Manas Resources Limited

ACN 128 042 606

Annual Financial Report

31 December 2016

Directors	Mark Calderwood Justin Lewis David Kelly	Non-Executive Chairman Non-Executive Director Non-Executive Director
Chief Executive Officer	Philip Reese	
Company Secretary	Susmit Shah	
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Auditors	HLB Mann Judd Level 4, 130 Stirling Street Perth, Western Australia 6000	
Share Registry	Security Transfer Registrars Pty Ltd 770 Canning Highway, Applecross Western Australia 6153 Telephone: Facsimile:	 (61 8) 9315 2333 (61 8) 9315 2233
Stock Exchange Listing	Australian Securities Exchange	(Code – MSR)

REVIEW OF OPERATIONS

During 2016, the Company's focus was on conduct of due diligence of the Victoria Gold Project ("VGP") in Tanzania and organising development funding or a joint venture arrangement or alternatively a sale of the Shambesai Gold Project in the Republic of Kyrgyz.

Victoria Gold Project, Tanzania

As announced on 26 June 2016, Manas executed an agreement to acquire the Victoria Gold Project ("VGP") in Tanzania.

The VGP comprises an extensive holding strategically located in the prolific Lake Victoria Gold Field of northern Tanzania (Figure 1).

Figure 1: Victoria Gold Project Location Map

The Project includes a number of licence areas, previously owned by international mining companies, majority of which are currently held by two Tanzanian companies with a small number of licences the subject of joint venture arrangements.

In addition, Manas will also acquire a number of physical assets, including a camp and vehicles, and an extensive database of results from prior exploration activity.

Revised acquisition terms were announced on 31 January 2017 and project acquisition remains subject to completion of due diligence by Manas, and receipt of various regulatory approvals in Australia and Tanzania.

Manas is continuing to work with the vendors to consolidate the licence areas, whilst it completes its due diligence.

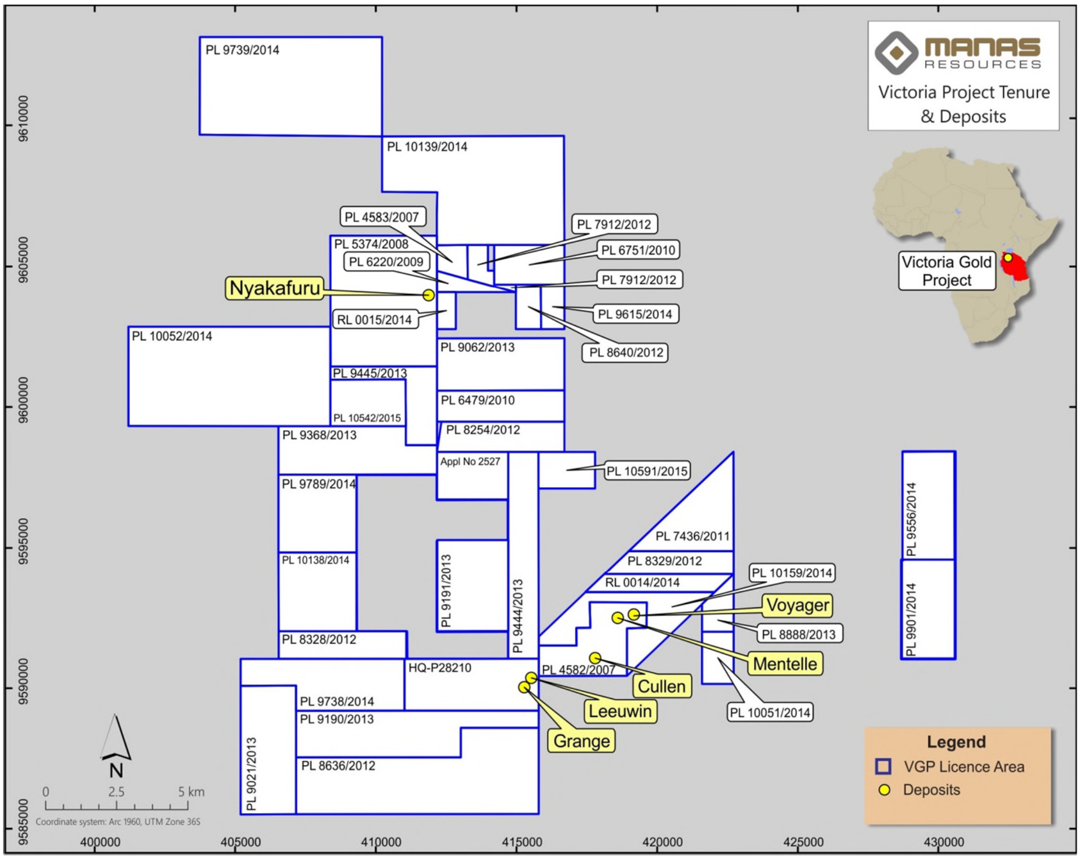

Figure 2: Victoria Gold Project Licence Area

As part of the due diligence process, Manas has reviewed all available technical information on the VGP and has prioritised licence areas for acquisition purposes as well licence areas for relinquishment. This review has resulted in a reduced licence area covering some 280km^2 (the final area will depend on approval for a number of licences currently either under application or being released). It is anticipated that the outline shown in Figure 2 will generally form the basis of the licence area for the transaction at completion.

As also highlighted in Figure 2, the VGP hosts a number of significant gold occurrences, including several where resource estimates have previously been reported. Manas has engaged consultants to undertake:

- a detailed review of the various deposits;
- a review of the extensive geophysical database and identify other quality exploration targets across the VGP area using the known deposits and prospects as reference points; and
- a review of the historical metallurgical information,

to assist in the planning and rapid restart of field activities.

Shambesai Gold Project (SGP), Kyrgyz Republic

Whilst the Company had adopted a dual strategy of seeking funding for the development of the SGP or disposing the Kyrgyz assets, Manas successfully completed the disposal of its Kyrgyz mineral assets in the financial year 2016.

The proposed sale of Company's Kyrgyz mineral assets to Chinese State-owned enterprise, Guizhou Geological and Mineral Resources Development Company Limited ("GGMRD") for US$10 Million was announced in August 2016. Following due diligence and receipt of various regulatory approvals in Australia and China, a sale to GGMRD's nominee, Tiandi International Mining Co., Limited was completed in late December 2016.

Completion of the sale transaction was effected on 23 December 2016 with Manas receiving the first instalment proceeds of US$4.6M (a deposit of US$0.5M was previously received). The balance of the transaction proceeds of US$4.9M was received on 3 March 2017.

Your Directors present their report together with the financial report of Manas Resources Limited ("Manas" or the "Company") and its controlled entities (the "Consolidated Entity" or the "Group"), for the year ended 31 December 2016 and the auditor's report thereon. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

DIRECTORS

The names and details of the Directors in office during or since the end of the financial year are as follows.

Directors were in office for the entire period unless otherwise stated.

Mark Calderwood
MAusIMM
Chairman (Non-Executive Chairman from 01/07/2016, Executive Chairman prior to that)
(Appointed to the Board 17/10/2007)

Mark Calderwood is a member of the Australasian Institute of Mining and Metallurgy and has over 20 years' experience in exploring for, and mining gold. He is experienced in resource/reserve estimation and feasibility studies. He retired as managing director of Perseus Mining Limited in January 2013 and was instrumental in that company's transition from an explorer to a producer.

Other current directorships
Amani Gold Limited – appointed August 2014
Tawana Resources Limited – appointed October 2016

Former directorships in the last 3 years
Explaurum Limited – appointed August 2013, resigned August 2016

Interest in securities

48,801,628	Ordinary shares in Manas Resources Limited

Justin Lewis
Non-Executive Director
(Appointed 01/08/2014)

Justin Lewis has more than 20 years' experience as a director and advisor, working with companies across a range of industries and jurisdictions. He is a director of Melbourne-based corporate advisory house Henslow Pty Ltd.

He has extensive experience working with small to mid-cap corporates in both Australia and the UK in the resources and energy sectors, specialising in equity raisings, M&A activity and general corporate advisory.

Former directorships in the last 3 years
Armadale Capital Plc – appointed 4 June 2013, resigned 28 September 2016
Mine Restoration Investments Limited – appointed 5 September 2013, resigned 29 October 2014

Interest in securities

21,537,118	Ordinary shares in Manas Resources Limited

David Kelly
Non-Executive Director
(Appointed 21/11/2016)

David Kelly is a geologist and experienced Company Director. He has served in various senior executive roles in the resource sector for the last 30 years including as a geologist, investment banker, and corporate advisor. Mr Kelly is currently the General Manager of Corporate Strategy at ASX listed gold miner

Resolute Mining Limited, where he is responsible for strategic business analysis and project evaluation.

Other current directorships
Predictive Discovery Limited – appointed 22 January 2016

Former directorships in the last 3 years
Renaissance Minerals (Cambodia) Limited – appointed 23 January 2013, resigned 27 September 2016

Interest in securities

Nil	Ordinary shares in Manas Resources Limited

Colin Carson
CPA, FCIS, MAICD
Non-Executive Director
(Appointed 17/10/2007, Resigned 21/11/2016)

Colin Carson was a founding director of the Company. He has been involved as a director and company secretary of a number of Australian public companies since the early 1980s and serves as an executive director of Perseus Mining Limited.

COMPANY SECRETARY

Susmit Mohanlal Shah
BSc Econ, CA
Company Secretary
(Appointed 17/10/2007)

Susmit Shah is a chartered accountant with more than 25 years' experience. Over the past 20 years, Mr Shah has been involved with a diverse range of Australian listed public companies in company secretarial and financial roles. His experience includes negotiation and conduct of mining joint ventures, public flotations and mergers and acquisitions.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the year ended 31 December 2016 are:

Director	Board Meetings		Audit Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Mark Calderwood	6	6	-	-
Colin Carson (resigned 21/11/2016)	6	6	-	-
Justin Lewis	6	6	-	-
David Kelly (appointed 21/11/2016)	-	-	-	-

The Remuneration and Audit Committees were appointed in July 2013. Mr Colin Carson was the Chairman of the Audit Committee until his resignation on 21 November 2016 and Mr Justin Lewis is the Chairman of the Remuneration Committee. No Remuneration Committee meetings or Audit Committee meetings were held during the year as these functions were performed by the Board as a whole.
In addition, matters of Board business have been resolved by circular resolutions of Directors, which are a record of decisions made at a number of informal meetings of the Directors held to control, implement and monitor the Company's activities throughout the period.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the course of the financial year was acquiring, exploring and developing mineral interests, prospective for precious metals and other mineral deposits.

RESULTS AND DIVIDENDS

The consolidated loss for the year from continuing operations ended 31 December 2016 was $996,364 and from discontinued operations was $22,822,522 for an aggregate loss for the year of $23,818,886 (31 December 2015 loss from continuing operations of $873,213 and from profit from discontinued operations of $8,506,422 for an aggregate profit of $7,633,209). The loss was a result of the sale of the Kyrgyz mineral assets during the year. The profit for 2015 was solely as a result of a reversal ($9,647,839) of the impairment in asset values that was recorded in the 31 December 2014 Financial Statements and subsequently reclassified as discontinued operations for comparative purposes. This is 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. No dividends were paid during the year and the Directors do not recommend payment of a dividend.

LOSS PER SHARE

Basic loss per share for the year ended 31 December 2016 was 1.21 cents and 0.05 cent per share from continuing operations (31 December 2015: Earnings per share 1.16 cents and loss per share of 0.13 cents per share from continuing operations).

REVIEW OF OPERATIONS

A review of operations of the Consolidated Entity during the year ended 31 December 2016 is provided in the "Review of Operations" section immediately preceding this Directors' Report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Company and its controlled entities during the financial year except for the disposal of its mineral assets in the Kyrgyz Republic through the sale of its subsidiaries as noted in this financial report.

EVENTS SUBSEQUENT TO REPORTING DATE

Other than as noted above and elsewhere in this report, since the end of the financial year and to the date of this report, no matter or circumstance has arisen which significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial year(s).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

As noted in the "Review of Operations", the Company's focus over the coming period will be to complete the acquisition and progress exploration and development activity at the Victoria Gold Project in Tanzania.

SHARE OPTIONS AND PERFORMANCE RIGHTS

Unissued ordinary shares of the Company under option or subject to performance rights at the date of this report are as follows:

Grant Date	Issue price of shares	Expiry date	Number under option	Number under performance right
29 May 2014	nil	31 December 2017	-	1,000,000
15 February 2016	nil	31 December 2017	-	9,500,000
1 July 2016	$0.005	30 June 2020	30,000,000	-

The following performance rights lapsed during the year, and up to the date of this report:

Grant Date	Issue price of shares	Expiry date	Number
27 May 2013	Nil	31 December 2016	1,500,000

The following share options and performance rights of Manas Resources Limited were granted to Directors and the Key Management Personnel of the Company during or since the end of the financial year as part of their remuneration.

Directors and Officers	Number of options granted	Number of performance rights granted
Philip Reese – Chief Executive Officer		
granted 15 February 2016	-	9,500,000
granted 1 July 2016	30,000,000	-

In July 2015, 3,550,000 performance rights previously issued to former Managing Director, Mr Stephen Ross, vested and were converted to ordinary shares as part of the termination of his employment.

REMUNERATION REPORT (Audited)

This report outlays the remuneration arrangements in place for the Key Management Personnel (as defined under section 300A of the Corporations Act 2001) of Manas Resources Limited.

The following were Key Management Personnel of the Company during or since the end of the financial period.

Non-Executive Directors
Mr Mark Calderwood*
Mr Justin Lewis
Mr David Kelly (appointed 21/11/2016)
Mr Colin Carson (resigned 21/11/2016)

* Mr Calderwood acted in the capacity of Executive Chairman from July 2015 to June 2016, and Non-Executive Chairman from July 2016.

Other Senior Management

The term 'senior management' is used in this remuneration report to refer to the following persons. Except as noted, the named persons held their current position for the whole of the financial year and since the end of the financial year:

Philip Reese	Chief Executive Officer (appointed 11/04/2016, previously Chief Operating Officer)
Susmit Shah	Company Secretary

REMUNERATION REPORT - continued

Mr Oleg Gaponenko was the Director General of the Kyrgyz Republic subsidiaries and was considered part of senior management. With the disposal of the Kyrgyz Republic subsidiaries during the year, Mr Gaponenko is no longer a member of that group.

There have been no other changes of Key Management Personnel after the reporting date and up to the date the financial report was authorised for issue.

Remuneration Philosophy

The Board reviews the remuneration packages applicable to the Executive Directors and Non-Executive Directors on an annual basis. The broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and level of performance and that remuneration is competitive in attracting, retaining and motivating people of the highest quality. Independent advice on the appropriateness of remuneration packages is obtained, where necessary.

A Remuneration Committee of the Board was formed in July 2013. The Committee advises the Board on remuneration and incentive policies and practices and makes specific recommendations on remuneration packages and other terms of employment for Executive Directors, other senior executives, and Non-Executive Directors. When appropriate the Committee will seek the advice of an independent expert however this was not required during the financial year. As a result of a reduction in the number of directors during the year, the Board as a whole is responsible for remuneration matters and no Remuneration Committee meetings were held during the year.

Remuneration Structure

In accordance with best practice corporate governance, the structure of remuneration for Non-Executive Directors and Executive Directors is separate and distinct.

(a) Compensation Arrangements

Non-Executive Directors' Remuneration

Objective
The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure
The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-Executive Directors shall be determined from time to time by the shareholders in a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. The latest determination was at a general meeting on 27 May 2013 when shareholders approved aggregate remuneration of $300,000 per year.

Although ASX Corporate Governance guidelines indicate that securities incentives should only be provided to Executive Directors, Manas, in common with a large majority of junior mineral explorers, takes the view that as a Company not earning any operating revenue it is appropriate to conserve cash and attract good quality Non-Executive Directors by offering securities-based compensation. No securities-based compensation was issued to Directors during the year.

The Remuneration Committee reviews the remuneration packages applicable to the Non-Executive Directors on an annual basis. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

The remuneration of the Non-Executive Directors for the financial year ended 31 December 2016 is detailed in Table 1 of this report.

REMUNERATION REPORT - continued

Executive Directors' Remuneration

With effect from 7 July 2015, Mr Calderwood (the Company's non-executive Chairman since 1 April 2014) agreed to act in a part-time executive capacity. Mr Calderwood's remuneration arrangement was a daily fee of $1,200 (pro-rata for part days), subject to a cap of $8,333 per month inclusive of statutory superannuation for his role as a part-time executive Chairman. On 1 July 2016, Mr Calderwood reverted back to being the non-executive Chairman of the Group. His remuneration for this role is $45,000 per annum. Mr Calderwood's services are provided and billed through his company, Amery Holdings Pty Ltd.

(b) Details of Remuneration

Details of the remuneration of the Directors and other Key Management Personnel of the Group are set out in the following table. The Key Management Personnel of the Group are the Directors of Manas Resources Limited as well as the Company Secretary, Chief Executive Officer and Director General of the Kyrgyz Republic subsidiaries. Detail of employment contract with the Chief Executive Officer is as follow:

Name	Term of Agreement	Base Salary including Superannuation	Termination Benefit
Philip Reese Chief Executive Officer	Ongoing commencing 11 April 2016	$250,000	6 months' salary where the control of the Company changes and he is made redundant, or his position changes significantly.

Mr Reese's services were provided to the Company through his consulting company, Process Consulting Limited.

Table 1 - Key Management Personnel Remuneration for the financial year ended 31 December 2016 and 31 December 2015

		Short-term employee benefits	Post Employment	Equity		Percentage of Remuneration as Options/ Rights
		Salary/Fees	Superannuation/ Retirement Benefits	Value of Options / Rights	Total	
		$	$	$	$	%
***Directors**:*						
Mark Calderwood (Chairman) (non-executive since 01/07/2016)						
	2016	**48,713**	**-**	**-**	**48,713**	**-**
	2015	47,952	-	-	47,952	-
Stephen Ross (ceased 07/07/2015)						
	2016	**-**	**-**	**-**	**-**	**-**
	2015	220,000	-	21,000	241,000	8.7
Colin Carson (resigned 21/11/2016)						
	2016	**26,750**	**2,541**	**-**	**29,291**	**-**
	2015	13,575	1,425	-	15,000	-
Justin Lewis						
	2016	**30,000**	**-**	**-**	**30,000**	**-**
	2015	15,000	-	-	15,000	-
David Kelly (appointed 21/11/2016)						
	2016	**3,250**	**309**	**-**	**3,559**	**-**
	2015	-	-	-	-	-
Total, all specified Directors						
	2016	**108,713**	**2,850**	**-**	**111,563**	
	2015	296,527	1,425	21,000	318,952	

REMUNERATION REPORT – continued

	Short-term employee benefits	Post Employment	Equity		Percentage of Remuneration as Options/ Rights
	Salary/Fees	Superannuation/ Retirement Benefits	Value of Options / Rights	Total	
	$	$	$	$	%
Other Key Management Personnel:					
Director General KR subsidiaries Oleg Gaponenko					
2016	**231,631**	**39,958**	**-**	**271,589**	
2015	232,388	39,204	-	271,592	-
Chief Executive Officer					
Philip Reese (i)(ii)					
2016 (ii)	**292,980**	**-**	**39,040**	**332,020**	**12**
2015	192,000	-	-	192,000	-
Company Secretary Susmit Shah (iii)					
Total Key Management Personnel					
2016	**633,324**	**42,808**	**39,040**	**715,172**	
2015	720,915	40,629	21,000	782,544	

(i) Mr Reese was appointed the Chief Executive Officer on 11 April 2016 but prior to that was the Chief Operating Officer. The remuneration disclosed above for Mr Reese is his aggregate remuneration for the year for both the COO and the CEO role respectively.
(ii) $80,000 salary to Mr Reese was settled by the issue of shares as disclosed in note 21.
(iii) Company Secretarial services provided by Mr Shah are charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr Shah has a beneficial interest. Total fees of $251,203 (31 December 2015: $243,848) were paid or were payable to Corporate Consultants Pty Ltd, for provision of office space, administration, accounting and company secretarial services. Of this amount, $169,859 (31 December 2015: $122,764) related to Mr Shah's time for company secretarial services.

(c) Share-Based Compensation
Non-Plan-Based Payment

Share Options
The Company makes share-based payments to Key Management Personnel from time to time, not under any specific plan. The options are issued for nil consideration and in accordance with the specific guidelines established by the Directors of Manas Resources Limited. The vesting period and maximum term of options granted vary according to the Board's discretion.

Any share-based payments to Directors require the approval of shareholders at a general meeting.

Performance Rights
9,500,000 performance rights were granted during the year (2015: Nil).

Employee Share Option Plan ("EOP")

Shareholders originally approved the Manas Resources Limited EOP at the Annual General Meeting on 25 November 2008 and have provided subsequent approval for renewal of the EOP as required by the ASX Listing Rules. The last approval by shareholders was in 2014. The EOP is designed to provide incentives, assist in the recruitment, reward and retention of employees or key consultants. The contractual life of each option granted is generally three years. There are no cash settlement alternatives. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or receive any guaranteed benefit.

REMUNERATION REPORT - continued

Incentive Securities Granted as Part of Remuneration

Details of incentive securities (options and performance rights over ordinary shares) in the Company affecting remuneration in the previous, current or future reporting dates are as follows:

Share-Based Compensation

Other Key Management Personnel

	Grant date	Date vested & exercisable	Fair-value per option/right at grant date ($)	Exercise price per option ($)	Expiry date	Number of options/ rights vested during the financial year ended 31 December 2015
Performance Rights						
9,500,000 (P Reese)	15 February 2016	(i)	0.0024	n/a	31 Dec 2017	-
500,000 (P Reese)	29 May 2014	(ii)	0.033	n/a	31 Dec 2017	-
500,000 (P Reese)	29 May 2014	(iii)	0.033	n/a	31 Dec 2017	-
Options						
30,000,000 (P Reese)	12 August 2016	(iv)	0.0019	0.005	30 June 2020	-

(i) Issued as part of the remuneration package and the conversion into shares is at the Board's discretion.
(ii) and (iii) Vesting criteria was generally in relation to commencement of production and payback of capital expenditure at the Shambesai Gold Project but the Board retains discretion to vest rights in other circumstances.
(iv) Issued as part of remuneration package. These options will vest one year from grant date.

During the year, 30,000,000 options were issued to Mr Reese under the EOP.

No options were exercised by Key Management Personnel during the financial year ended 31 December 2016 (31 December 2015: Nil).

Fair value of options granted

The fair values at grant date of options issued are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the options. The model inputs for options granted included:

(a)	Grant date	12 August 2016
(b)	Exercise price	$0.005
(c)	Expiry date	30 June 2020
(d)	Share price at grant date	$0.003
(e)	Expected price volatility of the Company's shares	103%
(f)	Risk-free interest rate	1.5%

REMUNERATION REPORT – continued

Fair value of performance rights granted

The fair value of performance rights granted is determined by reference to the underlying share price at the date of issue being $0.0024 for the 2016 tranche. This issue was granted without specific conditions and are subject to the Board's discretion. A share based payment expense of $10,650 was recognised during the year.

The 2014 tranches with an expiry date of 31 December 2017 have certain vesting conditions which have become irrelevant since the disposal of the Shambesai Gold Project. Vesting is now subject to the Board's discretion.

As at 31 December 2016, 1,500,000 performance rights (2013 tranches) expired.

Loans to Directors and Executives

During the financial year ended 31 December 2016, there were no loans provided to Directors and Executives (31 December 2015: Nil).

Shareholdings

The numbers of shares in the Company held during the financial year ended 31 December 2016 and 2015 by Key Management Personnel, including shares held by entities they control, are set out below:

2016	Opening Balance	Received as Remuneration	Options Exercised	Other Movements	Balance at resignation	Closing Balance
Parent entity Directors						
Mark Calderwood	18,292,039	-	-	30,509,589	-	48,801,628
Colin Carson[3]	51,572,148	-	-	77,494,688	(129,066,836)	N/A
Justin Lewis	1,933,334	-	-	19,603,784	-	21,537,118
David Kelly[4]	-	-	-	-	-	-
Other KMP						
Philip Reese	3,760,921	-	-	87,255,590	-	91,016,511
Oleg Gaponenko	-	-	-	-	-	-
Susmit Shah	225,000	-	-	775,000	-	1,000,000

[3]Mr Carson resigned on 21 November 2016.
[4]Mr Kelly was appointed on 21 November 2016.

2015	Opening Balance	Received as Remuneration	Options Exercised	Other Movement	Balance at Resignation	Closing Balance
Parent entity Directors						
Stephen Ross[1]	3,057,747	3,550,000	-	-	(6,607,747)	N/A
Mark Calderwood	1,192,287	-	-	17,099,752	-	18,292,039
Colin Carson	7,583,657	-	-	43,988,491	-	51,572,148
Mark Connelly[2]	-	-	-	-	-	N/A
Justin Lewis	400,000	-	-	1,533,334	-	1,933,334
Other KMP						
Philip Reese	3,223,646	-	-	537,275	-	3,760,921
Oleg Gaponenko	-	-	-	-	-	-
Susmit Shah	225,000	-	-	-	-	225,000

[1]Mr Ross resigned on 7 July 2015.
[2]Mr Connelly resigned 10 June 2015.

REMUNERATION REPORT – continued

Option holdings

The number of options over ordinary shares in the Company held during year ended 31 December 2016 and 2015 by Key Management Personnel, including options over ordinary shares held by entities they control, are set out below:

2016	Opening Balance	Received as Remuneration	Options Exercised/ Expired	Other Movements	Closing Balance
Parent entity Directors					
Mark Calderwood	-	-	-	-	-
Colin Carson[3]	-	-	-	-	-
Justin Lewis	-	-	-	-	-
David Kelly[4]	-	-	-	-	-
Other KMP					
Philip Reese	-	30,000,000	-	-	30,000,000
Oleg Gaponenko	-	-	-	-	-
Susmit Shah	-	-	-	-	-

On 12 August 2016, 30,000,000 options were issued to Mr Reese as part of his remuneration as CEO of the Company. The options have an exercise price of $0.005 and expire on 30 June 2020.

2015	Opening Balance	Received as Remuneration	Options Exercised/ Expired	Other Movements	Closing Balance
Parent entity Directors					
Stephen Ross[1]	1,232,913	-	(1,232,913)	-	-
Mark Calderwood	618,953	-	(618,953)	-	-
Colin Carson	6,483,656	-	(6,483,656)	-	-
Mark Connelly[2]	-	-	-	-	-
Justin Lewis	-	-	-	-	-
Other KMP					
Philip Reese	1,853,035	-	(1,853,035)	-	-
Oleg Gaponenko	500,000	-	(500,000)	-	-
Susmit Shah	325,000	-	(325,000)	-	-

Performance Rights

The numbers of performance rights held during the year ended 31 December 2016 and 2015 by Key Management Personnel are set out below:

2016	Opening Balance	Received as Remuneration	Rights vested	Other Movements	Closing Balance
Other KMP					
Philip Reese	2,500,000	9,500,000	-	(1,500,000)	10,500,000

On 15 February 2016, 9,500,000 performance rights were issued to Mr Reese under his remuneration package.
On 31 December 2016, 1,500,000 performance rights expired.

2015					
Parent entity Directors					
Stephen Ross	3,550,000	-	(3,550,000)	-	-
Other KMP					
Philip Reese	2,500,000	-	-	-	2,500,000

REMUNERATION REPORT – continued

Other Transactions with Key Management Personnel

A number of key management persons, or their related parties, held positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

- Henslow Pty Ltd, an entity related to Mr Justin Lewis was engaged to provide corporate advisory services (inclusive of time spent by other Henslow personnel in addition to Mr Lewis's time) for the period from 1 September 2015 to 31 December 2015 at a rate of $10,000 per month. No such services were rendered by Henslow Pty Ltd in 2016.

- The company secretarial services are provided by Mr Susmit Shah and charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr Shah has a beneficial interest. Total fees of $251,203 (December 2015: $243,848) were paid or were payable to CCPL for provision of office space, administration, accounting and company secretarial services. There was an amount of $250,513 payable at the balance date.

- Chief Executive Officer Mr Philip Reese is a Director and controller of Process Consulting Limited, which provides various services to the Manas Group. Process Consulting provided services in relation to the sale of the Shambesai Gold Project. These involve personnel whose time was charged to Manas at cost plus 10% administration fee. Total fees of $162,129 (December 2015: $32,100) were paid or payable to Process Consulting. These fees do not include services provided by Mr Reese personally. Remuneration for his personal services is disclosed in section b) of the Remuneration Report. During the year, $80,000 of his personal services were paid through the issue of shares to conserve cash. There was an amount of $134,192 payable at the balance date.

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company's Constitution requires it to indemnify Directors and officers of any entity within the Consolidated Entity against liabilities incurred to third parties and against costs and expenses incurred in defending civil or criminal proceedings, except in certain circumstances. The Directors and officers of the Consolidated Entity have been insured against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law. The insurance premium for the policy period September 2016 to September 2017 amounting to $5,858 (ex. GST) relates to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

ENVIRONMENTAL REGULATIONS

The Consolidated Entity's operations are not subject to any significant Australian or Kyrgyz Republic environmental laws with the disposal of all Kyrgyz mineral assets but its due diligence and exploration activities in Tanzania are subject to environmental laws, regulations and permit conditions. There have been no known breaches of environmental laws or permit conditions while conducting due diligence in Tanzania.

NON-AUDIT SERVICES

There have been no non-audit services provided by the Company's auditor during the year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

AUDITOR'S INDEPENDENCE DECLARATION

The Company's auditor, HLB Mann Judd, has provided the Board of Directors with an independence declaration in accordance with section 307C of the Corporations Act 2001.

The independence declaration is provided on the following page and forms part of this Directors' Report.

Signed in accordance with a resolution of Directors.

Mark Calderwood
Non-Executive Chairman
Perth, 31 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Manas Resources Limited for the year ended 31 December 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 audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia
31 March 2017

D I Buckley
Partner

	Notes	Consolidated 2016 $	2015 $
Profit on sale of listed securities		**-**	9,945
Other income	2	**2,548**	4,948
		2,548	14,893
Foreign exchange gain / (loss)		**39,851**	34,061
Employee benefits expense		**(413,473)**	(289,329)
Share-based payments	16a	**(39,040)**	(21,000)
Depreciation and amortisation expense	12	**(10,012)**	(20,852)
Occupancy expenses		**(42,258)**	(90,864)
Travel expenses		**(42,100)**	(77,424)
Corporate and administration expenses		**(486,526)**	(343,717)
Other expenses	3	**(5,354)**	(78,981)
Loss before income tax		**(996,364)**	(873,213)
Income tax benefit	6	**-**	-
Loss for the year from continuing operations		**(996,364)**	(873,213)
Discontinued Operation			
(Loss) / profit after tax from discontinued operation	10	**(22,822,522)**	8,506,422
(Loss) / profit for the year		**(23,818,886)**	7,633,209
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange gain / (loss) arising on translation of foreign operations		**3,157,944**	(3,286,524)
Items reclassified to profit or loss			
Derecognition of foreign currency translation reserve	10	**3,117,094**	-
Total comprehensive (loss) / income for the year, net of tax		**(17,543,848)**	4,346,685
Profit / (loss) per Share			
Basic earnings / (loss) per share (cents per share)	5	**(1.21)**	1.16
Diluted earnings / (loss) per share (cents per share)	5	**(1.21)**	1.16
Earnings per Share from continuing operations			
Basic earnings / (loss) per share (cents per share)	5	**(0.05)**	(0.13)
Diluted earnings / (loss) per share (cents per share)	5	**(0.05)**	(0.13)

The above statement should be read in conjunction with the accompanying notes.

	Notes	Company 2016 $	Consolidated 2015 $
Current Assets			
Cash and cash equivalents	20	**7,168,380**	231,260
Inventories	8	**-**	7,455
Other receivables	9	**6,801,938**	70,799
Total Current Assets		**13,970,318**	309,514
Non-Current Assets			
Other assets	11	**370,024**	-
Property, plant and equipment	12	**270**	229,322
Exploration and evaluation expenditure	13	**-**	28,200,092
Total Non-Current Assets		**370,294**	28,429,414
Total Assets		**14,340,612**	28,738,928
Current Liabilities			
Trade and other payables	14	**768,970**	490,837
Total Current Liabilities		**768,970**	490,837
Total Liabilities		**768,970**	490,837
Net Assets		**13,571,642**	28,248,091
Equity			
Issued capital	15	**53,083,579**	50,255,220
Reserves	16	**3,891,468**	(2,422,610)
Accumulated losses	17	**(43,403,405)**	(19,584,519)
Total Equity		**13,571,642**	28,248,091

The above statement should be read in conjunction with the accompanying notes.

CONSOLIDATED	Issued Capital	Share-Based Payment Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 1 January 2015	46,761,720	3,831,428	(2,988,514)	(27,217,728)	20,386,906
Profit attributable to members of the parent entity	-	-	-	7,633,209	7,633,209
Exchange differences arising on translation of foreign operations	-	-	(3,286,524)	-	(3,286,524)
Total comprehensive income for the year	-	-	(3,286,524)	7,633,209	4,346,685
Shares issued	3,743,117	-	-	-	3,743,117
Share issue expenses	(249,617)	-	-	-	(249,617)
Recognition of share-based payments	-	21,000	-	-	21,000
Balance at 31 December 2015	**50,255,220**	**3,852,428**	**(6,275,038)**	**(19,584,519)**	**28,248,091**
Balance at 1 January 2016	50,255,220	3,852,428	(6,275,038)	(19,584,519)	28,248,091
Loss attributable to members of the parent entity	-	-	-	(23,818,886)	(23,818,886)
Exchange differences arising on translation of foreign operations	-	-	3,157,944	-	3,157,944
Derecognition of foreign currency translation reserve	-	-	3,117,094	-	3,117,094
Total comprehensive loss for the year	-	-	6,275,038	(23,818,886)	(17,543,848)
Shares issued	2,967,322	-	-	-	2,967,322
Share issue expenses	(138,963)	-	-	-	(138,963)
Recognition of share-based payments	-	39,040	-	-	39,040
Balance at 31 December 2016	**53,083,579**	**3,891,468**	**-**	**(43,403,405)**	**13,571,642**

The above statement should be read in conjunction with the accompanying notes.

	Notes	Consolidated 2016 $	2015 $
Cash Flows from Operating Activities			
Interest received		**2,548**	4,948
Payments to suppliers and employees		**(1,708,713)**	(1,787,514)
Interest paid		**(4,547)**	(5,441)
Non-refundable deposit received		**69,203**	-
Net cash (outflow) from Operating Activities	20	**(1,641,509)**	(1,788,007)
Cash Flows from Investing Activities			
Payments for plant and equipment		**-**	(1,827)
Proceeds from sale of plant and equipment		**28,725**	29,099
Proceeds from sale of listed securities		**-**	9,945
Payments for exploration and evaluation expenditure		**(820,256)**	(1,959,212)
Payment of option fee		**(269,582)**	-
Proceeds from sale of subsidiaries, net of cash disposed of	10	**6,913,826**	-
Net Cash inflow / (outflow) from Investing Activities		**5,852,713**	(1,921,995)
Cash Flows from Financing Activities			
Proceeds from share issues	15	**2,828,643**	3,743,117
Payment of share issue costs		**(138,963)**	(249,617)
Net Cash inflow from Financing Activities		**2,689,680**	3,493,500
Net Increase / (Decrease) in Cash and Cash Equivalents		**6,900,884**	(216,502)
Cash and cash equivalents at the beginning of the year		**231,260**	447,136
Net foreign exchange differences		**36,236**	626
Cash and Cash Equivalents at the end of the year		**7,168,380**	231,260

The above statement should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial statements are for the Consolidated Entity (or "Group") consisting of Manas Resources Limited and its subsidiaries. For the purpose of preparing the consolidated financial statements, the Company is a for-profit entity.

Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, the Corporations Act 2001 and other requirements of the law and Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report has been prepared on a historical cost basis, except where otherwise stated.

The financial report is presented in Australian dollars.

The Company is a listed public company, incorporated and domiciled in Australia that has operated during the year in Australia, and the Kyrgyz Republic. The Group's principal activities are evaluation and exploration of mineral interests, prospective for precious metals and other mineral deposits.

The 2015 comparative information is for the Manas Resources Limited Group as it was constituted at the end of that reporting period. At 31 December 2016, Manas Resources Limited has no controlled entities and the information is for the parent entity only.

Going Concern
The financial report had been prepared on the going concern basis. At balance date, the Group had a working capital surplus of $13,201,348. The board of the Group considers that based on its assessment of cash flow that it is appropriate to prepare the financial statements on a going concern basis.

Adoption of new and revised standards

Standards and Interpretations adopted with no effect on the financial statements
It has been determined by the Directors that there is no impact, material or otherwise, of any new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

Standards and Interpretations on issue not yet adopted
The Directors have also reviewed all Standards and Interpretations that have been issued but are not yet effective for the year ended 31 December 2016. As a result of this review, 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 necessary to Group accounting policies.

Statement of compliance with IFRS

The financial report was authorised for issue on 31 March 2017. It complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Parent entity financial information

The financial information for the parent entity, Manas Resources Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

(i)*Investments in subsidiaries, associates and joint venture entities*
Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Manas Resources Limited.

Basis of consolidation

(i) Subsidiaries
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Manas Resources Limited ("Company" or "parent entity") as at 31 December 2016 and the results of all subsidiaries for the twelve months then ended or the period in which those subsidiaries were controlled. Manas Resources Limited and its subsidiaries together are referred to in this financial report as the "Group" or the "Consolidated Entity".

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Manas Resources Limited.

(ii) Changes in ownership interests
The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Manas Resources Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Significant accounting judgements, estimates and assumptions

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

Share-based payment expense

The Group measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using a Black-Scholes model, using the assumptions detailed in Note 18.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. Interest income is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

All revenue is stated net of the amount of goods and services tax (GST).

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Foreign currency transactions and balances

The functional and presentation currency of Manas Resources Limited is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date. All exchange differences in the consolidated financial report are taken to the statement of comprehensive income with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of a net investment, at which time they are recognised in the statement of comprehensive income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date the fair value was determined.

The functional currencies of the overseas subsidiaries that were disposed of during the year are as follows:

Z-Explorer CJSC, LandMark CJSC, Savoyardy CJSC	Kyrgyz Soms

As at the reporting date, the assets and liabilities of the overseas subsidiaries are translated into the reporting currency of the Company at the rate of exchange ruling at the balance date and the statement of comprehensive income is translated at the weighted average exchange rates for the period. The exchange differences on translation are taken directly to a separate component of equity, where they are recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity is recognised in the statement of comprehensive income.

Taxes

Income tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that sufficient future assessable income is expected to be obtained.

At the reporting date, the Directors have not made a decision to elect to be taxed as a single entity.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST or GST equivalent incurred is not recoverable from the Australian Tax Office or overseas tax authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Investments and other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

During the year, the Consolidated Entity has held loans and receivables and financial assets at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Property, plant and equipment

Items of plant and equipment are carried at cost less accumulated depreciation and impairment losses (see accounting policy “Impairment”).

Plant and equipment

Plant and equipment acquired is initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

All assets have limited useful lives and are depreciated using the straight line method over their estimated useful lives commencing from the time the asset is held ready for use.

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. The estimated useful lives used in the calculation of depreciation for plant and equipment for the current and corresponding period is three years.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to accumulated losses.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Mineral interest acquisition, exploration and evaluation expenditure

Mineral interest acquisition, exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and either the costs are expected to be recouped through the successful development and commercial exploitation of the area of interest or where exploration activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations, in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in the year in which the decision to abandon the area is made.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount (see impairment, accounting policy).

Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales for such asset (or disposal Groups) and the sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a complete sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary, after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The

Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with AASB 139 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method.

Non-current assets (and disposal Groups) are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell.

Impairment

The carrying amount of the Group's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. Where such an indication exists, a formal assessment of recoverable amount is then made and where this is in excess of carrying amount, the asset is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or cash generating unit. In estimating value in use, a

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

pre-tax discount rate is used which reflects current market assessments of the time value of money and the risks specific to the asset. Any resulting impairment loss is recognised immediately in the statement of comprehensive income.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset(s) does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employee benefits

Wages, salaries and annual leave
Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the (undiscounted) amounts expected to be paid when the liabilities are settled.

Contributions are made by the Consolidated Entity to superannuation funds as stipulated by statutory requirements and are charged as expenses when incurred.

Share-based payments

Equity-settled transactions

The Group provides benefits to employees, consultants and contractors of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently an Employee Option Plan in place to provide these benefits to employees, consultants and contractors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and

(ii) the Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest.

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

Share-based payment transactions with parties other than employees and contractors are measured by reference to the fair value of the goods or services rendered at the date on which the Consolidated Entity obtains the goods or the counterparty renders services.

Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends), by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share are determined by dividing the net result attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and any expenses associated with dividends and interest of dilutive potential ordinary shares, by the weighted average number of ordinary shares (both issued and potentially dilutive) adjusted for any bonus element.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Manas Resources Limited.

2. REVENUE

	Consolidated	
	2016	2015
	$	$
Other income includes the following:		
Interest income	**2,548**	4,948
	2,548	4,948

3. EXPENSES

Loss includes the following specific expenses:	**2016**	2015
	$	$
Other expenses include:		
Due diligence payments	**-**	60,000

4. AUDITOR'S REMUNERATION

Audit services:		
- Auditors of the Company – HLB Mann Judd	**42,000**	37,100
- Non-HLB Mann Judd firm (Marka Audit Bishkek Ltd)	**7,049**	8,550
	49,049	45,650

5. EARNINGS / (LOSS) PER SHARE

	2016	2015
Basic (loss)/earnings per share (cents per share)	**(1.21)**	1.16
(Loss) / profit for the year ($)	**(23,818,886)**	7,633,209
Basic (loss)/earnings per share from continuing operations (cents per share)	**(0.05)**	(0.13)
Loss from continuing operations ($)	**(996,364)**	(873,213)
Weighted average number of ordinary shares used in the calculation of basic loss per share	**1,968,845,781**	659,000,487

6. INCOME TAX EXPENSE

(a) Income tax benefit

The major components of tax benefit are:	Consolidated 2016 $	2015 $
The prima facie income tax benefit on pre-tax accounting result from operations reconciles to the income tax expense in the financial statements as follows:		
Accounting (loss) / profit before tax from continuing operations	**(23,818,886)**	7,633,209
Income tax (benefit) calculated at 30%	**(7,145,666)**	2,289,963
Non-deductible expenses	**27,169**	63,343
Other deferred tax assets and tax liabilities not recognised	**108,815**	(2,353,306)
Discontinued operations	**(2,478,797)**	-
Capital loss on disposal of subsidiaries	**9,488,479**	-
Realised foreign exchange gains	**-**	-
Income tax benefit reported in the statement of comprehensive income	**-**	-
Income tax benefit attributable to discontinuing operations	**-**	-
Income tax benefit attributable to continuing operations	**-**	-
	-	-

(b) Unrecognised deferred tax balances

The following deferred tax assets and liabilities have not been bought to account:

	2016 $	2015 $
Deferred tax assets comprise:		
Losses available for offset against future taxable income – revenue	**2,415,655**	3,571,203
Losses available for offset against future taxable income – capital	**10,165,274**	676,795
Other deferred tax assets / (liabilities)	**286,803**	(1,152,894)
	12,867,732	3,095,104

(c) Income tax expense not recognised directly in equity

	2016 $	2015 $
Share issue costs	**(41,689)**	(74,885)
Foreign currency gains and losses transferred to equity as part of the net investment in controlled entities	**-**	1,461,346
	(41,689)	1,386,461

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

Deferred tax liabilities have not been recognised in respect of these taxable temporary differences as the entity is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

7. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from both a product and a geographic perspective and has identified one reportable segment.

(a) Description of segments

During the financial 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:

2016

	Kyrgyz Republic	**Corporate and Unallocated**	**Consolidated**
	$	**$**	**$**
Results			
Segment result	(22,822,522)	(996,364)	(23,818,886)
Interest income	-	2,548	2,548
Employee benefits expense	(691,420)	(413,473)	(1,104,893)
Share-based payments	-	(39,040)	(39,040)
Depreciation	(21,252)	(10,012)	(31,264)
Occupancy	(82,070)	(42,258)	(124,328)
Corporate, administrative and other	(353,636)	(494,129)	(847,765)
Impairment of exploration asset	(18,536,820)	-	(18,536,820)
Loss on disposal of property, plant and equipment	(10,630)	-	(10,630)
Loss on disposal of subsidiaries	(9,593)	-	(9,593)
Derecognition of foreign currency translation reserve	(3,117,094)	-	(3,117,094)

	Kyrgyz Republic	**Corporate and Unallocated**	**Company**
Other Segment Assets	-	14,340,612	14,340,612
Total Assets	-	14,340,612	14,340,612
Group Liabilities			
Trade and other payables	-	768,970	768,970
	-	768,970	768,970
Capital Purchases			
Exploration and Evaluation Expenditure	591,033	-	591,033
	591,033	-	591,033

7. SEGMENT INFORMATION – continued

2015

	Kyrgyz Republic	Corporate and Unallocated	Consolidated
	$	$	$
Results			
Segment result	8,506,422	(873,213)	7,633,209
Interest income	-	4,948	4,948
Other income	39,377	9,945	49,322
Employee benefits expense	(801,485)	(289,329)	(1,090,814)
Share-based payments	-	(21,000)	(21,000)
Depreciation	(27,566)	(20,852)	(48,418)
Occupancy	(82,620)	(90,864)	(173,484)
Corporate and administrative	(147,623)	(500,122)	(647,745)
Impairment of exploration asset	(100,150)	-	(100,150)
Loss on disposal of assets	(41,841)	-	(41,841)
Fair value adjustment	9,647,839	-	9,647,839
Exploration and evaluation expenditure	28,200,092	-	28,200,092
Other Segment Assets	375,099	163,737	538,836
Total Assets	28,575,191	163,737	28,738,928
Group Liabilities			
Trade and other payables	280,772	210,065	490,837
	280,772	210,065	490,837
Capital Purchases			
Exploration and Evaluation Expenditure	2,212,603	-	2,212,603
Plant and Equipment Expenditure	1,827	-	1,827
	2,214,430	-	2,214,430

8. INVENTORIES

	Company 2016 $	Consolidated 2015 $
Consumables at cost	**-**	7,455

9. OTHER RECEIVABLES

	Company 2016 $	Consolidated 2015 $
Current		
GST receivable	**11,099**	12,950
Other receivable	**6,780,669**	14,302
Prepayments and advances	**10,170**	43,547
	6,801,938	70,799

Other receivable relates to an amount of US4.9 million receivable from the sale of the Kyrgyz mineral assets (which was received subsequent to the reporting date – refer to Note 10).

10. DISCONTINUED OPERATIONS

On 23 December 2016, the Company completed the disposal of its Kyrgyz mineral assets through a sale of its wholly owned subsidiaries to two separate buyers. The sale has been reported in the financial statements for the year ended 31 December 2016 as discontinued operations.

Detail of sale of subsidiaries:

	Consolidated	
	2016	2015
Consideration received or receivable:	**$**	$
Cash received	**7,042,049**	-
Cash receivable	**6,780,669**	-
Total disposal consideration	**13,822,718**	-
Less: net assets disposed off	**(13,832,311)**	-
Loss on disposal before income tax	**(9,593)**	-
Derecognition of foreign currency translation reserve	**(3,117,094)**	-
Loss on discontinued operations	**(3,126,687)**	-

10. DISCONTINUED OPERATIONS - continued

Financial performance from discontinued operations

Financial performance from discontinued operations	**Consolidated**	
	2016	2015
	$	$
Revenue	**85,060**	9,687,216
Expenses	**(19,780,895)**	(1,180,794)
(Loss)/profit before income tax	**(19,695,835)**	8,506,422
Income tax	**-**	-
(Loss)/profit after tax of discontinued operations	**(19,695,835)**	8,506,422
Loss on sale of subsidiaries after income tax	**(3,126,687)**	-
(Loss)/profit from discontinued operations	**(22,822,522)**	8,506,422

Net assets at date of sale

The carrying amount of assets and liabilities disposed of were:

Current assets	**166,581**	-
Property, plant and equipment	**163,054**	-
Exploration and evaluation expenditure	**14,044,131**	-
	14,373,766	-
Current liabilities	**(541,455)**	-
Net assets	**13,832,311**	-
Net cash inflow from disposal		
Cash and cash equivalents consideration received	**7,042,049**	-
Cash and cash equivalents disposed off	**(128,223)**	-
Net cash inflow on disposal	**6,913,826**	-
Cash and cash equivalents consideration receivable	**6,780,669**	-
Cash flows from discontinued operations	**13,694,495**	-
Cash flows for discontinued operations		
Operating activities	**(1,017,401)**	-
Investing activities	**6,122,295**	-
Financing activities	**-**	-

11. OTHER ASSETS

	Company	Consolidated
	2016	2015
	$	$
Non-refundable deposit	**269,582**	-
Due diligence costs	**100,442**	-
	370,024	-

On 24 June 2016, the Company signed an agreement to acquire the Victoria Gold Project in Tanzania. The Company paid a non-refundable deposit of US$200,000 on signing the agreement. The non-refundable deposit will reduce the cash consideration payable on completion. The recoverability of this asset is dependent 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.

12. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment	**Company 2016 $**	Consolidated 2015 $
At cost	**143,461**	718,871
Less accumulated depreciation	**(143,191)**	(489,549)
	270	229,322

Reconciliation	**Consolidated**	
	2016 $	2015 $
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year		
Balance at the beginning of the year	**229,322**	31,874
Disposals	**(10,636)**	(36,389)
Additions	**-**	1,827
Transfer to/from assets held for sale	**-**	384,680
Depreciation expense	**(31,264)**	(48,418)
Depreciation capitalised	**-**	(57,753)
Transfer to discontinued operations	**(163,054)**	-
Translation differences movement	**(24,098)**	(46,499)
Carrying amount at the end of the year	**270**	229,322

13. EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	2016 $	2015 $
Costs carried forward in respect of areas of interest in the following phases:		
Exploration and evaluation phase – at cost		
Balance at beginning of the year	**28,200,092**	-
Expenditure incurred during the year	**591,033**	2,212,603
Impairment of tenements	**(18,536,820)**	(100,150)
Translation differences movement	**3,789,826**	(3,231,032)
Transfer to discontinued operations	**(14,044,131)**	-
Transfer from/(to) assets held for sale	**-**	29,318,671
	-	28,200,092

14. TRADE AND OTHER PAYABLES

Current	**Company 2016 $**	Consolidated 2015 $
Trade payables	**281,991**	257,031
Other accrued payables	**486,979**	233,806
	768,970	490,837

There are no amounts included within these balances that are not expected to be settled within the next 12 months. The average credit terms for services received by the Group are 30 days from invoice date and are non-interest bearing.

15. ISSUED CAPITAL

	Company 2016 Number	Consolidated 2015 Number	Company 2016 $	Consolidated 2015 $
(a) Issued and paid-up share capital				
Ordinary shares, fully paid	**2,632,662,488**	895,804,335	**53,083,579**	50,255,220

	Company 2016 Number	Consolidated 2015 Number	Company 2016 $	Consolidated 2015 $
(b) Movements in ordinary shares				
Balance at beginning of the year	**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 lieu of services provided at $0.002	**40,000,000**	-	**80,000**	-
Shares issued under private placement at $0.0018	**365,205,334**	-	**657,370**	-
Shares issued under a share purchase plan at $0.00275	**491,000,546**	-	**1,350,303**	-
Shares issued in lieu of services provided at $0.003	**19,498,300**	-	**58,495**	-
Shares issued under a private placement at $0.015	**-**	73,607,762	**-**	1,104,117
Shares issued on vesting of performance shares	**-**	3,550,000	**-**	-
Shares issued under private placement at $0.007	**-**	77,000,000	**-**	539,000
Shares at $0.007 rights issue and shortfall placed	**-**	300,000,000	**-**	2,100,000
Share issue costs	**-**	-	**(138,963)**	(249,617)
Balance at end of the year	**2,632,662,488**	895,804,335	**53,083,579**	50,255,220

(c) Movements in options and performance rights

	Grant date	Exercise price	Expiry date	Opening balance	New issues	Exercised/ Vested/ cancelled/ lapsed	Balance at end of year	Vested/ exercisable at end of year
		$		*Number*	*Number*	*Number*	*Number*	*Number*
2016								
Unlisted Rights	27 May 13	n/a	31 Dec 16	1,500,000*	-	(1,500,000)	-	-
Unlisted Rights	29 May 14	n/a	31 Dec 17	1,000,000*	-	-	1,000,000	-
Unlisted Rights	15 Feb 16	n/a	31 Dec 17	-	9,500,000^	-	9,500,000	-
Unlisted options	12 Aug 16	$0.005	30 Jun 20	-	30,000,000#	-	30,000,000	-
				2,500,000	39,500,000	(1,500,000)	40,500,000	-

^ These performance rights were issued as part of the remuneration package of a senior executive of the Company. The vesting conditions are performance related and up to the discretion of the Board to decide if objectives are met.

These unlisted options were issued as part of revised remuneration terms for the Company's CEO, Philip Reese.

15. ISSUED CAPITAL – continued

	Grant date	Exercise price	Expiry date	Opening balance	New issues	Vested/ exercised/ cancelled/ lapsed	Balance at end of year	Vested/ exercisable at end of year
		$		*Number*	*Number*	*Number*	*Number*	*Number*
2015								
Unlisted options	31 May 12	$0.20	31 May 15	1,600,000	-	(1,600,000)	-	-
Unlisted Rights	27 May 13	n/a	31 Dec 16	3,150,000	-	(1,650,000)	1,500,000*	-
Unlisted Rights	29 May 14	n/a	31 Dec 17	2,900,000	-	(1,900,000)	1,000,000*	-
Listed Options	23 Dec 13	$0.08	31 Mar 15	137,771,080	-	(137,771,080)	-	-
				145,421,080	-	(142,921,080)	2,500,000	-

* Performance rights vesting conditions:
The 31 December 2016 expiry performance rights are categorised into three equal tranches with different vesting conditions: 1st tranche rights vest if the Shambesai Gold Project (SGP) development costs are financed and drawdown takes place on or before 31 March 2014 (which date has since been extended at the Board's discretion), 2nd tranche rights vest if commercial gold production is declared (through a public release) by the Company as having commenced within 12 months after commencement of development at the SGP and 3rd tranche rights vest if there is full payback of the SGP capital expenditure required to get to commencement of commercial production within 12 months after commencement of that commercial production.
The 31 December 2017 expiry performance rights are categorised into two equal tranches with different vesting conditions, which are identical to the vesting conditions noted above for the 2nd and 3rd tranches of the 31 December 2016 expiry performance rights. The Board has the discretion to vest the rights in other circumstances.

16. RESERVES

	Company **2016** **$**	Consolidated 2015 $
Share-based payment reserve (a)	**3,891,468**	3,852,428
Foreign currency translation reserve (b)	**-**	(6,275,038)
	3,891,468	(2,422,610)

(a) Share-based payment reserve

Opening balance	**3,852,428**	3,831,428
Performance Rights issued to Director/former directors (i)	**-**	21,000
Performance Rights vesting expense (ii)	**10,650**	-
Options issued to management (ii)	**28,390**	-
Closing balance 31 December	**3,891,468**	3,852,428

The share-based payment reserve is used to record the value of share-based payments provided by the issue of options over ordinary shares and performance rights.

(i) Upon termination of employment of a former director in July 2015, the Board, at its discretion, vested 3.55m performance rights held by that director although the original vesting conditions had not been satisfied and issued 3.55m shares. An expense had been recorded in prior years in relation to the fair value of 0.55m performance rights. Consequently, in 2015, an expense has been recorded for the discretionary vesting of 3m performance rights based on the then market value of the underlying shares of $0.007 per share.

(ii) Refer to Note 18 for further details.

16. RESERVES – continued

	Company	Consolidated
	$	$
2016 2015		
(b) Foreign currency translation reserve		
Opening balance	**(6,275,038)**	(2,988,514)
Currency translation differences arising during the year	**3,157,944**	(3,286,524)
Derecognition of foreign currency translation reserve	**3,117,094**	-
Closing balance 31 December	**-**	(6,275,038)

The foreign currency translation reserve is used to record exchange differences from the translation of the financial statements of foreign operations. All subsidiaries were disposed of during the year, resulting in the full transfer of balance to profit or loss.

17. ACCUMULATED LOSSES

	Company 2016 $	Consolidated 2015 $
Accumulated losses at the beginning of the year	**(19,584,519)**	(27,217,728)
Loss from continuing operations	**(996,364)**	(873,213)
(Loss) / profit from discontinued operations	**(22,822,522)**	8,506,422
Accumulated losses at the end of the year	**(43,403,405)**	(19,584,519)

18. SHARE-BASED PAYMENTS

Employee Share Option Plan
In November 2008, the Company adopted the Manas Resources Limited Employee Option Plan ("Plan"). The Plan is designed to provide incentives, assist in the recruitment, reward and retention of employees and provide opportunities for employees (both present and future) to participate directly in the equity of the Company. The contractual life of each option granted is three years. There are no cash settlement alternatives. The Plan does not allow for the issue of options to Directors of the Company.

Non-plan-based payments
The Company also makes share-based payments to Directors, consultants and/or service providers from time to time, not under any specific plan.

The expense recognised in the statement of comprehensive income in relation to share-based payments is $39,040 (31 December 2015: $21,000), relating to performance rights and options.

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year under and outside the Plan:

	2016 Number of Options	**2016 Weighted average exercise price**	2015 Number of options	2015 Weighted average exercise price
Outstanding at the beginning of the year	**-**		1,600,000	$0.20
Granted during the year	**30,000,000**	**$0.005**	-	-
Forfeited during the year	**-**	**-**	(1,600,000)	$0.20
Outstanding at the end of the year	**30,000,000**	**$0.005**	-	
Exercisable at the end of the year	**-**	**-**	-	

18. SHARE-BASED PAYMENTS - continued

30,000,000 options were granted during the year as part of an executive remuneration package. During the year ended 31 December 2016, no options were exercised.

As of 31 December 2015 all options had lapsed, been cancelled or previously fully expensed therefore there was no share based payments expense relating to options for the year.

The following table lists the inputs to the model used for the financial periods ended 31 December 2016 and 31 December 2015 respectively:

	31 December 2016	31 December 2015
Volatility	**103%**	n/a
Risk-free interest rate	**1.5%**	n/a
Expected life of option	**4 years**	n/a
Exercise price	**$0.005**	n/a
Share price at grant date	**$0.003**	n/a

The following table illustrates the number and weighted average exercise prices of and movements in performance rights issued during the year under and outside the Plan:

	2016 Number of PRs	**2016 Weighted average exercise price**	2015 Number of PRs	2015 Weighted average exercise price
Outstanding at the beginning of the year	**2,500,000**	**n/a**	6,050,000	n/a
Granted during the year	**9,500,000**	**n/a**	-	n/a
Forfeited during the year	**(1,500,000)**	**n/a**	(3,550,000)	n/a
Outstanding at the end of the year	**10,500,000**		2,500,000	

During the year, 9,500,000 performance rights were granted to Key Management Personnel (2015: nil). The fair value of the performance rights granted were determined to be the Company's closing share price at grant date and whether the conditions attached were probable of being satisfied. The weighted average remaining contractual life of the performance rights outstanding at balance date is 1 year.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The activities of the Company expose it to a variety of financial risks, including market risk, credit risk and liquidity risks. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group employs different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Company through regular reviews of the risks.

(a) Market risk

(i) Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Kyrgyz Republic Som.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. At 31 December 2016, the Group held A$6,543,855 in US dollar bank balances. At 31 December 2016, had the Australian dollar strengthened/weakened by 10% against the US dollar with all other variables held constant, the profit/(loss) for the year would have been $727,095 higher (December 2015: $24,082) / $594,896 lower (31 December 2015: $19,704).

The Company has not entered into any general or specific contracts to hedge against gains and losses that may arise from exchange rate fluctuations.

(ii) Interest rate risk

The Company may be exposed to interest rate risk through financial assets and liabilities. The risk is measured using sensitivity analysis and cash flow forecasting.

At 31 December 2016, if interest rates had increased/decreased by 100 basis points from the weighted average effective rate for the year, with other variables constant, the (loss)/profit for the year would have been $12,728 lower (December 2015: $5,525)/ $12,728 higher (December 2015: $5,525).

None of the financial assets and financial liabilities are readily traded on organised markets in standardised form. The carrying amounts of financial assets and financial liabilities are materially in line with their fair values.

The following table summarises interest rate risk for the Group, together with effective interest rates as at balance date.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS - continued

2016	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 year	Non-interest Bearing	Total
		$	$	$	$	$
Financial Assets						
Cash and cash equivalents	0.20%	624,520	-	-	6,543,860	7,168,380
Other receivables		-	-	-	7,171,962	7,171,962
Total Financial Assets		624,520	-	-	13,715,822	14,340,342
Financial Liabilities						
Trade and other payables		-	-	-	768,970	768,970
Total Financial Liabilities		-	-	-	768,970	768,970

2015	Weighted average effective interest rate	Floating interest rate	Fixed interest rate maturing in: 1 year or less	Over 1 year	Non-interest Bearing	Total
		$	$	$	$	$
Financial Assets						
Cash and cash equivalents	0.90%	106,708	-	-	124,552	231,260
Other receivables		-	-	-	70,799	70,799
Total Financial Assets		106,708	-	-	195,351	302,059
		-	-	-	-	-
Financial Liabilities						
Trade and other payables		-	-	-	490,837	490,837
Total Financial Liabilities		-	-	-	490,837	490,837

(iii) Commodity price risk

As Manas is exploring primarily for gold, it will be exposed to the risks of fluctuation in gold prices. The risk is measured using sensitivity analysis and cash flow forecasting. Gold is primarily priced in US dollars in an active worldwide market in which prices respond to daily changes in quantities offered and sought. Newly mined gold is only one source of supply; investment and disinvestment can be important elements of supply and demand. Prices fluctuate widely in response to changing levels of supply and demand but, in the long run, prices are related to the marginal cost of supply.

(b) Credit risk exposures

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and financial instruments.

As the Group is exclusively involved in exploration rather than trading there is currently very little credit risk. For banks and financial institutions, only reputable institutions with sound financial positions are dealt with.

19. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS – continued

(c) Liquidity and capital risk

The Group's total capital is defined as the shareholders' net equity plus any net debt. The objective when managing the Company's capital is to safeguard the business as a going concern, to maximise returns to shareholders and to maintain an optimal capital structure in order to reduce the cost of capital.

The Group does not have a target debt/equity ratio, but has a policy of maintaining a flexible financing structure so as to be able to take advantage of investment opportunities when they arise. There are no externally imposed capital requirements. Whilst the Group is in an exploration phase, it is unlikely to operate with debt capital, although this may change as projects become more advanced.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The risk is measured using sensitivity analysis and cash flow forecasting. The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring its forecasted and actual cash flows.

If the Company anticipates a need to raise additional capital in the next 12 months to meet forecast operational activities, then the decision on how the Company will raise future capital will depend on market conditions existing at that time.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(d) Fair value estimation

The Directors consider that the carrying amount of financial assets and financial liabilities, as recorded in the financial statements, represent or approximate their respective fair values. The Group's financial assets and liabilities are measured at amortised cost. Therefore, the disclosures required by *AASB13: Fair Value Measurement,* of the fair value measurement hierarchy have not been made.

20. CASH AND CASH EQUIVALENTS

	Company 2016 $	Consolidated 2015 $
Cash at bank and on hand (a)	**7,168,380**	231,260
	7,168,380	231,260

(a) Cash at bank earns interest at floating rates based on daily bank deposit notes.

(b) Statement of Cash Flows

Reconciliation of the loss after income tax from ordinary activities to the net cash used in operating activities	**Consolidated** 2016 $	2015 $
(Loss)/profit from ordinary activities after income tax	**(23,818,886)**	7,633,209
Add back non-cash items:		
Depreciation	**10,012**	48,418
Share-based payment expense	**39,040**	21,000
Foreign exchange (gain)/loss	**(39,851)**	3,614
(Gain)/loss on disposal of asset	**-**	41,841
Loss on discontinued operations	**22,822,522**	-
Change in fair value of held for sale asset	**-**	(9,647,839)
Impairment expense	**-**	100,150
Net cash (outflow) from operating activities before change in assets and liabilities	**(987,163)**	(1,799,607)
Change in assets and liabilities:		
(Increase) / decrease in operating receivables	**(1,116,067)**	(26,764)
Increase / (decrease) in operating payables	**461,721**	38,364
Net cash (outflow) from operating activities	**(1,641,509)**	(1,788,007)

21. KEY MANAGEMENT PERSONNEL DISCLOSURES

The following were Key Management Personnel of the Group at any time during the reporting period and unless otherwise indicated were Key Management Personnel for the entire year:

Other Key Management Personnel
Mr Philip Reese – Chief Executive Officer
Mr Oleg Gaponenko – Director General (Subsidiaries)[1]
Mr Susmit Shah – Company Secretary

[1] Mr Gaponenko was the Director General of the Kyrgyz Republic subsidiaries and was considered a key management personnel of the Group until the disposal of the Kyrgyz Republic subsidiaries in late December 2016.

Non-Executive Directors
Mr Mark Calderwood*
Mr Colin Carson (resigned 21 November 2016)
Mr Justin Lewis
Mr David Kelly (appointed 21 November 2016)

*Mr Calderwood was appointed Executive Chairman from 7 July 2015 to 30 June 2016 and Non-Executive Chairman from 1 July 2016.

The Key Management Personnel compensation included in 'employee benefits expense' is as follows:

	Consolidated	
	2016	2015
	$	$
Short-term employee benefits	**633,324**	720,915
Post-employment benefits	**42,808**	40,629
Share-based payments	**39,040**	21,000
	715,172	782,544

Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives compensation and some equity instruments disclosures as permitted by Schedule 5B to the Corporations Regulations 2001 is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Loans to Key Management Personnel and their related parties

There were no loans outstanding at the reporting date to Key Management Personnel and their related parties.

Other transactions with Key Management Personnel

A number of key management persons, or their related parties, held positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

- Henslow Pty Ltd, an entity related to Mr Justin Lewis was engaged to provide corporate advisory services (inclusive of time spent by other Henslow personnel in addition to Mr Lewis's time) for the period from 1 September 2015 to 31 December 2015 at a rate of $10,000 per month. No such services were rendered by Henslow Pty Ltd in 2016.

21. KEY MANAGEMENT PERSONNEL DISCLOSURES - continued

- The company secretarial services are provided by Mr Susmit Shah and charged to the Company by Corporate Consultants Pty Ltd (CCPL), a company in which Mr Shah has a beneficial interest. Total fees of $251,203 (December 2015: $243,848) were paid or were payable to CCPL for provision of office space, administration, accounting and company secretarial services. There was an amount of $250,513 payable at the balance date.

- Chief Executive Officer Mr Philip Reese is a Director and controller of Process Consulting Limited, which provides various services to the Manas Group. Process Consulting provided services in relation to the sale of the Shambesai Gold Project. These involve personnel whose time was charged to Manas at cost plus 10% administration fee. Total fees of $162,129 (December 2015: $32,100) were paid or payable to Process Consulting. These fees do not include services provided by Mr Reese personally. Remuneration for his personal services is disclosed in section b) of the Remuneration Report. During the year, $80,000 of his personal services were paid through the issue of shares to conserve cash. There was an amount of $134,192 payable at the balance date.

22. SUBSIDIARIES

(a) Particulars in relation to subsidiaries

Name of Subsidiary	Place of Incorporation	Group's Interest 31 December 2016	Group's Interest 31 December 2015	Class of Shares
Parent Entity		%	%	
Manas Resources Limited	Australia	-	-	-
Subsidiary				
Manas Holdings (Kyrgyz) Pty Ltd	Australia	-	100	Ord
Z-Explorer CJSC (i)	Kyrgyz Republic	-	100	Ord
Landmark CJSC (i)	Kyrgyz Republic	-	100	Ord
Savoyardy CJSC (i)	Kyrgyz Republic	-	100	Ord

All subsidiaries are subsidiaries of Manas Holdings (Kyrgyz) Pty Ltd. All subsidiaries were disposed in late December 2016.

(b) Terms and conditions of loans to related parties

Loan advances made to subsidiaries noted in the table above have all been assigned to the purchaser upon the completion of sale.

(c) Risk exposure

Information about the Group's and the parent entity's exposure to credit risk, foreign exchange and interest rate risk is provided in Note 19.

23. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel
Disclosures relating to Key Management Personnel are set out in Note 21.

(b) Other Related Party Transactions
No other related party transactions other than those outlined in Note 21.

(c) Subsidiaries
Wholly-Owned Group
The parent entity will incur exploration expenditure on behalf of the subsidiaries. Investments in wholly-owned controlled entities are disclosed in Note 22.

23. RELATED PARTY TRANSACTIONS - continued

Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

(d) Parent entity
Manas Resources Limited is the ultimate parent entity.

24. PARENT ENTITY DISCLOSURES

	2016	2015
	$	$
Financial Position		
Assets		
Current assets	**13,970,318**	153,454
Non-current assets (i)	**370,294**	27,804,857
Total assets	**14,340,612**	27,958,311
Liabilities		
Current liabilities	**768,970**	210,065
Total liabilities	**768,970**	210,065
Equity		
Issued capital	**53,083,579**	50,255,220
Accumulated losses	**(43,403,405)**	(26,359,401)
Reserves		
Share-based payments	**3,891,468**	3,852,427
Total equity	**13,571,642**	27,748,246
Financial performance		
(Loss)/profit for the year	**(17,044,004)**	3,997,941
Total comprehensive (loss)/profit for the year	**(17,044,004)**	3,997,941

(i) The recoupment of the parent entity's investments and loans to its subsidiaries is dependent upon the successful development and commercial exploitation or sale of the underlying exploration assets.

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 31 December 2015 or 31 December 2016.

The Company does not have any lease commitments.

25. COMMITMENTS

(a) Exploration expenditure commitments

With the disposal of the Kyrgyz entities during the year, the Company currently does not have any minimum exploration expenditure commitments.

26. CONTINGENCIES

The Consolidated Entity does not have any contingent liabilities at balance date.

27. EVENTS OCCURRING AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year and to the date of this report which significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity in subsequent financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Manas Resources Limited (the 'Company'):

a. the accompanying financial statements and notes 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 31 December 2016 and of its performance for the year then ended; and

   ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements;

b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 31 December 2016.

This declaration is signed in accordance with a resolution of the Board of Directors.

Mark Calderwood
Non-Executive Chairman

Dated at Perth, 31 March 2017

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT
To the members of Manas Resources Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Manas Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 December 2016 and the Group's financial performance for the year then ended; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How our audit addressed the key audit matter
Disposal of subsidiaries Note 10	
During the year, the Company disposed of its subsidiary Manas Holdings (Kyrgyz) Pty Ltd and its subsidiaries Z-Explorer CJSC and LandMark CJSC for US$10 million. Savoyardy CJSC also a subsidiary of Manas Holdings (Kyrgyz) Pty Ltd was separately disposed of for a nominal fee. The Kyrgyz operations represented a significant geographical segment of the business. The recognition and disclosure of these transactions in the financial report is complex and required significant audit attention, as the Group needed to separate its assets, liabilities and operations into continuing and discontinued business operations which has a significant and pervasive impact on the financial results and report of the Group. We focussed on this matter because of the importance to readers of the financial report of the allocation of the loss from continued and discontinued operations.	To assess whether the sale transactions had been appropriately recognised and disclosed we: • read and considered the sale agreements; • recalculated the carrying value of the assets and liabilities as identified in the sales agreements to test that these were accurately separated from the continuing business; • re-performed; a) the calculations of the loss on disposal by comparing the consideration received to the carrying value of the identified assets and liabilities, and b) any liabilities arising from the disposal; • agreed the consideration received from the sales to the respective contracts and to bank records (subsequent to year end the remaining consideration receivable was received); • considered the requirements of AASB 121 *The effects of Changes in Foreign Exchange Rates* in relation to Disposal of a Foreign Operation; • have considered the tax implications of the sale; and • examined the discontinued operations disclosures included in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the remuneration report

We have audited the remuneration report included in pages 9 to 16 of the directors' report for the year ended 31 December 2016.

In our opinion, the remuneration report of Manas Resources Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

D Buckley

D I Buckley
Partner

Perth, Western Australia
31 March 2017