



Management's Discussion and Analysis **For the Nine month period ended October 31st, 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 interim unaudited consolidated financial statements for the period ended October 31st, 2005 and related notes. Unless otherwise indicated all amounts are in US dollars. The date of this management's discussion and analysis is December 20th, 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 fewer and fewer good projects in the pipeline and a developing shortage of experienced explorationists. With recent 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 recent 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. Fieldwork on the Putu iron ore licence in the east of Liberia was carried out during the quarter under review.

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 have its interest 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, for properties and for funding, 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 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 licence. Elsewhere in Liberia, Trans Hex recently commenced the exploration programme over Mano's Kpo licence under the joint venture originally signed in June 2002.

DIAMONDS

SIERRA LEONE

On September 15th, 2005, Mano reported a progress update on its Sierra Leone diamond joint venture with BHP Billiton, reconnaissance sampling having been completed throughout the 9,700km² licence area. Kimberlite indicator mineral anomalies had been generated in seven separate areas that potentially represent new kimberlite

clusters in the east of Sierra Leone. Microprobe analysis of samples from two new anomalies confirmed the presence of G10 garnets, supported by kimberlitic chromite and ilmenite.

BHP Billiton confirmed that it wished to participate in the Phase-2 programme, requiring sole funding of future exploration involving \$2.6million of expenditure. If successfully completed, BHP Billiton will acquire an initial 51% equity interest in the project, with Mano retaining the balance of 49%.

During the quarter, joint venture partner Petra Diamonds continued to manufacture in South Africa the mining equipment destined for the Kono diamond project. Shipment of the equipment to Freetown is expected to get under way before year end, with start up of the project on the ground in the first quarter of 2006.

LIBERIA

On September 1st, 2005, Mano announced that it had discovered a new kimberlite, designated **K007**, in its Kpo *Mineral Development Agreement* licence area (MDA) in western Liberia. The Kpo MDA, covering 200km², is being explored in joint venture with Trans Hex Group ('THG'), where expenditure of \$2million over three years will earn THG a 50% equity interest in the MDA.

Kimberlite K007 was discovered during the course of a detailed ground gravity and magnetics survey and is located only 175 metres from pipe K002, discovered by Mano in 2001. It occupies a swamp area mined in the past by diamond artisans. No size estimate of the body has been made, but the fact that the observed kimberlite is diatreme facies suggests that it is likely to be a pipe. Previous exploration by Mano in 2000 and 2001 led to the discovery of six kimberlites in the Kpo MDA, three of which were confirmed as diamond bearing pipes of sizes up to 4-hectares. Exploration ceased in 2001 due to civil strife and work only resumed in April 2005, with ground geophysical surveys having recently been completed and the data now undergoing processing and interpretation.

GOLD

GUINEA

On August 18th, 2005, the Company announced that its Canadian joint venture partner, Navasota Resources Ltd. ('Navasota'), had released initial results from diamond drilling on Mano's Missamana gold property, in north-eastern Guinea, West Africa. Navasota has an option to acquire up to a 60% interest in the Missamana and Gueliban licences.

Navasota reported that highlights of the 12-hole, 2469-metre drilling program include drill intercepts of 1.73 grams per tonne (g/t) gold (Au) over 24.0 metres in hole MIS-003, 6.20 g/t Au over 8.0 metres in MIS-004, and 43.97 g/t Au over 4.0 metres in MIS-009.

Nine diamond drill holes were completed on the Missamana Prospect, including four on the Contact Zone. MIS-004 was drilled 50 metres below MIS-003 on the same southwest directed section, and terminated in mineralization. MIS-005 and MIS-006 were drilled in a similar arrangement on a section 100 metres along strike to the southeast. MIS-005 was also halted in mineralization, as the Contact Zone is not easily identified visually. MIS-001 and MIS-002 tested the north-trending Zone 1 along an east-west fence and intersected several low-grade intervals. MIS-007 tested Zone 1 180 metres further north and MIS-008 tested the same zone 100 metres to the south. MIS-009 intersected the north-trending Zone 4, 150 metres to the east of Zone 1. The Missamana Prospect consists of several steeply dipping quartz vein and pyritic quartz stockwork structures, related to a northwest-trending shear contact between Birimian sedimentary rocks and porphyritic granodiorite.

Three diamond drill holes were also completed on the Madou Prospect, some 7 kilometres east of Missamana. At Madou, two broad quartz stockwork shear zones were tested with 3 diamond drill holes in the vicinity of several large artisanal pits dating back several decades. All 3 holes intersected significant mineralization with the best interval assaying 1.63 g/t Au over 2.0 metres. Given the scale of the artisanal workings and the

excellent structural setting confirmed by drilling, Madou remains a high priority target. Navasota's 2005 program confirmed and expanded upon previous drilling on the Missamana Prospect, and collected geological data to assist in resource modelling.

SUBSEQUENT EVENTS – EXPLORATION

DIAMONDS

LIBERIA

On December 13th, 2005, the Company announced the discovery of two new kimberlites in its Mineral Cooperation Agreement (MCA) licence. The MCA is a 70:30 contributory Joint Venture between Mano and the Government of Liberia and covers an area of some 15,000 square kilometres in the west of the country.

The two new kimberlites, designated Alpha-2 and Alpha-3 were discovered through pitting of kimberlite indicator mineral anomalies generated through detailed soil sampling. Alpha-2 is located only 350m to the north of the previously reported Alpha-1 kimberlite discovery, whereas Alpha-3 is located some 10km to the south. In both cases, the areas surrounding the kimberlites have been subjected to extensive surficial artisanal diamond mining. Pitting indicates that Alpha-3 is potentially a kimberlite pipe, although further work needs to be done to confirm its dimensions, as well as those of Alpha-2.

Exploration in the MCA has recently focussed on detailed soil sampling, which has been completed over seven blocks measuring 1km by 1km each. These samples are currently being processed through Mano's diamond laboratory in Monrovia and results are available for four of the blocks, all of which show abundant indicator anomalies suggestive of new kimberlites. As part of the exploration programme, detailed ground magnetic and gravity surveys were completed over two blocks that host the Alpha-1 and Alpha-2 kimberlites. Encouraging results were generated that will be investigated in the New Year. In addition, ground magnetic surveys will be completed over all the other sampling blocks, including the Alpha-3 area.

SIERRA LEONE

In Freetown, the first shipments of Petra Diamonds mining equipment for the Kono diamond programme were received, for onward transportation to site.

GOLD

SIERRA LEONE

On November 18th, 2005, Mano and joint venture partner Golden Star Resources Ltd. announced results from their continuing gold exploration programs in Sierra Leone, West Africa. New gold zones were discovered on the Pampana and Sonfon projects through identifying major gold-in-soil anomalies.

Between October 2004 and May 2005, nearly 5,300 soil samples were collected from the Pampana, Sonfon and Nimini properties in Sierra Leone, which are held by the Mano joint venture with Golden Star. The regional sampling exercise broadened the joint venture's targeting criteria over the three large project areas where there has been limited previous systematic exploration.

New Gold Discovery at Pampana

At Pampana North in the Archean Sula Mountains Greenstone Belt, a new gold discovery has been made. Called the Alpha Trend, there are a number of highly anomalous gold (Au) occurrences (>372ppb Au) along a six kilometre strike extent that occur three kilometres to the west of the Yirisen prospect, which was drilled by the joint venture in 2004

The results of the regional sampling not only suggest that the new Alpha Trend is a better target than the Yirisen geochemical anomaly, they also highlight an additional target four kilometres south-southwest of previous

drilling at Yirisen. Details of the diamond drilling program at Yirisen can be found in a joint news release dated 18 November 2005 on the Mano website at www.manoriver.com.

As the current regolith sampling was conducted on a wide-spaced grid (800 x 100m), both the Alpha and new Yirisen Trend anomalies will be followed up with closer-spaced sampling, mapping and trenching.

New Gold Discovery at Sonfon

Significant regolith gold anomalies (>160 ppb Au, with high values up to 9,963 ppb Au) occur in north-south structures over a 10 kilometre strike length at Sonfon. The majority of regolith mapped in this area is considered to have formed *in situ* and it is expected that bedrock mineralization may occur in close proximity to the surficial gold anomalies. This is further supported by the strongly anomalous rock-chip samples (three samples contained 2.25, 2.67 and 7.05 g/t Au) that have been taken in close proximity to the gold-in-soil anomalies. As at Pampana, the Sonfon anomalies will be immediately followed up with closer spaced sampling, mapping and trenching.

Follow-up drilling on Pampana and Sonfon is expected to commence in the second quarter of 2006. A budget of \$750,000 which will be funded by Golden Star has been allocated to the initial phase of this work.

LIBERIA

On November 8th, 2005, the Company announced further encouraging assay results from the follow-up diamond drill holes on the Weaju gold project in Liberia, West Africa. Weaju is located in the wholly-owned Bea Mineral Development Agreement (MDA) licence in the Bea Mountains greenstone belt, 130km north of Monrovia. Summarising the results from the drilling:

Of the 23 new holes completed to date in 2005 and for which assays were available, 10 intersected significant mineralization, arbitrarily defined by Mano as ten metre-grams of gold or better ('10m.g' – calculated as length of intersection *times* the average gold grade), the best intersection being in hole 28 (166m.g). One hole was abandoned in bad ground.

Three holes extended the North Zone a further 100m to the west, with best intersections of 3.9g/t gold over 6m and a further 2.1g/t over 8m in hole 25.

Holes 28 (yielding 27.7g/t gold over 6m) and 26 (1.32g/t gold over 8m) are located in a new zone termed 'Creek' zone, while holes 19, 20, 23 and 24 (see below for details) have resulted in the discovery of a fourth new mineralised structure termed 'Ridge' Zone.

The drilling is confirming that the geology of Weaju is considerably more complex structurally than at Mano's KGL project, further to the west, although the rock units involved and style of gold mineralisation observed are very similar. The overall strike length of the presently known gold mineralization at the Weaju project has more than doubled to over 600m, within which four distinct sub-parallel lenses each 100 to 200m in length have been identified. It is also important to note that, so far, Weaju remains completely untested below a depth of 100m from surface.

Some 100m south of the Main Zone drilled in 2000, and sub-parallel to it, a new artisanal working has been opened up which will be tested by drilling before year-end.

IRON ORE

LIBERIA

On November 29th, 2005, Mano River Resources Inc. ("Mano") announced the results from assaying of grab samples taken during a site inspection of the Putu iron ore licence in eastern Liberia. This three-year Mineral

Exploration Agreement ('MEA') licence, awarded to its affiliate, Mano River Iron Ores (Liberia) Inc. in May 2005, covers a 425 square kilometre area centred over the Putu iron ore prospect in eastern Liberia.

Mano's field team completed two reconnaissance traverses in the central and southern parts of the 8 kilometre long Putu Range, collecting a total of 21 grab samples. Assay results of the samples for iron (Fe) ranged from 2.06% to 65.54% Fe. The lower grade samples, numbers 1 to 6, which averaged only 7.90%Fe, were collected at lower elevations on the western flank of the Range, near the southern end. Samples 7 to 20, which averaged 49.07% Fe and included all the higher-grade values, were collected at intervals over a one kilometre traverse of the central part of the Range. The final sample, number 21, came from the stockpile of an ancient smelting works and assayed 47.78% Fe. Mano is now gearing up to establish a field base in the area and get a comprehensive mapping and sampling programme under way.

The Putu prospect is one of several iron ore deposits and prospects 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. The area is one of gentle relief, rising to 700m in the Putu Range itself.

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 at that time reportedly 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 (i.e. very similar to the values obtained currently by Mano). Because of its relatively remote location at the time, no more recent investigation has been carried out.

Mano River Iron Ores (Liberia) Inc (MARIO) is 80% owned by Mano, and is 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.

Corporate

On October 3rd, 2005, Mano and Petra Diamonds Limited ("Petra") (AIM/ASX: PDL) announced the signature of a preliminary Agreement whereby the businesses of Petra and Mano were to be combined (the "Transaction") to create an enlarged diamond exploration and mining group (the "Enlarged Petra"). The Transaction remained subject to the satisfaction of certain conditions precedent including the completion of mutual technical, financial and legal due diligence, execution of the required legal and regulatory documentation and obtaining all the required regulatory and shareholder approvals.

It was anticipated that the Transaction would be effected by an offer of new Petra ordinary shares to Mano shareholders in a share for share transaction, on the basis of one new Petra ordinary share for each 5.5 Mano common shares.

SUBSEQUENT EVENTS – CORPORATE

On November 24th, 2005, Mano and Petra announced that they had agreed to terminate the preliminary agreement entered into on 3 October 2005 whereby the businesses of Mano and Petra were to have been combined. Guy Pas, Chairman of Mano, and Adonis Pouroulis, Chairman of Petra, jointly expressed that both Mano and Petra considered that it was in their respective best interests to terminate the merger. They will continue to work closely together to further develop their Kono diamond project in Sierra Leone and collaborate on relevant technical matters.

Selected quarterly information

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

	October 31, 2005	July 31, 2005	April 30, 2005	January 31, 2005
Total revenue (Interest income)	47,267	34,432	778	3,911
Net loss	508,969	640,132	83,995	219,210
Net loss per share	0.002	0.003	0.000	0.001
Total assets	22,461,923	22,878,781	23,259,126	16,440,201

	October 31, 2004	July 31, 2004	April 30, 2004	January 31, 2004
Total revenue (Interest income)	10,364	15,984	20,381	279
Net loss	114,571	107,284	448,299	363,751
Net loss per share	0.001	0.001	0.002	0.002
Total assets	16,833,978	17,015,342	16,979,706	16,987,073

The Company's net loss for the nine-month period ended October 31, 2005 was \$1,233,096 as compared to a net loss of \$670,154 for the corresponding quarter in 2004. This is a \$562,942 increase in net loss compared to 2004. This increase in net loss is primarily due to an increase in some administrative expenses as discussed below.

General and administrative expenses were \$1,315,573 in the nine month period ended October 31, 2005 compared to \$716,883 in 2004. This increase is largely attributable to higher foreign exchange expense and other administrative expenses also experienced higher costs: directors fees \$39,150 (2004 - \$12,000) increased by \$27,150 mainly due to fees payable to directors for their positions on various committees. Professional fees \$493,112 (2004 - \$213,448) increased by \$279,664 due to increased regulatory requirements, corporate reorganization costs and equity financing filings. Transfer agent filing fees \$74,191 (2004 - \$44,466) increased by \$29,725 due to greater share activity, including granting of stock options and increased filing fee rates. Stock-based compensation \$335,445 (2004 - \$444,891) decreased by \$109,446. During the nine month period ended October 31, 2005, a total of 2,620,000 stock options were granted to employees, directors and consultants at an exercise price of Cdn.\$0.215 per share exercisable until July 25, 2010, resulting in a stock based compensation expense of \$335,445 in 2005 as compared to 2,770,000 stock option granted at an exercise price of Cdn.\$0.24 resulting in a stock based compensation expense of \$444,891 in 2004.

In general the Company was much more active in this nine month period ended October 31, 2005 as compared to the nine month period ended October 31, 2004. The Company also experienced a foreign exchange loss during the nine month period ended October 31, 2005, due to a stronger 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 \$82,477 as compared to \$46,729 in 2004, an increase of \$35,748. This increase in interest income was mainly due to increase in cash balances during the period ending October 31, 2005. The Company closed its private placement of GBP 4,000,000 (\$7,480,000) during the latter part of April, 2005.

Liquidity and capital resources

At October 31, 2005, the Company had working capital of \$4,334,453 (2004 - \$1,999,683). The Company had cash and cash equivalents of \$4,439,291 (2004 - \$2,309,180). The significant increase in cash was primarily due

to the issuance of common shares in an equity financing by private placement during the nine month period ended October 31, 2005.

As at October 31, 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
2,620,000	\$	0.215		July 25, 2010
13,130,000	\$	TOTAL		

Cash used for operating activities during the first nine months of 2005 was \$865,603 (2004 – \$357,822) after adjusting for the non-cash stock-based compensation. Cash flows from financing activities for the nine months of 2005 were \$6,954,129 compared to \$93,061 during the same nine months of 2004. Equity financing increased significantly during the 2005 period as compared to 2004.

As at October 31, 2005, the Company had total assets of \$22,461,923 as compared with \$16,833,978 for the same period in 2004. This increase was primarily due to completion of the equity financing in April 2005. At October 31, 2005, the Company had total liabilities of \$307,290 as compared to \$543,994 in the same period in 2004. Current liabilities include \$282,290 due to related parties for accrued directors' fees, reimbursable expenses and professional fees.

During the nine month period ended October 31, 2005, the Company expended \$3,024,874 on deferred exploration expenditures on its mineral properties as compared to \$1,319,611 in the same period in 2004. The increased exploration expenditures were due to increased exploration activity as a result of available funding.

During the nine month period ended October 31, 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 October 31, 2005, the amount of \$93,958 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 October 31, 2005 there were 253,418,313 common shares outstanding as compared to 213,405,813 common shares outstanding as at October 31, 2004. The increase was mainly due to the success of the Company in raising funds by equity financing, and the exercise of warrants.

Related party transactions

During the nine month period ended October 31, 2005, the Company incurred billings of \$224,539 from related parties for management fees and professional services. All transactions with related parties have occurred in the normal course of operations. As at October 31, 2005, the amount due to related parties totals \$282,565. 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 October 31, 2005 reflect this change

Outlook

As a result of the GBP4,000,000 (\$7.48 million) private placement concluded earlier in the year, the Company remains well funded to pursue its policy of adding shareholder value, firstly, through further exploration and development of its Liberian gold properties and the highly prospective Mineral Cooperation Agreement (MCA) licence in western Liberia and, secondly, through joint ventures with carefully selected partners.

The focus of future Mano-funded (as distinct from joint-ventured) programmes will be shifted towards production, in particular at the promising KGL gold project in Liberia. The ongoing drilling there will focus on upgrading resources into mineable reserves, with a view to commencing pre-feasibility studies in the latter part of 2006. Highly encouraging gold intersections have already been announced from the diamond drilling completed so far this year at both KGL and Weaju. Meanwhile, the diamond and gold reconnaissance over the 15,000km² MCA licence (where the announcement was made on December 13th of the discovery of the second and third kimberlite bodies, only nine months after the start of the programme) will continue.

A total of five joint ventured programmes are now under way. **Golden Star** plan to drill test in 2006 newly discovered gold-in-soils anomalies in Sierra Leone. The major reconnaissance programme over the REPL licence in eastern Sierra Leone, funded by **BHP-Billiton**, will follow-up several high interest diamond indicator mineral anomalies. The abandonment of the planned merger with **Petra Diamonds** will not affect progress on the Kono kimberlite dyke project, where Petra have carried out detailed site investigations and extensive community relations work, and are currently shipping a full plant from South Africa for the start of underground test production from the Lion 1 and Lion 5 dykes. They anticipate achieving initial diamond production from test mining by mid 2006. In Guinea, **Navasota** have completed refurbishment of the Missamana/Gueliban field base and reported encouraging results from the initial 2,500 metre programme of drilling, with further drilling expected in 2006, while at Weasua in Liberia, **Trans-Hex** is importing a drill to begin testing the first of several diamondiferous kimberlite pipes.

Initial reconnaissance grab sampling of the Putu iron ore prospect in eastern Liberia returned grades of up to 65% Fe, and follow up mapping and detailed sampling are planned.

The UN-sponsored Presidential elections in Liberia, declared free and fair by international observers, resulted in a victory for Ellen Johnson Sirleaf, who will be inaugurated as President in January 2006. We anticipate massive international support for this new Administration.

The internal corporate restructuring aimed at creating ‘Mano Gold’ and ‘Mano Diamonds’ Divisions, which was well under way when Petra made their merger proposal in October, will now be carried to completion, although the planned spin out of the latter into a separate AIM-listed company has been put on hold for the time being.

**On Behalf of the Board,
MANO RIVER RESOURCES INC.**

“Tom Elder”

**TOM ELDER
President**