

MANO RIVER RESOURCES INC.

Management's discussion and analysis
For the period ended January 31, 2004

The following discussion is management's assessment and analysis of the results and financial condition of Mano River Resources Inc. (the "Company" or "Mano ") and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended January 31, 2004 and related notes. Unless otherwise indicated all amount are in US dollars (USD).

Description of Business

Mano River Resources Inc. is an exploration stage company engaged in the acquisition, exploration and development of gold and diamond properties. The Company through its subsidiaries holds interests in properties located in Liberia, Sierra Leone and Guinea with the aim of developing them to a stage where they can be exploited economically or arranging joint ventures whereby other companies provide funding for development and exploitation.

Forward looking statements

Certain information included in this discussion may constitute forward-looking statements. Forward-looking statements are based on current expectations and entail various risks and uncertainties. These risks and uncertainties could cause or contribute to actual results that are materially different than those expressed or implied.

Trends

In recent years, the mineral exploration industry has been through a very difficult period, with low prices for both precious and base metals. Lack of interest led to low market capitalizations and large companies found it was easier to grow by purchasing companies or mines than to explore for them. This led to downsizing of large company exploration staffs and many professionals took early retirement or left the industry to pursue other careers. As a result of these trends, there are few good gold-silver projects in the pipeline and a developing shortage of experienced explorationists. With improving metal prices and increasing demand, especially from Asia, supply difficulties may occur in the future and there is a discernible need for good exploration projects based on sound geological work. As junior companies (many of which are staffed by former large company geologists) find it easier to raise funds, they are beginning to seek properties of merit to explore.

Risks and uncertainties

The Company is subject to a number of risk factors due to the nature of the mining business in which it is engaged, not least adverse movements in commodity prices, which are impossible to forecast. The Company seeks to counter this risk as far as possible by selecting exploration areas on the basis of their recognized geological potential to host high grade (gold and diamond) deposits. The area of under-explored Archaean terrain on which the Company focuses in West Africa is also subject to a second significant risk, i.e. political. While the region has suffered serious civil unrest and armed conflict in the recent past (which is the basic reason why it remained under-explored), conditions have improved markedly in recent years. Mano field teams have operated safely in Sierra Leone since early 2002 and the hope is that access can be gained to the licences in Liberia before year end, following the completion of the UN-led disarmament programme there.

Industry

The Company is engaged in the exploration of mineral properties, an inherently risky business, and there is no assurance that an economic mineral deposit will ever be discovered and subsequently put into production. Most exploration projects do not result in the discovery of commercially mineable ore deposits. The geological focus of the Company is on areas in which the geological setting is well understood by management and technological tools are regularly used and updated to better focus exploration efforts.

Reserve and resource estimates

The estimation of mineral resources and reserves is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgement. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated.

Gold and metal prices

The price of gold is affected by numerous factors beyond the control of the Company including central bank sales, producer hedging activities, the relative exchange rate of the U.S. dollar with other major currencies, demand, political and economic conditions and production levels. In addition, the price of gold has been volatile over short periods of time due to speculative activities. The price of other metals and mineral products that the Company may explore for all have the same or similar price risk factors.

Cash flows and additional funding requirements

The Company currently has no revenues from operations. If any of the Company's exploration programs are successful and optionees of properties complete their earn-in, the Company would have to provide its share of ongoing exploration and development costs in order to maintain its interest in the projects, or be reduced to a royalty interest. Additional capital would be required to put a property into commercial production. The sources of funds currently available to the Company for exploration stage projects are either the sale of equity capital or the offering of an interest in its projects to another party. Although the Company presently has sufficient financial resources to undertake its currently planned exploration programs and has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

Exchange rate fluctuations

Fluctuations in currency exchange rates can significantly impact cash flows. The U.S. dollar exchange rate in particular has varied substantially over time, and the Company has historically raised equity financing in UK and Canadian currencies while most of the Company's exploration expenses are denominated in U.S. dollars. Fluctuations in exchange rates may give rise to foreign currency exposure, either favourable or unfavourable, which may impact financial results. The Company does not engage in currency hedging to offset any risk of exchange rate fluctuation.

Environmental

Mano's exploration and development activities are subject to extensive laws and regulations governing environmental protection. The Company is also subject to various reclamation-related conditions. Although the Company closely follows and believes it is operating in compliance with all applicable environmental regulations, there can be no assurance that all future requirements will be achievable on reasonable terms. Failure to comply may result in enforcement actions causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures.

Laws and regulations

Mano's exploration activities are subject to local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change, can become more stringent and compliance can therefore become more costly. The Company applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws.

Title to mineral properties

While the Company has investigated title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Competition

There is competition from other mining exploration companies with operations similar to those of the Company. Many of the mining companies with which the Company competes have operations and financial resources greater than that of Mano.

Dependence on management

Mano strongly depends on the business and technical expertise of its small management team and there is little possibility that this dependence will decrease in the near term.

Selected financial information

The following selected annual financial information is derived from the audited consolidated financial statements for the three most recently completed financial years and is prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Years ended January 31:

	2004	2003	2002
Total revenue (Interest income)	3,752	8,183	17,056
Net loss	695,303	352,217	2,283,123
Net loss per share	0.005	0.003	0.023
Total assets	16,987,073	12,253,662	11,436,086
Total exploration expenditures	993,373	769,107	804,174
Write-down of interests in mineral properties	90,090	-	1,863,333

Operations

The year under review has seen a number of encouraging developments for Mano, in regional politics, at a corporate level and especially in terms of exploration success.

Having selected gold and diamonds as the commodities of prime interest, Mano's fundamental strategy since its inception has been to target highly prospective under-explored Archaean terrain in Liberia, Sierra Leone and Guinea, West Africa. Precisely because of the difficult political situation in the region, the Company faced little or no competition for ground and consequently, over the last seven or eight years, has been able to build a high quality portfolio of properties. With peace firmly re-established in Sierra

Leone in 2001 and disarmament complete, the latest significant development was the departure into exile of President Charles Taylor from Liberia in August 2003 and the establishment of a Transitional Government under UN and US auspices. Disarmament is now well advanced in Liberia and with it has come an increase of investor interest in both London and Toronto in the Company's exploration prospects.

A concrete reflection of higher levels of investor interest in Mano was the fact that, in December 2003, a placement was concluded which raised USD4.4 million, the Company's largest equity financing to date.. Taken together with committed exploration funding on our licences from joint venture partners, this means the Company does not expect it will require further fund-raising until mid 2005 at the earliest.

In both Sierra Leone and Liberia, important additions to Mano's property portfolio were made, culminating in the acquisition of contiguous cross-border licences totaling 25,000 km² and extending from the Kono diamond district in Sierra Leone south eastwards to Kpo in Liberia, where Mano had previously made the first ever discoveries of diamondiferous kimberlite pipes in Liberia in 2001.

Drilling got under way on the Yirisen project in Pampana, the first to take place for gold anywhere in Sierra Leone for a number of years, with extremely encouraging results from the first holes. As a result, a second drill has been mobilized to site.

The Mano management team has meanwhile been greatly strengthened with the appointment of Jonathan Challis to the Board, Karl Smithson (who was previously a consultant to Mano) as full time VP Exploration - Diamonds, and Greg Nowak as Regional Manager based in Freetown.

Corporate

In May 2003, Mano announced that Seymour Pierce Limited had been appointed as the Company's Nominated Adviser on the London Stock Exchange AIM market. Seymour Pierce Ltd together with Seymour Pierce Ellis Ltd, Mano's Nominated Broker, are a leading adviser and broker to AIM, specialising in providing research, corporate broking and corporate finance advice to smaller quoted companies, particularly in the extractive industries.

In June, the Company announced the adoption of a stock option plan (the "Plan"), pursuant to the policies of the TSX Venture Exchange and shareholder approval, allowing for the reservation of up to 10% of the Company's issued and outstanding shares as at the date of a particular stock option grant. The Company then had 133,890,216 shares issued and outstanding and 9,475,000 options outstanding (representing 7.1% of the Company's issued and outstanding shares). Based on the reservation of up to 10% of the Company's issued and outstanding shares, being 13,389,021, the Plan allowed for the future granting of a further 3,914,021 options. Options under the Plan may be granted to the Company's directors, officers, employees, management company employees and consultants. Following the receipt of the necessary approvals, the Plan now governs any outstanding stock options previously granted and any new stock options issued.

Also in June 2003, the Board announced that it had arranged, subject to regulatory approval, a Private Placing to raise gross proceeds of GBP400,000 from existing and new institutional investors. The brokered Placing was arranged in the UK of 16,000,000 common shares at GBP0.025 per share through Seymour Pierce Ltd. The proceeds of the Placing were used by Mano to continue the Company's exploration programme over its range of promising gold and diamond targets in the Mano River Union countries, and for general working capital purposes.

In July 2003, at Mano's 2003 Annual General Meeting in Vancouver, Jonathan Challis (51) was elected in place of Peter Dwerryhouse, who had previously indicated he would not be continuing as a director. The Board would like to express its appreciation to Mr Dwerryhouse for his valuable contribution to the

Company. Mr Challis is a mining engineer with over 30 years experience in the operation, management, financing and analysis of mining projects around the world.

In August 2003, Mano received notice of the conversion of warrants over 1,250,000 fully paid ordinary shares in the Company at GBP0.03 per share and, by year-end, all but 20,000 of the 7,530,000 warrants on issue had been exercised, raising a total of GBP225,900 (approximately USD410,000). Also in August 2003, as agreed with the parties concerned at the time of the placement in June 2003, the Board announced that it had approved arrangements to satisfy accrued payables totaling GBP70,485 due for payment as of 31 January 2003 with Mano shares at the same price as the placement, i.e. GBP0.025. The debt settlement represented amounts mainly incurred up to the end of the 2003 financial year and owing directly or indirectly to directors, or companies with which they are associated, and senior officers of Mano for directors' fees, management services, reimbursable expenses and advances supporting exploration. The Board considered that the settlement of these amounts in shares helped to preserve the Company's cash to continue to advance exploration of its properties.

In November 2003, Mano announced the appointment of Capital Integrated Marketing Communications (Europe) Ltd ("Capital"), to act as its financial public relations adviser in the UK. Capital is a financial PR company with offices in Australia, London and China, specialising in natural resources and their aim is to help lift Mano's profile so as to achieve a better appreciation in the investment community and media of the Company's portfolio of gold and diamond exploration projects in West Africa.

Mano has a strategy of seeking high quality partners to develop certain of its licences, while retaining the remainder for development by Mano and, in late November 2003, the Company announced that it had signed a comprehensive Letter of Agreement ("LoA") with Golden Star Resources ("GSR"). The proposed joint venture covers Mano's three licence packages within the prospective greenstone gold-bearing belts in Sierra Leone, under which GSR will make an investment of USD6M over a staged four-year period in order to earn a 51% interest in the Joint Venture Licences, earning a final equity interest of up to either 71% or 85% if Mano does not co-fund, respectively, the Feasibility Study nor mine development. GSR is a well-funded gold producer with an aggressive growth strategy in West Africa. Its major assets are located in Ghana, where it has reported gold reserves of 3 million ounces, gold resources of over 5 million ounces and is forecast to produce 350,000 ounces per year in 2005. Its shares are listed on the TSX (GSC) and AMEX (GSS) markets.

At the end of December 2003, Mano announced that it had closed a Private Placement raising gross proceeds of GBP2,450,000, as previously announced on 10 December 2003. The Placing was arranged in the UK and Europe of 49,000,000 common shares at GBP0.05 per share by Williams de Broe and Seymour Pierce Ltd to raise GBP2,450,000 (approximately USD4.4million) before issue costs and broker commissions of 4%.

Exploration projects

Within Mano, there is a continual process of technical assessment and evaluation of the prospectivity of each individual licence held in the portfolio. As in previous years, the view prevails that ground held in Liberia and Guinea merits the Company's undivided attention, consequently there has again be no field activity in Guinea, beyond that needed to maintain the licences.

Sierra Leone

This is the country in which the bulk of the 2004 Deferred Exploration Expenditure, a total of USD785,688 (79%), has been made. Funding has been divided between advancing the diamond properties in the Kono district and gold properties in the Sula Mountains.

In February 2003, Mano announced the recovery of more macrodiamonds from its kimberlite dyke discovery in the Kono district in eastern Sierra Leone. Macro-diamonds had already been reported by the

Company from a 1.7tonne mini-bulk sample of Lion-1, for a minimum grade of 49 carats per hundred tonnes (49cpht) – (see Mano news release dated October 2nd 2002, http://www.manoriver.com/news/nr02/nr0200_02oct.pdf). Subsequent sorting yielded a further 17 macrodiamonds and the calculated grade for the sample therefore increased to **64.6 cpht**. The Lion 1 dyke has been traced over some 5km, and its minimum grade of 65 cpht is very encouraging. Diamonds from Sierra Leone are well known for their high intrinsic per carat value, suggesting this dyke may represent a potentially economic diamond deposit.

Two weeks later, the Company announced that eight further kimberlite dykes had been identified elsewhere throughout the Kono licenses, designated the Lion-3 to Lion-10, all reportedly exploited for diamonds at surface by local miners. The garnet mineral chemistry from the Lion-1 to Lion-4 kimberlites was of a high interest nature. Float samples of diatreme facies kimberlite, suggestive of an undiscovered pipe or blow, had previously been found and a stream sample collected in the suspected source area returned abundant ilmenite together with supporting garnet. A number of these garnets were classified as G10 in composition after probing .

In August 2003, encouraging results were announced from mini-bulk sampling of the Lion-1, 2, 3 and 5 kimberlite dykes. Each sample comprising 1 tonne of kimberlite was washed and jigged on site to recover diamonds in two size fractions. The results are set out in Table 1 below:

Table 1 – Results of Mini-Bulk Samples

Kimberlite	Sample Number	No. +0.71mm Diamonds	No. +2.0mm Diamonds	Total Weight (carats)	Calculated Grade (cpht)
Lion-1	50225	2	1	0.15	15
Lion-2	50223	12	3	0.46	46
Lion-2	50231	35	5	0.45	45
Lion-3	50227	0	0	0	0
Lion-5	50229	15	5	0.94	94

The diamonds recovered from these samples were weighed and described in Cape Town. A significant grade of 94cpht was obtained for a sample of the Lion-5 dyke, which had been mapped for a distance of approximately 1km. Mano’s stream and loam sample results showed that this dyke extends eastwards into the adjacent DiamondWorks ground, linking with the latter’s Koidu Pipes project on which commercial mining began later in the year.

Elsewhere in Sierra Leone, in the Sula Mountains greenstone belt, Mano announced that in the Sonfon Area, where the company is operating a joint venture with Golden Prospect, a 3 km long gold-in-soil anomaly identified by a 25 parts per billion contour, had been defined by a soil sampling programme and termed the Yanfarina-Dalakuru-Sende (YDS) gold zone. The YDS zone is coincident with an area of extensive alluvial and laterite artisanal gold workings, and trenching had identified a series of high grade gold-bearing narrow veins (stockwork), the best values being reported in trench DT-6 which returned 7.4 g/t gold over 7.3m.

In other gold exploration activity, Mano acquired the ‘North Pampana’ Exclusive Exploration License (EXPL), which hosts the high grade Yirisen gold deposit and strategically adjoins Mano’s ‘South Pampana’ Exclusive Prospecting License (EPL) in central Sierra Leone. Local miners are working the Yirisen gold deposit to depths of about 15m and, locally, to over 75m.

Reconnaissance work undertaken in May 2003 by independent consultants ACA Howe International Ltd, indicated that the total inferred strike length for the Yirisen gold system should be revised upwards to in excess of 4km, remaining open along strike in both directions. Shortly thereafter, Mano scaled up of its

exploration programme at Yirisen. By year end, in line with its established strategy and as reported above, Mano joint ventured its gold properties in Sierra Leone to Golden Star Resources

Finally, in January 2004, the Company announced that it had been awarded a 9,700 square kilometre Regional Exclusive Prospecting Licence (REPL) by the Ministry of Natural Resources of Sierra Leone. The Licence covers the south-eastern quadrant of the country and is underlain by the ancient Archaean Man Craton, which is considered prospective for diamonds, gold and base metals. Mano further stated that, following the grant of this REPL, it was engaged in on-going discussions with a potential partner with a view to arranging for their Joint Venture participation in the planned diamond exploration programme, to include an airborne geophysical survey (see below 'Subsequent Events').

Exploration projects – Liberia

The USD148,000 of deferred exploration expenditure incurred in Liberia during the period under review was primarily related to keeping the licences totaling 1,200km² in good standing, and to maintaining the Mano office facility in the capital, Monrovia. Following the cessation of hostilities in Liberia in mid 2003, the United Nations has made great strides in its disarmament process, latest estimates putting the number of ex-combatants who have surrendered their arms at over 40,000. However, the Company is not prepared to take any risks with its personnel and, with the agreement of the Ministry of Lands Mines and Energy, fieldwork on Mano's projects, such as KGL and Weaju, remains suspended until conditions are judged to be totally safe. It is currently anticipated that fieldwork will re-commence by approximately October, 2004.

The acquisition in May 2004 of a 15,000km² Mineral Cooperation Agreement in the west of the country is discussed under 'Subsequent Events'.

Exploration projects – Guinea

The Company once again took the view that it should focus its available technical and financial resources on its highly prospective licences in Sierra Leone and Liberia, consequently there was no exploration activity in Guinea during the period under review, expenditure being limited to USD59,000 spent maintaining the licences and Conakry office. However, several companies have expressed an interest in Mano's gold licences at Missamana and Gueliban and talks regarding possible joint ventures continue.

Subsequent Events – Corporate

In April 2004, Mano announced the appointment of Mr. Greg Nowak as Regional Manager for Sierra Leone, Liberia and Guinea, based in Freetown. Since 1996, Mr Nowak has been the Exploration & Country Manager for Ashanti Goldfields in Côte d'Ivoire, Mali & Sierra Leone. His exploration and management experience spans over twenty years, with over 15 years focused on the Precambrian Birrimian greenstone belts and Archaean basement rocks of West Africa. A fellow of the Society of Economic Geologists and member of the Geological Society of America, Mr Nowak holds an M.S. from the Mackay School of Mines, Nevada, USA.

Subsequent Events – Exploration

In May 2004, the Company announced that it had signed a Mineral Cooperation Agreement ("MCA") with the Ministry of Lands Mines & Energy of Liberia. The three-year agreement permits the Company to undertake exploration in an area that covers 15,000km² of western Liberia. Importantly, the MCA is contiguous with the Mano's Regional Exclusive Prospecting Licence ("REPL") in Sierra Leone, creating a contiguous land holding in excess of 25,000km² underlain by the highly prospective Archaean Man Craton.

Also in May 2004, in a development of great significance for Sierra Leone as well as for Mano, the Company announced that it had signed a Memorandum of Agreement (MoA) with BHP Billiton to explore for diamonds and other minerals over its recently awarded REPL in Sierra Leone.

In that connection, Sierra Leone's Honourable Minister for Natural Resources, Mohamed Swarry Deen, declared, "The introduction of BHP-Billiton to Sierra Leone by Mano is exceptionally positive news for our country. Companies like Mano have proven crisis-proof and play a key role in attracting investment into Sierra Leone. We are grateful for their perseverance, which is now being rewarded by the introduction of such world-class companies as BHP Billiton and Golden Star Resources as their partners."

In an important new development for gold exploration in Sierra Leone, in June 2004, Mano and Golden Star Resources Ltd. ("Golden Star") announced encouraging assay results from the first five diamond drill holes on the Yirisen gold project. Significant intersections include **14m at an average grade of 7.77g/t and 9.07m at an average grade of 15.99g/t**. As yet, there is insufficient geological information to enable true widths to be calculated with confidence and, furthermore, no assays have been cut.

Significant assay results are summarised as follows:

Hole	Easting (m)	Northing (m)	From (m)	To (m)	Total Length (m)	Gold Grade (g/t)
YDD1	1997	2009	11.51	11.77	0.26	9.66
			22.61	23.50	0.89	6.23
			39.00	53.00	14.00	7.77
<i>Incl.</i>			45.00	53.00	8.00	13.00
			86.85	87.46	0.61	5.84
YDD2	1997	2009	25.45	26.00	0.55	7.39
			53.78	62.85	9.07	15.99
<i>Incl.</i>			53.78	61.26	7.48	19.18
<i>Incl.</i>			53.78	56.10	2.32	41.34
YDD3	1975	1950	No significant assays			
YDD4	1976	1948	15.56	20.00	4.44	3.59
YDD5	2000	1900	23.19	32.00	8.81	0.99
<i>incl</i>			25.18	25.75	0.57	7.71

The diamond drilling campaign is supported by a USD1,000,000 budget funded by Golden Star, (which will also cover work on the Sonfon and Nimini Licences). Mano is operator of the Joint Venture's exploration work.

Finally, in June 2004, Mano announced the discovery of diamonds and indicator minerals from within the Sonfon licence package in Sierra Leone, West Africa held in Joint Venture with Golden Prospect. An initial 250kg stream sample yielded five macro-diamonds weighing a total of 0.841 carats. All of the diamonds were recovered in the coarse size fraction, with two being over 4mm in size. Some 58 stream samples were then processed for kimberlite indicator minerals, results suggesting that kimberlites may be present within the licences and, furthermore, any kimberlites are likely to be diamond-bearing. The joint venture has undertaken follow-up stream and loam sampling over the two anomalous areas and these samples have been dispatched to South Africa for analysis. It is hoped that the results will isolate the source areas, over which ground geophysics can be focused in the dry season, to identify possible drill targets.

Results of operations

The Company's net loss for the year ended January 31, 2004 was \$751,652 or \$0.005 per share (2003 - \$513,823 or \$0.004 per share). This is a \$237,829 increase in net loss compared to 2003. This increase was primarily due to a write-off of resource property, administrative and office expenses, professional fees and other administrative costs.

During the 2004 fiscal year, the Company relinquished its interest in the ManoTaur Joint Venture, Casa Berardi area properties (Quebec, Canada) and accordingly the costs of \$90,090 were written off in the current year (2003 - Nil).

General and administrative costs were \$665,314 in the year ended January 31, 2004 (2003 - \$516,438). Some administrative expense categories experienced higher costs: bank and interest charges \$66,829 (2003 - \$43,792) increased by \$23,037 mainly due to interest payable on convertible debentures. Professional fees \$182,573 (2003 - \$126,651), including investor relations services, increased by \$55,922 during the year as the Company focused its effort on expanding investor awareness of the Company's exploration projects. Transfer agent and filing fees \$83,187 (2003 - \$32,088) increased by \$51,099 due to additional share activity including private placements.

The Company has no revenue from mining operations. Revenue for the year, consisting of interest income, was 3,752 as compared to \$8,183 in 2003, a decrease of \$4,431. This decrease in interest income was due to lower interest rates.

Liquidity and capital resources

At January 31, 2004, the Company had working capital of \$3,498,652 as compared to a working capital deficiency of \$216,604 at year end 2003. The Company had cash and cash equivalents of \$3,893,552 (2003 - \$184,116). The significant increase in cash was primarily due to the issuance of common shares.

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. The Company also issued 2,819,397 common shares for settlement of debts of \$116,547. During the period 7,530,000 share purchase warrants were exercised for the total proceeds of \$386,126. The Company expects its level of cash resources to be sufficient to meet its working capital and mineral exploration requirements for approximately the next 18 months. Cash used for operating activities during 2004 was \$534,812 (2003 - \$349,125) after adjusting for the non-cash activities of mineral property interest write-downs and stock-based compensation. Cash flows from financing activities for 2004 were \$5,237,621 (2003 - \$1,267,340).

As at January 31, 2004, the Company had total assets of \$16,987,073 as compared with \$12,253,662 for the fiscal year ended January 31, 2003. This increase in assets of \$4,733,411 was primarily as a result of the equity financing completed during 2004. At January 31, 2004, the Company had total liabilities of \$517,731 as compared to \$402,859 at year ended January 31, 2003. Current liabilities include \$406,543 due to related parties for management fees, bridging loan and reimbursable expenses.

During the period the Company expended \$993,373 on deferred exploration expenditures as compared to \$769,107 in 2003, as exploration activity increased with available funding.

Contractual commitments

The only contractual commitment lasting longer than a year that the Company has entered into relates to the Mano Office in Didcot, England, where a nine-year lease with the possibility of a break after three years has been signed.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements other than the lease related to its office premises as disclosed above.

Critical accounting estimates

A detailed summary of all the Company's significant accounting policies is included in note 2 to the accompanying annual consolidated financial statements for the year ended January 31, 2004. Significant estimates used in the preparation of these consolidated financial statements include, amongst other things, depreciation, determination of net recoverable value of assets, determination of fair value on taxes, contingencies and share compensation.

Changes in accounting principles

Stock-based compensation

The Canadian Institute of Chartered Accountants ("CICA") amended the stock option compensation and other stock based payments accounting standard during 2003. The Company early adopted the standard and the consolidated financial statements for the year ended January 31, 2004 reflect this. The effect of this change was to increase the net loss for the year ended January 31, 2004 by \$56,349.

Selected quarterly information

Quarter Ended (unaudited)

	October 31, 2003	July 31, 2003	April 30, 2003
Total revenue (Interest income)	3,473	2,206	1,853
Net loss	387,901	290,126	76,846
Total assets	12,756,697	12,741,546	12,390,528
Total exploration expenditures	584,109	336,407	176,109
Write-down of interests in mineral properties	90,090	90,090	-

	October 31, 2002	July 31, 2002	April 30, 2002
Total revenue (Interest income)	7,658	4,507	4,052
Net loss	275,761	225,230	87,216
Total assets	11,941,379	11,859,312	11,513,944
Total exploration expenditures	601,166	353,331	160,692
Write-down of interests in mineral properties		-	-

Outlook

Most forecasters see gold maintaining its present price level of around USD380 to 400 per ounce, or else increasing further in 2005. For diamonds, the general situation appears to be one of increasing scarcity of good quality stones of over one carat and a general firming of prices. Both factors should help to stimulate investor interest in a gold and diamond resource company like Mano, while the level of interest from the majors continues to increase, witness the Company's recent joint venture deal in Sierra Leone signed with the world's biggest resource company, BHPBilliton.

The Company is well funded to pursue its policy of adding shareholder value through further exploration and development of its Liberian gold properties, while early results from the Golden Star-funded gold exploration programme in Sierra Leone have been most encouraging. It will be late 2004 before the first results can be reported on the major reconnaissance programmes now under way in Sierra Leone (the BHPBilliton joint venture) and Liberia (over the Mineral Cooperation Agreement licence), but given the prospectivity of the ground holding for both gold and diamonds, Mano remains very hopeful that significant discoveries will be made.

The main focus of Mano-funded exploration is expected to be the further investigation of the KGL and Weaju gold projects in Liberia, together with the diamond reconnaissance over the Mineral Cooperation Agreement ground in western Liberia. Elsewhere in Liberia, Joint Venture Partner Trans-Hex anticipate commencing their farm-in programme at Weasua with an airborne geophysical survey in the 4th quarter of 2004.

In the Kono area of Sierra Leone, the Company is actively seeking the participation of suitably experienced partners who could put one or more of the high-grade diamondiferous kimberlite dykes discovered by Mano into production.

On the political front, the arrival of Mano's joint venture partner, BHPBilliton, to fund exploration in Sierra Leone is a massive endorsement for the country (as well as for Mano). Meanwhile, in neighbouring Liberia, the UN are making steady progress in the comprehensive disarmament and retraining programme for former combatants and Mano is confident that conditions will allow work to recommence in the Beah and Kpo licences after the rainy season, i.e. as early as October, 2004.