy LaSource provided US\$1,000,000 in cash to Moydow (Isle of Man) in return for shares of Moydow (Isle of Man) and as part of the transaction a creditor of Moydow (Ghana) accepted shares of Moydow (Isle of Man) in lieu of a debt of US\$2,000,000. These funds were applied to maintain Moydow (Isle of Man)'s interest in the Wassa Mine and exploration on the Ntotoroso and Kissi Kissi (Guinea) projects, bringing them to a more advanced stage.

Non-recurring items which are reflected in the statement of operations and deficit for 1998 include a write down of resource properties which related wholly to properties acquired under the RTO Transaction. 1997 included a write off in the sum of US\$1,043,455, which related principally to expenses incurred in relation to share exchange agreements that were never completed.

Year ended December 31, 1997 compared to period ended December 31, 1996

In 1997, Moydow (Isle of Man) showed an operating loss of US\$828,528 as compared to an operating loss of US\$8,232 in 1996. Moydow (Isle of Man)'s share of losses of an equity associate for the period ended December 1996 was US\$300,178 as compared to a profit of US\$6,139 in 1997. During 1997, a private placement was completed in conjunction with the earn-in agreement entered into between Moydow (Ghana) and Normandy LaSource in relation to the Ntotoroso project. Normandy LaSource provided US\$1,000,000 in cash in return for shares of Moydow (Isle of Man) and as part of the transaction a creditor of Moydow (Ghana) accepted shares of Moydow (Isle of Man) in lieu of a debt of US\$2,000,000. These funds were applied to maintain Moydow (Isle of Man)'s interest in the Wassa Mine and exploration on the Ntotoroso and Kissi Kissi (Guinea) projects, bringing them to a more advanced stage. Moydow (Isle of Man) increased its investment in Wassa Holdings by US\$391,000 in 1997 and by US\$973,985 in 1996, the latter being funded by a rights issue in Moydow (Isle of Man) of 6000 shares at a price of US\$150 per share.

1997 included a write off in the sum of US\$1,043,455 which related principally to expenses incurred in relation to share exchange agreements which were never completed. Operation and advisory service fees of US\$345,323 were received from Rank in 1997.

Period ended December 31, 1996

Moydow (Isle of Man) showed an operating loss of US\$8,232, which relates to administrative expenses. There were no revenues earned by Moydow (Isle of Man) except deposit interest of US\$3,387. In April, 6,000 shares of Moydow (Isle of Man) were issued by way of a rights issue at a price of US\$150 per share which resulted in proceeds of US\$900,000. These funds were used to take up a rights issue in Wassa Holdings.

Liquidity and Capital Resources

As at October 31, 1999 the Company had cash and cash equivalents of US\$1,536,456. There was a surplus of working capital (defined as the difference between current assets and current liabilities) of US\$1,597,537. The proceeds of this offering will be used to fund exploration on the Ntotoroso Property and

for general corporate purposes. See "Use of Proceeds". In mid 2000, the Company expects that it will be required to fund its proportion of expenditures on the Ntotoroso Property. At this stage, it is anticipated that Normandy LaSource will have earned its 50% interest by funding US\$6,500,000 in expenditures. The Company does not expect any dividends from its 31% interest in the Wassa Mine until repayment of the development loan, which is non-recourse to the Company. Cash distributions are expected to commence following repayment of the development loan.

As at October 31, 1999 the Company had options outstanding to purchase an aggregate of 2,000,000 Common Shares and warrants outstanding to purchase 213,614 Common Shares. In early 1999, warrants for the purchase of 1,680,000 Common Shares at a price of Cdn\$1.43 were exercised for proceeds to the Company of Cdn\$2,402,400.

Hedging

A hedge program involving the forward sale over four years of 236,000 ounces of gold at US\$324 per ounce was entered into in order to protect the Wassa project against a fall in the gold price and to meet operating costs and debt service requirements. See "Description of Properties – Wassa Property – Wassa Project Financing – Hedging".

Year 2000

Management of the Company had reviewed and addressed the year 2000 computer issues and as a result there was no material impact on the Company's financial condition or the conduct of the Company's normal business operations.

DIRECTORS AND OFFICERS

The following table sets out the name, municipality of residence, present position(s) held with the Company and principal occupations during the last five years (unless otherwise indicated) of each director and officer of the Company:

Name and Municipality of Residence	Position(s) Held with the Company	Principal Occupations During the Past Five Years
Noel P. Kiernan Dublin, Ireland	Chairman of the Board	Chairman of the Board of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man); senior officer (currently Chairman of the Board) of Pontil (a drilling company)
Brian P. Kiernan Dublin, Ireland	President, Chief Executive Officer and a director	Chief Executive Officer of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man)
Victor J. E. Jones Vancouver, British Columbia	Vice-President, Secretary and a director	Senior officer of the Company and President of Ellesmere Enterprises Ltd. (a management services company)

Name and Municipality of Residence	Position(s) Held with the Company	Principal Occupations During the Past Five Years
Albert C. Gourley Whitchurch-Stouffville, Ontario	Director	Lawyer with Macleod Dixon, Barristers & Solicitors, from March 1996 to present (partner of Macleod Dixon since January 1997); lawyer with Reid & Co., Barristers & Solicitors, from September 1995 to March 1996; prior to September 1995, senior counsel to Noranda Mining & Exploration Inc.
Michael E. Power Toronto, Ontario	Director	Vice-President of River Gold Mines Ltd. (September 1996 to present), and formerly Vice-President of Hemlo Gold Mines Inc.
Sylvester P. Boland Dublin, Ireland	Director	Chartered accountant, retired; corporate director; formerly a mining executive
Norman D.A. Hardie Toronto, Ontario	Director	Business consultant; formerly mining company manager and executive
J. Joseph Breen Cushendall, Northern Ireland	Chief Operating Officer	Chief Operating Officer of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man) (1996 to present); also a geological consultant
Rosemary G. O'Mongain Dublin, Ireland	Chief Financial Officer	Chief Financial Officer of the Company (December 1998 to present) and its subsidiary, Moydow (Isle of Man) (1995 to present); formerly a tax and audit consultant
Geoffrey G. Farr Toronto, Ontario	Assistant Secretary	Lawyer with Macleod Dixon, Barristers & Solicitors, from August 1998 to present; prior to August 1998, lawyer with Weir & Foulds, Barristers & Solicitors

The following are brief biographies of the senior officers and directors of the Company, as well as other key personnel of the Company:

Noel P. Kiernan - A geologist with 35 years experience in the mining and petroleum industries, including 16 years in West Africa; formerly managing director of Teberebie Goldfields; founder and formerly managing director of Glencar; currently Chairman of the Board of Pontil, a drilling company. He is Ghanaian Honourary Consul to Ireland.

Brian P. Kiernan - Chief Executive Officer of Moydow (Isle of Man) since 1993; formerly data communications consultant; graduate from the University of Ulster, Dublin, Ireland with a Bachelor of Arts (Hons.) in Business Studies.

Victor J.E. Jones – Sixteen years experience in the joint venture and financing of exploration projects; he has served as chief executive officer of several other public and private companies involved in international mineral exploration and technologies, and holds BSc and MBA degrees from McGill University.

Albert C. Gourley - Partner of Macleod Dixon, Barristers & Solicitors, which acts as counsel to the Company; executive member of Natural Resources Section, Canadian Bar Association (Ontario); member of Minister's Mining Act Advisory Committee (Ontario); director of Prospectors and Developers Association of Canada; formerly Senior Counsel to Noranda Mining and Exploration Inc. and Noranda Metallurgy Inc.

Michael E. Power - Vice-President and a director of River Gold Mines Ltd.; a professional engineer with over 30 years of experience in the mining industry in Canada; Chartered Financial Analyst; formerly Vice-President of Corporate Development at Hemlo Gold Mines Inc. (now Battle Mountain Gold Company).

Sylvester P. (Paddy) Boland - Retired chartered accountant and mining executive; corporate director; formerly actively involved in the mining and exploration industry in Ireland and Canada for over 26 years; formerly director, Executive Vice-President and Chief Financial Officer, 1978 to 1991, of Northgate Exploration Limited.

Norman D.A. Hardie - Business consultant; currently a director of several public resource companies; formerly Regional General Manager, Normandy Mining Limited, 1996-1997; Vice-President, Inmet Mining Limited, 1987-1996; prior to 1987, an executive and manager at Philipp Brothers Inc. and the Anglo-American Corporation; graduate of the University of Witwatersrand, South Africa with a B.Sc. (Mining Eng.) and Cambridge University with a M.A. (Economics).

J. Joseph (Joe) Breen - Chief Operating Officer of Moydow (Isle of Man) since 1996; a geologist with 25 years experience in base and precious metal exploration in North and South America, Europe, Asia and Africa; formerly project geologist and senior exploration geologist for major mining companies, including Noranda and Phelps Dodge; co-founder of a Calgary based junior mining company, Goldquest Inc.; associated with major finds including the Mina Angela gold/silver deposit in southern Argentina, the Paracatu lead/zinc mine in Brazil and the Wassa deposit.

Rosemary (Roma) G. O'Mongain - A member of the Association of Chartered Certified Accountants with 11 years experience, specializing in finance, audit and tax planning; graduate from University College Galway, Ireland with a Bachelor of Commerce degree.

Dr. Paul Blay - Project Manager for Moydow (Ghana) and a director of Rank; former divisional director, Eastern region, Ghanaian Geological Survey; former chair of Geology at Benghazi University, Libya and founder of Economic Geology department at Benghazi University; graduate of the Royal School of Mines (London) with a Ph.D in structural geology.

John P. Barry - Chief Geologist for the Company; M.Sc in structural geology from Pennsylvania State University; 12 years mineral exploration experience specifically in archaean lode-gold deposits in Ghana, Tanzania and Western Australia and stratabound lead-zinc deposits in Ireland and Vietnam.

EXECUTIVE COMPENSATION

Ontario securities law requires that a "Statement of Executive Compensation" in accordance with Form 40 to the Regulation to the *Securities Act* (Ontario) be included in this prospectus. Form 40 prescribes the disclosure requirements in respect of the compensation of the executive officers and directors of reporting issuers. The only executive officers of an issuer for whom disclosure is required under Form 40 are the Chief Executive Officer of the issuer and each of the issuer's four most highly compensated executive officers, other than the Chief Executive Officer and other than an executive officer whose total salary and bonus does not exceed Cdn\$100,000. Based on these requirements, Brian P. Kiernan, Chief Executive Officer and President of the Company, is the only executive officer of the Company for whom disclosure is required. The following addresses the applicable items identified in Form 40.

Summary Compensation Table

The following table sets forth certain information with respect to the compensation of Mr. Kiernan for the financial years of the Company ended December 31, 1999 and December 31, 1998.

Name	Year Ended	Annual Compensation			Long Term Compensation	
		Salary	Bonus	Other Annual Compensation	Securities under Options Granted (#)	All other Compensation
Brian P. Kiernan	Dec. 31, 1999	Nil	Nil	US\$78,600 ⁽¹⁾	400,000	Nil
	Dec. 31, 1998 ⁽²⁾	Nil	Nil	US\$5,074	Nil	Nil

(1) During 1999, Mr. Kiernan's services as Chief Executive Officer and President of the Company were provided pursuant to a management services arrangement between the Company and Minerex Limited. Under this arrangement, Minerex Limited provided to the Company certain management, administrative, financial, technical and other support services. Mr. Kiernan's services are now provided pursuant to an employment agreement with the Company. See "Executive Compensation – Employment Contracts."

(2) Mr. Kiernan became Chief Executive Officer and President of the Company on December 9, 1998 pursuant to the terms of the RTO Transaction. See "The Company" and "Interest of Management and Others in Material Transactions".

Long-Term Incentive Plan Awards

The Company did not have a long-term incentive plan within the meaning of Form 40 (the definition of "long-term incentive plan" contained in Form 40 expressly excludes a stock option plan) during the financial year ended December 31, 1999.

Stock Options

The following table sets forth certain information with respect to stock options of the Company granted to Mr. Kiernan during the financial year ended December 31, 1999.

Name	Shares Under Options Granted	% of Total Options Granted in Year	Exercise Price	Market Value of Shares Underlying Options on the Date of Grant ⁽¹⁾	Expiration Date
Brian P. Kiernan	250,000	13.21%	Cdn\$1.00	Cdn\$1.00	Feb. 5, 2004
	150,000	7.93%	Cdn\$1.15	Cdn\$1.15	Sept. 24, 2004

(1) The market value figures identified in this column of the table are the closing sale price per share of the Common Shares as reported by the TSE on the day before the options in question were granted.

No stock options of the Company were exercised by Mr. Kiernan during the financial year ended December 31, 1999. The following table sets forth the value of the stock options of the Company held by Mr. Kiernan as at December 31, 1999, all of which options are currently exercisable.

<u>Name</u>	<u>Unexercised Options at Dec. 31, 1999</u>	<u>Value of Unexercised in-the-Money Options at Dec. 31,1999</u>
Brian P. Kiernan	400,000	Cdn\$317,500

Stock Option Repricings

The Company did not during the financial year ended December 31, 1999 reprice downward any stock options.

Defined Benefit or Actuarial Plan Disclosure

The Company does not have a defined benefit or actuarial plan.

Employment Contracts

The Company and Brian P. Kiernan have entered into an agreement effective January 1, 2000 (the "Brian Kiernan Contract") which sets forth the terms and conditions upon which Mr. Kiernan performs the services of Chief Executive Officer and President of the Company. Under the Brian Kiernan Contract, Mr. Kiernan's annual salary for the year 2000 is set at IR£60,000 (which is currently approximately Cdn\$109,000). The Brian Kiernan Contract also provides that, if Mr. Kiernan's employment is terminated by reason of his death or disability, Mr. Kiernan (or his family, as the case may be) is entitled to receive from the Company the sum of IR£180,000 (which is currently approximately Cdn\$327,000). If during the period commencing on the date of a change in the control of the Company and ending on the third anniversary thereof Mr. Kiernan's employment is terminated by the Company other than for "just cause" (as defined in the Brian Kiernan Contract), disability or death or is terminated by Mr. Kiernan for "good reason" (as defined in the Brian Kiernan Contract), the Company must pay to Mr. Kiernan, within 10 days after the date of termination, any unpaid salary to the date of termination and, as compensation for Mr. Kiernan's loss of employment, three times Mr. Kiernan's then annual salary.

Compensation of Directors

During the financial year ended December 31, 1999, no director of the Company was compensated by the Company for his services in his capacity as a director other than as follows: (a) each non-executive director of the Company received directors' fees of US\$6,000 in the aggregate, and (b) the directors of the Company were granted stock options entitling the holders thereof to purchase an aggregate of 1,425,000 Common Shares (these stock options include the stock options granted to Brian Kiernan as described under "Executive Compensation – Stock Options"). Each such stock option has a five year term and an exercise price per share of either Cdn\$1.00 or Cdn\$1.15 depending on the date of grant.

No director of the Company was compensated by the Company during the financial year ended December 31, 1999 for services as a consultant or expert. The Company did incur legal expenses of Cdn\$133,053 to Macleod Dixon (which acts as counsel to the Company), however, during the financial year ended December 31, 1999. Albert C. Gourley, a director of the Company, is a partner of Macleod Dixon.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No director or officer of the Company or associate of any such director or officer is, or at any time since the beginning of the Company's financial year ended December 31, 1998 has been, indebted to the Company or any of its subsidiaries.

PRINCIPAL SHAREHOLDER

To the knowledge of the directors and senior officers of the Company, no person or corporation beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the outstanding Common Shares, other than as follows:

<u>Name and Municipality of Residence</u>	<u>Number of Common Shares Before Offering</u>	<u>Percentage</u>	<u>Number of Common Shares After Offering⁽¹⁾</u>	<u>Percentage⁽¹⁾</u>
Noel P. Kiernan ⁽²⁾ Dublin, Ireland	9,714,520	41.34%	9,714,520	36.14%

(1) Assuming the issuance of the 3,382,352 Common Shares to be qualified by this prospectus.

(2) Mr. Kiernan is Chairman of the Board of the Company (see "Directors and Officers"). Mr. Kiernan holds his shares directly and indirectly through Pontil and Stanley Secretarial Services Limited.

The directors and officers of the Company, as a group, beneficially own, directly or indirectly, 9,824,745 Common Shares, representing 41.81% of the presently issued and outstanding Common Shares and 36.55% of the issued and outstanding Common Shares after giving effect to this offering.

ESCROWED SHARES

Of the 23,498,795 Common Shares outstanding as at February 17, 2000, 3,718,608 or 15.83% are held in escrow by the Company's transfer agent, Montreal Trust Company of Canada, pursuant to an escrow agreement dated December 9, 1998 (the "Escrow Agreement"). The Escrow Agreement provides that one-third of the Common Shares deposited in escrow thereunder will be released from escrow upon each of the first, second and third anniversaries of the date of the Escrow Agreement. To date, one-third or 1,859,304 of the Common Shares deposited under the Escrow Agreement have been released from escrow.

STOCK OPTION PLAN

The Company has a stock option plan (the "Plan") the principal purposes of which are to (a) promote a proprietary interest in the Company among the officers, directors and employees of the Company and its affiliates, (b) retain and attract the qualified officers, directors and employees the Company requires, (c) provide a long-term incentive element in overall compensation, and (d) promote the long-term profitability of the Company. The Plan provides that the number of Common Shares that may be issued pursuant to the exercise of options granted under the Plan ("Options") shall not exceed 2,000,000; however, the board of directors of the Company (the "Board") has determined that shareholders of the Company will be asked at the next meeting of shareholders (expected to be held in April 2000) to approve an amendment to the Plan to increase this number from 2,000,000 to 4,000,000. The Plan authorizes the Board, or a committee thereof, to grant Options from time to time to officers, directors and employees of the Company and its affiliates.

Under the Plan, options are non-assignable and may be granted for a term not exceeding ten years. The number of Common Shares that may be reserved for issuance to any one person pursuant to Options must not exceed 5% of the outstanding Common Shares. The exercise price of an Option may not be lower than the closing price of the Common Shares on the TSE on the business day immediately preceding the date the Option is granted. If an optionee ceases to be an officer, director or employee of the Company other than by reason of the death of such optionee, any outstanding Option held by such optionee will expire one month after the date of termination of service, or such later date as the Board may determine. In the event of the death of an optionee, any outstanding Option held by the optionee will be exercisable by such optionee's representatives for a period of twelve months after such death. Outstanding Options may be adjusted by the Board in certain events, as to exercise price and number of Common Shares, to prevent dilution or enlargement.

There are presently outstanding Options (the "Outstanding Options") to purchase an aggregate of 1,951,667 Common Shares. As well, at a meeting held on January 14, 2000, the Board approved the grant of additional Options (the "Conditional Options") exercisable for an aggregate of 1,480,000 Common Shares, however, such grant was made subject to and conditional upon regulatory approval and shareholders approving the proposed amendment to the Plan as described above. The following table sets forth certain information relating to the Outstanding Options as well as the Conditional Options.

<u>Group (number of persons)</u>	<u>Date of Grant</u>	<u>Number of Common Shares</u>	<u>Exercise Price Per Common Share (Cdn\$)</u>	<u>Expiry Date</u>	<u>Market Value at Time of Grant (Cdn\$)⁽⁴⁾</u>
Executive Officers (5)	Sept. 29, 1997	56,667	\$2.16	Sept. 29, 2002	\$2.16
	Feb. 5, 1999	700,000	\$1.00	Feb. 5, 2004	\$1.00
	Sept. 24, 1999	350,000	\$1.15	Sept. 24, 2004	\$1.15
	Jan. 14, 2000	1,025,000	\$1.70	Jan. 14, 2005	\$1.58
Directors (4) ⁽¹⁾	Feb. 5, 1999	350,000	\$1.00	Feb. 5, 2004	\$1.00
	Sept. 24, 1999	250,000	\$1.15	Sept. 24, 2004	\$1.15
	Jan. 14, 2000	300,000	\$1.70	Jan. 14, 2005	\$1.58
Employees (4) ⁽²⁾	Feb. 5, 1999	50,000	\$1.00	Feb. 5, 2004	\$1.00
	Sept. 24, 1999	132,500	\$1.15	Sept. 24, 2004	\$1.15
	Jan. 14, 2000	115,000	\$1.70	Jan. 14, 2005	\$1.58
Others (3) ⁽³⁾	Sept. 29, 1997	2,500	\$2.40	Sept. 29, 2002	\$2.16
	Sept. 24, 1999	60,000	\$1.15	Sept. 24, 2004	\$1.15
	Jan. 14, 2000	<u>40,000</u>	\$1.70	Jan. 14, 2005	\$1.58
Total:		<u>3,431,667</u>			

(1) Directors of the Company who are not also executive officers of the Company.

(2) Employees of the Moydow Group who are not also executive officers of the Company.

(3) The following individuals hold these Options: Geoffrey G. Farr (Assistant Secretary of the Company), Ultan O'Neil (consultant to the Company) and Jennifer Nestoruk (consultant to the Company).

(4) Represents the closing sale price per share of the Common Shares (the "Closing Price") on the business day immediately preceding the date the Options in question were granted as reported by the TSE. The Closing Price on February 17, 2000 was Cdn\$1.40.

DIVIDEND RECORD AND POLICY

The Company has not paid any dividends on its outstanding Common Shares and management of the Company does not anticipate that the Company will pay dividends on its shares in the foreseeable future. The Company's board of directors, from time to time, and on the basis of any earnings and the Company's financial requirements or any other relevant factor, will determine the future dividend policy of the Company with respect to its Common Shares.

PRIOR SALES

During the past twelve months, the Company has issued the following Common Shares:

<u>Date</u>	<u>No. of Common Shares Issued</u>	<u>Price Per Share (Cdn\$)</u>	<u>Type of Transaction</u>
March 31, 1999	1,120,000	\$1.43	Exercise of Warrants
April 21, 1999	560,000	\$1.43	Exercise of Warrants
December 1, 1999	1,580	\$0.95	Exercise of Warrants

PRICE RANGE AND TRADING VOLUME OF THE COMMON SHARES

The Common Shares are listed and posted for trading on the TSE under the symbol "MOY". The following table sets forth the high and low sale prices and the volume of trading of the Common Shares as reported by the TSE for the calendar periods indicated. All dollar figures are expressed in Canadian dollars.

	<u>Price Range</u>		<u>Trading Volume (Shares)</u>
	<u>High (\$)</u>	<u>Low (\$)</u>	
1998⁽¹⁾			
First Quarter	2.04	0.72	497,492
Second Quarter	1.08	0.48	116,177
Third Quarter	1.92	0.72	156,542
Fourth Quarter	1.80	0.72	38,102
1999			
First Quarter	1.70	0.50	2,789,472
Second Quarter	1.75	1.15	2,225,748
July	1.50	1.10	156,752
August	1.25	1.08	103,414
September	1.50	1.08	154,440
October	1.90	1.50	229,989
November	1.98	1.65	728,847
December	1.94	1.52	1,624,737
2000			
January	1.80	1.32	149,532
February (to February 17)	1.75	1.32	135,275

(1) On December 9, 1998, the Company completed the RTO Transaction. See "The Company". In accordance with the terms of the RTO Transaction, the Common Shares were consolidated on a 12 for 1 basis. The price range and trading volume figures prior to the RTO Transaction have been adjusted to reflect this consolidation.

The closing price of the Common Shares on the TSE on February 17, 2000, as reported by such exchange, was Cdn\$1.40 per share.

RISK FACTORS

An investment in the securities offered hereunder should be considered speculative due to the nature of the Company's involvement in the exploration and development of gold mining properties. Prospective investors should carefully consider, in particular, the following risks in addition to the other information set forth in this prospectus:

Gold Prices/Hedging

The profitability of any gold mining operations in which the Moydow Group has an interest will be significantly affected by changes in the market price of gold. Gold prices fluctuate on a daily basis and are affected by numerous factors beyond the Moydow Group's control. The level of interest rates, the rate of inflation, central bank sales, world supply of gold and stability of exchange rates, among other factors, can cause significant fluctuations in gold prices. Such external factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of gold has historically fluctuated widely and, depending on the price of gold, revenues from mining operations may not be sufficient to offset the costs of such operations.

In addition, Satellite has entered into a series of hedging arrangements with SBL. These arrangements entitle SBL to make margin calls against Satellite should the price of gold increase above US\$334 per ounce. In such a case, there is no guarantee that Satellite would be able to finance such margin calls and it could be forced into receivership, bankruptcy or similar proceedings. Given the recent volatility of the gold price, there is considerable risk that the gold price could exceed US\$334 per ounce.

Lack of Cash Flow and Requirements for New Capital

The Moydow Group's current operations do not generate any positive cash flow and it is not anticipated that any positive cash flow will be generated for some time. Under the terms of the Project Financing for the Wassa project, any net cash flow generated by the project over and above that necessary for operations is applied to pay down the Project Financing including interest. It is currently anticipated that no net free cash flow will be available from the Wassa project to fund any other operations of the Moydow Group for at least three years. The Moydow Group has limited financial resources and leases and licences which the Moydow Group holds and shareholders' and joint venture agreements to which the Moydow Group is a party impose financial obligations on the Moydow Group. There can be no assurance that additional funding will be available to allow the Moydow Group to fulfil such obligations.

Further exploration and development of the various mineral properties in which the Moydow Group holds interests depends upon the Moydow Group's ability to obtain financing through the joint venturing of projects, debt financing, equity financing or other means. The location of the mineral properties in which the Moydow Group holds interests in developing countries may make it more difficult, or impossible, for the Moydow Group to obtain debt financing from senior lenders. Failure to obtain additional financing on a timely basis could cause the Moydow Group to forfeit all or parts of its interests in some or all of its properties or joint ventures and reduce or terminate its operations.

Exploration Risks

Exploration for gold is speculative in nature, involves many risks and is frequently unsuccessful. Any gold exploration programme entails risks relating to the location of economic ore bodies, development of appropriate metallurgical processes, receipt of necessary governmental approvals and construction of mining and processing facilities at any site chosen for mining. The commercial viability of a mineral deposit is dependent on a number of factors including the price of gold, exchange rates, the particular attributes of the deposit, such as its size, grade and proximity to infrastructure, as well as other factors including financing costs, taxation, royalties, land tenure, land use, water use, power use, importing and exporting gold and environmental protection. The effect of these factors cannot be accurately predicted.

Except for the Wassa Property, all of the resource properties in which the Moydow Group has an interest or right are in the exploration or development stages only and are without reserves of gold or other minerals. There can be no assurance that the current or proposed exploration or development programmes on properties in which the Moydow Group has an interest will result in the discovery of gold mineralization or will result in a profitable commercial mining operation.

Lack of Operating History and Operational Control

The Moydow Group has no current source of revenue and its success depends on its ability to generate profits from its properties. The Moydow Group currently has no producing properties, other than the Wassa Property, and operates at a loss. The Moydow Group is largely dependent on the successful operation of the Wassa Property and the successful commercial development of the Ntotoroso Property. In addition, the Wassa Property is indirectly controlled by Glencar. There can be no assurance that Glencar will operate the property on a profitable basis, nor that Glencar will avoid bankruptcy, receivership or other proceedings reflecting insolvency. Moydow management believes that both Satellite and Glencar may lack sufficient working capital to ensure the continued operation of the Wassa Mine. In an effort to improve its working capital, Glencar proposed a financing on January 27, 2000, however, the financing was subsequently withdrawn on February 18, 2000, apparently due to lower than anticipated production in the first two months of 2000.

Political and Regulatory Risks

The Moydow Group is conducting exploration and development activities in the West African country of Ghana. Ghana had its first democratic election in 1992, followed by a further election in 1996. In each case, President Jerry Rawlings won the election. The government of Ghana, under President Rawlings' leadership, has supported the development of its natural resources by foreign operators. Nevertheless, there is no assurance that future political and economic conditions in Ghana will not result in the government adopting different policies respecting foreign development and ownership of mineral resources. In this regard, President Rawlings cannot stand for reelection for a 3rd consecutive time pursuant to the Ghanaian constitution and an election is mandatory by no later than December, 2000.

Changes in government policy may result in changes to laws affecting ownership of assets, mining policies, monetary policies, taxation, rates of exchange, environmental regulations, labour relations, repatriation of income and return of capital. This may affect both the Moydow Group's ability to undertake exploration and development activities in respect of present and future properties in the manner currently contemplated, as well as its ability to continue to explore, develop and operate those properties in which it has an interest or in respect of which it has obtained exploration and development rights to date. The possibility that future governments of these and other countries may adopt substantially different policies, which might extend to expropriation of assets, cannot be ruled out.

Environmental Risks

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Moydow Group's operations. Environmental hazards may exist on the properties in which the Moydow Group holds interests that have been caused by previous or existing owners or operators.

Compliance with environmental, reclamation, closure and other requirements may involve significant costs and other liabilities. The EPA has broad powers under environmental assessment legislation to suspend, cancel or revoke an environmental permit or certificate in cases of non compliance with laws, permits, certificates and mitigation commitments in an EIA or environmental management plan. The EPA also may suspend a permit or certificate in the event of an occurrence of fundamental changes in the environment due to natural causes before or during the implementation of an undertaking.

Calculation of Reserves and Metal Recovery

There is a degree of uncertainty attributable to the calculation of reserves, resources and corresponding grades being dedicated to future production. Until reserves or resources are actually mined and processed, the quantity of reserves or resources and grades must be considered as estimates only. In addition, the quantity of reserves or resources may vary depending on metal prices. Any material change in the quantity of reserves, resource grade or stripping ratio may affect the economic viability of the Moydow Group's properties. In addition, there can be no assurance that mineral recoveries in small scale laboratory tests will be duplicated in large tests under on-site conditions or during production.

Dependence on Key Personnel

The Moydow Group is dependent on a relatively small number of key personnel the loss of any one of whom could have an adverse effect on the Moydow Group. In addition, while certain of the Company's officers and directors have experience in the exploration and operation of gold producing properties, the Moydow Group will remain highly dependent upon contractors and third parties in the performance of its exploration and development activities. As such there can be no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Moydow Group or be available upon commercially acceptable terms.

Title Matters

The Moydow Group has investigated its rights to explore, exploit and develop its various properties and, to the best of its knowledge, those rights are in good standing under the legal regime of Ghana, except as noted herein. No assurance can be given that the Ghanaian government will not significantly alter the conditions of or revoke the applicable exploration or mining authorizations or that such exploration and mining authorizations will not be challenged or impugned by third parties. In addition, there can be no assurance that the properties in which the Moydow Group has an interest are not subject to prior unregistered agreements, transfers or claims and title may be affected by undetected defects.

The Ghana mining law entitles the Republic of Ghana to a free 10% carried equity interest in all mineral properties in Ghana. Pursuant to the Ghana Mining Law, the Republic of Ghana also has an option to acquire, on terms as shall be agreed upon between the holder of the mining lease and the government of Ghana or, failing such agreement, as determined by arbitration, an additional 20% interest in any mineral properties. To the knowledge of the Moydow Group, this purchase option has never been exercised. There can be no assurance that the government of Ghana will not decide to exercise this right in the future or that the price at which such option would be exercised would reflect the then current value of the property concerned.

A significant portion of the Wassa lease area is within a forest reserve and government approval and forest access permits may be required to explore and develop this portion of the property. The delineated reserves in respect of the Wassa Property, that is, the Main Zone, Dead Man's Hill Zone and the Southeast Zone, lie outside of the forest reserve. In addition, certain terms of the Wassa mining lease and the Moydow Group's prospecting licences are not in strict compliance with applicable mining law. Based on advice from Ghanaian counsel, the Moydow Group does not believe that such non-compliance will lead to serious repercussions, such as the possible cancellation of the Moydow Group's mineral properties.

Currency Risk

Currency fluctuations may affect the cash flow which the Moydow Group may realize from its operations, since gold is sold in a world market in U.S. dollars. The Moydow Group's costs are incurred in Canadian dollars, U.S. dollars as well as the currency of Ghana and may be incurred in other currencies. The currency of Ghana is currently convertible directly and indirectly into Canadian and U.S. dollars, however, there is no guarantee that it will continue to be so convertible.

Repatriation of Capital and Distribution of Earnings

Currently there are no significant restrictions on the repatriation of capital and distribution of earnings from Ghana to foreign entities. There can be no assurance, however, that restrictions on repatriation of capital or distributions of earnings from Ghana will not be imposed in the future.

Tax

Amendments to current taxation laws and regulations which alter tax rates and/or capital allowances could have a material adverse impact on the Company. The Company has a number of subsidiaries and related companies that operate in a number of different tax jurisdictions. At present, profits from the Moydow Group would most likely be generated in Ghana and will be susceptible to taxation in that jurisdiction, as well as Canada and the Isle of Man. See "The Company".

DILUTION

This offering results in immediate and substantial dilution. The effective price paid for a Common Share through the purchase of a Special Warrant of Cdn\$1.70 exceeds the Company's unaudited net tangible book value per Common Share as at October 31, 1999, adjusted to account for the issue of 3,382,352 Common Shares upon exercise of the Special Warrants under this offering, by Cdn\$1.00 representing a dilution factor of 59% per Common Share as represented by Special Warrants as calculated in the following table:

DILUTION PER SPECIAL WARRANT AS AT OCTOBER 31, 1999
(as represented by Common Shares)
(Cdn\$)

Price per Special Warrant	\$1.70
Consolidated net tangible book value before giving effect to this issue	\$0.57
Increase in consolidated net tangible book value from offering	\$0.13
Consolidated net tangible book value after giving effect to this issue	\$0.70
Dilution to subscribers based on net tangible book value	\$1.00
Percentage of dilution in relation to the offering price	59%

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described below and other than the Debt Conversion Agreement referred to under “Description of Properties – Ntoroso Property – Ownership”, management of the Company is not aware of any material interest, direct or indirect, of any director or senior officer of the Company, any person or company beneficially owning, directly or indirectly, more than 10% of the Common Shares, or any associate or affiliate of any of them in any transaction within the last three years or in any proposed transaction which in either case has materially affected or will materially affect the Company or any of its subsidiaries.

On December 9, 1998, the Company completed the acquisition (the “RTO Transaction”) of all of the outstanding shares and warrants of Moydow (Isle of Man) through the issuance to the shareholders and warrant holders of Moydow (Isle of Man) of shares and warrants of the Company. The terms of the RTO Transaction were set forth in the information circular dated August 31, 1998 distributed to shareholders of the Company in connection with the shareholders’ meeting held on October 16, 1998 to approve the RTO Transaction (shareholders approved the RTO Transaction at such meeting). Noel P. Kiernan, who is Chairman of the Board and the largest beneficial shareholder of the Company (see “Directors and Officers” and “Principal Shareholder”), acquired his shares of the Company pursuant to the terms of the RTO Transaction and his interest in Moydow (Isle of Man). Under such terms, the Company purchased each outstanding share of Moydow (Isle of Man) in consideration for 140 Common Shares issued by the Company at a price of Cdn\$0.95 per Common Share. As well, all of the current senior officers and directors of the Company were appointed to their respective positions pursuant to the terms of the RTO Transaction. See also “The Company”.

Noel P. Kiernan purchased directly and indirectly an aggregate of 2,507 shares of Moydow (Isle of Man) at a price of Cdn\$133 per share pursuant to a Cdn\$2 million private placement completed by Moydow (Isle of Man) on December 9, 1998 prior to the completion of the RTO Transaction. Each of these shares was subsequently exchanged for 140 Common Shares of the Company (or 350,980 Common Shares in the aggregate) in accordance with the terms of the RTO Transaction.

Noel P. Kiernan is the controlling shareholder of Pontil, which has performed drilling services for Satellite at the Wassa Property and Rank at the Ntoroso Property (see “Description of Properties”) and which is anticipated to perform services for the Moydow Group in the future. All contracts entered into by Pontil with the Moydow Group have been at commercially competitive rates. During the twelve month periods ended December 31, 1998 and December 31, 1999, an aggregate of US\$1,095,399 and US\$2,366,812, respectively, was paid to Pontil pursuant to such contracts.

During 1999 the Company and Minerex Limited (“Minerex”) had an arrangement whereby Minerex provided certain management, administrative, financial, technical and other support services to the Company, including the services of Brian P. Kiernan as Chief Executive Officer and President of the Company and Noel P. Kiernan as Chairman of the Board of the Company. Noel P. Kiernan is the controlling shareholder of Minerex. As remuneration for such services, the Company paid to Minerex a specified percentage of the actual cost for the services and an overhead charge of 15%. This arrangement was formalized pursuant to a management services agreement dated as of January 1, 2000 entered into between the Company and Minerex (the “Minerex Services Agreement”), provided, however, that the services provided by Minerex no longer include the services of Brian P. Kiernan or Noel P. Kiernan, who now have employment agreements with the Company (see “Material Contracts”).

LEGAL PROCEEDINGS

There are no legal proceedings to which the Company or any of its subsidiaries is a party or of which any of their property is the subject, and no such proceedings are known by the Company to be contemplated.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Moydow Group in the two years immediately prior to the date hereof which can reasonably be regarded as presently material to an investor in respect of the securities being offered hereunder are the following:

1. the DACTA referred to under “Description of Properties – Wassa Property – Wassa Project Financing”;
2. the Ensign/Moydow Security Agreement referred to under “Description of Properties – Wassa Property – Wassa Project Financing”;
3. the Wassa Holdings Subordination Agreement referred to under “Description of Properties – Wassa Property – Wassa Project Financing”;
4. the Rank Farm-In Shareholders Agreement referred to under “Description of Properties – Ntotoroso Property - Ownership”;
5. the Kanyankaw 2000 Agreement referred to under “Description of Properties – Kanyankaw East and Kanyankaw West Properties - Ownership”;
6. the Brian Kiernan Contract referred to under “Executive Compensation – Employment Contracts”;
7. an agreement between the Company and Noel P. Kiernan dated effective January 1, 2000 which sets forth the terms and conditions upon which Mr. Kiernan performs the services of Chairman of the Board of the Company, which terms and conditions are substantially the same as those contained in the Brian Kiernan Contract;
8. the Minerex Services Agreement referred to under “Interest of Management and Others in Material Transactions”;
9. the Agency Agreement referred to under “Plan of Distribution”;
10. the Special Warrant Indenture referred to under “Plan of Distribution”;
11. the Warrant Indenture referred to under “Plan of Distribution”; and
12. the subscription agreements related to the private placement of Special Warrants completed on November 26, 1999 referred to under “Plan of Distribution”.

Copies of these agreements will be available for inspection at the head office of the Company and at the offices of Macleod Dixon, Barristers and Solicitors, BCE Place, Canada Trust Tower, Suite 3900, 161 Bay Street, Toronto, Ontario, M5J 2S1 during normal business hours while the securities offered by this prospectus are in the course of distribution and for a period of 30 days thereafter.

LEGAL MATTERS

Certain legal matters relating to this offering have been passed upon on behalf of the Company by Macleod Dixon, Toronto, Ontario and on behalf of the Agent by Stikeman, Elliott, Toronto, Ontario. Partners and associates of Macleod Dixon and Stikeman, Elliott beneficially own less than 1% of the issued and outstanding Common Shares.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are PricewaterhouseCoopers LLP, Chartered Accountants, Toronto, Ontario who have been the auditors since December 9, 1998. Prior to December 9, 1998, KPMG LLP, Chartered Accountants, were the auditors of the Company. Montreal Trust Company of Canada, at its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares, the Special Warrants and the Warrants.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus, or any amendment thereto, contains a misrepresentation or is not delivered to the purchaser, provided that the purchaser exercises such remedies for rescission or damages within the time limit prescribed by the securities legislation of the applicable province. The purchaser should refer to the securities legislation of the province in which the purchaser resides for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant who acquires a Common Share upon the exercise of a Special Warrant as provided for in this prospectus is or becomes entitled under applicable legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, the holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled, in connection with such rescission, to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant. In the event the holder is a permitted assignee of the interest of the original Special Warrant subscriber, that permitted assignee shall be entitled to exercise the rights of rescission and refund described herein as if the permitted assignee was the original subscriber. The foregoing is in addition to any other right or remedy available to a holder of the Special Warrant under applicable securities legislation or otherwise at law.

AUDITORS' REPORT TO THE DIRECTORS OF MOYDOW MINES INTERNATIONAL INC.

We have audited the consolidated balance sheets of Moydow Mines International Inc. as at December 31, 1998 and 1997 and the consolidated statements of operations and deficit, and cash flows for each of the years ended December 31, 1998, 1997 and 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and its cash flows for each of the years ended December 31, 1998, 1997 and 1996 in accordance with generally accepted accounting principles.

"PricewaterhouseCoopers LLP"

Chartered Accountants

Toronto Canada

March 31, 1999, except as to note 10 which is as of November 26, 1999.

MOYDOW MINES INTERNATIONAL INC.
(formerly Westley Mines International Inc.)
CONSOLIDATED BALANCE SHEETS
(expressed in United States dollars, unless otherwise stated)

	As At		
	October 31 <u>1999</u> (unaudited)	December 31 <u>1998</u>	December 31 <u>1997</u>
Assets			
Current assets			
Cash and cash equivalents	\$1,536,456	\$1,046,750	\$674,794
Accounts receivable	198,870	174,730	141,954
Inventory	-	<u>1,618</u>	-
Total current assets	1,735,326	1,223,098	816,748
Resource properties (Note 5)	2,959,681	2,839,015	2,359,437
Investment in equity associate (Note 6)	4,431,055	4,111,227	4,106,979
Other assets (Note 4)	<u>239,784</u>	<u>322,018</u>	<u>170,890</u>
Total assets	<u>9,365,846</u>	<u>8,495,358</u>	<u>7,454,054</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 7)	<u>137,789</u>	<u>708,427</u>	<u>512,567</u>
Total Liabilities	137,789	708,427	512,567
Shareholders' equity			
Capital stock (Notes 8 & 10)	11,561,662	9,958,761	8,068,899
Deficit	<u>(2,333,605)</u>	<u>(2,171,830)</u>	<u>(1,127,412)</u>
	<u>9,228,057</u>	<u>7,786,931</u>	<u>6,941,487</u>
Total liabilities and shareholders' equity	<u>\$9,365,846</u>	<u>\$8,495,358</u>	<u>\$7,454,054</u>

The notes to the audited consolidated financial statements are an integral part of these statements.

Approved by the Board

“Brian Kiernan”

Brian Kiernan (Director)

“Sylvester Boland”

Sylvester Boland (Director)

MOYDOW MINES INTERNATIONAL INC.
(formerly Westley Mines International Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(expressed in United States dollars, unless otherwise stated)

	<u>Ten month period ended</u>		<u>Year ended</u>		
	<u>October 31</u> <u>1999</u> (unaudited)	<u>October 31</u> <u>1998</u> (unaudited)	<u>December 31</u> <u>1998</u>	<u>December 31</u> <u>1997</u>	<u>December 31</u> <u>1996</u> (as restated)
Operating revenue					
Operator's fees	\$191,837	\$198,730	\$213,814	\$345,323	\$-
Advisory services	<u>73,808</u>	<u>56,730</u>	<u>58,354</u>	-	-
	<u>265,645</u>	<u>255,460</u>	<u>272,168</u>	<u>345,323</u>	-
Operating expenses					
General and administrative expenses	800,300	383,818	456,858	1,173,851	8,232
Write down of resource properties	-	-	871,778	-	-
Amortization	<u>5,945</u>	-	<u>1,695</u>	-	-
	<u>806,245</u>	<u>383,818</u>	<u>1,330,331</u>	<u>1,173,851</u>	<u>8,232</u>
Operating loss	(540,600)	(128,358)	(1,058,163)	(828,528)	(8,232)
Other income					
Profit on sale of other assets	30,008	-	-	-	-
Share of earnings of equity associate (Note 6)	319,828	-	4,248	6,139	(300,178)
Interest income	<u>28,989</u>	<u>9,250</u>	<u>9,497</u>	-	<u>3,387</u>
	<u>378,825</u>	<u>9,250</u>	<u>13,745</u>	<u>6,139</u>	<u>(296,791)</u>
Net loss	(161,775)	(119,108)	(1,044,418)	(822,389)	(305,023)
Deficit, beginning of period	(2,171,830)	(1,127,412)	(1,127,412)	(305,023)	-
Deficit, end of period	\$(2,333,605)	\$(1,246,520)	\$(2,171,830)	\$(1,127,412)	\$(305,023)
Basic and fully diluted loss per share (Note 2)	\$(.007)	\$(.006)	\$(.06)	\$(.05)	\$(.02)
Weighted average number of common shares outstanding	22,999,946	18,200,000	18,418,023	15,484,382	14,840,000

The notes to the audited consolidated financial statements are an integral part of these statements.

MOYDOW MINES INTERNATIONAL INC.
(formerly Westley Mines International Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOW
(expressed in United States dollars, unless otherwise stated)

	<u>Ten month period ended</u>		<u>Year ended</u>		
	<u>October 31</u> <u>1999</u> (unaudited)	<u>October 31</u> <u>1998</u> (unaudited)	<u>December 31</u> <u>1998</u>	<u>December 31</u> <u>1997</u>	<u>December 31</u> <u>1996</u> (as restated)
Operating activities					
Net loss	\$(161,775)	\$(119,108)	\$(1,044,418)	\$(822,389)	\$(305,023)
Adjustments For:					
Write-down of resource properties			871,778	-	-
Share of earnings of equity associate	(319,828)		(4,248)	(6,139)	300,178
Amortization of capital assets	5,945	-	1,695	-	-
Profit on foreign exchange	(14,029)	-	-	-	-
Profit on sale of other assets	<u>(30,008)</u>	-	-	-	-
	<u>(357,920)</u>	-	<u>869,225</u>	<u>(6,139)</u>	<u>300,178</u>
Changes in non-cash working capital					
Increase in accounts receivable	(24,140)	(112,984)	(19,601)	(74,972)	-
Increase/decrease in inventory	1,618	-	(1,618)	-	-
Increase/decrease in accounts payable and accrued liabilities	<u>(570,638)</u>	<u>42,443</u>	<u>18,475</u>	<u>(112,347)</u>	-
	<u>(593,160)</u>	<u>(70,541)</u>	<u>(2,744)</u>	<u>(187,319)</u>	-
Cash Flow used in operating activities	<u>(1,112,855)</u>	<u>(189,649)</u>	<u>(177,937)</u>	<u>(1,015,847)</u>	<u>(4,845)</u>
Investing activities					
Purchase/disposal of capital assets	87,636	(54,360)	(28,641)	(131,153)	
Increase in resource properties	(120,666)	(270,945)	(261,712)	(796,502)	(106,759)
Increase/decrease in investments	32,690	(112,719)	(112,796)	-	(366,888)
Increase in equity accounted associate	-	-	-	(391,000)	(973,985)
Cash flow used in investing activities	<u>(340)</u>	<u>(438,024)</u>	<u>(403,149)</u>	<u>(1,318,655)</u>	<u>(1,447,632)</u>
Financing Activities					
Proceeds from issue of share capital	<u>1,602,901</u>	-	<u>953,042</u>	<u>3,000,000</u>	<u>1,461,773</u>
Cash flow from financing activities	<u>1,602,901</u>	-	<u>953,042</u>	<u>3,000,000</u>	<u>1,461,773</u>
Net Increase/decrease in cash and cash equivalents	489,706	(627,673)	371,956	665,498	9,296
Cash and cash equivalents at beginning of period	<u>1,046,750</u>	<u>674,794</u>	<u>674,794</u>	<u>9,296</u>	-
Cash and cash equivalents at end of period	<u>\$1,536,456</u>	<u>\$47,121</u>	<u>\$1,046,750</u>	<u>\$674,794</u>	<u>\$9,296</u>

The notes to the audited consolidated financial statements are integral part of these statements.

MOYDOW MINES INTERNATIONAL INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
For Each of the Years Ended December 31, 1998, 1997 and 1996
(expressed in United States dollars, unless otherwise stated)

1. NATURE OF OPERATIONS

Moydow Mines International Inc. ("Moydow Mines" or the "Company"), formerly Westley Mines International Inc. ("Westley"), was continued under the *Business Corporations Act* (Ontario) from British Columbia effective December 9, 1998 concurrently with the change of name to Moydow Mines International Inc.

The Company is engaged in the acquisition, exploration and development of gold properties, principally in West Africa. The Company has been active in Ghana since 1992 and has operating offices in Ireland, Ghana and Canada. The Company's main assets are a 31 percent interest in the Wassa Mine and a 60 percent interest in the Ntoroso Property, both in Ghana.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation and consolidation

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The consolidated financial statements include the accounts of the Company, its subsidiaries and a proportionate share of the Company's interests in joint ventures. Interest in associated companies which are not controlled but over which the Company has the ability to exercise significant influence are accounted for using the equity method. All significant inter-company accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Financial results as determined by actual events could differ materially from those estimates.

The recoverability of the amounts shown for resource property interests are dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain the necessary financing to complete the exploration and development of the resource property interests and future profitable production or proceeds from the disposition of the resource properties.

Cash and cash equivalents

Cash and cash equivalents consist of highly liquid investments that are readily convertible to known amounts of cash and generally have maturities of three months or less.

Investments

Investments in shares are carried at cost less any provision for permanent impairment in value.

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided using the straight-line method at rates sufficient to amortize costs over the estimated useful lives of the assets.

Resource properties

Acquisition costs and related exploration and development costs are deferred until the property to which they relate is placed into production, sold, allowed to lapse or abandoned. These costs will be amortized over the estimated life of the property following commencement of commercial production or written off if the property is sold, allowed to lapse, abandoned or considered impaired.

Acquisition costs of resource properties include the cash consideration and the fair market value of common shares, based on the trading price of the shares, issued for resource properties, pursuant to the terms of the agreement. A property acquired under option or joint venture agreement, where payments are made at the sole discretion of the Company, is recorded in the accounts at the time of payment. The amount shown for resource properties represents costs incurred to date net of recoveries from option or joint venture participants and does not necessarily reflect present or future values.

Translation of foreign currency

The financial statements are presented in United States dollars unless otherwise indicated. All amounts denominated in other than United States dollars are converted to United States dollar amounts using the temporal method.

Net loss per common share

Net loss per common share is calculated by dividing net loss by the weighted average number of common shares during the year. Fully diluted loss per common share reflects the maximum possible dilution from potential conversions of outstanding stock options and warrants.

Fair value of financial instruments

The carrying values of the Company's cash and short-term deposits, accounts receivable, investments, accounts payable and accrued liabilities approximate their fair values due to the short term to maturity of these financial instruments.

Comparatives

The financial statements for the year ended December 31, 1996 were originally presented in accordance with United Kingdom Generally Accepted Accounting Principles (GAAP) and have been restated in conformity with Canadian GAAP.

3. BUSINESS COMBINATION

On December 9, 1998, the Company completed the purchase of all of the issued and outstanding common shares, common share purchase warrants and brokers warrants of Moydow (Isle of Man) in consideration for shares and warrants as described in note 8. As the former shareholders of Moydow (Isle of Man) obtained control of the Company through this share exchange, this transaction has been accounted for in these financial statements as a reverse take-over and the purchase method of accounting has been applied.

Under reverse takeover accounting, Moydow (Isle of Man) is considered to have acquired the Company and is considered to be the continuing entity and, consequently, the comparative figures are those of Moydow (Isle of Man). The acquisition has been recorded at the estimated fair value of the consideration given which, under reverse take-over accounting, is the fair market value of the total number of shares of Moydow (Isle of Man) that would have had to be issued in order to provide the same percentage of ownership of the combined company as a result of the reverse take-over.

The acquisition was recorded as follows:

Net assets acquired, at fair values	
Resource properties	\$1,049,775
Net current liabilities	(112,707)
Bank overdraft	<u>(248)</u>
Consideration given for net assets acquired	<u>\$936,820</u>
Common shares issued	<u>1,512,035</u>

4. OTHER ASSETS

	October 31 <u>1999</u> (unaudited)	December 31 <u>1998</u>	December 31 <u>1997</u>
Capital assets at cost	\$161,109	\$252,942	\$218,009
Accumulated amortization	<u>40,113</u>	<u>88,684</u>	<u>47,119</u>
Net book value	120,996	164,258	170,890
Investments	<u>118,788</u>	<u>157,760</u>	-
	<u>\$239,784</u>	<u>\$322,018</u>	<u>\$170,890</u>

5. RESOURCE PROPERTIES

The Company, under various joint venture and option agreements, holds options to expend various amounts on its resource properties and projects in order to keep its property rights and options in good standing. All agreements are in the regular course of business. Mine and mineral exploration projects in West Africa and North America are described below and are recorded with net asset values as follows:

	October 31 <u>1999</u> (unaudited)	December 31 <u>1998</u>	December 31 <u>1997</u>
West Africa			
Ntoroso	\$903,128	\$893,900	\$890,974
Kanyankaw	1,210,227	1,185,135	1,178,054
Kissi Kissi	602,465	569,468	290,409
Other	<u>65,865</u>	<u>12,516</u>	-
	<u>2,781,685</u>	<u>2,661,019</u>	<u>2,359,437</u>
North America			
Slave Diamond Syndicate	<u>177,996</u>	<u>177,996</u>	-
	<u>\$2,959,681</u>	<u>\$2,839,015</u>	<u>\$2,359,437</u>

WEST AFRICA

Ntoroso Gold Project, Ghana

The Company holds a 60% joint venture interest in Rank. Rank holds a prospecting licence on the Ntoroso Property in Ghana. Pursuant to an agreement with Normandy LaSource, the joint venture partner, that company agreed to invest \$2,500,000 in Rank to fund exploration and development activities in respect of the Ntoroso licence area to retain their 40% interest. Normandy LaSource has a right to earn up to a 50% interest in Rank by funding a further \$4 million of exploration expenditures. Moydow (Ghana), as operator of the project until completion of a positive feasibility study, receives a fee in the amount of 15% of expenditures for such services. As at December 31, 1998 \$1,994,444 has been advanced by Normandy LaSource under the Rank Farm-In Shareholders Agreement.

Kanyankaw Project, Ghana

The Company holds a joint venture interest in the Kanyankaw Property with Antubia, a subsidiary of Glencar. Under the terms of the joint venture agreement, the Company and Antubia are each deemed to have advanced \$480,000 to the joint venture. Each party is entitled to a 10% carried interest through to the completion of a feasibility study in the event that its interest is diluted to a 10% working interest. The carried interest, in such circumstances, is explicitly not assignable and expires if such party does not participate at feasibility.

Kissi Kissi Project, Guinea

The Company held a prospecting licence on the Kissi Kissi property in Guinea which expired on May 12, 1998. The Company has applied for renewal of the licence which it fully expects will be granted.

NORTH AMERICA

Slave Diamond Syndicate, Northwest Territories

The Company holds a 20% working interest in the Slave Diamond Syndicate located in the Northwest Territories. The Syndicate was formed in May 12, 1993 for the purpose of carrying out airborne magnetic surveys and exploration for diamondiferous kimberlites. Notice has been given by joint venture members representing a 40% interest that they no longer wish to participate and therefore the Syndicate agreement is in the process of being modified and participating interest levels adjusted.

6. INVESTMENT IN EQUITY ASSOCIATE

Wassa Mining Lease, Ghana

The Company owns a 34% interest in Wassa Holdings through which it owns a 31% interest in Satellite. Satellite owns a mining lease on the Wassa gold mine in Ghana. The mine commenced production in 1999. The first gold pour took place at the end of January, 1999. Capital investment for the mine was mainly provided by \$42.5 million of project financing from Standard Bank of London and The Commonwealth Development Corporation together with an available subordinated standby facility of \$5 million to cover any possible overruns. A hedge program involving the forward sale over four years of 236,000 ounces of gold at \$324 per ounce has been entered into to protect the project against a fall in the gold price and to meet operating costs and debt service requirements. Moydow (Isle of Man) granted the lenders a first fixed charge on its shares of Wassa Holdings and guaranteed the obligations of Wassa Holdings to the lenders to the extent of the value of its shares of Wassa Holdings. The investment in Wassa Holdings has been accounted for as an equity associate.

The project financing is secured by the assets of Satellite as well as collateral security from the obligors, including the shares of Satellite held by Wassa Holdings. All net free cash flow from production from the Wassa Mine will be applied to the repayment of the project financing until it is repaid in full.

A summary of the consolidated balance sheet of Wassa Holdings is as follows:

The unaudited balance sheet of Wassa Holdings as at September 30, 1999 is the most current financial information that is readily available. In the opinion of management there are no material differences between the balance sheet of Wassa Holdings as at October 31, 1999 compared with that as at September 30, 1999.

WASSA HOLDINGS LIMITED
CONSOLIDATED BALANCE SHEETS
(expressed in United States dollars, unless otherwise stated)

	September 30 <u>1999</u> (unaudited)	December 31 <u>1998</u>	December 31 <u>1997</u>
Assets			
Current assets			
Cash and cash equivalents	\$873,018	\$2,488,299	\$361,479
Accounts receivable	898,391	85,740	12,128
Inventory	<u>11,140,311</u>	<u>2,471,202</u>	-
	12,911,720	5,045,241	373,607
Capital assets	<u>53,186,187</u>	<u>53,486,571</u>	<u>13,253,653</u>
Total assets	<u>66,097,907</u>	<u>58,531,812</u>	<u>13,627,260</u>
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	13,763,185	3,272,104	880,050
Gold loan due within one year	<u>3,928,572</u>	<u>3,928,571</u>	-
Total current liabilities	<u>17,691,757</u>	<u>7,200,675</u>	<u>880,050</u>
Gold loan	19,642,857	23,571,429	-
Long-term debt	15,000,000	15,000,000	-
Minority interest	<u>763,127</u>	<u>700,212</u>	<u>212</u>
	<u>35,405,984</u>	<u>39,271,641</u>	<u>212</u>
Shareholders' equity	<u>13,000,166</u>	<u>12,059,496</u>	<u>12,746,998</u>
Shareholders' equity	<u>13,000,166</u>	<u>12,059,496</u>	<u>12,746,998</u>
Total liabilities and shareholders' equity	<u>\$66,097,907</u>	<u>\$58,531,812</u>	<u>\$13,627,260</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Included in accounts payable and accrued liabilities at December 31, 1998, are loans of \$78,996 (1997 – nil) secured by promissory notes that bear non-compounding interest at 1% per month and were due on December 31, 1998. Subsequent to year end 1998, the Company paid portions of interest and principal due under the notes. The remaining outstanding notes are due April 30, 1999 in the amount of \$31,598.

8. CAPITAL STOCK

Authorized

The Company has an unlimited number of shares which may be issued.

Issued Common Shares:

	Number of Shares	
Westley - December 31, 1997	16,141,922	\$6,001,651
Issued for cash	<u>2,000,000</u>	<u>111,732</u>
Balance, December 9, 1998	<u>18,141,922</u>	<u>6,113,383</u>
Consolidated shares (a)	<u>1,512,035</u>	<u>6,113,383</u>
Moydow (Isle of Man) – January 1, 1996	<u>106,000</u>	<u>5,068,899</u>
Moydow (Isle of Man) – December 31, 1996	106,000	5,068,899
Issued – October 22, 1997	<u>24,000</u>	<u>3,000,000</u>
Moydow (Isle of Man) – December 31, 1997	130,000	8,068,899
Issued for cash	<u>15,037</u>	<u>953,042</u>
Total prior to exchange	<u>145,037</u>	<u>9,021,941</u>
Exchanged for shares in Moydow Mines (b)	<u>20,305,180</u>	<u>9,021,941</u>
Moydow Mines shares exchanged for		
Moydow (Isle of Man) shares	20,305,180	9,021,941
Westley consolidated shares	<u>1,512,035</u>	<u>936,820</u>
Total Moydow Mines – December 31, 1998	<u>21,817,215</u>	<u>9,958,761</u>
Determination of Fully Diluted Share Capital		
Warrants Outstanding December 31, 1998	1,893,614	
Options Outstanding December 31, 1998	<u>124,167</u>	
Fully Diluted Shares December 31, 1998	<u>23,834,996</u>	

- (a) Consolidation of Westley shares
Prior to the reverse take-over, the shares of Westley were consolidated on the basis of one new share for each 12 existing shares.
- (b) Shares issued in connection with the reverse take-over
The Company issued 140 new common shares in exchange for each common share of Moydow (Isle of Man) to give effect to the reverse take-over.

Escrow Agreement

Under an escrow agreement made effective December 9, 1998 a total of 5,577,912 common shares are held subject to an escrow agreement between the Company and Montreal Trust Company of Canada. The shares are to be released from escrow pursuant to TSE policies, over a period of three years.

Stock Options and Warrants

Movements in stock options and warrants of the Company, including consolidation of Westley stock options and warrants on the same basis as the Westley shares as described in Note (a) above and the exchange of Westley stock options and warrants for new options and warrants of the Company on the same basis as the Westley shares as described in Note (b) above, are set out in the tables below:

Stock Options	Number
Westley – January 1, 1997	1,355,000
Issued – April 14, 1997	360,000
Cancelled or expired	<u>(125,000)</u>
December 31, 1997	1,590,000
Issued	-
Cancelled or expired	<u>(100,000)</u>
December 9, 1998	1,490,000
Consolidated options	<u>124,167</u>
Moydow Mines options – December 31, 1998	<u>124,167</u>

The options are exercisable as follows:

Number	Exercise price	Expiry date
30,000	Cdn\$2.40	April 14, 2002
<u>94,167</u>	Cdn\$2.16	September 29, 2002
<u>124,167</u>		

Warrants	Number
Westley – January 1, 1997	-
Issued – July 1, 1997	<u>800,000</u>
December 31, 1997	800,000
Issued – March 17, 1998	<u>500,000</u>
December 9, 1998	<u>1,300,000</u>
Consolidated warrants	<u>108,334</u>
Moydow (Isle of Man) – January 1, 1997	-
Issued – October 22, 1997	<u>12,000</u>
December 31, 1997	12,000
Issued	-
December 9, 1998	<u>12,000</u>
Exchanged for warrants of Moydow Mines	1,680,000
Westley warrants	108,334
Issued warrants – December 9, 1998	<u>105,280</u>
Moydow Mines warrants- December 31, 1998	<u>1,893,614</u>

The warrants are exercisable as follows:

Number	Exercise price	Expiry date
1,680,000	Cdn\$1.43	April 23, 1999
41,667	Cdn\$0.96	March 17, 2000
66,667	Cdn\$3.00	July 1, 2002
<u>105,280</u>	Cdn\$0.95	June 9, 2000
<u>1,893,614</u>		

9. RELATED PARTY TRANSACTIONS

Related party transactions relate to the payment of fees under contracts for services with Minerex Limited and Pontil. The major shareholder in these companies is Noel Kiernan who is also a director of Moydow Mines and related companies.

Administration services for Moydow (Isle of Man) are provided by a management services contract between Moydow (Isle of Man) and Minerex Limited and included in accounts payable and accrued liabilities is an amount due to Minerex Limited and related companies for such services in the sum of \$210,835.

Drilling in West Africa is conducted on behalf of the Company through contracts between Pontil and the operating companies of the Moydow Mines group.

The Company incurred legal costs of \$145,797 to Macleod Dixon, a firm in which a director of the Company is a partner.

10. SUBSEQUENT EVENTS

- (a) Subsequent to year end 1998, the Board of Directors approved the granting of options to directors, officers and employees for the purchase of 1.1 million common shares at a price of Cdn \$1.00 per share and 792,500 common shares at a price of Cdn \$1.15 per share for a term of five years pursuant to the Stock Option Plan previously approved by shareholders and the TSE.
- (b) Subsequent to year end 1998, 1,680,000 of the Company's outstanding share purchase warrants were exercised at a price of Cdn \$1.43 per share resulting in proceeds to the Company in the sum of Cdn \$2,402,400 and 1,580 of the Company's outstanding share purchase warrants were exercised at a price of Cdn \$0.95 per share resulting in proceeds to the Company in the sum of Cdn \$1,501. 16,667 warrants were cancelled or expired.
- (c) Subsequent to year end 1998 the Company closed an issue of Special Warrants on November 26, 1999, A total of 3,382,352 Special Warrants have been issued at a unit price of \$1.70 for gross proceeds of \$5,749,998. Under the terms of the Special Warrants which were arranged by Loewen, Ondaatje, McCutcheon Limited, each Special Warrant is exchangeable for a unit comprised of one share together with one-half share purchase warrant. Each purchase warrant entitles the holder to purchase an additional share of the Company at a price of \$2.25 per share until November 26, 2000.
- (d) Subsequent to year end 1998, Normandy LaSource has increased it's beneficial holding in Rank to 46% diluting Moydow (Ghana)'s beneficial interest to 54%.

11. SEGMENTED INFORMATION

The Company is involved in the exploration and development of mineral properties. Substantially all of the Company's operations are located in West Africa.

12. UNCERTAINTY DUE TO THE YEAR 2000 ISSUE

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

CERTIFICATE OF THE COMPANY

Dated: February 18, 2000

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario) and the rules and regulations thereunder.

“Brian P. Kiernan”

“Rosemary G. O’Mongain”

Brian P. Kiernan
President and Chief Executive Officer

Rosemary G. O’Mongain
Chief Financial Officer

On behalf of the Board of Directors

“Albert C. Gourley”

“Michael E. Power”

Albert C. Gourley
Director

Michael E. Power
Director

CERTIFICATE OF THE AGENT

Dated: February 18, 2000

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part XV of the *Securities Act* (Ontario) and the rules and regulations thereunder.

LOEWEN, ONDAATJE, McCUTCHEON LIMITED

“Paul J. DesLauriers”

By: Paul J. DesLauriers

Loewen, Ondaatje, McCutcheon Limited is a wholly owned subsidiary of LOM Bancorp Limited.