



British Columbia Securities Commission

QUARTERLY AND YEAR END REPORT

BC FORM 51-901F
(previously Form 61)

INCORPORATED AS PART OF: SCHEDULE A

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ISSUER DETAILS		FOR YEAR ENDED			DATE OF REPORT		
NAME OF ISSUER					Y M D		
MANO RIVER RESOURCES INC.		03	01	31	03	06	16
ISSUER ADDRESS							
600 – 890 WEST PENDER STREET							
CITY/	PROVINCE	POSTAL CODE	ISSUER FAX NO.		ISSUER TELEPHONE NO.		
VANCOUVER	BC	V6C 1J9	604-687-1327		604-689-1700		
CONTACT PERSON			CONTACT'S POSITION			CONTACT TELEPHONE NO.	
SHIRAZ (RAZ) HUSSEIN			CONTROLLER			604-689-1700	
CONTACT EMAIL ADDRESS			WEB SITE ADDRESS				
N/A			www.manoriver.com				

CERTIFICATE

The three schedules required to complete this Report are attached and the disclosure contained therein has been approved by the Board of Directors. A copy of this Report will be provided to any shareholder who requests it.

DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
		Y M D		
"TOM G. ELDER"	TOM G. ELDER	03	06	16
DIRECTOR'S SIGNATURE	PRINT FULL NAME	DATE SIGNED		
		Y M D		
"GUY E. PAS"	GUY E. PAS	03	06	16

Auditors' Report and Consolidated Financial Statements of

MANO RIVER RESOURCES INC.

January 31, 2003 and 2002

Deloitte & Touche LLP
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**Deloitte
& Touche**

Auditors' Report

To the Shareholders of
Mano River Resources Inc.

We have audited the consolidated balance sheets of Mano River Resources Inc. as at January 31, 2003 and 2002 and the consolidated statements of loss and deficit and cash flows for the years then ended. 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 Canadian 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Vancouver, British Columbia
May 16, 2003

**Deloitte
Touche
Tohmatsu**

MANO RIVER RESOURCES INC.

Consolidated Balance Sheets

January 31

(Stated in U.S. Dollars)

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 184,116	\$ 125,098
Accounts receivable	2,139	2,778
	<u>186,255</u>	127,876
INVESTMENTS (Note 3)	34,496	134,496
RESOURCE PROPERTIES (Note 4)	4,045,090	3,955,000
DEFERRED EXPLORATION COSTS (Note 4)	7,647,211	6,878,104
RECLAMATION BONDS (Note 5)	340,610	340,610
	<u>\$ 12,253,662</u>	<u>\$ 11,436,086</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 97,664	\$ 144,002
Due to related parties (Note 9)	305,195	712,997
	<u>402,859</u>	856,999
PROVISION FOR RECLAMATION (Note 5)	340,610	340,610
CONVERTIBLE DEBENTURE (Note 7)	138,723	-
	<u>882,192</u>	1,197,609
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	15,867,323	14,357,213
Equity component of convertible debenture (Note 7)	96,000	-
Subscriptions	-	120,900
Cumulative translation adjustment	(21,755)	(21,755)
Deficit	(4,570,098)	(4,217,881)
	<u>11,371,470</u>	10,238,477
	<u>\$ 12,253,662</u>	<u>\$ 11,436,086</u>

CONTINUING OPERATIONS AND CONTINGENCIES (Note 1)
CONTINGENCY (Note 5)

APPROVED BY THE BOARD

(Signed) Tom G. Elder

Tom G. Elder, Director

(Signed) Guy E. Pas

Guy E. Pas, Director

MANO RIVER RESOURCES INC.
Consolidated Statements of Loss and Deficit
For the years ended January 31
(Stated in U.S. Dollars)

	<u>2003</u>	<u>2002</u>
REVENUE		
Interest income	\$ 8,183	\$ 17,056
EXPENSES		
Administrative and office	4,847	11,029
Bank and interest charges	43,792	18,170
Directors' fees	26,000	23,000
Foreign exchange (gain) loss	(2,340)	2,375
Management fees	75,000	181,500
Mine maintenance expenses	45,182	68,744
Professional fees	126,651	94,413
Transfer agent and filing fees	32,088	24,115
Travel and promotion	3,612	13,500
	<u>354,832</u>	<u>436,846</u>
NET LOSS BEFORE UNDERNOTED ITEMS	(346,649)	(419,790)
LOSS ON SALE OF INVESTMENT	(5,568)	-
WRITE-OFF OF RESOURCE PROPERTY		
ACQUISITION AND EXPLORATION COSTS	-	(1,863,333)
NET LOSS FOR THE YEAR	(352,217)	(2,283,123)
DEFICIT AT BEGINNING OF YEAR	(4,217,881)	(1,934,758)
DEFICIT AT END OF YEAR	\$ (4,570,098)	\$ (4,217,881)
BASIC AND DILUTED LOSS PER SHARE (Note 2 (f))	\$ (0.003)	\$ (0.023)

MANO RIVER RESOURCES INC.
Consolidated Statements of Cash Flows
For the years ended January 31
(Stated in U.S. Dollars)

	<u>2003</u>	<u>2002</u>
OPERATING ACTIVITIES		
Net loss for the year	\$ (352,217)	\$ (2,283,123)
Items not involving cash:		
Loss on sale of investment	5,568	-
Write-off of resource property acquisition and exploration costs	-	1,863,333
Accretion of liability component of convertible debenture	34,723	-
Interest payable on convertible debenture	8,500	-
Change in non-cash working capital items:		
Accounts receivable	639	1,180
Accounts payable and accrued liabilities	(46,338)	32,399
	<u>(349,125)</u>	<u>(386,211)</u>
FINANCING ACTIVITIES		
Issuance of share capital (net of costs)	1,094,815	555,793
Proceeds from sale of investment	94,432	-
Due to related parties	78,093	538,370
	<u>1,267,340</u>	<u>1,094,163</u>
INVESTING ACTIVITIES		
Acquisition of resource properties	(90,090)	-
Deferred exploration expenditures	(769,107)	(804,174)
	<u>(859,197)</u>	<u>(804,174)</u>
NET CASH INFLOW (OUTFLOW)	59,018	(96,222)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	125,098	221,320
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 184,116	\$ 125,098

**SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING
AND INVESTING ACTIVITIES:**

During the year ended January 31, 2003, the Company issued 6,427,545 common shares for the settlement of debt of \$415,295 due to related parties.

During the year ended January 31, 2003, the Company issued a \$200,000 convertible debenture in settlement of \$200,000 of debt due to related parties.

During the year ended January 31, 2002, the Company issued 2,323,230 common shares for the settlement of debt of \$232,555 due to related parties and 2,500,000 common shares for the acquisition of 68,750 shares of Resources Investment Trust.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

1. CONTINUING OPERATIONS AND CONTINGENCIES

The Company, which commenced operations on July 10, 1996, is engaged in the acquisition, exploration and development of gold and diamond properties. The Company is in the development stage and has no source of cash flows other than loans from related parties or equity offerings. The Company also has a working capital deficiency and does not have sufficient funds to satisfy its liabilities.

These consolidated financial statements are prepared on a going concern basis which assumes that the Company will be able to realize assets and discharge liabilities in the normal course of business. The Company's ability to continue on a going concern basis depends on its ability to successfully raise additional financing. If the Company cannot obtain additional financing the Company may be forced to realize its assets at amounts significantly lower than the current carrying value.

Uncertainty also exists with respect to the recoverability of the carrying value of certain resource properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and continuing confirmation of the Company's title to the resource properties.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting principles in Canada and reflect the following significant accounting policies. The United States dollar has been identified as the Company's currency of measurement and is used for external reporting purposes.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) *Principles of consolidation*

These financial statements include the accounts of Mano River Resources Inc. and its principal subsidiary, Mano River Resources Ltd. These financial statements also include a number of subsidiaries as detailed in the following list:

<u>Company</u>	<u>Place of Incorporation</u>	<u>Percentage Ownership</u>
Equinox Resources (Wash) Inc.	Washington, United States	100%
Mano River Resources Limited and its subsidiaries:	British Virgin Islands	100%
Golden Limbo Rock Resources Limited and its 100% owned subsidiary	Tortola, British Virgin Islands	91%
Golden Limbo Rock Ressources SA	Conakry, Guinea	
Golden Leo Resources Limited	Tortola, British Virgin Islands	93.8%
Lofa Goldiam, Inc. and its 100% owned subsidiaries:	Tortola, British Virgin Islands	97.6%
Bea Mountain Mining Corporation	Monrovia, Liberia	
Kpo Resources Incorporated	Monrovia, Liberia	

The shares not legally owned by the Company in the listed subsidiaries are held by one third party company. This third party has no beneficial interest in the shares and is holding the shares until the Company and the third party agree on their ultimate distribution. As the Company retains the beneficial interest in these shares no non-controlling interest exists at January 31, 2003.

(b) *Cash and cash equivalents*

Cash and cash equivalents consists of cash on hand, deposits in banks and highly liquid investments with an original maturity of ninety days or less.

(c) *Investments*

Investments are recorded at cost, subject to a provision for any impairment that is determined to be other than temporary.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Resource properties and deferred exploration costs

The Company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized by property. The carrying value of pre-production and exploration properties is reviewed periodically and either written off when it is determined that the expenditures will not result in the discovery of economically recoverable ore reserves or transferred to producing mining property, plant and equipment when commercial development commences.

The recoverability of amounts shown for pre-production and exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to finance the development of the properties and on the future profitable production or proceeds from the disposition thereof.

(e) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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. Actual results could differ from those estimates.

(f) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The fully diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. For this purpose, the "treasury stock method" is used for the assumed proceeds upon the exercise of stock options and warrants that are used to purchase common shares at the average market price during the year.

(g) Foreign currency translation

The Company's foreign currency transactions are translated into U.S. dollars using the temporal method. Under this method monetary items are translated at the exchange rate in effect at the balance sheet date. Non-monetary items are translated at historical rates and revenue and expense items are translated at exchange rates prevailing when such items are recognized in the statement of operations. Gains and losses on foreign exchange translation are credited or charged to income.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Stock-based compensation

The Company has adopted the recommendations of the new CICA Handbook section 3870, Stock-Based Compensation and Other Stock-Based Payments, effective February 1, 2002. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. The standard requires that all stock-based awards made to non-employees be measured and recognized using a fair value based method. The standard encourages the use of a fair value based method for all awards granted to employees, but only requires the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets. When the fair value method is not used, disclosure is required of the pro forma impact of using the fair value of stock options on the reported results of operations. Awards that a company has the ability to settle in stock are recorded as equity, whereas awards that the entity is required to or has a practice of settling in cash are recorded as liabilities. This policy applies to all stock options granted subsequent to February 1, 2002. The Company has elected not to adopt the fair value method and pro forma disclosure is provided in Note 6 (f).

Compensation expense is recognized when stock options are issued to employees and directors using the intrinsic value based method whereby compensation cost is recorded for the excess, if any, of the quoted market price at the date granted over the exercise price. Any consideration paid by employees and directors on exercise of stock options is credited to share capital. If stock options are repurchased from employees and directors, the excess of the consideration paid over the carrying amount of the stock options is charged to deficit.

Compensation expense is determined when stock options are issued to non-employees and is recognized over the vesting period of the option. The compensation expense is determined as the fair value of the option at the date of grant using an option pricing model.

(i) Income taxes

The Company accounts for income taxes whereby future income tax assets and liabilities are computed based on differences between the carrying amount of assets and liabilities on the balance sheet and their corresponding tax values using the enacted income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed annually and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount. Although the Company has tax loss carry-forwards (see Note 8), there is uncertainty as to utilization prior to their expiry. Accordingly, the future income tax asset amounts have been fully offset by an uncertainty provision.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) *Comparative figures*

Certain prior year figures have been reclassified to conform to the current year's presentation.

3. INVESTMENTS

	<u>2003</u>	<u>2002</u>
Royal Victoria Minerals Ltd.	\$ 34,496	\$ 34,496
Resources Investment Trust	-	100,000
	<u>\$ 34,496</u>	<u>\$ 134,496</u>

The Royal Victoria Minerals Ltd. investment consists of 260,000 common shares with a quoted market value at January 31, 2003 of \$75,925 (2002 - \$24,570).

During the year the Company disposed of 68,750 shares at £0.915 (\$1.38) per share of Resources Investment Trust for net proceeds of £62,590 (\$94,432).

4. RESOURCE PROPERTIES AND DEFERRED EXPLORATION COSTS

	<u>2003</u>	<u>2002</u>
Acquisition costs		
Liberia, West Africa	\$ 320,000	\$ 320,000
Guinea, West Africa	1,940,000	1,940,000
Sierra Leone, West Africa	1,695,000	1,695,000
Casa Berardi, Canada	90,090	-
Washington, United States (Note 5)	-	-
Closing balance	<u>\$ 4,045,090</u>	<u>\$ 3,955,000</u>
Deferred exploration costs		
Liberia, West Africa	\$ 5,264,521	\$ 4,964,208
Guinea, West Africa	1,573,733	1,554,678
Sierra Leone, West Africa	808,957	359,218
Closing balance - see Schedule	<u>\$ 7,647,211</u>	<u>\$ 6,878,104</u>

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

4. RESOURCE PROPERTIES AND DEFERRED EXPLORATION COSTS (Continued)

(i) Liberia

The Company holds two Mineral Development Agreements (“MDA”) in Liberia for gold and diamond development. These MDAs are in Western Liberia and consist of the Bea Mountains and Kpo Range, are valid for 25 years with an option to renew for another 25 years. Both these MDAs are dated November 28, 2001 and were approved on March 14, 2002. The MDAs will allow the Company to start pre-feasibility work and bankable feasibility work including, if required, pilot mining.

(ii) Guinea

The Company holds 498 square kilometers of exploration permits in eastern Guinea through the contiguous Missamana and Gueliban properties.

(iii) Sierra Leone

The Company holds five prospecting licenses for diamonds, gold and base metals. Three of the licenses are located in the eastern province of the country and consist of Njaiama Nimikoro, Yengema East and Nimini Hills. The remaining two licenses are located in the northern province and consist of Lake Sonfon and South Pampana.

(iv) Canada

During the year ended January 31, 2003, the Company entered into a Heads of Agreement (“HOA”) to earn a 61% interest in certain mineral properties in the Casa Berardi area of Québec, Canada.

To earn this interest, the Company is required to:

- pay \$16,385 (Cdn.\$25,000) upon signing of the HOA (paid);
- incur a minimum of \$32,344 (Cdn.\$50,000) in exploration expenditures during Phase 1;
- pay \$16,600 (Cdn.\$25,000) upon signing a full scale joint venture agreement (the “Agreement”);
- incur a minimum of approximately \$800,000 (Cdn.\$1.2 million) in exploration expenditures during the first two years of the Agreement (Phase 2); and
- issue that number of common shares in the Company equal to \$65,725 (Cdn.\$100,000) and incur approximately \$1.6 million (Cdn.\$2.5 million) during the two-year period following commencement of Phase 3.

Additional acquisition costs may be incurred as further areas of interest are identified in the Casa Berardi area.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

5. RECLAMATION BONDS AND CONTINGENCY

During the year ended January 31, 2002, the Company re-evaluated the prospective viability of the Van Stone property (located in Stevens County, Washington State, U.S.A.) and has concluded that given the continued low commodity prices that the mine will remain closed. The Company is taking steps to dispose of the mill and mine assets.

At January 31, 2003, term deposits totalling \$340,610 (2002 - \$340,610) have been pledged to the State of Washington as security for reclamation costs on the Van Stone property. A reclamation provision has been accrued in the amount of \$340,610. The Company has completed an assessment of the reclamation and closure costs and it is anticipated that costs incurred will not exceed this provision. The Company will continually monitor the costs related to the Van Stone mine and will make further provisions if it is determined necessary.

6. SHARE CAPITAL

(a) *Authorized*

Unlimited common shares without par value

(b) *Issued*

	<u>Shares</u>	<u>Amounts</u>
Balance at January 31, 2001	90,339,441	\$ 13,468,865
Shares issued on private placement (net of costs) (c)	6,000,000	555,793
Shares issued for investments	2,500,000	100,000
Shares issued for settlement of debt (d)	2,323,230	232,555
Balance at January 31, 2002	101,162,671	14,357,213
Shares issued on private placement (net of costs) (c)	26,300,000	1,094,815
Shares issued for settlement of debt (d)	6,427,545	415,295
Balance at January 31, 2003	133,890,216	\$ 15,867,323

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

6. SHARE CAPITAL (Continued)

(c) Private placements

(i) During the year ended January 31, 2003, the Company:

- concluded a private placement of 2,100,000 shares at £0.0325 per share (\$0.046 or Cdn.\$0.073) for proceeds net of costs of \$97,570;
- concluded a private placement of 6,100,000 shares at £0.04 per share (\$0.06 or Cdn.\$0.096) for proceeds net of costs of \$368,129;
- concluded a private placement of 3,000,000 shares at £0.04 per share (\$0.055 or Cdn.\$0.088) for proceeds net of costs of \$165,713; and
- concluded a private placement of 15,100,000 units at £0.02 per unit (\$0.031 or Cdn.\$0.049) for proceeds net of costs of \$463,403. Each unit consisted of one common share and 0.5 share purchase warrants. Each whole share purchase warrant is exercisable into one common share for a period of two years at an exercise price of £0.03 (\$0.047 or Cdn.\$0.075) for the first year and £0.04 (\$0.063 or Cdn.\$0.10) for the second year. As at January 31, 2003, no share purchase warrants had been exercised.

(ii) During the year ended January 31, 2002, the Company concluded one private placement of 6,000,000 shares at £0.07 per share (\$0.10 or Cdn.\$0.15) for proceeds net of costs of \$555,793.

(d) Settlement of debt

(i) During the year ended January 31, 2003, the Company issued 6,427,545 common shares for settlement of debt of \$415,295.

(ii) During the year ended January 31, 2002, the Company issued 2,323,230 common shares for settlement of debt of \$232,555.

(e) As at January 31, 2003, there were 2,100,000 shares held in escrow with their release subject to approval of regulatory authorities.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

6. SHARE CAPITAL (Continued)

(f) *Stock options*

The Company is currently implementing a formal stock option plan. From time to time, the Company grants stock options as an incentive to employees, directors and consultants. All options are exercisable from the date of grant.

The changes in stock options were as follows:

	<u>2003</u>	<u>Weighted Average Exercise Price (Cdn\$)</u>	<u>2002</u>	<u>Weighted Average Exercise Price (Cdn\$)</u>
Balance outstanding, beginning of year	4,040,000	\$ 0.30	2,990,000	\$ 0.34
Activity during the year				
Options granted	5,905,000	0.11	1,050,000	0.22
Balance outstanding, end of year	9,945,000	\$ 0.19	4,040,000	\$ 0.30

As at January 31, 2003, the following stock options were outstanding:

<u>Number of Common Shares</u>	<u>Exercise price per share (Cdn\$)</u>	<u>Expiry date</u>
2,890,000	\$ 0.34	February 12, 2004
100,000	0.34	April 14, 2005
1,050,000	0.22	May 1, 2006
905,000	0.10	February 21, 2007
5,000,000	0.11	March 21, 2007
<u>9,945,000</u>		

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

6. SHARE CAPITAL (Continued)

(f) *Stock options (continued)*

The following pro forma financial information presents the net loss for the year and the basic loss per common share had the Company adopted the fair value method of accounting for stock options as set out in CICA Handbook Section 3870, Stock-Based Compensation and Other Stock-Based Payments.

	<u>2003</u>
Net loss for the year	\$ (352,217)
Stock-based compensation cost	(161,606)
<u>Pro forma net loss</u>	<u>\$ (513,823)</u>
<u>Pro forma basic loss per share</u>	<u>\$ (0.005)</u>

Using the fair value based method for stock-based compensation, additional costs of approximately \$161,606 would have been recorded for the year ended January 31, 2003. This amount was determined using an option pricing model assuming no dividends were paid, a weighted-average volatility of the Company's share price of 145%, and weighted-average annual risk free rate of 5.22%.

7. CONVERTIBLE DEBENTURE

The Company entered into a convertible debenture agreement with respect to settling advances from a company controlled by a director. Advances totaling \$200,000 will, under this debenture, be repayable on April 30, 2004 together with accumulated interest at 6% per annum. The principal amount is convertible by the holder into common shares of the Company at a conversion price of £0.04 per share at any time prior to maturity.

In accordance with the recommendations of the Canadian Institute of Chartered Accountants, the convertible debenture issued has been segregated into its debt and equity components. The financial liability component, representing the value allocated to the liability at inception, is recorded as a long-term liability. The remaining component, representing the value ascribed to the holders' option to convert the principal balance into common shares, is classified in shareholders' equity as "Equity component of convertible debenture". These components have been measured at their respective fair values on the date the convertible debenture was originally issued.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

7. CONVERTIBLE DEBENTURE (Continued)

The components of the convertible debenture were as follows:

	January 31, 2003	Issue Date
Debt component	\$ 138,723	\$ 104,000
Equity component	96,000	96,000

Over the term of the debt obligation, the debt component will be accreted to the face value of the instrument by the recording of additional interest expense.

8. INCOME TAXES

The provision for income taxes reported differs from the amounts computed by applying the cumulative Canadian Federal and Provincial income tax rates to the loss before tax provision due to the following:

	2003	2002
Statutory tax rate	39.6%	42.6%
Recovery of income taxes computed at standard rates	\$ (139,500)	\$ (972,600)
Writeoff of resource property costs	-	793,800
Tax losses not recognized in the period that the benefit arose	139,500	178,800
	\$ -	\$ -

The approximate tax effect of each type of temporary difference that gives rise to the Company's future tax assets are as follows:

	2003	2002
Operating loss carry-forwards	\$ 1,123,488	\$ 1,125,319
Less: Valuation allowance	(1,123,488)	(1,125,319)
	\$ -	\$ -

The Company has reduced the value of the potential future income tax asset to \$Nil through the application of a valuation allowance as the Company does not have any current source of income to which the tax losses can be applied. Further, the Company has not included losses or benefits available in the United States as the Company has no United States assets and does not currently have any intention to commence operations in the United States.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
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(Stated in U.S. dollars)

8. INCOME TAXES (Continued)

At January 31, 2003, the Company had the following loss carry-forwards available for tax purposes:

Country	<u>Amount</u>	<u>Expiry</u>
Canada	\$ 2,800,000	2004 - 2010
Liberia	120,000	2005

9. RELATED PARTY TRANSACTIONS (in addition to the transaction disclosed in Note 7)

The following table summarizes the Company's related party transactions for the year:

	<u>2003</u>	<u>2002</u>
(a) incurred management services fees with a company related by a director in common	\$ 63,000	\$ 73,500
(b) incurred management services fees with a company associated with a director of the Company	12,000	108,000
	<u>\$ 75,000</u>	<u>\$ 181,500</u>
(c) incurred professional services fees with a law firm in which a director of the Company is a partner	\$ 32,429	\$ 26,842

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

At the end of the year, the amounts due to related entities are as follows:

	<u>2003</u>	<u>2002</u>
Director's companies	\$ 112,642	\$ 581,866
Various directors	177,078	115,968
Director's law firm	15,475	15,163
	<u>\$ 305,195</u>	<u>\$ 712,997</u>

These balances are payable on demand and have arisen from the provision of services referred to above and provision of short-term bridge financing.

MANO RIVER RESOURCES INC.
Notes to the Consolidated Financial Statements
For the years ended January 31, 2003 and 2002
(Stated in U.S. dollars)

10. SEGMENTED INFORMATION

(a) *Industry information*

The Company operates in one reportable operating segment, being the acquisition and exploration of resource properties.

(b) *Geographic information*

Revenues from operations in the year ended January 31, 2003 were derived from interest income of which \$7,162 (2002 - \$17,056) was earned in Canada and \$1,021 (2002 - \$Nil) was earned in the British Virgin Islands.

The Company's non-current assets by geographic location are as follows:

	<u>2003</u>	<u>2002</u>
Canada	\$ 124,586	\$ 34,496
United Kingdom	-	100,000
Guinea	3,513,733	3,494,678
Liberia	5,584,521	5,284,208
Sierra Leone	2,503,957	2,054,218
United States	340,610	340,610
	<u>\$ 12,067,407</u>	<u>\$ 11,308,210</u>

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial assets and liabilities are cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, and due to related parties. The fair values of these financial instruments are estimated to approximate their carrying values due to their immediate or short-term nature except for investments whose fair value is described in Note 3. Due to the nature of the Company's operations, there is no significant credit or interest rate risk. As at January 31, 2003, the Company held approximately \$163,385 cash in bank accounts denominated in U.K. pounds. The Company has taken no action to reduce its exposure to foreign currency risk.

MANO RIVER RESOURCES INC.
Schedule of Deferred Exploration Costs
For the years ended January 31
(Stated in U.S. Dollars)

	<u>2003</u>	<u>2002</u>
Accommodation and meals	\$ 36,043	\$ 15,467
Assays including shipment	1,906	102,876
Communications	28,352	45,446
Community relations	17,677	10,665
Consultants	132,066	132,661
Data, images, reports and maps	3,128	12,013
Geologists' support	7,565	11,550
License, permit fees	144,584	45,649
Project/field costs, other	73,522	134,790
Recon and geochem	12,409	17,221
Salaries and wages	245,358	217,718
Transportation	66,497	58,118
NET EXPENDITURES DURING THE YEAR	769,107	804,174
COSTS WRITTEN OFF	-	(23,639)
BALANCE, BEGINNING OF YEAR	6,878,104	6,097,569
BALANCE, END OF YEAR	\$ 7,647,211	\$ 6,878,104