

MANAS RESOURCES LIMITED

ABN 23 128 042 606

**INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 JUNE 2014**

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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 2013 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 2014. 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	Non-Executive Chairman (appointed as Chairman 31 March 2014)
Stephen Ross	Managing Director
Colin Carson	Non-Executive Director
Mark Connelly	Non-Executive Director
Justin Lewis	Non-Executive Director (appointed 1 August 2014)
Robert Scott	Former Non-Executive Chairman (resigned 31 March 2014)

Results

The consolidated loss for the half-year after tax was \$1,342,652 (6 months ended 30 June 2013: \$2,731,895).

Review of Operations for the Half-Year

Manas Resources Limited is an Australian-based company focused on developing its 100%-owned gold projects on the Tien Shan gold belt in the Kyrgyz Republic, Central Asia.

In the six-month period to 30 June 2014, Manas Resources Limited continued development of its Shambesai Gold Project, having been issued the "*Shambesai Infrastructure Land Transformation and Land Allotment*" or "*Land Permit*" through the supervising regional agency the Kadamjai Administration Office in September 2013. This key permit rezoned the project area from agricultural to industrial-use covering the infrastructure, mining and processing facilities for the construction and operation of the Shambesai Gold Project.

The project received widespread political support, including from the then Kyrgyz Republic Prime Minister Mr Jantoro Satybaldiev in February, who stated during a visit to the region in February that he expected the local government of the Shambesai region to support and fast-track the project's immediate development.

Local majors, heads of districts and local authority representatives also expressed support for the project's development.

Shambesai Gold Project Permitting

During the period, the State Agency for Geology and Mineral Resources (SAGMR) approved all work plans, budgets and licenses for 2014 at the Company's five 100%-owned mineral exploration licences in the Kyrgyz Republic.

SAGMR reviewed and accepted all 2013 Annual Reports and the proposed work programs for 2014 on all licences, including the reduction and/or relinquishment of areas considered less prospective for gold of economic significance in remote locations. The relinquishment of the Karavshin and the Karabulak licences as well as a reduction in licence areas across a number of properties allowed Manas to reduce exploration expenditure commitments and concentrate on the development and exploration of the Shambesai Gold Project and its near-mine areas.

In the June quarter, the Company announced that the Shambesai Gold Project OVOS, which is the Kyrgyz Republic Environmental and Social Impact Assessment process, was approved by the State Agency for Environmental Protection and Forestry. The OVOS was the main environmental approval and the final major detailed environmental submission required for the Shambesai Gold Project to proceed through to final design and safety permitting required for the commencement of construction through to production. Finalisation and approval of the OVOS process was a major milestone for the Company.

Shambesai Gold Project Permitting (cont.)

Manas is now working on approval of the final permits to commence construction, including the Sanitary Protection Zone (SPZ), a buffer zone surrounding the project which is required under local legislation for all industrial facilities.

Manas anticipates approval of the SPZ to be completed during the September 2014 Quarter. The other ongoing permitting activity for the project relates to the detailed technical designs for the mine site, process plant and infrastructure facilities; and technical and safety reviews for the mine process in plant which are required before a Construction Permit is issued. Work is well advanced on completion of all permitting activities, and is scheduled for completion prior to the end of 2014 to allow construction to start when project financing is finalised.

Project Financing

Discussions regarding financing the capital requirements for the Shambesai Gold Project are continuing with a number of banks and institutions and metals traders from North America, Europe and Asia. With Manas receiving OVOS approval and entering the final stages of permitting, financing negotiations are expected to enter the final phase, with the Company working towards negotiating key terms after selecting the preferred financier.

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 2014.

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*.



Stephen Ross
Managing Director
Perth, 9 September 2014

COMPETENT PERSONS' STATEMENT

The information in this Report concerning exploration results, mineral resources and ore reserves was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

The Company released its initial public report on the Shambesai Gold Project Bankable Feasibility Study (SGP BFS) on 27 May 2013. That report was released in accordance with the requirements of JORC 2004. The Company confirms that the material assumptions underpinning the production targets and the forecast financial information originally contained in the 27 May 2013 market release continue to apply and have not materially changed. The results of the BFS were calculated based on Ore Reserve estimates calculated at the SGP.

The information in this report that relates to Ore Reserves, and the Technical and Financial Information for the Shambesai Project is based on, and fairly represents, information and supporting documentation compiled by Mr Philip Reese. Mr Reese is the Chief Operations Officer of Manas Resources Limited. Mr Reese is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reese consents to the form and context in which the estimates of Ore Reserves and the supporting information are presented in this report.

The information in this report that relates to Mineral Resources and Exploration Results is based on, and fairly represents, information and supporting documentation compiled by Mr Stephen Ross. Mr Ross is the Managing Director of Manas Resources Limited. Mr Ross is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Ross consents to the form and context in which the Exploration Results and estimates of Mineral Resources and the supporting information are presented in this report.

Statements regarding Manas Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Manas Resources' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Manas Resources' will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Manas Resources' mineral properties.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the half-year financial report of Manas Resources Limited for the half-year ended 30 June 2014, 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
9 September 2014



D I Buckley
Partner

Manas Resources Limited
Condensed Statement of Comprehensive Income
For the half year ended 30 June 2014

	Consolidated	
	Half-year	Half-year
	30 June 2014	30 June 2013
Notes	\$	\$
Revenue	20,720	55,810
	<u>20,720</u>	<u>55,810</u>
Employee benefits expense	(781,914)	(784,561)
Share-based compensation expense	-	(182,112)
Depreciation and amortisation expense	(40,697)	(42,729)
Occupancy expenses	(84,464)	(93,088)
Corporate and administration expenses	(321,495)	(534,986)
Travel expenses	(78,264)	(185,766)
Impairment expense	-	(1,172,765)
Other expenses	2 (122,609)	(215,098)
Foreign exchange gain/(loss)	(107,128)	259,172
Loss before income tax benefit	(1,515,851)	(2,896,123)
Income tax benefit	173,199	164,228
Net loss after tax	<u>(1,342,652)</u>	<u>(2,731,895)</u>
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange gain / (loss) arising on translation of foreign operations	(2,682,293)	2,282,367
Total comprehensive loss for the period	<u>(4,024,945)</u>	<u>(449,528)</u>
Earnings per share		
Basic loss per share	0.32 cents	1.12 cents
Diluted loss per share	<u>0.32 cents</u>	<u>1.12 cents</u>

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

		Consolidated	
	Notes	30 June 2014	31 December 2013
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents		1,804,408	5,626,991
Trade and other receivables		522,733	534,533
Inventories		31,548	18,728
Total Current Assets		2,358,689	6,180,252
Non-Current Assets			
Property, plant and equipment		492,730	637,663
Deferred exploration and evaluation expenditure	3	27,696,626	28,393,129
Total Non-Current Assets		28,189,356	29,030,792
Total Assets		30,548,045	35,211,044
Liabilities			
Current Liabilities			
Trade and other payables		610,522	1,248,576
Total Current Liabilities		610,522	1,248,576
Total Liabilities		610,522	1,248,576
Net Assets		29,937,523	33,962,468
Equity			
Issued capital	4	45,968,820	45,968,820
Reserves		274,419	2,956,712
Accumulated losses		(16,305,716)	(14,963,064)
Total Equity		29,937,523	33,962,468

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 2014

CONSOLIDATED	Issued Capital	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 January 2013	36,555,146	3,490,359	(3,444,210)	(8,724,461)	27,876,834
Loss attributable to members of the parent entity	-	-	-	(2,731,895)	(2,731,895)
Exchange differences arising on translation of foreign operations	-	-	2,282,367	-	2,282,367
Total comprehensive loss for the year	-	-	2,282,367	(2,731,895)	(449,528)
Shares issued	4,693,500	-	-	-	4,693,500
Share issue expenses	(328,999)	-	-	-	(328,999)
Recognition of share-based payments	-	182,112	-	-	182,112
Balance at 30 June 2013	40,919,647	3,672,471	(1,161,843)	(11,456,356)	31,973,919
Balance at 1 January 2014	45,968,820	3,814,984	(858,272)	(14,963,064)	33,962,468
Loss attributable to members of the parent entity	-	-	-	(1,342,652)	(1,342,652)
Exchange differences arising on translation of foreign operations	-	-	(2,682,293)	-	(2,682,293)
Total comprehensive loss for the year	-	-	(2,682,293)	(1,342,652)	(4,042,945)
Balance at 30 June 2014	45,968,820	3,814,984	(3,540,565)	(16,305,716)	29,937,523

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 2014

	Consolidated	
	Half-year	Half-year
	30 June 2014	30 June 2013
	\$	\$
Cash flows from operating activities		
Interest received	20,720	60,648
Research and development tax offset refund	-	164,228
Payments to suppliers and employees	(1,587,081)	(1,755,914)
Net cash (used in) operating activities	(1,566,361)	(1,531,038)
Cash flows from investing activities		
Payments for property, plant and equipment	(5,839)	(159,516)
Proceeds from the sale of property plant and equipment	8,773	-
Payments for exploration and evaluation expenditure	(2,152,027)	(2,655,256)
Net cash (used in) investing activities	(2,149,093)	(2,814,772)
Cash flows from financing activities		
Proceeds from issue of shares	-	4,693,500
Payments for share issue costs	-	(328,999)
Net cash provided by financing activities	-	4,364,501
Net increase / (decrease) in cash held	(3,715,454)	18,691
Cash and cash equivalents at the beginning of the period	5,626,991	5,751,755
Effects of exchange rate fluctuations on cash held	(107,129)	259,172
Cash and cash equivalents at the end of the period	1,804,408	6,029,618

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 2013 and any public announcements made by Manas Resources Limited and its subsidiaries during the half-year 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.

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 incurred a net loss after tax of \$1,342,652 and has experienced net operating and investing cash outflows of \$3,715,454 (2013: \$4,345,810) for the half-year and as at 30 June 2014 has net current assets of \$1,748,167, which includes \$1,804,408 in cash and cash equivalents.

The Directors believe that it is appropriate to prepare the financial statements on a going concern basis as the Company has the capacity to raise new equity capital from a variety of sources including existing shareholders.

Given the current status of the Company's operations, the Company is seeking debt finance to fund the development of the Shambesai Gold Project. The Bankable Feasibility Study demonstrates the project has strong economics and has allowed the Company to advance debt finance discussions. The Group also has the capacity to reduce discretionary expenditure in line with available funding.

The Directors have reviewed the Company's and 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 any funding through the available avenues mentioned above it could potentially raise 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 discharge its liabilities in the normal course of business.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts or classifications or liabilities that might be necessary should the Group not be able to continue to operate as a going concern.

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 2013.

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

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 2013 annual financial report for the financial year ended 31 December 2013.

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 2014. 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

Consolidated

30 June 2014	30 June 2013
\$	\$

The loss for the half-year includes the following items that are unusual because of their nature, size or incidence:

Other expenses include:

Project funding advisory fees	117,839	102,908
Loss on disposal of asset	4,770	39
New project due diligence costs	-	112,151

NOTE 3: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

Consolidated

30 June 2014	Year to 31 December 2013
\$	\$

Costs carried forward in respect of areas of interest in the following phases:

Exploration and evaluation phase – at cost

	27,696,626	28,393,129
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Movement for the period

Balance at beginning of period	28,393,129	21,732,813
Expenditure incurred	1,898,367	6,886,028
Impairment of exploration	-	(2,928,282)
Translation difference movement	(2,594,870)	2,702,570
Total deferred exploration and evaluation expenditure	27,696,626	28,393,129

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

NOTE 4: ISSUED CAPITAL

	Consolidated			
	30 June 2014 No.	Year to 31 December 2013 No.	30 June 2014 \$	Year to 31 December 2013 \$
<i>Ordinary shares</i>				
Issued and fully paid	413,313,240	413,313,240	45,968,820	45,968,820
<i>Movements in ordinary shares on issue</i>				
Beginning of period	413,313,240	228,607,160	45,968,820	36,555,146
Shares issued under private placement at \$0.10	-	46,935,000	-	4,693,500
Shares at \$0.04 in the partially underwritten rights issue	-	137,771,080	-	5,510,843
Share issue expenses	-	-	-	(790,669)
End of period	413,313,240	413,313,240	45,968,820	45,968,820

NOTE 5: OPTIONS AND RIGHTS

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

Exercise Period	Exercise Price	Opening Balance 1 Jan 2014 Number	Issued Number	Exercised Lapsed or Expired Number	Closing Balance 30 June 2014 Number
On or before 3 August 2014	\$0.25	200,000	-	-	200,000
On or before 3 August 2014	\$0.30	200,000	-	-	200,000
On or before 31 May 2015	\$0.20	1,850,000	-	(250,000)	1,600,000
On or before 31 December 2014	\$0.20	6,300,000	-	(200,000)	6,100,000
On or before 19 June 2016	\$0.20	1,000,000	-	(1,000,000)	-
On or before 31 March 2015	\$0.08	137,771,080	-	-	137,771,080
		147,321,080	-	(1,450,000)	145,871,080

NOTE 5: OPTIONS AND RIGHTS (CONT.)

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

	Opening Balance 1 Jan 2014 Number	Issued Number	Exercised Lapsed or Expired Number	Closing Balance 30 June 2014 Number
Performance Rights	3,250,000	2,900,000	-	6,150,000
	<u>3,250,000</u>	<u>2,900,000</u>	<u>-</u>	<u>6,150,000</u>

Performance rights each convert to one ordinary share in the capital of the Company upon satisfaction of specified vesting criteria. A total of 3,250,000 have an expiry date of 31 December 2016 and 2,900,000 expire on 31 December 2017.

NOTE 6: 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 2014 is as outlined below.

Half-year ended 30 June 2014	Mineral Exploration Kyrgyz Republic	Corporate and Unallocated	Consolidated
	\$	\$	\$
Continuing operations			
Segment result	<u>(741,737)</u>	<u>(600,915)</u>	<u>(1,342,652)</u>
Interest income	69	15,134	15,203
Other income	5,517	-	5,517
Total Assets	<u>28,806,217</u>	<u>1,741,828</u>	<u>30,548,045</u>

Half-year ended 30 June 2013	Mineral Exploration Kyrgyz Republic	Corporate and Unallocated	Consolidated
	\$	\$	\$
Continuing operations			
Segment result	(1,812,331)	(919,564)	(2,731,895)
Interest income	134	53,650	53,784
Other income	2,026	-	2,026
Total Assets	26,738,999	5,897,325	32,636,324

NOTE 7: CONTINGENT LIABILITIES

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

NOTE 8: 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 years.

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 2014 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:



Stephen Ross
Managing Director

Perth, 9 September 2014

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 consolidated statement of financial position as at 30 June 2014, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year 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 half year 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 consolidated entity's financial position as at 30 June 2014 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

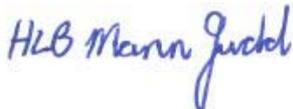
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Manas Resources Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 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 qualifying our conclusion, we draw attention to Note 1 in the half-year financial report which indicates the Directors believe that it is appropriate to prepare the financial statements on a going concern basis as the Group has the capacity to raise new equity capital from a variety of sources including existing shareholders, obtain required debt financing and reduce discretionary expenditure in line with available funding.

If the Group did not obtain funding through these available avenues, there is 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 discharge its liabilities in the normal course of business.



HLB Mann Judd
Chartered Accountants



D I Buckley
Partner

Perth, Western Australia
9 September 2014