

**MANAS RESOURCES LIMITED**

ABN 23 128 042 606

**INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED  
30 JUNE 2016**

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the period ended 31 December 2015 and any public announcements made by Manas Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## DIRECTORS' REPORT

Your directors submit the financial report of the consolidated entity comprising Manas Resources Limited ("Manas" or the "Company") and its controlled entities (collectively the "Group" or "Consolidated Entity") for the half-year ended 30 June 2016. The directors report as follows:

### Directors

The names of directors who held office during or since the end of the half-year and until the date of this report are noted below. Directors were in office for this entire period unless otherwise stated.

Mark Calderwood	Chairman
Colin Carson	Non-Executive Director
Justin Lewis	Non-Executive Director

### Results

The consolidated loss for the half-year after tax was \$19,483,685 (6 months ended 30 June 2015: profit \$8,612,698). This includes an impairment loss on Kyrgyz exploration assets of \$18.54 million. The impairment loss arises in recognition of an agreement entered into by the Company subsequent to the period-end for a conditional sale of the Kyrgyz assets. The loss brings the carrying value of these assets in line with the agreed sale price (refer to subsequent event note 9 for further information). The profit for the previous half-year arose solely as a result of a reversal (\$9,647,839) of the write down in asset values that was recorded in the 31 December 2014 Financial Statements. This was as a consequence of a change in the Board's position with respect to the Kyrgyz mineral assets since the issue of the 31 December 2014 Financial Statements. Further information is provided elsewhere in this report.

### Review of Operations for the Half-Year

#### Victoria Gold Project (VGP) Heads of Agreement, Tanzania

- Binding Heads of Agreement to acquire the VGP in Tanzania executed in June 2016 with US\$200,000 deposit paid prior to period-end, refer to announcement dated 27 June 2016 for details.
- The VGP comprises a significant tenement holding with identified areas of gold mineralisation and excellent exploration upside, strategically located near several established mining operations in the multi-million ounce Lake Victoria Gold Field.
- Technical and legal due diligence in progress following appointment of key consultants.

#### Shambesai Gold Project (SGP), Kyrgyz Republic, Central Asia

- Project economics for a smaller open pit option at SGP updated in February 2016.
- Djilginsai, Aksu and Savoyardy (prospecting) licenses relinquished during the period.
- Discussions progressed with a number of parties on potential transactions for the funding or sale of Shambesai.
- Subsequent to period-end, a binding Term Sheet was signed with Guizhou Geology and Mineral Resource Development Company Ltd in late August for the disposal of the Company's Australian subsidiary, Manas Holdings (Kyrgyz) Pty. Ltd., which owns the SGP. The US\$10 million sale transaction is anticipated to complete around the end of November 2016, with a US\$500,000 deposit (refundable in very limited circumstances) having been received at the date of this report and the balance of US\$9,500,000 due on completion.

Also subsequent to period-end, a separate agreement was signed contemporaneously for sale of the Savoyardy Project for US\$500,000, completion of which is expected around the end of September 2016.

Further details of the sale of the Kyrgyz assets are contained in the ASX announcement dated 31 August 2016.

## Corporate

- The Company successfully completed a number of capital raisings during and post the reporting period including:
  - \$821,000 before costs by way of a share placement and subsequent non-renounceable 2 for 3 entitlement issue both at \$0.001 per share;
  - \$657,370 before costs in a single tranche share placement at \$0.0018 per share; and
  - \$1.35 million in a share purchase plan at \$0.00275 per share post period-end.
- The appointment of Mr Philip Reese as the Company's Chief Executive Officer.

## Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on the following page and forms part of this directors' report for the half-year ended 30 June 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.



Mark Calderwood  
Chairman

Perth, 13 September 2016

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Manas Resources Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
13 September 2016



**D I Buckley**  
Partner

Manas Resources Limited  
Condensed Statement of Comprehensive Income  
For the half-year ended 30 June 2016

	Notes	Consolidated	
		Half-year 30 June 2016	Half-year 30 June 2015
		\$	\$
Gain on reversal of discontinued operation write-down	1	-	9,647,839
Profit on sale of listed securities		-	9,945
Other revenue		12,209	21,585
		<u>12,209</u>	<u>9,679,369</u>
Employee benefits expense		(593,830)	(553,652)
Depreciation and amortisation expense		(16,167)	(26,605)
Occupancy expenses		(65,659)	(90,938)
Corporate and administration expenses		(186,668)	(265,953)
Travel expenses		(14,277)	(50,340)
Exploration expense written off	4	(65,905)	(32,448)
Impairment charge on exploration assets	4	(18,536,820)	-
Other expenses	2	(13,460)	(55,827)
Foreign exchange (loss) / gain		(3,108)	9,092
(Loss) / profit before income tax benefit		<u>(19,483,685)</u>	<u>8,612,698</u>
Income tax benefit		-	-
<b>Net (loss) / profit after tax</b>		<u>(19,483,685)</u>	<u>8,612,698</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Exchange gain arising on translation of foreign operations		3,037,078	477,189
<b>Total comprehensive (loss) / income for the period</b>		<u>(16,446,607)</u>	<u>9,089,887</u>
<b>Earnings per share</b>			
Basic (loss) / earnings per share		(1.41) cents	1.76 cents
Diluted (loss) / earnings per share		(1.41) cents	1.76 cents

The above Condensed Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Notes	<b>Consolidated</b>	
		<b>30 June 2016</b>	<b>31 December 2015</b>
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		339,414	231,260
Trade and other receivables		46,377	70,799
Inventories		7,788	7,455
<b>Total Current Assets</b>		<b>393,579</b>	<b>309,514</b>
<b>Non-Current Assets</b>			
Property, plant and equipment		202,441	29,322
Other assets	3	269,582	-
Deferred exploration and evaluation expenditure	4	13,160,000	28,200,092
<b>Total Non-Current Assets</b>		<b>13,632,023</b>	<b>28,429,414</b>
<b>Total Assets</b>		<b>14,025,602</b>	<b>28,738,928</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		775,734	490,837
<b>Total Current Liabilities</b>		<b>775,734</b>	<b>490,837</b>
<b>Total Liabilities</b>		<b>775,734</b>	<b>490,837</b>
<b>Net Assets</b>		<b>13,249,868</b>	<b>28,248,091</b>
<b>Equity</b>			
Issued capital	5	51,699,077	50,255,220
Reserves		618,995	(2,422,610)
Accumulated losses		(39,068,204)	(19,584,519)
<b>Total Equity</b>		<b>13,249,868</b>	<b>28,248,091</b>

The above Condensed Statement of Financial Position should be read in conjunction with the accompanying notes.

Manas Resources Limited  
Condensed Statement of Changes in Equity  
For the half-year ended 30 June 2016

CONSOLIDATED	Issued Capital	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2015</b>	46,761,720	3,831,428	(2,988,514)	(27,217,728)	20,386,906
Profit attributable to members of the parent entity	-	-	-	8,612,698	8,612,698
Exchange differences arising on translation of foreign operations	-	-	477,189	-	477,189
Total comprehensive income for the year	-	-	477,189	8,612,698	9,089,887
Share issues (net of costs)	1,040,371	-	-	-	1,040,371
<b>Balance at 30 June 2015</b>	<b>47,802,091</b>	<b>3,831,428</b>	<b>(2,511,325)</b>	<b>(18,605,030)</b>	<b>30,517,164</b>

CONSOLIDATED	Issued Capital	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
<b>Balance at 1 January 2016</b>	50,255,220	3,852,428	(6,275,038)	(19,584,519)	28,248,091
Loss attributable to members of the parent entity	-	-	-	(19,483,685)	(19,483,685)
Exchange differences arising on translation of foreign operations	-	-	3,037,078	-	3,037,078
Total comprehensive loss for the year	-	-	3,037,078	(19,483,685)	(16,446,607)
Shares issued	1,558,524	-	-	-	1,558,524
Share issue expenses	(114,667)	-	-	-	(114,667)
Recognition of share-based payments	-	4,527	-	-	4,527
<b>Balance at 30 June 2016</b>	<b>51,699,077</b>	<b>3,856,955</b>	<b>(3,237,960)</b>	<b>(39,068,204)</b>	<b>13,249,868</b>

The above Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**Manas Resources Limited**  
Condensed Statement of Cash Flows  
For the half-year ended 30 June 2016

		<b>Consolidated</b>	
	Note	<b>Half-year 30 June 2016 \$</b>	<b>Half-year 30 June 2015 \$</b>
<b>Cash flows from operating activities</b>			
Interest received		2,057	2,818
Payments to suppliers and employees		(517,292)	(327,344)
Net cash used in operating activities		(515,235)	(324,526)
<b>Cash flows from investing activities</b>			
Proceeds from the sale of property, plant and equipment		7,625	37,520
Proceeds from sale of listed securities		-	9,945
Option fee to acquire new project	3	(269,582)	-
Payments for exploration and evaluation expenditure		(481,190)	(1,296,266)
Net cash used in investing activities		(743,147)	(1,248,801)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,478,524	1,104,116
Payments for share issue costs		(114,667)	(63,745)
Proceeds from short-term borrowings		-	200,000
Net cash provided by financing activities		1,363,857	1,240,371
<b>Net increase / (decrease) in cash held</b>		105,475	(332,956)
Cash and cash equivalents at the beginning of the period		231,260	447,136
Effects of exchange rate fluctuations on cash held		2,679	8,455
<b>Cash and cash equivalents at the end of the period</b>		339,414	122,635

The above Condensed Statement of Cash Flows should be read in conjunction with the accompanying notes.

## NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

### Statement of compliance

The interim consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134: Interim Financial Reporting, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 31 December 2015 and any public announcements made by Manas Resources Limited and its subsidiaries during the half-year and up to the date of this report in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

### Basis of preparation

The interim report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

#### *Accounting for Kyrgyz Assets*

Between 31 December 2014 and 30 April 2015, there was a change in the measurement, presentation and classification of the Group's key assets, being the mineral assets in the Kyrgyz Republic. At 31 December 2014, the Kyrgyz assets (comprising principally mineral assets but also including plant and equipment, inventories and other receivables) were classified as "assets held for sale" under current assets as the Board had resolved, and had an active program in place, to dispose of those assets. The \$20.25 million carrying value of this disposal group assets (\$20 million net of liabilities associated with the disposal group) was estimated by reference to the then negotiations being conducted with third parties for an outright sale of the Kyrgyz assets and the Board's judgement as to the probable value that could be realised by the Group.

The Board's position with respect to the Kyrgyz mineral assets has changed since the issue of the 31 December 2014 audited Financial Statements. In light of sale and other negotiations, the Board has adopted a dual strategy of negotiating an outright or partial disposal of the Kyrgyz mineral assets or procuring project finance for the development of the Shambesai Gold Project, whichever can be completed on a timely basis with the best possible outcome for shareholders. As a result of these developments including the change in strategy, the sale of the Kyrgyz mineral assets could no longer be deemed highly probable as defined by AASB 5 *Non-current Assets Held For Sale and Discontinued Operations*.

Consequently, in accordance with Australian Accounting Standards, the treatment of the Kyrgyz assets disposal group changed in the 2015 interim consolidated financial statements. In those 2015 interim consolidated financial statements, the Kyrgyz assets were classified as such assets would normally be classified in the financial statements of an exploration entity; for example mineral assets as "Exploration and evaluation expenditure", and plant and equipment as "Property, plant and equipment" under Non-Current Assets. The assets and liabilities of the disposal group were measured at their carrying amounts before the disposal group was classified as held for sale, adjusted for any transactions had the disposal group not been classified as held for sale.

Further, the carrying value of these assets and, in particular, the Exploration and evaluation expenditure and Property, plant and equipment as at 30 June 2015 represented the historical expenditure on these asset classes excluding the estimated asset write downs that were recorded in the 31 December 2014 Financial Statements. As a consequence, the write down in asset values that was recorded in the 31 December 2014 Financial Statements was reversed in the condensed statement of comprehensive income for the half-year period ended 30 June 2015.

## **NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

### *Going Concern*

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the commercial realisation of the Group's assets, and the settlement of liabilities in the normal course of business.

The Group has recorded a net loss after tax of \$19,483,685 which includes exploration asset impairment of \$18,536,820. Net operating and investing cash outflow was \$1,258,382 (2015: \$1,573,327) for the half-year. At 30 June 2016, the Group also had a working capital deficiency.

However, subsequent to the period-end and to the date of this Report, the Company has raised \$1.35 million in equity capital through a Share Purchase Plan (refer to note 9). This demonstrates that the Company has the capacity to raise new equity capital from a variety of sources and consequently the Directors believe that it is appropriate to prepare the financial statements on a going concern basis.

On 31 August 2016, the Company announced the conditional sale of its Kyrgyz assets for a consideration of US\$10.5 million, details of which are disclosed in note 9.

The Group also has the capacity to further reduce discretionary expenditure in line with available funding.

The Directors have reviewed the Group's overall position and outlook in respect of the matters identified above and are of the opinion that the use of the going concern basis is appropriate in the circumstances. If, however, the Group did not obtain funding through the available avenues mentioned above there would be a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore may be unable to realise its assets and settle its liabilities in the normal course of business.

### **Significant accounting judgments and key estimates**

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2015.

### **Standards and Interpretations**

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those disclosed in the Company's 2015 annual financial report for the financial year ended 31 December 2015.

#### ***Standards and Interpretations adopted with no effect on the financial statements***

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current reporting period.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Group accounting policies.

#### ***Standard and Interpretations on issue not yet adopted***

The Directors have reviewed all standards and interpretations that have been issued but are not yet effective for the half-year ended 30 June 2016. The Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations on the Group's business and, therefore, no change is necessary to Group accounting policies.

**NOTE 2: EXPENSES**

	<b>Consolidated</b>	
	<b>30 June 2016</b>	30 June 2015
	\$	\$
The loss (2015: profit) for the half-year includes the following expense items that are unusual because of their nature, size or incidence:		
<i>Other expenses include:</i>		
Project funding advisory fees	-	30,000
Loss on disposal of asset	<b>10,015</b>	23,298
Finance costs	<b>3,445</b>	2,429
	<hr/>	<hr/>

**NOTE 3: OTHER ASSETS**

	<b>Consolidated</b>	
	<b>30 June 2016</b>	30 June 2015
	\$	\$
Non-refundable deposit	<b>269,582</b>	-
	<hr/>	<hr/>
	<b>269,582</b>	-
	<hr/>	<hr/>

On 24 June 2016, the Company signed a Binding Heads of Agreement with Cienega SARL to acquire the Victoria Gold Project. The consideration is US\$4 million consisting of US\$2 million in cash and US\$2 million in fully paid ordinary shares in the Company at an issue price of A\$0.002 per share. The Company has paid a non-refundable deposit of US\$200,000 on signing the Heads of Agreement. The non-refundable deposit will reduce the cash consideration payable on completion. The recoverability of this asset will be based on the Company completing the acquisition as the deposit amount will form part of the acquisition costs and be classified as exploration expenditure in future periods.

**NOTE 4: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Consolidated</b>	
	<b>30 June 2016</b>	Year to 31 December 2015
	\$	\$
Costs carried forward in respect of areas of interest in the following phases:		
<b>Exploration and evaluation phase – at cost</b>	<b>13,160,000</b>	28,200,092
<i>Movement for the period</i>		
Balance at beginning of period	<b>28,200,092</b>	-
Expenditure incurred	<b>611,298</b>	2,212,603
Exploration expense written off	<b>(65,905)</b>	(100,150)
Impairment of exploration assets	<b>(18,536,820)</b>	-
Translation difference movement	<b>2,951,335</b>	(3,231,032)
Transfer from/(to) assets held for-sale <sup>1</sup>	-	29,318,671
Total deferred exploration and evaluation expenditure	<b>13,160,000</b>	28,200,092
	<hr/>	<hr/>

The \$13.16 million deferred exploration and evaluation expenditure carrying values takes into consideration an impairment charge of \$18.54 million in the current period. The impairment charge was provided at 30 June 2016 to take into account a material event happening after period end (refer to subsequent event note 9). The impairment relates primarily to the Shambesai project. The Savoyardy project had been fully impaired in prior years.

<sup>1</sup> Refer to the note on page 10 under “Basis of Preparation” for explanation of this matter.

**NOTE 5: ISSUED CAPITAL**

	<b>Consolidated</b>			
	<b>30 June 2016 No.</b>	<b>Year to 31 December 2015 No.</b>	<b>30 June 2016 \$</b>	<b>Year to 31 December 2015 \$</b>
<i>Ordinary shares</i>				
Issued and fully paid	2,122,163,642	895,804,335	51,699,077	50,255,220
<i>Movements in ordinary shares on issue</i>				
Beginning of period	895,804,335	441,646,573	50,255,220	46,761,720
Shares issued under private placement at \$0.001	134,370,650	-	134,371	-
Shares issued under entitlement offer at \$0.001	686,783,323	-	686,783	-
Shares issued in settlement of a liability at \$0.002	40,000,000	-	80,000	-
Shares issued under private placement at \$0.0018	365,205,334	-	657,370	-
Shares issued under private placement at \$0.015	-	73,607,762	-	1,104,117
Shares issued on vesting of performance rights (note 5b)	-	3,550,000	-	-
Shares issued under private placement at \$0.007	-	77,000,000	-	539,000
Shares at \$0.007 rights issue and shortfall placement	-	300,000,000	-	2,100,000
Share issue expenses	-	-	(114,667)	(249,617)
End of period	2,122,163,642	895,804,335	51,699,077	50,255,220

**NOTE 6: OPTIONS AND RIGHTS**

- (a) There were no options to subscribe for ordinary shares in the capital of the Company as at 30 June 2016. Those available in previous year are as follows:

<b>Exercise Period</b>	<b>Exercise Price</b>	<b>Opening Balance 1 Jan 2015 Number</b>	<b>Issued Number</b>	<b>Exercised Lapsed or Expired Number</b>	<b>Closing Balance 31 December 2015 Number</b>
On or before 31 March 2015	\$0.08	137,771,080	-	137,771,080	-
On or before 31 May 2015	\$0.20	1,600,000	-	1,600,000	-
		139,371,080	-	139,371,080	-

- (b) Performance Rights to subscribe for ordinary shares in the capital of the Company, including those granted during the half-year are as follows:

	<b>Opening Balance 1 Jan 2016 Number</b>	<b>Issued Number</b>	<b>Exercised Lapsed or Expired Number</b>	<b>Closing Balance 30 June 2016 Number</b>
Performance Rights	2,500,000	9,500,000	-	12,000,000
	2,500,000	9,500,000	-	12,000,000

**NOTE 6: OPTIONS AND RIGHTS (continued)**

Performance rights each convert to one ordinary share in the capital of the Company upon satisfaction of specified vesting criteria. During the half-year ended 30 June 2016, a total of 9.5 million performance rights were issued to a senior executive as part of his remuneration package under the Performance Rights Plan approved by shareholders in December 2015. A total of 1,500,000 performance rights have an expiry date of 31 December 2016 and 10,500,000 expire on 31 December 2017.

	<b>Opening Balance 1 Jan 2015 Number</b>	<b>Issued Number</b>	<b>Exercised Lapsed or Expired Number</b>	<b>Closing Balance 31 December 2015 Number</b>
Performance Rights	6,050,000	-	(3,550,000)	2,500,000
	6,050,000	-	(3,550,000)	2,500,000

During the year ended December 2015, 3,550,000 performance rights vested and were converted into shares.

**NOTE 7: SEGMENT REPORTING**

Segment information is presented on the same basis as that used for internal reporting purposes. The board as a whole regularly reviews the identified segments in order to allocate resources to the segment and to assess its performance.

**(a) Description of segments**

During the half-year the Company considers that it has only operated in one segment, being the continued exploration and evaluation of mineral interests in the Kyrgyz Republic.

**(b) Segment information provided to the Board**

The segment information provided to the Board for the reportable segments for the half-year ended 30 June 2016 is as outlined below.

<b>Half-year ended 30 June 2016</b>	<b>Mineral Exploration Kyrgyz Republic</b>	<b>Corporate and Unallocated</b>	<b>Consolidated</b>
	\$	\$	\$
<b>Continuing operations</b>			
Segment result	(19,079,519)	(404,166)	(19,483,685)
Interest income	-	2,057	2,057
Other income	10,152	-	10,152
Exploration expenditure written off	(65,905)	-	(65,905)
Impairment charge on exploration assets	(18,536,820)	-	(18,536,820)
Total Assets	13,412,452	613,150	14,025,602

**NOTE 7: SEGMENT REPORTING (continued)**

Half-year ended 30 June 2015	Mineral Exploration Kyrgyz Republic	Corporate and Unallocated	Consolidated
	\$	\$	\$
<b>Continuing operations</b>			
Segment result	9,075,852	(463,154)	8,612,698
Gain on reversal of discontinued operation write-down	9,647,839	-	9,647,839
Profit on sale of listed securities	-	9,945	9,945
Interest income	-	2,818	2,818
Other income	18,767	-	18,767
Total Assets	31,314,795	229,321	31,544,116

**NOTE 8: CONTINGENT LIABILITIES**

There has been no change in contingent liabilities since the last annual reporting date.

**NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE**

Since the end of the reporting period and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly effect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods except for the following:

On 30 June 2016, the Company announced its intention to undertake a Share Purchase Plan (“SPP”) to raise approximately \$550,000. Subsequent to period end on 28 July 2016, the SPP closed substantially oversubscribed and a total of 491,000,546 shares were issued, raising \$1.35 million.

In late August 2016, the Group entered into two separate agreements for the sale of all the assets in the Kyrgyz Republic (via the sale of the shares in the various subsidiaries in which these assets are held) for a total consideration of US\$10.5 million. The agreements are subject to various conditions precedent, including completion of due diligence and regulatory approvals. Further information is contained in the Company’s announcement to ASX dated 31 August 2016.

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Manas Resources Limited we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half year ended on that date; and
  - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and other mandatory professional reporting requirements.
- (b) there are reasonable grounds to believe that Manas Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the Corporations Act 2001, and on behalf of the Board by:



Mark Calderwood  
Chairman

Perth, 13 September 2016



## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Manas Resources Limited

### Report on the Condensed Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Manas Resources Limited ("the company"), which comprises the condensed statement of financial position as at 30 June 2016, the condensed statement of comprehensive income, the condensed statement of changes in equity and the condensed statement of cash flows for the half-year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

#### ***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

#### ***Auditor's responsibility***

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### ***Independence***

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Manas Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Emphasis of Matter**

Without modifying our conclusion, we draw attention to Note 1 to the half-year financial report which indicates that additional funding is required to ensure that the Group can continue as a going concern. If the Group is unable to obtain funding through the available avenues mentioned in Note 1, there would be a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore, it may be unable to realise its assets and settle its liabilities in the normal course of business.

A handwritten signature in blue ink that reads 'HLB Mann Judd'.

**HLB Mann Judd**  
**Chartered Accountants**

A handwritten signature in blue ink that reads 'D I Buckley'.

**D I Buckley**  
**Partner**

**Perth, Western Australia**  
**13 September 2016**