
MANO RIVER RESOURCES INC.

Interim Consolidated Financial Statements
For The Nine Months Ended October 31, 2006
(Stated in U.S. Dollars)

(Unaudited)

MANO RIVER RESOURCES INC.

6th Floor, 890 West Pender Street, Vancouver, B.C. V6C 1J9

Telephone: (604) 689-1700 Fax: (604) 687-1327

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 October 31, 2006.

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

(Stated in U.S. Dollars)

| | Nine months ended October 31, 2006 \$ (unaudited) | Year ended January 31, 2006 \$ (audited) |
|--|--|---|
| ASSETS | | |
| Current | | |
| Cash and cash equivalents | 2,187,872 | 2,781,260 |
| Accounts receivable and prepaid expenses | 122,510 | 47,634 |
| Due from joint venture partners (Note 3) | 75,694 | 371,843 |
| | 2,386,076 | 3,200,737 |
| Investments (Note 4) | 184,090 | 184,090 |
| Resource properties (Note 5) | 3,955,000 | 3,955,000 |
| Deferred exploration costs | 20,878,922 | 14,947,593 |
| | 27,404,088 | 22,287,420 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 14,962 | 80,530 |
| Due to related parties (Note 7) | 153,354 | 105,042 |
| | 168,316 | 185,572 |
| SHAREHOLDERS' EQUITY | | |
| Share capital (Note 6) | 34,128,504 | 28,643,487 |
| Contributed surplus | 1,670,330 | 1,201,101 |
| Cumulative translation difference | (21,755) | (21,755) |
| Deficit | (8,541,307) | (7,720,985) |
| | 27,235,772 | 22,101,848 |
| | 27,404,088 | 22,287,420 |

APPROVED BY THE DIRECTORS:

"TOM G. ELDER" (Signed)

Director

"GUY E. PAS" (Signed)

Director

MANO RIVER RESOURCES INC.

Consolidated Statements of Loss

(Stated in U.S. Dollars)

| | Three months ended October 31, 2006 \$ (unaudited) | Three months ended October 31, 2005 \$ (unaudited) | Nine months ended October 31, 2006 \$ (unaudited) | Nine months ended October 31, 2005 \$ (unaudited) |
|---------------------------------------|--|--|---|---|
| Revenue | | | | |
| Interest income | 13,322 | 47,267 | 38,685 | 82,477 |
| Expenses | | | | |
| Administrative and office expenses | 2,018 | 3,677 | 7,259 | 7,517 |
| Directors fees | 12,250 | 12,950 | 39,050 | 39,150 |
| Foreign exchange loss (gain) (Note 8) | (109,766) | 198,077 | (107,412) | 296,232 |
| Management fees | 25,500 | 27,000 | 78,000 | 84,000 |
| Mine maintenance expenses | 0 | 0 | 0 | 3,000 |
| Professional fees | 108,383 | 304,589 | 343,642 | 493,112 |
| Recovered expenses | (18,500) | (7,372) | (18,500) | (7,372) |
| Stock-based compensation | 469,229 | 0 | 469,229 | 335,445 |
| Transfer agent and regulatory fees | 10,527 | 27,017 | 47,739 | 74,191 |
| Gain on sale of investments | 0 | (9,702) | 0 | (9,702) |
| | 499,641 | 556,236 | 859,007 | 1,315,573 |
| Loss for the period | (486,319) | (508,969) | (820,322) | (1,233,096) |
| Loss per share | (0.002) | (0.002) | (0.003) | (0.005) |

MANO RIVER RESOURCES INC.

Consolidated Statements of Deficit

(Stated in U.S. Dollars)

| | Nine months ended October 31, 2006 \$ (unaudited) | Year ended January 31, 2006 \$ (audited) |
|-----------------------------------|--|---|
| Deficit, Beginning of year | (7,720,985) | (6,372,720) |
| Loss for the Period | (820,322) | (1,348,265) |
| Deficit, End of Period | (8,541,307) | (7,720,985) |

MANO RIVER RESOURCES INC.

Consolidated Statements of Cash Flows

(Stated in U.S. Dollars)

| | Three months ended October 31, 2006 \$ (unaudited) | Three months ended October 31, 2005 \$ (unaudited) | Nine months ended October 31, 2006 \$ (unaudited) | Nine months ended October 31, 2005 \$ (unaudited) |
|--|--|--|---|--|
| Operating Activities | | | | |
| Loss for the period | (486,319) | (508,969) | (820,322) | (1,233,096) |
| Items not involving cash: | | | | |
| Stock-based compensation (Note 2d) | 469,229 | 0 | 469,229 | 335,445 |
| Gain on sale of investments | 0 | (9,702) | 0 | (9,702) |
| Changes in Non-Cash Working Capital | | | | |
| Due from joint venture partners | 77,781 | 178,327 | 296,149 | 79,834 |
| Accounts receivable and prepaid expenses | 81,180 | (31,515) | (74,876) | (47,526) |
| Accounts payable | (62,381) | 9,816 | (65,568) | 9,442 |
| | 79,490 | (362,043) | (195,388) | (865,603) |
| Financing Activities | | | | |
| Issuance of share capital (net of costs) | 0 | 0 | 5,485,017 | 7,180,800 |
| Due to related parties | (62,121) | 82,295 | 48,312 | (270,869) |
| Proceeds from sale of investments | 0 | 44,198 | 0 | 44,198 |
| | (62,121) | 126,493 | 5,533,329 | 6,954,129 |
| Investing Activities | | | | |
| Resource properties | | | | |
| Deferred exploration expenditures | (3,290,331) | (806,397) | 5,931,329 | (3,024,874) |
| | (3,290,331) | (806,397) | (5,931,329) | (3,024,874) |
| Increase (Decrease) In Cash | (3,272,962) | (1,041,947) | (593,388) | 3,063,652 |
| Cash, Beginning of Period | 5,460,834 | 5,481,238 | 2,781,260 | 1,375,639 |
| Cash, End of Period | 2,187,872 | 4,439,291 | 2,187,872 | 4,439,291 |

Supplemental disclosure of non-cash financing and investing activities

During the nine month period ended October 31, 2005, the Company issued 12,500 common shares for a share subscription of \$894 related to exercise of share purchase warrants in the previous financial year.

MANO RIVER RESOURCES INC.
Consolidated Statements of Deferred Exploration Costs
(Stated in U.S. Dollars)

| | Three months ended October 31, 2006 \$ <u>(unaudited)</u> | Three months ended October 31, 2005 \$ <u>(unaudited)</u> | Nine months ended October 31, 2006 \$ <u>(unaudited)</u> | Nine months ended October 31, 2005 \$ <u>(unaudited)</u> |
|---|---|---|--|---|
| Deferred exploration expenditures | | | | |
| Assays incl. shipment | 76,171 | 50,158 | 183,341 | 76,486 |
| Communications incl. equipment | 15,894 | 19,189 | 78,842 | 80,964 |
| Community relations | 17,691 | 3,813 | 77,029 | 20,252 |
| Consultants | 187,569 | 96,831 | 321,253 | 158,368 |
| Data, images, reports and maps | 9,851 | 0 | 17,920 | 13,608 |
| Drilling | 397,899 | 155,390 | 1,046,007 | 840,774 |
| Exploration advances -Missamana joint venture | 0 | 0 | 0 | 125,000 |
| Feasibility | 608,953 | 0 | 950,883 | 0 |
| Geologists' support | 29,473 | 37,714 | 109,823 | 95,892 |
| Infrastructure incl. roads and bridges | 41,064 | 85,593 | 41,064 | 85,593 |
| Licenses and permit fees | 149,920 | 33,214 | 185,920 | 138,487 |
| Metallurgy | 379,253 | 0 | 379,253 | 0 |
| Project/field office costs, incl. field equipment | 105,390 | 61,015 | 273,773 | 385,779 |
| Reconnaissance and geochemical | 19,848 | 6,039 | 277,996 | 32,159 |
| Recovered expenditures | (262,592) | 0 | (262,592) | 0 |
| Salaries and wages | 267,789 | 181,097 | 730,893 | 652,878 |
| Subsistence | 18,452 | 28,971 | 85,770 | 64,433 |
| Transportation incl. vehicles | 130,254 | 47,373 | 336,702 | 254,201 |
| Petra Diamonds Joint Venture expenditures | 1,097,452 | 0 | 1,097,452 | 0 |
| Net expenditures during the period | 3,290,331 | 806,397 | 5,931,329 | 3,024,874 |
| Balance, Beginning of period | 17,588,591 | 12,874,693 | 14,947,593 | 10,656,216 |
| Balance, End of period | 20,878,922 | 13,681,090 | 20,878,922 | 13,681,090 |

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Nine Months Ended October 31, 2006
(Stated in U.S. Dollars)

1. CONTINUING OPERATIONS

The Company, which commenced operations on July 10, 1996, is engaged in the acquisition, exploration and development of gold, diamond and iron ore 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.

Uncertainty also exists with respect to the recoverability of the carrying value of certain resource properties. The ability of the Company to realize on its investment in resource properties is contingent upon resolution of the uncertainties and continuing confirmation of the Company's title to the resource properties.

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 subsidiaries, Mano Gold Investments Ltd. (formerly Mano River Resources Ltd.), (including sub-group Mano River Iron Ore Holdings Ltd.), and Mano Diamonds Ltd.

(b) Cash and cash equivalents

Cash consists of cash on hand, deposits in banks with an original maturity of 90 days or less.

(c) Long-term investments

Long-term investments are recorded at cost, subject to a provision for any impairment that is determined to be other than temporary.

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Nine Months Ended October 31, 2006

(Stated in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Resource properties and deferred exploration costs

The Company follows the method of accounting for its mineral properties whereby all costs related to acquisition, exploration and development are capitalized by property. The carrying value of pre-production and exploration properties is reviewed periodically and either written off when it is determined that the expenditures will not result in the discovery of economically recoverable mineral reserves or transferred to producing mining property, plant and equipment when commercial development commences.

The recoverability of amounts shown for pre-production and exploration properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mineral claims, the ability of the Company to finance the development of the properties and on the future profitable production or proceeds from the disposition thereof.

(e) Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of significant estimates include stock-based compensation expense, valuation allowance with respect to future income tax assets and recoverability of resource properties and deferred exploration costs. Actual results could differ from those estimates.

(f) Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the year. The diluted loss per share reflects the potential dilution by including other common share equivalents, such as outstanding stock options and share purchase warrants, in the weighted average number of common shares outstanding during the year. Options and warrants as disclosed in Note 6 are anti-dilutive and therefore have not been taken into account in the per share calculations.

(g) Foreign currency translation

The Company's foreign currency transactions and the financial position and results of operations of the Company's integrated subsidiaries are translated into U.S. dollars using

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Nine Months Ended October 31, 2006

(Stated in U.S. Dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

the temporal method. Under this method, monetary assets and liabilities are translated at the rate in effect at the balance sheet date. Other balance sheet items, revenues and expenses are translated at the rates prevailing on the respective transaction dates.

(h) Stock-based compensation

The Company follows Canadian Institute of Chartered Accountants Handbook Section 3870, *Stock-Based Compensation*, which requires 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 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 is transferred to share capital.

(i) Joint ventures

The Company has entered into certain joint venture agreements whereby the Company earns or allows a third party to earn an interest in certain mineral properties. These joint venture agreements generally provide for the acquiring party to incur exploration costs to earn an interest.

3. DUE FROM JOINT VENTURE PARTNERS

During the nine month period ended October 31, 2006, the Company incurred exploration expenditures on behalf of 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, 2006, the amount of \$75,694 remained receivable from joint venture partners.

4. INVESTMENTS

| | | |
|----------------|------------------|-------------------|
| | October 31, | October 31, |
| | <u>2006</u> | <u>2005</u> |
| Mifergui-Nimba | <u>\$184,090</u> | <u>\$ 184,090</u> |

The Mifergui-Nimba investment consists of 8,654 shares representing a 3.7% interest in a Guinean company that holds a minority interest in a mining licence over a Guinean iron ore property. The company is a private company with no available market value. Management has reviewed the carrying value at July 31, 2006 and do not consider that there has been any indication of impairment.

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Nine Months Ended October 31, 2006

(Stated in U.S. Dollars)

5. RESOURCE PROPERTIES

| | October 31, 2006 | October 31, 2005 |
|---------------------------|---------------------|---------------------|
| 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 | \$ 3,955,000 | \$ 3,955,000 |

6. SHARE CAPITAL

(a) *Authorized-*

Unlimited common shares without par value

(b) *Issued*

| | Shares | Amount |
|---|----------------|---------------|
| Balance at January 31, 2005 | \$ 213,405,818 | \$ 21,461,793 |
| Shares issued on private placement (net of costs) | 40,000,000 | 7,180,800 |
| Shares issued on exercise of warrants | 12,500 | 894 |
| Balance at January 31, 2006 | 253,418,318 | 28,643,487 |
| Shares issued on private placement (net of costs) | 39,562,500 | 5,485,017 |
| Balance at October 31, 2006 | \$ 292,980,818 | \$ 34,128,504 |

(a) During the nine month period ended October 31, 2006, the Company completed a brokered private placement of 39,562,500 common shares at GBP 0.08p each for gross proceeds of GBP 3,165,000 (\$5,852,085). A commission of 4% GBP 126,600 (\$234,083) of the gross proceeds was paid on the placement as well as a corporate finance fee of GBP 45,000 (\$83,205) and out of pocket expenses of GBP 12,645 (\$23,380) to the broker on closing of the placement. Other financing costs amounted to \$26,400.

(b) As at October 31, 2006, nil warrants and the following stock options were outstanding:

| <u>Number of Common Shares</u> | <u>Exercise price</u> | <u>Expiry date</u> |
|------------------------------------|---------------------------|--------------------|
| 845,000 | \$ 0.10 | February 21, 2007 |
| 5,000,000 | \$ 0.11 | March 21, 2007 |
| 905,000 | \$ 0.10 | August 14, 2008 |

MANO RIVER RESOURCES INC.
Notes to the Financial Statements
For The Nine Months Ended October 31, 2006

(Stated in U.S. Dollars)

6. SHARE CAPITAL (continued)

| <u>Number of Common Shares</u> | <u>Exercise price</u> | <u>Expiry date</u> |
|------------------------------------|---------------------------|--------------------|
| 2,770,000 | \$ 0.24 | March 23, 2009 |
| 2,620,000 | \$ 0.215 | July 25, 2010 |
| <u>2,980,000</u> | \$ 0.23 | July 31, 2011 |
| <u>15,120,000</u> | | |

On May 1, 2006, 990,000 stock options exercisable at a price of Cdn\$0.22 expired unexercised.

7. RELATED PARTY TRANSACTIONS

During the nine month period to date, the Company incurred billings of \$158,810 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, 2006, the amount due to related parties totals \$153,354. These balances have no fixed terms of repayment and have arisen from the accrued provision of services referred to above and reimbursable expenses.

8. 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 amounts due to related parties. The fair values of these financial instruments are estimated to approximate their carrying values due to their immediate or short-term nature except for investments whose fair value is described in Note 4. Due to the nature of the Company's operations, there is no significant credit or interest rate risk. As at October 31, 2006, the Company held approximately \$1,056,606 cash in bank accounts denominated in UK currency. The Company has taken no action to reduce its exposure to foreign currency risk.

