

MANO RIVER RESOURCES INC.

Management's discussion and analysis

For the three month period ended April 30th, 2005

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 unaudited consolidated financial statements for the period ended April 30th, 2005 and related notes. Unless otherwise indicated all amounts are in US dollars. The date of this management's discussion and analysis is June 28th, 2005.

Additional information relating to the Company is available on SEDAR at www.sedar.com or on the Company's website at www.manoriver.com.

Description of Business

Mano River Resources Inc. is an exploration-stage company engaged in the acquisition, exploration and development of gold, diamond and iron ore 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 and incremental expertise 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 from those expressed or implied.

Trends

In recent years, the mineral exploration industry has been through a very difficult period, as a result of low prices for both precious and base metals. Lack of investor interest in the sector in general led to low market capitalizations and large companies found it was easier to grow by purchasing companies or mines outright, rather than to grow organically. This led to downsizing of the exploration staffs of large companies and many professionals took early retirement, or else left the industry to pursue other careers. As a result of these trends, there are currently few good projects in the pipeline and a developing shortage of experienced explorationists. With much improved metal prices linked to burgeoning demand, especially from Asia, supply difficulties may occur in the near future and there is a discernible need for good exploration projects for almost all commodities, based on sound geological work. As junior companies (many of which are staffed by geologists who were formerly with large companies) find it easier to raise funds, they are tending to lead the way in identifying properties of merit to explore.

Risks and uncertainties

The Company is subject to a number of risk factors due to the fundamental nature of the mining business in which it is engaged, not least adverse movements in commodity prices, which are impossible to forecast. Mano 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 (and latterly iron ore) deposits. The area of under-explored Archaean terrain on which the Company focuses in West Africa is also subject to a second significant risk, namely, 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, following the completion of the comprehensive UN-led disarmament and retraining programme for former combatants in

Liberia, Mano now has teams in the field currently engaged in drilling at the Bea Mountain gold projects, together with diamond reconnaissance at Weasua and the Mineral Cooperation Agreement (MCA) area in the west of Liberia.

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 the technological tools it employs are regularly 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 achieved, will not be less than anticipated.

Gold and metal prices

The price of gold is affected by numerous factors totally beyond the control of the Company, including central bank sales, producer hedging activities, the exchange rate of the U.S. dollar relative to 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 prices of diamonds, and other mineral products that the Company may explore for, also have the same or similar price risk factors.

Cash flows and additional funding requirements

Mano 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 on-going exploration and development costs in order to maintain its interest in the projects, or be diluted and reduced to a royalty interest. Substantial additional capital is required to put a property into commercial production. The sources of funds currently available to the Company for its exploration stage projects are either: the sale of equity capital, or, the offering of an interest in its projects to another party. Although Mano 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, while the Company has historically raised a large proportion of its equity financing in UK currency. Most of the Company's exploration expenses, meanwhile, 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. Mano does not engage in currency hedging to offset the 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 requirements. 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 undertaken all the customary due diligence in the verification of 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 constant 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 substantially greater than those 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. Mano has no key-man insurance.

Operations

Having selected gold and diamonds as its 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. In both Sierra Leone and Liberia, important additions to Mano's property portfolio were announced in the quarter ended April 30th, 2004, culminating in the acquisition of contiguous cross-border licences totalling $\pm 25,000$ km² and extending from the Kono diamond district in Sierra Leone, south eastwards to Kpo in Liberia, where Mano made the first ever discoveries of diamondiferous kimberlite pipes in Liberia, in 2001. After an enforced break of several years, drilling involving three machines is now well under way on the gold projects in the Bea licence in Liberia, namely, KGL and Weaju, with additional targets being defined.

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, while political and security risks are also assessed and factored in. Consequently, in 2002 and 2003 Sierra Leone was the country in which the bulk of the Company's exploration activity took place, with funding divided between advancing the diamond properties in the Kono district and exploring the gold properties in the Sula Mountains. Subsequently, during 2004, almost all of the Sierra Leone programmes were joint ventured with carefully selected partners and a great deal of preparatory work for the resumption of exploration took place in Liberia, most notably in the securing of rights to the 15,000km² MCA. Elsewhere in Liberia, Trans Hex commenced the exploration programme over Mano's Kpo licence under the joint venture originally signed in June 2002.

DIAMONDS

Sierra Leone

In September 2004, the Company signed a Joint Venture with **Crown Diamonds** under which the latter could earn a 51% interest in Mano's Yengema and Njaiama licences by investing \$3 million over three years. In February 2005, **Petra Diamonds and Crown Diamonds** announced that, subject to stock exchange and shareholder approval (which was subsequently obtained), the two companies had merged to form a larger diamond exploration and mining entity, Petra Diamonds, listed on both the London AIM and Australian

ASX Exchanges. The new Petra, which incorporates Crown's producing expertise and Petra's African exploration expertise, results in an entity that will enhance the likelihood of success in the existing Mano joint venture and expand the scope for future deals.

At meetings held in Cape Town between the managements of Mano and Petra, during the INDABA Conference, the new board of Petra Diamonds confirmed that the joint venture with Mano remains a fundamental part of their expansion plans and that they remain fully committed to the kimberlite mining programme in Sierra Leone. Furthermore, Petra indicated that they are considering an accelerated programme of development of the extensive diamondiferous dyke swarm contained within Mano's licences. Technical representatives of Petra visited Sierra Leone in May and are now constructing the plant, which will commence operations later in the year. The planned underground dyke mines will be the first for Sierra Leone offering the potential for long term sustainable development.

In April 2005, the Company gave a progress update on exploration results from its Sierra Leone diamond joint venture with **BHP Billiton** over Mano's 9,700km² Regional Exclusive Prospecting Licence ("REPL") in the South Eastern quadrant of the country. BHP Billiton can earn a 51% interest through funding of two phases of exploration at a cost of \$3.4million over a three year period and can increase this to 70% by completing, at its own cost, a feasibility study over one or more kimberlites considered to have economic potential.

Reconnaissance exploration commenced in July 2004, utilising six geological teams, involving stream sediment sampling throughout the licence area. By the end of March 2005 over 800 of a planned 1,000 heavy mineral stream samples had been collected and exported to South Africa for laboratory analysis. The initial results are encouraging with a number of kimberlite indicator mineral anomalies being generated. One particular anomaly comprises super-abundant ilmenite with supporting garnet and chromite. The immediate area of this anomaly is now being exploited for diamonds by local artisanal miners, marking a totally new artisanal mining occurrence in this region. The gravels being exploited are angular and the freshness of the indicators suggests that the source(s) of the indicators are proximal to the artisanal diamond workings.

The results to date have justified the decision of the Joint Venture to progress to the Phase-2 work programme, which commenced over the new anomaly in May. BHP-Billiton's follow-up programme will comprise loam sampling and ground geophysics designed to identify potential kimberlite pipe-like targets for pitting or drilling. Once full reconnaissance results are available, a more comprehensive follow-up programme will be designed and initiated.

Liberia

On April 5th 2005, Mano reported early exciting results from its Mineral Cooperation Agreement ("MCA") property in western Liberia. The MCA, covering 15,000km², is a contributory Joint Venture between the Government of Liberia (30%) and Mano (70%) and incorporates the rights to explore for diamonds, gold and base metals. Reconnaissance stream sampling commenced in the MCA in January 2005, focussed on the Camp Alpha area. Over 150 samples had been collected by end March, with a large number of these having been processed in Mano's recently established diamond prep laboratory in Monrovia. Many of these samples yielded abundant kimberlitic indicator minerals, particularly ilmenite and garnet.

Subsequent microprobe analysis in South Africa of selections of these grains confirms their kimberlitic affinity, but furthermore suggests a very high interest source (or sources) based on the garnet mineral chemistry (see: http://www.manoriver.com/s/Diamond_L_MCA.asp). The chemistry displays a significant population of high Cr₂O₃ and low CaO garnets that is considered to bear comparison with some of the best garnet chemistry seen elsewhere in the world, and is indicative of diamondiferous sources within the MCA property. This is supported by the fact that the Camp Alpha area has been subjected to intensive artisanal diamond mining activity.

Also in April 2005, Mano reported that it had signed a Joint Venture (“JV”) agreement with **African Aura Resources** (“AAR”) targeting diamonds over an area of 400km² held by AAR in western Liberia. The JV property is located between two other Mano licence areas, namely, its 1,000km² Bea Mountains Mineral Development Agreement and 15,000km² Mineral Corporation Agreement, adding yet another quality asset to Mano’s prospective and comprehensive property portfolio.

Previous exploration work in the AAR property yielded abundant kimberlitic indicator minerals in close proximity to artisanal diamond mining activity, suggesting the presence of diamondiferous kimberlites within the licence. The Israel area in particular has been subjected to intensive diamond mining over the past 50 years, with at one time a reported 40,000 artisans being active. The samples surrounding the Israel area yielded abundant ilmenite grains, many of which had fresh surface textures indicating proximal kimberlite sources, which remain to be discovered.

Under the JV agreement, Mano can earn up to a 78% interest in the diamond rights of the property through the completion of a four-year, four-phase exploration programme culminating in a feasibility study over one or more kimberlites. Upon completion of the feasibility study, AAR may grant Mano the option to sole fund mine construction, which will result in Mano’s interest in the diamond rights of the property rising to 90%. The Government of Liberia will have a 10% Free Carried Interest in the mining venture, as stipulated by the Mining Law, and AAR will retain a 2.25% gross profits royalty on project diamond sales.

GOLD

Sierra Leone

Under an agreement signed in November 2003, Mano joint ventured seven licences to **Golden Star Resources**, who can earn a 51% interest in the gold rights for the expenditure of \$6 million over four years. In order to complete the pre-agreed Phase 1 work programme, the balance of the \$1 million budget was devoted to funding a comprehensive soil grid geochemistry survey over all the licences, at Pampana, Sonfon and Nimini, in order to assist in the planning of the next phase of drilling. The samples have been shipped to the OMAC laboratory in Ireland, with results expected shortly.

Liberia

In February 2005, Mano announced that the first of three diamond drill rigs being imported into Liberia from Canada and the UK had arrived on site at its wholly owned KGL gold project. The second and third rigs reached site early in February. All three of the gold discoveries drilled in Liberia, namely, KGL, Weaju and Gondoja fall within a series of en echelon east-northeast trending crustal-scale shear zones, which attain a length of 70km in some cases. Mano has to date drill tested much less than 10% of the overall strike length of these major mineralised structures, with obvious implications regarding the scope for further discoveries.

Mano's overall concept for the Archaean terrain of western Liberia is that, with considerable further work and investigation, it has the potential to develop into a gold province similar to that which emerged during the 1990s in the Lake Victoria area of Tanzania, where major gold mines like Geita, Bulyanhulu and Golden Pride are now in production. Fully 60km strike length of greenstone belt terrain is contained within Mano's 1,000 km² Bea Licence, which is a combined Exploration and Mining Licence termed a *Mineral Development Agreement*, valid for 25 years.

At the first prospect drilled, KGL, a further 28 diamond drill holes had been completed by early May and the samples shipped to the SGS lab in Guinea for analysis. The rigs have now been moved to Weaju, where drilling on the Main and North zones commenced the week of May 23rd. In all, in excess of 1,000m of strike length of potentially mineralised shears has been defined for drill testing in the immediate vicinity of the Main and North zones at Weaju.

Later in the season, a third prospect to be drilled is Gondoja, situated approximately 10km ENE of Weaju within the Bea Licence. The host rock to the gold mineralisation is a strongly sheared mafic-ultramafic, the gold itself being associated with disseminated sulphides. Of the five drill holes completed earlier, the best intersection returned 3.9 g/t gold over 30m, with the zone open to the west and at depth. Follow-up work has demonstrated the presence of numerous highly anomalous gold values (of up to 9 g/t) in stream sediments within a 50km² area immediately to the west of Gondoja.

Subsequent Events – Exploration

DIAMONDS

Guinea

In May 2005, Mano announced that it had been awarded three contiguous exclusive exploration licences, covering a total of 405km² in area, centred over the diamond-producing town of Bouro in south-eastern Guinea. The Bouro area is one of the most prolific diamond producing areas of Guinea. The licences are linked to an agreement with **De Beers**, the previous licence holders, who have agreed to cede to Mano their exploration and modelling data over the licences in return for a nominal cash payment and a 2% gross royalty on future diamonds sales. Mano retains 100% marketing rights for diamonds produced.

A review of the De Beers exploration data shows that:

- The licences are host to four extensive diamond-bearing kimberlite dyke complexes.
- One dyke, designated Bouro North, has been mapped and drilled discontinuously over a strike length of 5km.
- Micro-diamond sampling by De Beers yielded excellent results, with 11 samples totalling 1,920kg being collected from along the strike length of the Bouro North kimberlite. These samples yielded 4,635 diamonds totalling 10.44 carats, including a large proportion of commercial sized diamonds in the +1.0mm and +2.0mm size fractions.
- Statistical modelling using the microdiamond data obtained from De Beers suggests that the Bouro North kimberlite could have an average +1.5mm macro-diamond grade between 100 and 230 carats per hundred tonnes.
- Many kimberlite indicator anomalies remain unresolved, a number of which have high interest mineral chemistry.

The Company now intends to advance exploration of the unresolved anomalies with the objective of discovering any associated blows or pipes and, at the same time, undertake a bulk sampling evaluation programme over the high grade Bouro North kimberlite, in order to determine its macro-diamond grade and value.

Liberia

On May 25th 2005, Mano announced that it had discovered a new kimberlite in its MCA licence in western Liberia, just four months after commencing exploration in the area. The MCA, covering 15,000km², is a contributory joint venture between the Government of Liberia (30%) and Mano (70%) and incorporates the rights to explore for diamonds, gold and base metals.

Mano had earlier reported (see: <http://www.manoriver.com/s/NewsReleases.asp>) high interest garnet recoveries from a number of reconnaissance samples and on the basis of these results commenced follow-up investigations. A detailed loam sampling block was recently completed and early results from Mano's laboratory in Monrovia identified one specific area of interest where abundant ilmenite and garnet had been recovered. Shallow pits dug over these sample sites intersected highly decomposed kimberlite at a depth of just over 1m. Considering the sampling results in the context of the local geomorphology, it is clear that more than one kimberlite is present in the immediate vicinity, so Mano is in the process of extending the

loam sample coverage. In addition, ground gravity and magnetic geophysical surveys will be undertaken in the near future in an effort to fast-track future discoveries, as well as provide information on the surface area of the kimberlite(s). Based on the excellent garnet chemistry and the close proximity of artisanal diamond workings, Mano considers the diamond potential of this new kimberlite cluster to be high.

Elsewhere in Liberia, Mano is currently embarking on detailed ground geophysical surveys involving gravity and magnetic measurements over its diamondiferous kimberlite cluster at **Weasua** in the Kpo licence, in joint venture with **Trans Hex Group ('THG')**, aimed at determining the physical characteristics of the known kimberlites in order to better define the planned airborne geophysical follow-up. THG can earn a 50% interest in the diamond rights by investing S2.1million over three years.

GOLD

Guinea

On June 8th 2005, Mano announced that its Canadian joint venture partner, Navasota Resources Ltd. (NAV:TSX-V) ('Navasota'), had commenced diamond drilling on the Missamana and Gueliban gold properties, in north eastern Guinea, West Africa. Navasota has an option to acquire up to a 60% interest in the Missamana and Gueliban licences from Mano.

Previous exploration at Missamana and Gueliban by Mano during 1996 and 1997 under the supervision of independent technical consultants ACA Howe International, included soil geochemistry, trenching, airborne geophysics, and 4,000 metres of reverse-circulation drilling. Most of the trenching and drilling were completed on the Missamana Prospect, and forms the basis for an indicated resource estimated at 1,063,400 tonnes grading 1.77 grams per tonnes gold equating to 60,520 contained ounces. Navasota's 2005 program will consist of 2500 metres of diamond drilling to confirm and expand upon Mano's previous drilling on the Missamana Prospect, and collect geological data to assist in resource modelling. Exploratory drilling is also planned for the Madou Prospect on the Gueliban Property.

The properties form a contiguous block covering 498 square kilometres of highly prospective Proterozoic Birimian Terrane, centred 30 km east of Kankan, a major regional centre in Guinea and 700 km east of Conakry, the capital city of Guinea.

Principal Terms of the Missamana/Gueliban Property *Letter of Agreement*

Pursuant to a Letter of Agreement between Navasota and Mano, Navasota may earn an initial 51% interest in the properties by:

- spending US\$125,000 over the first 12 months which Mano will match (Phase 1).
- spending US\$1,375,000 over a 24 month period following the completion of Phase 1 (Phase 2).

Navasota may, at its option, acquire a further 9% by:

- spending a further US\$500,000 over a 12 month period following the completion of Phase 2 (Phase 3).

Navasota will be the Operator of the Phase 1 and Phase 2 programs.

IRON ORE

Liberia

On June 13th 2005, Mano announced that its affiliate, Mano River Iron Ore (Liberia) Inc., had been awarded a three-year Mineral Exploration Agreement ('MEA'), covering a total of 425 square kilometres in area, centred over the Putu iron ore prospect in eastern Liberia. Putu is one of several iron ore deposits discovered in Liberia in the 1950s. Located in Grand Gedeh County, it lies 270 km southeast of Monrovia near the town of Zwedru. The iron ore exporting port of Buchanan is 200km away to the west. The Monrovia-Harper highway, one of the major highways in the country, passes very close to the prospect.

With a presently mapped extent of at least 8km, initial exploration in the early 1950s concluded that the Putu prospect had a potential for up to 500 million tons of iron mineralisation. Extremely limited surface grab sampling yielded grades in the 35-40% Fe range, but later assays, from the 1960s, often sampled in the high 50% and even low to mid 60% range. Because of its relatively remote location (as perceived in 1950s and 60s), compared to Bomi Hills and Bong for example, no more recent investigation has been carried out. Mano has not had prior access to the property and has not conducted exploration work to verify these earlier exploration results.

In common with the other deposits in the region, the Archaean iron formations at Putu are of itabirite type and are associated with metavolcano-sedimentary formations, overlying and tightly infolded into the predominantly gneissic basement complex. Within these metavolcano-sedimentary formations, the itabirites form elongated steep-sided ridges which are often capped by lateritic ironstones.

History of Iron Ore in Liberia

The Liberia Mining Company (owned by Republic Steel of the US) developed the Bomi Hills iron deposit and shipped the first ore in 1951. The National Iron Ore Company and its Mano River deposit followed in 1958, with first exports in 1962, followed the same year by the Liberian-American-Swedish Mining Company, LAMCO, exploiting the Yekepa deposit in Nimba. The latter is the southerly extension of Guinea's Nimba deposit, currently the subject of feasibility studies by a consortium led by BHP-Billiton and including Newmont and Cogema. Lastly, the German-owned Bong Mining Company opened up the Bong deposit.

Liberia achieved its peak production in 1972, with iron ore exports being cumulatively 400 million long tons over the period 1951 to the mid 1980s. Putu is one of four unexploited and largely unexplored iron ore prospects in Liberia, Wologisi, Goe-Fantro and Mt. Kitoma being three targets recently awarded for further exploration to a large mining company.

Given that most of the exploration efforts at Putu date from the 1950s, when exploration techniques and methods were not as advanced as they are today, Mano considers it likely that additional deposits could be discovered in the vicinity of the Putu Range through a proper exploration programme, which is exactly what happened as recently as the 1980s at the LAMCO and Bong Mines, where adjacent areas formerly thought to have no potential for iron ore later turned out to contain viable iron ore deposits.

Mano River Iron Ore (Liberia) Inc (MARIO) is 80% owned by Mano, and will be the Operator of the Licence. The remaining equity is held, subject to future dilution, 10% by Eastbound Resources Ltd, a company related to Guy Pas a director of Mano, in return for early stage risk capital provided for this new activity and 10% by Bert Cooper, a UK resident Liberian who is advising MARIO on strategy.

Selected quarterly information

The following is the selected financial information of the Company for the last eight quarters:(unaudited)

	April 30 2005	January 31 2005	October 31 2004	July 31 2004
Total revenue (Interest income)	778	3,911	10,364	15,984
Net loss	83,995	219,210	114,571	107,284
Net loss per share	0.000	0.001	0.001	0.001
Total assets	23,259,126	16,440,201	16,833,978	17,015,342

	April 30 2004	January 31 2004	October 31 2003	July 31 2003
Total revenue (Interest income)	20,381	279	1,267	353
Net loss	448,299	363,751	97,775	215,133
Net loss per share	0.002	0.002	0.001	0.001
Total assets	16,979,706	16,987,073	12,756,697	12,741,546

Results of operations

The Company's net loss for the three-month period ended April 30, 2005 was \$83,995 as compared to a net loss of \$448,299 for the corresponding quarter in 2004. This is a \$364,304 decrease in net loss compared to 2004. This decrease in net loss was attributable to accounting requirements introduced in 2004 that require companies to record non-cash stock-based compensation awards (stock options) as an expense. During the first quarter ending April 30, 2004, a total of 2,770,000 stock options were granted to employees, directors and consultants at an exercise price of Cdn.\$0.24 per share exercisable until March 23, 2009, resulting in a stock based compensation expense of \$444,891 in 2004. There was no corresponding stock option award in the quarter under review.

General and administrative expenses were \$84,773 in the three month period ended April 30, 2005 compared to \$468,680 in 2004, the decrease being largely attributable to the aforementioned new accounting requirements that require companies to record non-cash stock-based compensation awards (stock options) as an expense. Some administrative expense categories experienced lower costs: bank and interest charges \$138 (2004 - \$16,961) decreased by \$16,823 mainly due to interest payable on a convertible debenture in 2004. Other administrative expenses experienced higher costs: Professional fees \$90,911 (2004 - \$59,621) increased by \$31,290 due to increased regulatory requirements and equity financing filings. In general the Company was much more active in this three month period ended April 30, 2005 as compared to three month period ended April 30, 2004 The Company also experienced a foreign exchange gain during the three month period ended April 30, 2005, due to a weak US dollar against the UK currency.

The Company has no revenue from mining operations. Revenue for the period, consisting of interest earned from cash deposits, was \$778 as compared to \$20,381 in 2004, a decrease of \$19,603. This decrease in interest income was mainly due to decrease in cash balances during the period ending April 30, 2005. The Company closed its private placement of GBP4,000,000 (\$7,480,000) during the latter part of April,2005.

Liquidity and capital resources

At April 30, 2005, the Company had working capital of \$7,184,043 as compared to a working capital of \$1,041,682 at year end January 31st 2005. The Company had cash and cash equivalents of \$7,222,922 (2004 - \$1,375,639). The significant increase in cash was primarily due to the issuance of common shares for equity financing during the quarter ended April 30, 2005.

As at April 30, 2005, no share purchase warrants and the following stock options were outstanding:

Number of Common Shares		Exercise price per share (Cdn\$)		Expiry Date
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
2,770,000	\$	0.24		March 23 2009
10,510,000	\$	TOTAL		

Cash used for operating activities during the first three months of 2005 was \$82,253 (2004 – \$367,681) after adjusting for the non-cash activities of stock-based compensation and liability component of convertible debenture. Cash flows from financing activities for the first three months of 2005 were \$6,883,980 compared to \$34,339 during the same three months of 2004. Equity financing increased significantly during the 2005 period as compared to 2004.

As at April 30, 2005, the Company had total assets of \$23,259,126 as compared with \$16,440,201 for the fiscal year ended January 31, 2005 primarily due to completion of the equity financing. At April 30, 2005, the Company had total liabilities of \$290,837 as compared to \$568,717 at year ended January 31, 2005. Current liabilities include \$256,614 due to related parties for accrued management fees, reimbursable expenses and professional fees.

During the three month period ended April 30, 2005, the Company expended \$954,444 on deferred exploration expenditures on wholly owned mineral properties as compared to \$234,491 in the same period in 2004. The increased exploration expenditures were due to increased exploration activity with available funding.

During the three month period ended April 30, 2005, the Company funded exploration expenditures on behalf of certain joint venture partners who are required to fund the exploration expenditures to earn their interest in a group of gold and diamond properties in Sierra Leone and Liberia. As at April 30, 2005, the amount of \$167,973 remained receivable from joint venture partners.

Outstanding share data

The Company is authorized to issue an unlimited number of common shares without par value. As at April 30, 2005 there were 253,418,313 common shares outstanding as compared to 213,405,813 common shares outstanding at April 30, 2004. The increase was mainly due to the success of the Company in raising funds by equity financing, and the exercise of warrants and stock options.

Related party transactions

During the year to date, the Company incurred billings of \$72,158 from related parties for management fees and professional services. All transactions with related parties have occurred in the normal course of operations. As at April 30, 2005, the amount due to related parties totals \$256,614. These balances are

payable on demand and have arisen from the accrued provision of services referred to above and reimbursable expenses.

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 adopted the standard and the unaudited consolidated financial statements for the period ended April 30, 2005 reflect this change.

Outlook

As a result of the GBP4,000,000 (\$7.4 million) private placement concluded on April 18th 2005, the Company is very well funded to pursue its policy of adding shareholder value, firstly, through further exploration and development of its Liberian gold properties and the Mineral Cooperation Agreement (MCA) licence in western Liberia and, secondly, through joint ventures with carefully selected partners.

The main focus of Mano-funded (as distinct from joint-ventured) near term exploration will be further investigation in 2005 of the promising KGL and Weaju gold projects in Liberia, together with the diamond reconnaissance over the Bea Licence and the 15,000km² MCA ground (where the announcement was made on May 25th of the discovery of the first kimberlite body, barely four months after the start of the programme). With the security situation in the country steadily improving, contractors have rehabilitated Mano’s campsite at the KGL project and constructed a new camp at Weaju. A total of 28 diamond drill holes have been completed this year at KGL, with assay results expected shortly. The three drill rigs involved have now been relocated to the Weaju project, where they will resume drill testing until the planned rainy season shut down during August.

A total of five joint ventured programmes are now under way, with early results from the **Golden Star**-funded gold exploration programme in Sierra Leone considered encouraging. The first results have already been reported on the major reconnaissance programme over the REPL in eastern Sierra Leone in the **BHP-Billiton** joint venture and the follow-up programme has commenced on a high interest indicator mineral anomaly. Also in Sierra Leone, **Petra Diamonds** have carried out a detailed site investigation at Kono and are preparing to ship a full plant from South Africa for the start of underground production of Lion 1 and Lion 5 dykes. They anticipate achieving initial diamond production by year-end. In Guinea, **Navasota** have completed refurbishment of the Missamana/Gueliban field base and commenced drilling, while at Weasua in Liberia, a team of geophysical consultants has nearly completed ground geophysical surveys over Mano’s cluster of kimberlite pipes in the **Trans Hex**-funded programme.

On the political front, the arrival of Mano’s joint venture partner, BHP-Billiton, to fund exploration in Sierra Leone was a massive endorsement for the country (as well as for Mano). Meanwhile, in neighbouring Liberia, the UN has completed the comprehensive disarmament process, the retraining programme for former combatants has been judged a success and UN-sponsored Presidential elections are to be held in October 2005.

On Behalf of the Board,
MANO RIVER RESOURCES INC.

“Tom Elder”

TOM ELDER
President