

*Auditors' Report and Consolidated Financial Statements of*

**MANO RIVER RESOURCES INC.**

*January 31, 2004 and 2003*

## **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, 2004 and 2003 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, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

***(Signed) Deloitte & Touche LLP***

Chartered Accountants  
Vancouver, British Columbia  
May 28, 2004

# MANO RIVER RESOURCES INC.

## Consolidated Balance Sheets

As at January 31  
(Stated in U.S. Dollars)

	2004	2003
<b>ASSETS</b>		(Note 3)
<b>CURRENT</b>		
Cash and cash equivalents	\$ 3,893,552	\$ 184,116
Accounts receivable and prepaid expenses	122,831	2,139
	<b>4,016,383</b>	186,255
INVESTMENTS (Note 4)	34,496	34,496
RESOURCE PROPERTIES (Note 5)	3,955,000	4,045,090
DEFERRED EXPLORATION COSTS (Note 5)	8,640,584	7,647,211
RECLAMATION BONDS (Note 6)	340,610	340,610
	<b>\$ 16,987,073</b>	\$ 12,253,662
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 111,188	\$ 97,664
Due to related parties (Note 10)	406,543	305,195
	<b>517,731</b>	402,859
Provision for reclamation (Note 6)	340,610	340,610
Convertible debenture (Note 8)	187,745	138,723
	<b>1,046,086</b>	882,192
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7)	21,132,143	15,867,323
Contributed surplus	217,955	161,606
Equity component of convertible debenture (Note 8)	96,000	96,000
Cumulative translation adjustment	(21,755)	(21,755)
Deficit	(5,483,356)	(4,731,704)
	<b>15,940,987</b>	11,371,470
	<b>\$ 16,987,073</b>	\$ 12,253,662

CONTINGENCY (Note 6)

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, 2004 and 2003  
(Stated in U.S. Dollars)

	<u>2004</u>	<u>2003</u>
		(Note 3)
<b>REVENUE</b>		
Interest income	\$ 3,752	\$ 8,183
<b>EXPENSES</b>		
Administrative and office expenses	131,929	4,847
Bank and interest charges	66,829	43,792
Directors fees	12,000	26,000
Foreign exchange loss	(5,623)	(2,340)
Management fees	85,000	75,000
Mine maintenance expenses	44,527	45,182
Professional fees	182,573	126,651
Stock-based compensation	56,349	161,606
Transfer agent and filing fees	83,187	32,088
Travel and promotion	8,543	3,612
	<b>665,314</b>	516,438
LOSS BEFORE UNDERNOTED ITEMS	(661,562)	(508,255)
LOSS ON SALE OF INVESTMENT	-	(5,568)
WRITE-OFF OF RESOURCE PROPERTY ACQUISITION AND EXPLORATION COSTS	(90,090)	-
NET LOSS FOR THE YEAR	(751,652)	(513,823)
DEFICIT AT BEGINNING OF YEAR	(4,731,704)	(4,217,881)
DEFICIT AT END OF YEAR	\$ (5,483,356)	\$ (4,731,704)
<b>BASIC AND DILUTED LOSS PER SHARE</b>		
	\$ (0.005)	\$ (0.004)
<b>BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING</b>		
	<b>152,807,988</b>	133,890,216

**MANO RIVER RESOURCES INC.**  
**Consolidated Statements of Cash Flows**  
For the years ended January 31, 2004 and 2003  
(Stated in U.S. Dollars)

	<u>2004</u>	<u>2003</u>
		(Note 3)
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	\$ (751,652)	\$ (513,823)
Items not involving cash:		
Loss on sale of investment	-	5,568
Write off of resource property acquisition costs	90,090	-
Stock-based compensation	56,349	161,606
Accretion of liability component of convertible debenture	49,022	34,723
Interest payable on convertible debenture	12,000	8,500
Change in non-cash working capital items:		
Accounts receivable and prepaid expenses	(120,692)	639
Accounts payable and accrued liabilities	130,071	(46,338)
	<u>(534,812)</u>	<u>(349,125)</u>
<b>FINANCING ACTIVITIES</b>		
Issuance of share capital, net of costs	5,148,273	1,094,815
Proceeds from sale of investment	-	94,432
Due to related parties	89,348	78,093
	<u>5,237,621</u>	<u>1,267,340</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of resource properties	-	(90,090)
Deferred exploration expenditures	(993,373)	(769,107)
	<u>(993,373)</u>	<u>(859,197)</u>
<b>NET CASH INFLOW</b>	<b>3,709,436</b>	<b>59,018</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>184,116</b>	<b>125,098</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 3,893,552</b>	<b>\$ 184,116</b>

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

During the year ended January 31, 2004, the Company issued 2,819,397 common shares for the settlement of debts of \$116,547 due to related parties.

During the year ended January 31, 2003, the Company issued 6,427,545 common shares for the settlement of debts 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 debt of \$200,000 due to a related party.

# **MANO RIVER RESOURCES INC.**

## **Notes to the Consolidated Financial Statements**

**For the years ended January 31, 2004 and 2003**

**(Stated in U.S. dollars)**

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### **1. NATURE OF OPERATIONS**

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.

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.

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
For the years ended January 31, 2004 and 2003  
(Stated in U.S. dollars)

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**2. SIGNIFICANT ACCOUNTING POLICIES**

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used in these financial statements are as follows:

(a) *Principles of consolidation*

These consolidated 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	90.9%
Golden Limbo Rock Ressources SA	Conakry, Guinea	
Golden Leo Resources Limited	Tortola, British Virgin Islands	96.9%
Lofa Goldiam, Inc. and its 100% owned subsidiaries:	Tortola, British Virgin Islands	97.7%
Bea Mountain Mining Corporation	Monrovia, Liberia	
Kpo Resources Incorporated	Monrovia, Liberia	
Mano Diamonds Limited and its 100% owned subsidiaries:	Tortola, British Virgin Islands	100%

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, 2004.

(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.

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(c) *Investments*

Investments in which the Company does not exercise significant influence are recorded at cost, subject to a provision for any impairment in value that is determined to be other than temporary.

(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 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. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, the recoverability of accounts receivable, future income tax assets, the expected economic lives of and the future operating results and net cash flows from resource properties, and the fair values of stock options. 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 diluted loss per share reflects the potential dilution by including other common share equivalents, such as stock options, share purchase warrants and convertible debt, in the weighted-average number of common shares outstanding during the year. Options and debentures as disclosed in Notes 6 and 7 are anti-dilutive and therefore have not been taken into account in the per share calculations.

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

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(g) *Foreign currency translation*

The Company has adopted the U.S. dollar as its currency of measurement and it is used for external reporting purposes.

The Company's foreign currency transactions are translated into U.S. dollars using the temporal method. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Other balance sheet items and revenues and expenses are translated at the rates prevailing on the respective transaction dates. Exchange gains or losses related to current monetary items are included in operations. Exchange gains and losses related to non-current monetary items are deferred and amortized over the remaining lives of the monetary items.

(h) *Stock-based compensation*

The Company has early adopted accounting standards that require that all stock-based awards made to non-employees and employees be measured and recognized using a fair value based method (Note 3). Accordingly, the fair value of options at the date of grant is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting period. If the stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(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 substantively 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.

(j) *Comparative figures*

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

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

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**3. ACCOUNTING CHANGES**

Effective February 1, 2003, the Company adopted the recommendations of the Canadian Institute of Chartered Accountants (the "CICA") for stock-based compensation and other stock-based payments. These recommendations established standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments in exchange for goods and services. In 2002 and prior years, no stock-based compensation expense was recognized when share options were granted to employees and directors. In 2003, the Company elected not to account for stock-based compensation, however, it disclosed the pro forma effect of the stock-based compensation on its financial results. Further to changes in the CICA section for stock-based compensation in 2003, the Company has adopted the fair value based method of accounting for stock-based compensation, as described in Note 2 (h). This change has been applied retroactively and the financial statements for 2003 have been restated. The effect of this change was to increase the net loss for the year ended January 31, 2003 by \$161,606 resulting in a net loss of \$513,723 (increase of \$0.001 to loss per share). The contributed surplus at January 31, 2003 increased to \$161,606 and the deficit at February 1, 2003 increased to \$4,731,704.

**4. INVESTMENTS**

	<u>2004</u>	<u>2003</u>
St. Andrew Goldfields Ltd. (formerly Royal Victoria Minerals Ltd.)	\$ 34,496	\$ 34,496

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The St. Andrew Goldfields Ltd. ("St. Andrew") investment consists of 520,000 common shares with a quoted market value at January 31, 2004 of \$119,600 (2003 - \$75,925).

During the year ended January 31, 2004, the Royal Victoria Minerals Ltd. ("Royal Victoria"), St. Andrew Goldfields Ltd. and United Tex-Sol Mines completed a business combination by way of a plan of arrangement with St. Andrew as the surviving entity. Under the terms of the arrangement, Royal Victoria shareholders received two common shares of St. Andrew for each Royal Victoria common share.

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**5. RESOURCE PROPERTIES AND DEFERRED EXPLORATION COSTS**

	<u>2004</u>	<u>2003</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
<b>Closing balance</b>	<b>\$ 3,955,000</b>	<b>\$ 4,045,090</b>
Deferred exploration costs		
Liberia, West Africa	\$ 5,412,294	\$ 5,264,521
Guinea, West Africa	1,633,645	1,573,733
Sierra Leone, West Africa	1,594,645	808,957
<b>Closing balance - see Schedule</b>	<b>\$ 8,640,584</b>	<b>\$ 7,647,211</b>

(i) Liberia

The Company holds two Mineral Development Agreements (“MDA”) in Liberia for gold and diamond development. These properties are in Western Liberia and consist of the Bea Mountains and Kpo Range MDAs, 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 seven prospecting licenses for diamonds, gold and base metals. Four of the licenses are located in the eastern province of the country and consist of Njaiama, Yengema, Nimini Central and Nimini South. The remaining three licenses are located in the northern province and consist of Lake Sonfon, South Pampana and North Pampana.

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**5. RESOURCE PROPERTIES AND DEFERRED EXPLORATION COSTS (Continued)**

(iv) Canada

During the year ended January 31, 2004, the Company relinquished its interest in the Casa Berardi area properties (Québec, Canada) and the acquisition costs were written off.

**6. 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 concluded that given the continued low commodity prices the mine would remain closed. The Company is taking steps to dispose of the property, mill and mine assets.

At January 31, 2004, term deposits totalling \$340,610 (2003 - \$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 continues to monitor the Van Stone mine and will make further provisions as deemed necessary.

**7. SHARE CAPITAL**

(a) *Authorized*

Unlimited number of common shares without par value

(b) *Issued*

	<u>Shares</u>	<u>Amounts</u>
Balance at January 31, 2002	101,162,671	\$ 14,357,213
Shares issued on private placement (net of costs)	26,300,000	1,094,815
Shares issued for settlement of debt	6,427,545	415,295
Balance at January 31, 2003	133,890,216	15,867,323
Shares issued on private placement (net of costs) (i)	66,250,000	4,762,147
Shares issued on exercise of warrants	7,530,000	386,126
Shares issued for settlement of debt (ii)	2,819,397	116,547
Balance at January 31, 2004	210,489,613	\$ 21,132,143

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**7. SHARE CAPITAL (Continued)**

(b) *Issued (continued)*

(i) During the year ended January 31, 2004, the Company concluded two private placements of 17,250,000 and 49,000,000 shares at £0.025 and £0.05 per share respectively (\$0.04 and \$0.088) for proceeds of \$4,762,147, which is net of issue costs of \$107,196.

(ii) During the year ended January 31, 2004, the Company issued 2,819,397 common shares for settlement of debt of \$116,547.

(c) As at January 31, 2004, there were 1,260,000 shares held in escrow with their release subject to approval of regulatory authorities.

(d) *Stock options*

During the year ended January 31, 2004, the Company implemented a formal stock option plan which permits the issuance of options up to 10% of the Company's issued share capital. The Stock Option Plan provides for equity participation in the Company by its directors, officers, employees and consultants through the grant of options to purchase common shares of the Company.

This plan, as approved by the shareholders, authorizes the directors to grant options within the limitations of this plan and subject to the rules of applicable regulatory authorities. The exercise price of options granted under this plan is at not less than market price as approved by the TSX Venture Exchange. Generally the options are exercisable for a period of up to five years and vest immediately.

The changes in stock options were as follows:

	<u>2004</u>	<u>Weighted Average Exercise Price</u> (Cdn\$)	<u>2003</u>	<u>Weighted Average Exercise Price</u> (Cdn\$)
Balance outstanding, beginning of year	9,945,000	\$ 0.19	4,040,000	\$ 0.30
Activity during the year				
Options granted	905,000	0.10	5,905,000	0.11
Options lapsed	(470,000)	0.29	-	-
Balance outstanding, end of year	<u>10,380,000</u>	<u>\$ 0.18</u>	<u>9,945,000</u>	<u>\$ 0.19</u>

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**7. SHARE CAPITAL (Continued)**

(d) *Stock options (continued)*

As at January 31, 2004, the following stock options were outstanding:

<u>Number of Common Shares</u>	<u>Exercise price per share (Cdn\$)</u>	<u>Expiry date</u>
2,540,000	\$ 0.34	February 12, 2004
100,000	0.34	April 14, 2005
990,000	0.22	May 1, 2006
845,000	0.10	February 21, 2007
5,000,000	0.11	March 21, 2007
905,000	0.10	August 14, 2008
<u>10,380,000</u>		

The weighted average grant date fair value of stock options granted in the year ended January 31, 2004 was \$0.06 (2003 - \$0.03). The fair value of these options were determined on the date of grant using the Black-Scholes option pricing model with the following assumptions: no dividends were paid (2003 - no dividends), a weighted average volatility of the Company's share price of 186% (2003 - 145%) and a weighted average annual risk free rate of 3.97% (2003 - 5.22%).

(e) *Warrants*

	<u>2004</u>	<u>Weighted Average Exercise Price (GBP)</u>	<u>2003</u>	<u>Weighted Average Exercise Price (GBP)</u>
Balance outstanding, beginning of year	<b>7,550,000</b>	<b>£ 0.03</b>	-	£ -
Activity during the year				
Warrants issued	-	-	7,550,000	0.03
Warrants exercised	<b>(7,530,000)</b>	<b>0.03</b>	-	-
Balance outstanding, end of year	<b>20,000</b>	<b>£ 0.04</b>	7,550,000	£ 0.03

All warrants outstanding as at January 31, 2004 are due to expire on January 3, 2005. The exercise price of the warrants was £0.03 during the first year and £0.04 per warrant during the second year.

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**MANO RIVER RESOURCES INC.**  
**Notes to the Consolidated Financial Statements**  
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**8. CONVERTIBLE DEBENTURE**

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

In accordance with the recommendation 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.

The components of the convertible debenture were as follows:

	<u>January 31,</u> <u>2004</u>	<u>January 31,</u> <u>2003</u>	<u>Issue</u> <u>Date</u>
Debt component	\$ 187,745	\$ 138,723	\$ 104,000
Equity component	96,000	96,000	96,000

**9. 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:

	<u>2004</u>	<u>2003</u>
Statutory tax rate	37.6%	39.6%
Recovery of income taxes computed at standard rates	\$ (282,621)	\$ (203,474)
Non-deductible expenses	21,187	63,974
Tax losses not recognized in the period that the benefit arose	261,434	139,500
	<u>\$ -</u>	<u>\$ -</u>

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**MANO RIVER RESOURCES INC.**  
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**9. INCOME TAXES (Continued)**

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

	<u>2004</u>	<u>2003</u>
Operating loss carry-forwards	\$ 1,155,525	\$ 1,123,488
Less: Valuation allowance	(1,155,525)	(1,123,488)
	<u>\$ -</u>	<u>\$ -</u>

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.

At January 31, 2004, the Company had the following loss carry-forwards available for tax purposes:

	<u>Amount</u>	<u>Expiry</u>
Country		
Canada	\$ 3,650,000	2003 - 2011
Liberia	120,000	2005

**10. RELATED PARTY TRANSACTIONS**

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

	<u>2004</u>	<u>2003</u>
(a) incurred management services fees with a company related by a director in common	\$ 73,000	\$ 63,000
(b) incurred management services fees with a company associated with a director of the Company	12,000	12,000
	<u>\$ 85,000</u>	<u>\$ 75,000</u>
(c) incurred professional services with a law firm in which a director of the Company is a partner	\$ 38,401	\$ 32,429

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**MANO RIVER RESOURCES INC.**  
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**10. RELATED PARTY TRANSACTIONS (Continued)**

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 parties are as follows:

	<u>2004</u>	<u>2003</u>
Director's companies	\$ 271,583	\$ 121,142
Various Directors	119,447	168,578
Director's law partnership	15,513	15,475
	<u>\$ 406,543</u>	<u>\$ 305,195</u>

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

**11. 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, 2004 were derived from interest income of which \$3,441 (2003 - \$7,162) was earned in Canada and \$311 (2003 - \$1,021) was earned in the British Virgin Islands.

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

	<u>2004</u>	<u>2003</u>
Canada	\$ 34,496	\$ 124,586
Guinea	3,573,645	3,513,733
Liberia	5,732,293	5,584,521
Sierra Leone	3,289,646	2,503,957
United States	340,610	340,610
	<u>\$ 12,970,690</u>	<u>\$ 12,067,407</u>

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**MANO RIVER RESOURCES INC.**  
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(Stated in U.S. dollars)

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**12. 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 4. Due to the nature of the Company's operations, there is no significant credit or interest rate risk. As at January 31, 2004, the Company held approximately \$3,872,865 cash in bank accounts denominated in UK pounds. The Company has taken no action to reduce its exposure to foreign currency risk.

**13. SUBSEQUENT EVENT**

Subsequent to the year ended January 31, 2004:

- (a) the Company granted stock options to certain directors, officers, consultants and employees to purchase up to 2,770,000 common shares of the Company at an exercise price of Cdn.\$0.24 per share exercisable until March 23, 2009. In addition, 130,000 options were exercised for proceeds of \$33,650 and 2,410,000 options expired unexercised.
  - (b) the principal amount of the convertible debenture of \$200,000 was converted into 2,786,200 common shares of the Company at a price of £0.04 (\$0.07) per share. The accumulated interest of 6% per annum totalling \$23,500 was paid in cash.
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# MANO RIVER RESOURCES INC.

## Consolidated Schedule of Deferred Exploration Costs

For the years ended January 31, 2004 and 2003

(Stated in U.S. Dollars)

	<u>2004</u>	<u>2003</u>
Assays including shipment	\$ 49,675	\$ 14,315
Communications	38,849	28,352
Community relations	2,993	17,677
Consultants	118,817	132,066
Data, images, reports and maps	7,607	3,128
Drilling	91,377	-
Geologists' support	4,290	7,565
Infrastructure	2,459	-
License, permit fees	106,464	144,584
Project/field costs, other	124,377	73,522
Salaries and wages	297,354	245,358
Subsistence	52,685	36,043
Transportation	96,426	66,497
NET EXPENDITURES DURING THE YEAR	993,373	769,107
BALANCE, BEGINNING OF YEAR	7,647,211	6,878,104
BALANCE, END OF YEAR	\$ 8,640,584	\$ 7,647,211