MART RESOURCES INC.

INTERIM REPORT
MARCH 31, 2005

LETTER TO SHAREHOLDERS

It is with great pleasure that I submit to you on behalf of the Board of Directors of Mart Resources, Inc. the Company's Interim Report for the quarter ended March 31, 2005. The First Quarter of 2005 was one in which Mart continued to make great strides in all phases of the Company's operations.

In Nigeria, Mart's local knowledge, technical expertise, and perseverance have paid off as the Company has signed agreements giving Mart the right to participate with certain indigenous companies in the development of proven but undeveloped oil fields in the Niger Delta region under a program recently enacted by the Nigerian government. These oil fields are located in close proximity to existing production facilities and export pipelines, and provide Mart a unique opportunity to quickly develop a strong production base providing substantial cash flow. The Company is currently in the process of finalizing similar arrangements with selected indigenous companies for other proven fields allocated under this program.

As of the date of this report, the re-entry and testing of the Eremor #1 Well in the Eremor Oil Field, Nigeria is under way. Logging operations have now been completed and have confirmed the integrity of the existing casing and cement bond. The targeted zones will be perforated to test the flow rate, composition, and quality of hydrocarbons indicated by the logs. Test results are anticipated in the very near future. As previously described, the Eremor Oil Field was discovered in 1978 by the Eremor #1 well, which encountered a thick sandstone oil reservoir at a depth of 5,744 feet. An appraisal well, drilled in 1984 penetrated the same oil-bearing sandstone reservoir as the Eremor #1 well. Both wells also encountered a shallower zone containing light oil or condensate and gas at a depth of 5,469 feet. The field remained undeveloped and was awarded to Excel Exploration and Production Company Limited, Mart's indigenous partner, under the Nigerian government's Marginal Field Allocation Program for specific proven but undeveloped fields.

In keeping with Mart's expansionary goals, the Company will also be making application to have its common shares admitted for trading on the Alternative Investment Market of the London Stock Exchange (AIM). Mart will evaluate and actively pursue various financing options to fund participation in the Company's existing and future projects as required.

Elsewhere, Mart is in the process of negotiating a 70% participating interest in a production sharing agreement for the Rendus Block, a high potential oil exploration concession located onshore in the western coastal region of the Democratic Republic of Congo.

Mart is presently in the midst of an exciting and potentially highly rewarding series of operations to evaluate the potential of the Company's assets in the Niger Delta. I am confident that substantial shareholder value will accrue in 2005 as Mart benefits from the results of these operations.

I would like to thank our shareholders, officers and directors for their continued support.

On Behalf of the Board of Directors

"signed"

Wade G. Cherwayko
CEO & Director
May 30, 2005

MART RESOURCES, INC.
CONSOLIDATED BALANCE SHEETS
AS AT MARCH 31, 2005 AND DECEMBER 31, 2004
(Unaudited - Prepared by Management)

	MAR 31 2005	DEC 31 2004
ASSETS		
Current		
Cash	**$ 3,946,615**	$ 7,902,830
Accounts receivable	**174,839**	9,455
Prepaid expenses and deposits	**103,859**	104,129
	4,225,313	8,016,414
Property and equipment	**2,313,161**	17,311
Petroleum property interests	**5,713,507**	3,646,124
TOTAL ASSETS	**$ 12,251,981**	$ 11,679,849
LIABILITIES		
Current		
Accounts payable and accruals	**760,230**	594,233
Due to related parties	**0**	118
	760,230	594,351
Advances payable	**0**	13,187
TOTAL LIABILITIES	**760,230**	607,538
SHAREHOLDERS' EQUITY		
Share capital	**21,556,430**	20,896,789
Contributed surplus	**1,351,150**	1,351,150
Deficit	**(11,415,829)**	(11,175,628)
	$ 11,491,751	11,072,311
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 12,251,981**	$ 11,679,849

MART RESOURCES, INC.
CONSOLIDATED STATEMENT OF LOSS AND DEFICIT
FOR THE THREE MONTH PERIODS ENDED
MARCH 31, 2005 AND 2004
(Unaudited - Prepared by Management)

	MAR 31 2005	MAR 31 2004
REVENUE		
Interest	$ 25,435	$ -
EXPENSES		
General and administrative	177,398	14,590
Consulting	72,145	8,325
Stock exchange and transfer agent fees	9,574	7,409
Professional fees	5,112	8,784
Amortization	1,407	1,112
	265,636	40,220
Net Loss for the period	(240,201)	(40,220)
Deficit - Beginning of Period	(11,175,628)	(7,372,153)
Deficit - End of Period	$ (11,415,829)	$ (7,412,373)
Loss per share	$ 0.003	$ 0.001

MART RESOURCES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIODS ENDED
MARCH 31, 2005 AND 2004
(Unaudited - Prepared by Management)

	MAR 31 2005	MAR 31 2004
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
Operating activities		
Net loss	**(240,201)**	(40,220)
Amortization	**1,407**	1,112
	(238,794)	(39,108)
Changes in working capital accounts		
Accounts receivable	**165,384**	-
Prepaid expenses and deposits	**(270)**	-
Accounts payable and accruals	**(165,997)**	22,438
	(239,677)	(16,670)
Financing activities		
Issue of common shares	**660,000**	-
Share issue costs	-	-
Repayments of advances payable	**(13,187)**	-
Repayments of due to related parties	**(118)**	5,500
	646,695	5,500
Investing activities		
Additions to property and equipment	**(2,295,850)**	-
Increase in petroleum property interests	**(2,067,383)**	(32,377)
	(4,363,233)	(32,377)
Increase (Decrease) in cash resources	**(3,956,215)**	1,607
Cash resources, beginning of year	**7,902,830**	2,817
Cash resources, end of period	**$ 3,946,615**	$ 4,424

MART RESOURCES, INC.

Notes to the Financial Statements
Three Months Ended March 31, 2005
(Unaudited – Prepared by Management)

1. BASIS OF PRESENTATION

The unaudited consolidated financial statements of Mart Resources, Inc. ("Mart" or "the Company") have been prepared by management in accordance with accounting principles generally accepted in Canada. The interim consolidated statements have been prepared following the same accounting policies and methods of computation as the audited consolidated financial statements for the fiscal year ended December 31, 2004. The disclosures provided below are incremental to those included in the annual consolidated financial statements. The interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in the Company's annual report for the year ended December 31, 2004.

2. SHARE CAPITAL

Common Shares Issued and Outstanding:

March 31, 2005	93,363,299
March 31, 2004	61,818,315

During the first quarter of 2005, Mart had 4,400,000 share purchase warrants at $0.15 per warrant exercised, for gross proceeds of $660,000.

Stock Options issued and outstanding as at March 31, 2005:
There were 3,330,000 stock options issued on February 15, 2005.

Number	Exercise Price	Expiry Date
400,000	$0.25	March 5, 2006
1,750,000	$0.21	February 2, 2009
1,750,000	$0.25	February 2, 2009
3,330,000	$0.74	February 15, 2010

Warrants issued and outstanding as at March 31, 2005:

Type	Number	Exercise Price	Expiry Date
Broker	403,765	$0.15	October 22, 2005
Purchase	15,645,756	$0.15	January 23, 2006
Broker	2,600,000	$0.15	January 23, 2006
Broker	1,663,291	$0.45	December 4, 2006

3. RELATED PARTY TRANSACTIONS

During the three months ended March 31, 2005, the Company's related party transactions included $37,500 incurred with respect to the consulting fees paid to directors and shareholders of the Company and $27,394 with respect to expenditures paid on behalf of the Company by its directors and shareholders. These transactions took place in the normal course of business and are measured at the exchange amount, which is the amount of consideration agreed to by the related parties.

CORPORATE INFORMATION

Officers & Directors
Wade G. Cherwayko – CEO & Director
Philip Nelson, PhD – VP Exploration & Director
Robert J. Leslie, PhD – Director
William Cherwayko – Director
Leroy Wolbaum – Director
David Parker – President
David J. Halpin – CFO & Secretary

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Bankers
Royal Bank of Canada

Solicitors
Borden Ladner Gervais LLP

Auditors
Meyers Norris Penny LLP Chartered Accountants

Registrar & Transfer Agent
Computershare Trust Company of Canada

Stock Exchange Listing
TSX Venture Exchange – Symbol: MMT

MART RESOURCES, INC.
Management Discussion and Analysis
For the Three Month Period ended March 31, 2005

This discussion and analysis contains forward-looking statements relating to future events or future performance. In some cases, forward-looking statements can be identified by terminology such as “may”, “will”, “should”, “expects”, “projects”, “plans”, “anticipates” and similar expressions. These statements represent management’s expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of Mart Resources, Inc. The projections, estimates, and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, including the business risks discussed in the MD&A as at and for the years ended December 31, 2004 and 2003, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Accordingly, readers are cautioned that events or circumstances could cause results to differ materially from those predicted.

The following discussion should be read in conjunction with the December 31, 2004 audited Consolidated Financial Statements, the March 31, 2005 unaudited Consolidated Financial Statements, and the notes thereto. The March 31, 2005 unaudited Consolidated Financial Statements have been prepared in accordance with Canadian generally accepted accounting principles and all amounts shown in the statements and other supplementary reports are stated in Canadian dollars unless otherwise specified.

Outlook

Mart Resources, Inc. is focused on maximizing the value of its petroleum properties by evaluating, negotiating and participating in the development of proven but undeveloped oil and gas fields in Nigeria under the Nigerian Marginal Field Allocation Program. Mart also continues the process of finalizing evaluations and agreements for technical and financial service arrangements with additional selected indigenous companies that have been awarded the farm-in rights to a number of onshore oil and gas fields awarded under the Nigerian Marginal Field Program, and continues to pursue arrangements to develop other properties and projects in West Africa. Mart is also negotiating participating interests in exploration opportunities in the Democratic Republic of Congo.

First Quarter 2005 Results

The net loss for the quarter ended March 31, 2005 was $240,201, compared to a net loss of $40,220 in the same period of 2004. The Company has had no commercial revenues in Q1 2005, and realized interest revenue of $25,435 on GICs held in the first quarter of 2005. Expenses for the quarter totalled $265,636 (2004: $40,220). The largest changes that contributed to the increase in expenses in Q1 2005 as compared to Q1 2004 were an increase in General and administrative costs to $177,398 (67% of total costs), Consulting fees of $72,145 (27%), Stock exchange and transfer agent fees of $9,574 (4%), and professional fees of $5,112 (2%). General and administrative costs increased by $162,808 over 2004 due to generally increased activity resulting in higher expenditures on investor relations activities and office costs. Consulting fees increased by $63,820 because of increased activity directly related to operations in Nigeria. Amortization expense for Q1 2005 was $1,407, which was comparable to that in 2004.

The Company’s recent quarterly results are summarized below:

	Q1/05	Q4/04	Q3/04	Q2/04	Q1/04	Q4/03	Q3/03	Q2/03
Gross Revenue	$25,435	$23,054	$4,912	$ 3,531	$ -	$ -	$ -	$ -
Net Earnings/(Loss)	(240,201)	(3,466,655)	(174,449)	(122,150)	(40,220)	(540,219)	(31,759)	(37,169)
Basic Per Share	(0.003)	(0.055)	(0.003)	(0.002)	(0.001)	(0.018)	(0.001)	(0.001)

Current Assets and Liabilities

As at March 31, 2005, Mart's Cash and Term Deposits totaled $3,946,615, as compared to $7,902,830 on December 31, 2004. The decrease in Cash is mainly attributable to expenditures totaling $4,363,233 to acquire interests in petroleum properties and expenditures on related equipment. The Company also received $660,000 in the first quarter of 2005 for the exercise of 4,400,000 share purchase warrants at an exercise price of $0.15 per warrant. Term deposits consist of Guaranteed Investment Certificates with the Royal Bank of Canada that are redeemable on demand, and funds not required for current operations are held in these deposits.

Accounts receivable at the end of the quarter were $174,839 and consist of outstanding GST refunds claimed but not yet received. Prepaid expenses and deposits were $103,859 and were made up of prepaid rent, travel advances and security deposits. Property and equipment increased by a net amount of $2,295,850 between December 31, 2004 and March 31, 2005, with the vast majority of the amount capitalized made up of expenditures to acquire equipment, tools and supplies required for operations currently underway in Nigeria.

Accounts payable increased by $165,997 to $760,230 during Q1 2005 due to increases in short-term amounts owing for work being done to assess, prepare and test the Nigerian marginal fields, work being performed by various consultants and for general operating costs. The amount due to related parties as at March 31, 2005 was $0, which is attributable to amounts paid that had previously been owing for consulting fees, costs related to Mart's London office, and other expenses related directly to the Nigerian properties. Advances payable were reduced by $13,187 during the quarter as a result of payment of an amount previously owed to a related party.

Other related party transactions during Q1 2005 included consulting fees of $37,500 (2004 - $41,100) paid to directors and shareholders of the Company and reimbursement of expenses totaling $27,394 (2004 - $39,466) with respect to expenditures paid on behalf of Mart by its directors and shareholders. These transactions took place in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Petroleum Properties Interests

Nigeria

Mart has a formal agreement with Excel Exploration & Production Company Limited ("Excel") a company organized and existing under the laws of Nigeria that grants Mart the right to participate with Excel in the development of the Eremor Oil Field in Nigeria. The Eremor Oil Field is located in Nigeria's Niger Delta region and was awarded to Excel under the Nigerian Government's marginal field allocation program. Fields allocated under this program have been delineated by prior drilling activity and supported by seismic analysis, but remain undeveloped. Under the terms of the formal agreement between Mart and Excel, Mart will contribute to the development of the Eremor oil field by providing funding, operational and technical assistance in exchange for an allocation of any hydrocarbons discovered and produced from the field. Mart will receive its share of production on a sliding scale, beginning with an accelerated repayment of costs contributed to the project and moving on a stepped down schedule as based upon aggregate production volume.

On March 31, 2005 Mart announced the signing of a formal agreement with Network Exploration & Production Nigeria Limited that grants Mart the right to participate with Network in the development of the Qua Ibo Oil Field in Nigeria. The Qua Ibo Oil Field is located onshore in Nigeria's Niger Delta region and was awarded to Network under the Nigerian Government's marginal field allocation program. Fields allocated under this program contain significant proven reserves determined by previous drilling, but remain undeveloped. This is the second field under this program that Mart has finalized a contract to participate in its development.

The Qua Ibo Field was discovered in 1960 by the Qua Ibo-1 well, which encountered oil pay in sandstone reservoirs at depths of 3,600 feet and 7,000 feet. Field confirmation was provided by the Qua Ibo-2 well drilled in 1971, which penetrated the same oil-bearing reservoirs. The Qua Ibo Field has significant hydrocarbon reserve potential as evaluated from well and seismic data.

Mart and Network have completed a detailed technical evaluation of the Qua Ibo Field. Early development operations could include re-entry and testing of the suspended Qua Ibo-2 well. The field is located within two kilometers of ExxonMobil's Qua Ibo processing and export terminal.

The Company capitalized $2,067,383 of costs related to these properties in the first quarter of 2005 ($210,623 capitalized in Q1 2004). The amounts capitalized primarily related to evaluation and preparation of the Eremor oil field and the Qua Ibo oil field and analysis of and negotiation for other properties under the Nigerian Marginal Field Allocation Program. Testing and development of these oil fields and other similar projects in Nigeria will remain the focus and primary investment of Mart's available resources in 2005.

Selected Annual Information

Selected data from Mart's financial statements for the three most recently completed financial years are as follows:

For the Year Ended:	December 31, 2004	December 31, 2003	December 31, 2002
Total Revenues	$31,497	$ -	$514
Loss from Operations	(1,400,996)	(391,272)	(209,299)
Operations Loss / share	(0.022)	(0.013)	(0.007)
Net Loss	(3,803,474)	(656,784)	(1,358,142)
Net Loss / share	(0.061)	(0.022)	(0.047)
Total Assets	11,679,849	2,412,373	2,505,671
Long-Term Liabilities	(13,187)	(48,976)	(43,476)

The Net Loss in 2004 includes a $2,402,478 Property impairment write down booked during 2004 relating to the impairment of capitalized costs incurred for the offshore Nigeria property and a Democratic Republic of Congo property. Net Loss in 2003 includes a $265,512 Property Impairment Write Down booked at 2003 year end relating to the impairment of capitalized costs incurred for an Alberta seismic project. Long-term liabilities consist of an advance payable due to a prior director who is also a shareholder of the Company, and which was paid in full in Q1 2005.

Liquidity

Until Mart's projects are developed to the point at which the Company has cash flow, Mart's ability to generate sufficient cash in the short term is dependent upon the Company's ability to raise funds through equity issues and/ or debt financing. Mart's ability to raise funds in public capital markets could potentially be affected by changes in the prices of resource commodities and/or general market conditions.

Subsequent Events

Convertible Note Financing

On May 2, 2005 Mart announced that, subject to receipt of regulatory approval, it will be conducting a private placement of convertible unsecured promissory notes (the "Notes") to a European-based fund and other institutions for aggregate gross proceeds of $7,500,000 USD, or approximately $9,350,000 CDN. It is anticipated that the initial $6,000,000 USD investment will be closed as soon as possible, and the balance of a maximum of $1,500,000 USD closed within 45 days of the initial closing.

The Notes bear a 12% annual interest rate and are convertible into units ("Units") at the option of the holder at a conversion price of $1.03 per Unit at any time prior to the second anniversary of the Notes. Each Unit consists of one common share in the share capital of Mart and one share purchase warrant ("Warrant"). Each Warrant entitles the holder to acquire one additional common share at an exercise price of $1.23 per share, exercisable for a period of two years from the date of issuance of the Warrant.

Additionally, Mart has the option to force conversion of the Notes if the Mart common shares trade at a price greater than $1.75 per common share over a thirty day consecutive period. The maximum number of common shares to be issued upon conversion of the Notes and exercise of all Warrants will be 18,446,602.

Mart intends to use the proceeds of the financing to pay for the costs of testing and re-completion of the Qua Ibo 2 well in the Qua Ibo oil Field in Nigeria; for continued evaluation of Nigerian marginal fields; negotiation and finalization of agreements for additional fields; for negotiation and acquisition costs of blocks in the Democratic Republic of Congo; for well testing and drilling equipment for the Eremor and Qua Ibo oil fields; and for general working capital.

Other Documents Available on SEDAR

Additional information relating to Mart Resources, Inc., including the Company's Annual Information Form, Annual Reports, previous Quarterly Reports, Press Releases, etc. is available on SEDAR at www.sedar.com.