

Consolidated Interim Financial Statements of

MANO RIVER RESOURCES INC.

For The Six Months Ended July 31, 2004

(Unaudited)



Mano River Resources Inc.

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NOTICE TO READER

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated financial statements for the period ended July 31, 2004.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

MANO RIVER RESOURCES INC.

Consolidated Balance Sheets

(Prepared by Management without audit)

(Stated in U.S. Dollars)

	Six months ended July 31, 2004 \$ (unaudited)	Year ended January 31, 2004 \$ (audited)
ASSETS		
Current		
Cash and cash equivalents	2,460,007	3,893,552
Accounts receivable	126,271	122,831
Due from joint venture partners (Note 3)	788,458	-
	3,374,736	4,016,383
Investments (Note 4)	34,496	34,496
Resource properties (Note 5)	3,955,000	3,955,000
Deferred exploration costs	9,310,500	8,640,584
Reclamation bonds (Note 6)	340,610	340,610
	17,015,342	16,987,073
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	98,589	111,188
Due to related parties (Note 9)	512,198	406,543
	610,787	517,731
Provision for reclamation (Note 6)	340,610	340,610
Convertible debenture (Note 8)	-	187,745
	951,397	1,046,086
SHAREHOLDERS' EQUITY		
Share capital (Note 7)	21,461,793	21,132,143
Contributed surplus	662,846	217,955
Equity component of convertible debenture	-	96,000
Cumulative translation difference	(21,755)	(21,755)
Deficit	(6,038,939)	(5,483,356)
	16,063,945	15,940,987
	17,015,342	16,987,073

APPROVED BY THE DIRECTORS:

"TOM G. ELDER" (Signed)

Director

"GUY E. PAS" (Signed)

Director

MANO RIVER RESOURCES INC.

Consolidated Statements of Loss

(Prepared by Management without audit)

(Stated in U.S. Dollars)

	Three months ended July 31, 2004 \$ (unaudited)	Three months ended July 31, 2003 \$ (unaudited)	Six months ended July 31, 2004 \$ (unaudited)	Six months ended July 31, 2003 \$ (unaudited)
Revenue				
Interest income	15,984	353	36,365	2,206
Expenses				
Administrative and office expenses	1,478	1,394	3,360	2,669
Bank and interest charges	85	4,651	17,046	7,785
Directors fees	7,500	-	10,000	2,000
Foreign exchange loss (gain)	(63,625)	(3,068)	(159,009)	1,281
Investor communications	46,388	16,279	46,388	26,968
Management fees	22,500	14,500	45,000	35,500
Mine maintenance expenses	31,415	22,629	40,585	31,990
Nominated broker and adviser	25,156	20,058	25,156	20,058
Professional fees	20,351	35,142	79,972	55,671
Stock-based compensation	-	-	444,891	-
Transfer agent and regulatory fees	32,020	13,164	38,559	16,473
Travel and promotion	-	647	-	1,847
	123,268	125,396	591,948	202,242
Loss before undernoted item	(107,284)	(125,043)	(555,583)	(200,036)
Write-off of resource property	-	(90,090)	-	(90,090)
Loss for the Period	(107,284)	(215,133)	(555,583)	(290,126)
Loss per share	(0.001)	(0.001)	(0.003)	(0.001)
Weighted Average Number of shares	213,405,813	141,395,711	212,010,879	137,642,693

MANO RIVER RESOURCES INC.

Consolidated Statements of Deficit

(Prepared by Management without audit)

(Stated in U.S. Dollars)

	Six months ended July 31, 2004 \$ (unaudited)	Year ended January 31, 2004 \$ (audited)
Deficit, Beginning of year	(5,483,356)	(4,731,704)
Loss for the Period	(555,583)	(751,652)
Deficit, End of Period	(6,038,939)	(5,483,356)

MANO RIVER RESOURCES INC.
Consolidated Statements of Cash Flows
(Prepared by Management without audit)
(Stated in U.S. Dollars)

	Three months ended July 31, 2004 \$ (unaudited)	Three months ended July 31, 2003 \$ (unaudited)	Six months ended July 31, 2004 \$ (unaudited)	Six months ended July 31, 2003 \$ (unaudited)
Operating Activities				
Loss for the period	(107,284)	(215,133)	(555,583)	(290,126)
Items not involving cash:				
Stock-based compensation	-	-	444,891	-
Write off of resource property acquisition costs	-	90,090	-	90,090
Accretion of liability comp.of convertible debenture	-	-	12,255	-
Changes in non-cash working capital accounts				
Due from joint venture partners	(474,744)	-	(788,458)	-
Accounts receivable	8,821	9,017	(3,440)	(6,755)
Accounts payable	37,954	17,981	(12,599)	22,688
	(535,253)	117,088	(902,934)	106,023
Financing Activities				
Issuance of share capital (net of costs)	-	728,989	33,650	728,989
Convertible debenture	-	78,250	-	78,250
Due to related parties	104,966	(259,069)	105,655	(51,917)
	104,966	548,170	139,305	755,322
Investing Activities				
Resource properties -				
Deferred exploration expenditures	(435,425)	(160,298)	(669,916)	(336,407)
	(435,425)	(160,298)	(669,916)	(336,407)
Increase (Decrease) In Cash	(865,712)	289,827	(1,433,545)	234,812
Cash, Beginning of Period	3,325,719	129,101	3,893,552	184,116
Cash, End of Period	2,460,007	418,928	2,460,007	418,928

MANO RIVER RESOURCES INC.

Consolidated Statements of Deferred Exploration Costs

(Prepared by Management without audit)

(Stated in U.S. Dollars)

	Three months ended July 31, 2004 \$ (unaudited)	Three months ended July 31, 2003 \$ (unaudited)	Six months ended July 31, 2004 \$ (unaudited)	Six months ended July 31, 2003 \$ (unaudited)
Deferred exploration expenditures				
Assays and geochem	23,307	5,396	43,856	22,241
Communications	27,590	11,957	40,168	16,865
Consultants	52,761	23,678	66,921	42,803
Data, images, reports and maps	3,683	1,807	6,875	4,159
Geologists' support	13,587	1,345	13,587	1,345
Licenses and permit fees	103,945	6,866	106,054	57,346
Project/field office costs, other	52,036	16,246	89,447	37,390
Salaries and wages	94,963	46,994	188,239	99,882
Subsistence	11,774	27,402	27,579	29,391
Transportation	51,779	18,607	87,190	24,985
Net expenditures during the period	435,425	160,298	669,916	336,407
Balance, Beginning of period	8,875,075	7,823,320	8,640,584	7,647,211
Balance, End of period	9,310,500	7,983,618	9,310,500	7,983,618

MANO RIVER RESOURCES INC.

Notes to the Financial Statements

For The Six Months Ended July 31, 2004

(Prepared by Management without audit)

(Stated in U.S. Dollars)

1. NATURE OF OPERATIONS AND CONTINUING OPERATIONS

The Company 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.

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.

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.

(a) Principles of consolidation

These financial statements include the accounts of Mano River Resources Inc. and its principal subsidiary, Mano River Resources Ltd. and its subsidiaries.

(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 the lower of cost and net realizable value

(d) 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. Accordingly, the fair value of options at the date of grant is accrued and charged as an expense 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.

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Six Months Ended July 31, 2004

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(Stated in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) 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.

(f) Loss per share

Loss per share is computed using the weighted average number of shares outstanding during the period.

3. DUE FROM JOINT VENTURE PARTNERS

During the six month period ended July 31, 2004, the Company expended \$229,442 in connection with the Regional Exclusive Prospecting Licence in Sierra Leone, this amount being recoverable from the joint venture partner BHP Billiton required to incur the exploration expenditures in order to earn an interest in the Company's project. In addition the Company expended \$754,029 on behalf of joint venture partner Golden Star Resources, who are also required to incur exploration expenditures to earn their interest in a group of gold properties in Sierra Leone. As at July 31, 2004, the Company had recovered \$195,013 from Golden Star Resources and \$559,016 remained recoverable as at July 31, 2004.

4. INVESTMENTS

	July 31, 2004	January 31, 2004
St. Andrew Goldfields Ltd.	\$ 34,496	\$ 34,496
	<u>34,496</u>	<u>34,496</u>

The St. Andrew Goldfields Ltd. Investment consists of 520,000 common shares with a quoted market value at July 31, 2004 of \$106,600 (January 31, 2004 -\$119,600)

5. RESOURCE PROPERTIES

	July 31, 2004	January 31, 2004
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
Closing balance	<u>\$ 3,955,000</u>	<u>\$ 3,955,000</u>

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Six Months Ended July 31, 2004

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6. RECLAMATION BONDS AND CONTINGENCY

As at July 31, 2004, term deposits totaling \$340,610 (January 31, 2004 - \$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 property and will make further provision if it is determined necessary.

7. SHARE CAPITAL

(a) *Authorized* - Unlimited common shares without par value

(b) *Issued*

	Shares	Amounts
Balance at January 31, 2003	133,890,216	\$ 15,867,323
Shares issued on private placement (net of costs)	66,250,000	4,762,147
Shares issued on exercise of warrants	7,530,000	386,126
Shares issued for settlement of debt	2,819,397	116,547
Balance at January 31, 2004	210,489,613	21,132,143
Shares issued on conversion of convertible debenture	2,786,200	296,000
Shares issued on exercise of stock options	130,000	33,650
Balance at July 31, 2004	213,405,813	21,461,793

(c) the principal amount of a convertible debenture of \$200,000 maturing April 30, 2004 was converted into 2,786,200 common shares of the Company at a price of £0.04 (\$0.07) per share. In addition equity component amount of \$96,000 was credited to share capital account.

(d) the Company granted stock options to certain directors, officers, consultants and employees to purchase up to 2,745,000 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 US\$33,650 and 2,410,000 options expired unexercised.

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Six Months Ended July 31, 2004

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(Stated in U.S. Dollars)

7. SHARE CAPITAL (continued)

(e) As at July 31, 2004, the following stock options were outstanding:

Number of Common Shares	Exercise price per share (Cdn\$)	Expiry date
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
2,745,000	\$ 0.24	March 23, 2009
10,585,000		

(f) As at July 31, 2004, the following warrants were outstanding:

Number of Warrants	Exercise price per share	Expiry date
20,000	£ 0.04	January 3, 2005

8. CONVERTIBLE DEBENTURE

In April 30, 2003, the Company entered into a convertible debenture agreement with respect to advances from a company controlled by a director. Advances totaling \$200,000 were under this debenture repayable on April 30, 2004, together with accumulated interest at 6% per annum. The principal amount was convertible by the holder into common shares of the Company at a price of £0.04 per share at any time prior to repayment. During quarter ended April 30, 2004, 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 totaling \$23,500 was paid on this convertible debenture.

9. RELATED PARTY TRANSACTIONS

During the year to date, the Company incurred billings of \$80,067 from related parties for management fees and professional services. All transactions with related parties have occurred in the normal course of operations. As at July 31, 2004, the amount due to related parties totals \$512,198. These balances have no fixed terms of repayment and have arisen from the accrued provision of services referred to above and reimbursable expenses.

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Six Months Ended July 31, 2004

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10. 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 July 31, 2004, the Company held approximately \$1,185,888 cash in bank accounts denominated in U.K. currency. The Company has taken no action to reduce its exposure to foreign currency risk.