



Manas Resources Limited

ACN 128 042 606

Annual Report

31 December 2016

Manas Resources Limited
Corporate Directory

| | | |
|---|--|--|
| 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 | |
| Registered and Administrative Office | Level 2, Suite 9, 389 Oxford Street Mt Hawthorn, Western Australia 6016 PO Box 281 Mt Hawthorn Western Australia 6915 Telephone: Facsimile: Website: Email: | (61 8) 9380 6062 (61 8) 9380 6761 www.manasresources.com info@manasresources.com |
| 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) |

Manas Resources Limited
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ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

Table A: Mineral Resources

| Summary of Mineral Resource Estimates Reported according to JORC Category and Deposit | | | | | | |
|--|------------------------------|--------------|----------------|----------------------------|--------------|----------------|
| Category | Shambesai – 31 December 2015 | | | Obdilla – 31 December 2015 | | |
| | Tonnes (M) | Grade g/t Au | Ounces | Tonnes (M) | Grade g/t Au | Ounces |
| Measured | 1.2 | 3.0 | 111,000 | | | |
| Indicated | 6.4 | 2.7 | 556,000 | 6.3 | 1.8 | 353,000 |
| Inferred | 0.5 | 1.9 | 29,000 | 2.9 | 1.4 | 132,000 |
| Total | 8.1 | 2.7 | 697,000 | 9.2 | 1.6 | 485,000 |

Table B: Ore Reserves

| Shambesai Gold Project - Summary of Ore Reserves Estimates at 31 December 2015 Reported according to JORC Category | | | |
|---|------------|--------------|----------------|
| Category | Tonnes (M) | Grade g/t Au | Ounces |
| Proven | 0.8 | 3.3 | 85,000 |
| Probable | 1.6 | 3.9 | 194,000 |
| | | | |
| Total | 2.4 | 3.7 | 279,000 |

SHAMBESAI GOLD DEPOSIT, TIEN SHAN GOLD BELT, SOUTH WEST KYRGYZ REPUBLIC, CENTRAL ASIA (MANAS 100% at 31 December 2015, Nil interest at 31 December 2016)

Review of material changes

There was no change in Mineral Resources and Ore Reserves noted in the tables above during the reporting period, other than the fact that just prior to the end of the Reporting Period (31 December 2016), the Company had completed the disposal of its Kyrgyz mineral assets. Consequently, there were no Mineral Resources and Ore Reserves to report as at 31 December 2016.

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).

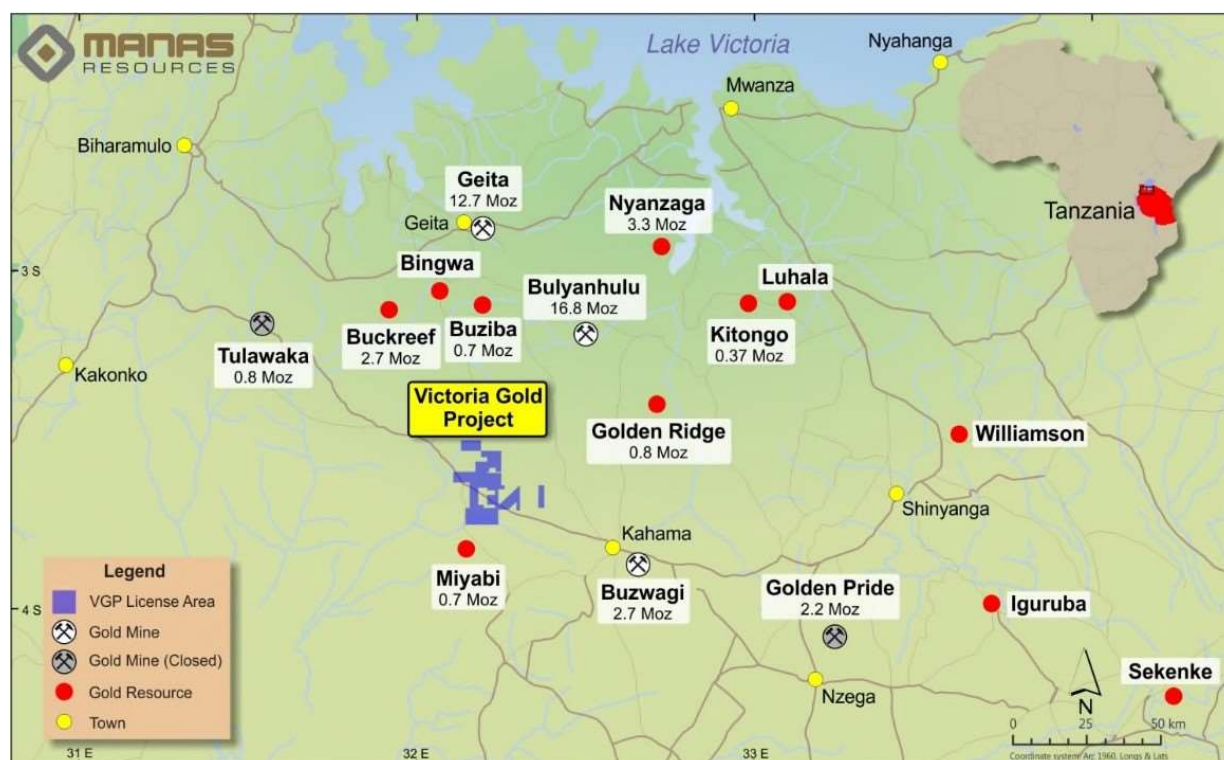


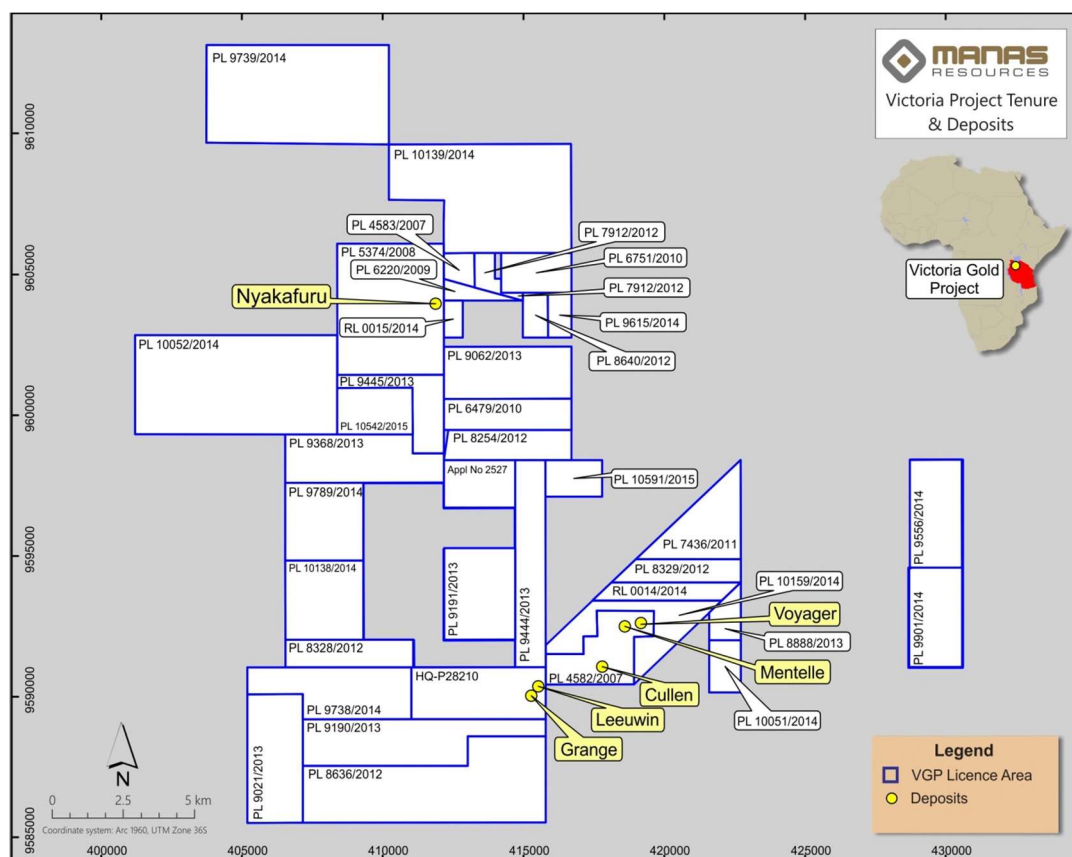
Figure 1: Victoria Gold Project Location Map

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.



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 as licence areas for relinquishment. This review has resulted in a reduced licence area covering some 280km² (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

Armada 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 |
|---------------------------------------|----------------------------|-------------------------------------|------------------------------|----------------------------|-----------------------------------|----------------------------|
| <i>Parent entity Directors</i> | | | | | | |
| 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 | - | - | - | - | - | - |
| <i>Other KMP</i> | | | | | | |
| Philip Reese | 3,760,921 | - | - | 87,255,590 | - | 91,016,511 |
| Oleg Gaponenko | - | - | - | - | - | - |
| Susmit Shah | 225,000 | - | - | 775,000 | - | 1,000,000 |

³Mr Carson resigned on 21 November 2016.

⁴Mr Kelly was appointed on 21 November 2016.

| 2015 | Opening Balance | Received as Remuneration | Options Exercised | Other Movement | Balance at Resignation | Closing Balance |
|---------------------------------------|----------------------------|-------------------------------------|------------------------------|---------------------------|-----------------------------------|----------------------------|
| <i>Parent entity Directors</i> | | | | | | |
| 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 |
| <i>Other KMP</i> | | | | | | |
| Philip Reese | 3,223,646 | - | - | 537,275 | - | 3,760,921 |
| Oleg Gaponenko | - | - | - | - | - | - |
| Susmit Shah | 225,000 | - | - | - | - | 225,000 |

¹Mr Ross resigned on 7 July 2015.

²Mr 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.



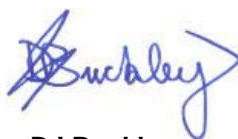
Mark Calderwood
Non-Executive Chairman
Perth, 31 March 2017

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

| | | Consolidated | |
|---|--------------|---------------------|------------------|
| | Notes | 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 | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | |
| Exchange gain / (loss) arising on translation of foreign operations | | 3,157,944 | (3,286,524) |
| <i>Items reclassified to profit or loss</i> | | | |
| 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.

Manas Resources Limited
Statement of Changes in Equity

31 December 2016

| 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, Savoyard 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 |
| | \$ | \$ |
| <i>Other expenses include:</i> | | |
| 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

| | Consolidated | |
|--|---------------------|-------------|
| (a) Income tax benefit | 2016 | 2015 |
| The major components of tax benefit are: | \$ | \$ |
| 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 brought to account: | | |
| 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 US\$4.9 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 | Consolidated |
|-------------------------------|----------------|---------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| At cost | 143,461 | 718,871 |
| Less accumulated depreciation | (143,191) | (489,549) |
| | 270 | 229,322 |

| | Consolidated | |
|--|---------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Reconciliation | | |
| 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

| | Company | Consolidated |
|------------------------|----------------|---------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Current | | |
| 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 |
|-----------------------------|----------------------|--------------------|-------------------|-------------------|

(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 |
|--|----------------|---------------------|
| | \$ | \$ |
| (b) Foreign currency translation reserve | 2016 | 2015 |
| 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 | Consolidated |
|---|----------------|---------------------|
| | 2016 | 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: | | Non-interest Bearing | Total |
|------------------------------------|---|------------------------------|-------------------------------------|----------------|-------------------------|------------|
| | | | 1 year or less | Over 1 year | | |
| | | \$ | \$ | \$ | \$ | \$ |
| 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: | | Non-interest Bearing | Total |
|------------------------------------|---|------------------------------|-------------------------------------|----------------|-------------------------|---------|
| | | | 1 year or less | Over 1 year | | |
| | | \$ | \$ | \$ | \$ | \$ |
| 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 | | - | - | - | - | - |
| 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 | Consolidated |
|------------------------------|------------------|---------------------|
| | 2016 | 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 \$ |
|--|---------------------|-------------------|
| <i>Financial Position</i> | | |
| Assets | | |
| Current assets | 13,970,318 | 153,454 |
| Non-current assets (i) | 370,294 | 27,804,857 |
| Total assets | <u>14,340,612</u> | <u>27,958,311</u> |
| Liabilities | | |
| Current liabilities | 768,970 | 210,065 |
| Total liabilities | <u>768,970</u> | <u>210,065</u> |
| 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 | <u>13,571,642</u> | <u>27,748,246</u> |
| <i>Financial performance</i> | | |
| (Loss)/profit for the year | <u>(17,044,004)</u> | 3,997,941 |
| Total comprehensive (loss)/profit for the year | <u>(17,044,004)</u> | 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

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.

| Key Audit Matter | How our audit addressed the key audit matter |
|---|--|
| Disposal of subsidiaries Note 10 | |
| <p>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. Savoyard 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.</p> <p>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.</p> <p>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.</p> | <p>To assess whether the sale transactions had been appropriately recognised and disclosed we:</p> <ul style="list-style-type: none"> • 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 <i>The effects of Changes in Foreign Exchange Rates</i> 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.

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

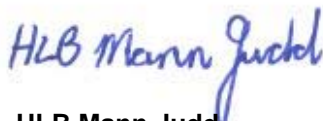
Opinion on the remuneration report

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.

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

HLB Mann Judd
Chartered Accountants

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

D I Buckley
Partner

Perth, Western Australia
31 March 2017

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors of Manas Resources Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Manas Resources Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. The Company's governance approach aims to achieve exploration, development and financial success while meeting stakeholders' expectations of sound corporate governance practices by proactively determining and adopting the most appropriate corporate governance arrangements.

The Company has adopted appropriate systems of control and accountability as the basis for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs. To the extent they are applicable and given its size and circumstances the Company has adopted the Eight Essential Corporate Governance Principles and Recommendations ("Recommendations"), as published by ASX Corporate Governance Council ("CGC").

The Company's directors are fully cognisant of the Corporate Governance Principles and Recommendations published by CGC and have adopted those recommendations where they are appropriate to the Company's circumstances. However, a number of those principles and recommendations are directed towards listed companies considerably larger than Manas Resources Limited, whose circumstances and requirements accordingly differ markedly from the Company's. For example, the nature of the Company's operations and the size of its staff mean that a number of the Board committees and other governance structures recommended by the CGC are not only unnecessary in Manas's case, but the effort and expense required to establish and maintain them would, in the directors' view, be an unjustified diversion of shareholders' funds.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of additional corporate governance structures will be given further consideration.

ASX Listing Rule 4.10.3 requires ASX listed companies to report on the extent to which they have followed the ASX Corporate Governance Principles and Recommendations ("ASX Principles") released by the ASX Corporate Governance Council ("CGC"). The ASX Principles require the board to consider carefully the development and adoption of appropriate corporate governance policies and practices founded on the ASX Principles. A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire financial year ended 31 December 2016. They comply with the 3rd Edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.

The Company's website at www.manasresources.com contains a corporate governance section that includes copies of the Company's corporate governance policies.

| | |
|--------------|--|
| Principle 1. | Lay solid foundations for management and oversight |
| Principle 2. | Structure the board to add value |
| Principle 3. | Act ethically and responsibly |
| Principle 4. | Safeguard integrity in corporate reporting |
| Principle 5. | Make timely and balanced disclosure |
| Principle 6. | Respect the rights of security holders |
| Principle 7. | Recognise and manage risk |
| Principle 8. | Remunerate fairly and responsibly |

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

Principle 1: Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of the senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board is responsible for:

- Determining the vision and objectives of the Company;
- Overseeing and fostering an appropriate culture for the Company that is directly aligned to its values, strategies and objectives;
- Reviewing and approving the Company's financial position, systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- Identifying all areas where written board policy is required, detailing the policies, and overseeing the implementation and monitoring of compliance;
- Formulating short term and long term strategies to enable the Company to achieve its objectives, and ensuring adequate resources are available to meet strategic objectives;
- Approving and monitoring the progress of major expenditure and acquisitions and divestments;
- Approving the annual budgets, and ensuring these are aligned with the Company's strategic objectives;
- Being responsible for the Company's senior management and personnel including appointing and, where appropriate, removing the Chairman;
- Ratifying the appointment, and where appropriate, the removal of the Executive Directors and the Company Secretary;
- Evaluating the performance of the senior management team and determining their remuneration;
- Delegating appropriate powers to senior management to ensure the effective day-to-day management of the business and monitoring the exercise of these powers;
- Ensuring that policies and procedures are in place consistent with the Company's objectives, and that the Company and its officers act legally, ethically and responsibly in all matters.
- Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy.

The responsibility for the day to day operation and administration of the Group is delegated by the Board to the Chief Executive Officer [CEO] who in turn delegates specific responsibilities to the senior management team. The Board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the senior management team. These delegations are reviewed as appropriate.

The Board Charter is available on the Company's website under the Corporate Governance section.

The CEO is responsible for the attainment of the Company's goals and vision for the future, in accordance with the strategies, policies, programs and performance requirements approved by the Board.

The CEO's (or as delegated to Senior Executives) specific responsibilities include:

- responsibility for the achievement of corporate goals and objectives
- development of short, medium and long-term corporate strategies and planning to achieve the Company's vision and overall business objectives
- implementing and monitoring strategy and reporting/ presenting to the Board on current and future initiatives
- advising the Board regarding the most effective organisational structure and oversee its implementation

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

- assessment of business opportunities of potential benefit to the Company
- encouraging staff commitment
- establishing and maintaining effective and positive relationships with Board members, shareholders, the investment community and other government and business liaisons
- undertaking the role of key Company spokesperson
- recommending policies to the Board in relation to a range of organisational issues including delegations of authority, consultancies and performance incentives
- ensuring statutory, legal and regulatory compliance and compliance with corporate policies and standards
- ensuring appropriate risk management practices and policies are in place
- selecting and appointing staff; and
- ensuring there is an appropriate staff appraisal system in place in the Company.

This statement of matters reserved for the Board and areas of delegated authority to the CEO and senior executives is contained in the Board Charter posted on the Company's website.

In July 2015, the then Managing Director / CEO's employment was terminated and the then Non-Executive Chairman, Mr Mark Calderwood was appointed as a part-time Executive Chairman. In April 2016, the Company promoted Philip Reese from Chief Operating Officer to Chief Executive Officer. With this CEO appointment, Mr Calderwood relinquished his Executive role to become the Non-Executive Chairman from 1 July 2016. In November 2016, founding director, Colin Carson resigned as a Non-Executive Director, and was replaced by Mr David Kelly. With these Board changes during the year, all necessitated by operational reasons, the Company has not been compliant with many aspects of its Board Charter.

Recommendation 1.2:

Companies should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information about any candidate to enable an informed decision to be made on whether or not to elect or re-elect a director.

Recommendation 1.3:

Companies should have a written agreement with each director and senior executive setting out the terms of their appointment.

Mr Calderwood, a founding director does not have a formal letter of appointment, however terms and conditions have been agreed in correspondence and Board resolutions for Mr Calderwood's Non-Executive Chairman role. Letters of appointment are in place for non-executive directors, Mr Lewis and Mr Kelly, and employment contracts are in place for Chief Executive Officer and other senior executives.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

The Company Secretary has a direct reporting line to the Board, through the Chair.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 1.5:

The Company should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

The Company recognises that a talented and diverse workforce is a key competitive advantage. The Company is committed to developing a workplace that promotes diversity. The Company's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. The Company has not yet formalised this policy into a written document. It is the Board's intention to formalise the policy at a time when the size of the Company and its activities warrants such a structure.

During 2016, the Manas Group had approximately 30 full time and full time equivalent staff, of which 30% were women. 4 women (50%) were department heads. There are no women on the board.

Recommendation 1.6:

The Company should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Due to the size of the Board and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of individuals. The Chairman conducted an informal review during the financial year whereby the performance of the Board as a whole and the individual contributions of each director were discussed. The Board considers that at this stage of the Company's development an informal process is appropriate.

As noted earlier and elsewhere in this Statement, there were a number of Board changes during the year.

Recommendation 1.7:

The Company should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board undertakes a review of the senior executives' performance, at least annually, including setting the goals for the coming year and reviewing the achievement of these goals.

Performance has been measured to date by the efficiency and effectiveness of the enhancement of the Company's mineral interest portfolio, the designing and implementation of the exploration and development programme and the securing of ongoing funding so as to continue its exploration and development activities. This performance evaluation is not based on specific financial indicators such as earnings or dividends as the Company is at the exploration / pre-development stage and during this period is expected to incur operating losses.

Due to the size of the Company and the nature of its business, it has not been deemed necessary to institute a formal documented performance review program of senior executives. The Chairman conducted an informal review process whereby he discussed with senior executives the approach toward meeting the short and long term objectives of the Company. The Board considers that at this stage of the Company's development an informal process is appropriate.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Principle 2: Structure the Board to add value

Recommendation 2.1:

The Board should establish a Nomination Committee of which the majority should be independent directors (including the Chair).

The Company does not have a nomination committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.

Directors are appointed under the terms of the Company's constitution. Appointments to the Board are based upon merit and against criteria that serves to maintain an appropriate balance of skills, expertise, and experience of the board. The categories considered necessary for this purpose are a blend of accounting and finance, business, technical and administration skills. Casual appointments must stand for election at the next annual general meeting of the Company.

Retirement and rotation of Directors are governed by the Corporations Act 2001 and the Constitution of the Company. All Directors, with the exception of the Managing Director (if appointed), serve for a period of three years before they are requested to retire and if eligible offer themselves for re-election.

Recommendation 2.2:

The Company should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

The Board composition for the reporting period has been as follows:

Non-executive Chairman – Mark Calderwood, geologist with exploration and production experience, served as part-time executive chairman from July 2015 to June 2016, and non-executive thereafter;
 CEO – Philip Reese, a metallurgist by training, was appointed in April 2016;
 Non-executive director – Colin Carson, finance and accounting professional with mining operational experience, resigned on 21 November 2016;
 Non-executive director – Justin Lewis, banking and corporate finance professional; and
 Non-executive director – David Kelly, a geologist and experienced company director, was appointed on 21 November 2016, replacing Mr Carson.

| | Non-executive Directors | Executive Director/ Executive Chairman |
|--|-------------------------|---|
| Strategy and leadership • Business leadership • Strategic planning • Stakeholder engagement • Public listed company experience • Non-executive experience • Executive experience • Global economic conditions and mineral markets | X | X |

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| | Non-executive Directors | Executive Director/ Executive Chairman |
|---|-------------------------|---|
| Mining Industry – Technical and General • Exploration • Mine development • Mining • Central Asia | X | X |
| Finance and Accounting • Corporate finance, capital markets, M&A • Accounting and Audit • Treasury and hedging • Taxation | X | X |
| Other • Legal and compliance • Governance and Risk management • Human resources and industrial relations | X | X |

The Board will look to supplement its skills set as and when circumstances change, for example the commencement of development leading to mineral production at its mineral projects at which time mining engineering and production skills may be required as part of the mix.

Each director has the right of access to all relevant company information and to the Company's employees and, subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the director is made available to all other members of the board.

Recommendation 2.3:

The Company should disclose the names of the directors considered to be independent directors and length of service of each director.

The names, experience and responsibilities of Directors of the Company in office at the date of this statement are set out in the Directors' Report (including names of the directors considered to be independent directors and length of service of each director). Details of independent directors and length of service of each director are noted below.

| Director | Office held | Independent |
|---|---|-------------|
| Mark Calderwood (appointed 17/10/2007) | Non-executive Chairman – up to 6/7/2015 | No |
| Mark Calderwood | Executive Chairman – up to 30/6/2016 | No |
| Mark Calderwood | Non-executive Chairman – from 1/7/2016 | No |
| Colin Carson (appointed 17/10/2007, resigned 21/11/2016)) | Non-executive director | No |
| Justin Lewis (appointed 1/8/2014) | Non-executive director | Yes |
| David Kelly (appointed 21/11/2016) | Non-executive director | No |

Recommendation 2.4:

A majority of the Board of the Company should be independent directors.

In assessing whether a director is classified as independent, the Board considers the independence criteria set out in the ASX Corporate Governance Council Recommendation 2.1 and other facts, information and circumstances deemed by the Board to be relevant. Using the ASX Best Practice Recommendations on the assessment of the

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

independence of Directors, the Board considers that only one of the Directors holding office during the reporting period can be considered to be independent and therefore the Company does currently not have a majority of independent directors. The Company considers that each of the directors possesses the skills and experience suitable for building the Company and that although the Company does not currently have a majority of independent directors, the current composition of the Board is appropriate for the Company's current size and operations.

The Board takes the responsibilities of best practice in corporate governance seriously. It is the Board's intention to review its composition on a continual basis as the Company expands its activities and greater demands and skills amongst Directors become necessary.

Recommendation 2.5:

The Chair of the Board should be an independent director, and should not be the CEO of the Company.

The Chairman, Mr Mark Calderwood, is considered the "lead" Director and utilises his experience, skills and leadership abilities to facilitate the governance processes. He was a part-time Executive Chairman until June 2016 and from July 2016 he serves as a Non-Executive Chairman. For these reasons he can not be considered an independent Director.

Recommendation 2.6:

The Company should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

The Board Charter provides for induction and professional development for the Board. The Company Secretary is tasked with coordinating the induction process for new directors. Such a process has not been formalised at this stage. In general terms, directors appointed to the Board in the past and more recently have pre-existing skills and experience as public company directors and a formal induction process is not considered a priority.

All directors are expected to maintain the skills required to discharge their duties as a director. The directors are all experienced directors who serve or have served on numerous public company boards and as such develop themselves professionally on a continuous basis. Members of the executive team brief the Board on relevant industry, financial, accounting, legal, compliance, governance and other developments.

Principle 3: Act ethically and responsibly

Recommendation 3.1:

Companies should have a Code of Conduct for its directors, senior executives and employees.

The Company has developed a Code of Conduct (the Code) which has been endorsed by the Board and applies to all employees, Directors and officers. The Code may be amended from time to time as necessary to ensure it reflects the practices necessary to maintain confidence in the Company's integrity and to take into account legal obligations and reasonable expectations of the Company's stakeholders. The Code outlines the responsibility and accountability of Company personnel to report and investigate reports of unethical practices. A copy of the Code is available on the Company's website.

Securities Trading Policy

Trading in Company securities is regulated by the Corporations Act and the ASX Listing Rules. The Board makes all Directors, officers and employees aware on appointment that it is prohibited to trade in the Company's securities whilst that Director, officer or employee is in the possession of price sensitive information.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Manas has adopted a policy that Directors, employees, advisers and consultants (Applicable Persons) and their related parties (spouses, de facto spouses, parents and children) (Related Persons) are aware of legal restrictions in dealing in Company securities while in possession of unpublished price sensitive information.

Under this policy Applicable Persons and Related Persons should:

- not engage in short-term trading of Manas securities
- not deal in Manas securities while in possession of Inside Information
- in certain circumstances, notify the Company Secretary of any intended transactions involving Manas securities; and
- ensure any of their buying or selling of Manas securities occurs outside of Closed Periods unless prior written clearance is obtained in accordance with this policy.

Securities interests of Directors and other key management personnel are disclosed in Annual Reports. Securities interests of Directors are also reported to the ASX as and when changes take place.

Anti-bribery and Corruption Compliance

Manas recognises that Directors, officers, employees and third parties operating outside of Australia have a special responsibility to know and obey laws and regulations of countries where they operate and to conduct themselves in accordance with local business practices.

Manas recognises that laws, regulations, business practices and customs vary throughout the world and that in certain cases these may vary in the be different jurisdictions in which Manas and its subsidiaries operate from those in Australia. Notwithstanding, in particular, the Manas Group and its Directors, officers, employees and third parties must comply with all applicable laws relating to foreign corrupt practices, including the relevant laws within Australia, the Kyrgyz Republic and Tanzania.

Manas provides Anti-Bribery and Corruption Compliance training to all employees and consultants.

Principle 4: Safeguard Integrity in Financial reporting

Recommendation 4.1

The Board should have an Audit Committee.

Until Mr Carson's resignation in November 2016, the Audit Committee comprised Mr Carson as Chairman and Mr Lewis. The Board has not reconstituted the Audit Committee since Mr Carson's resignation.

The composition of the Committee was not in compliance with the CGC principles as it comprises only two directors and not all members are independent. Mr Carson, in his capacity as Chairman of the Committee, was not considered independent. The Company's stage of development and a focus on reducing corporate and overhead costs means that it is not in a position to comply with the CGC guidelines in this respect.

The Company requires external auditors to demonstrate quality and independence. The performance of the external auditor is reviewed and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

The audit engagement partner from auditors, HLB Mann Judd is subject to rotation rules under the Corporations Act.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 4.2

The Board of the Company should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The Non -Executive Chairman and the Company Secretary have declared in writing to the Board that the Company's financial statements for the year ended 31 December 2016 present a true and fair view, in all material aspects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards, that this is founded on a sound system of risk management and internal compliance and control and that the Company's risk management and internal compliance and control system is operating efficiently and effectively. This representation is made by the Non-Executive Chairman and Company Secretary prior to the Director's approval of the release of the annual and half yearly accounts. This representation is made after enquiry of, and representation by, appropriate levels of management.

Recommendation 4.3

The Company should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

The external auditor is required under the Corporations Act to attend the Company's Annual General Meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report. The Company's external auditor has been in compliance with this requirement.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

Companies should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

The Company has not developed a formal ASX Listing Rules Disclosure Strategy. The Company's directors have a long history of involvement with public listed companies and are familiar with disclosure requirements of the ASX listing rules and the Corporations Act.

The Company has in place informal procedures, including discussion about disclosure matters at all formal and informal Board and management meetings, which it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Chairman and the company secretary as being responsible for all matters relating to disclosure.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

Companies should provide information about itself and its governance to investors via its website.

The Company is committed to maintaining a Company website with general information about the Company and its operations, information about governance and information specifically targeted at keeping the Company's shareholders informed about the Company. In particular, where appropriate, after confirmation of receipt by the ASX, the following are posted to the Company's website:

- relevant announcements made to the market via the ASX;
- notices of meetings;
- investment updates;
- company presentations and media releases;
- copies of press releases and announcements for (at least) the preceding three years; and
- copies of annual, half-yearly and quarterly reports including financial statements for (at least) the preceding three years.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendations 6.2 and 6.3:

Companies should design and implement an investor relations program to facilitate two-way communication with investors.

Companies should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

The Non-Executive Chairman and the CEO make themselves available to meet shareholders and regularly respond to enquiries made via telephone or email. The CEO also completes periodic investor presentations to facilitate engagement with investors and other financial market participants. From time to time other directors and nominated senior management will also engage with shareholders and investors generally.

The Board encourages full participation of shareholders at the Annual General Meeting. In preparing for general meetings of the Company, the Company drafts the notice of meeting and related explanatory information so that shareholders are provided with all of the information that is relevant to shareholders in making decisions on matters to be voted on by them at the meeting. The Company allows shareholders a reasonable opportunity to ask questions of the Board of Directors and to otherwise participate in the meeting. The external auditor of the Company is asked to attend each annual general meeting and to be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report. Important issues are presented to the shareholders as single resolutions. The shareholders are also responsible for voting on the appointment of Directors.

Recommendation 6.4:

Companies should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Information about the Company is regularly emailed to all shareholders who lodge their email contact details with the Company. Information on lodging email addresses and on submitting information requests with the Company is available on the Company's website. Shareholders can receive communications from, and send communications to, the Company's security registry electronically.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board should have a committee or committees to oversee risk.

The Company is not currently of a size to require the formation of committees to oversee risk. The full Board has the responsibility for the risk management, compliance and internal controls systems of the Company.

Senior management is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business. The Company adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. The risks involved in a resources sector company and the specific uncertainties for the Company continue to be regularly monitored. All proposals reviewed by the Board include a consideration of the issues and risks of the proposal.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 7.2:

The Board should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

The Board considers risks and discusses risk management at each Board meeting. Review of the risk management framework is an on-going process rather than an annual formal review. The Company's main areas of risk include:

- capital requirement and future funding;
- geological and technical risk posed to exploration and commercial exploitation success;
- sovereign risk, change in government policy, change in mining and fiscal legislation;
- prevention of access by reason of inability to obtain regulatory or landowner consents or approvals, or native title issues;
- retention of key staff;
- change in metal market conditions;
- adverse weather events; and
- mineral title tenure and renewal risks.

Recommendation 7.3:

The Company should disclose if it has an internal audit function.

The Company does not have an internal audit function. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the formation of an internal audit function at this time. The Board as a whole regularly evaluates and improves the effectiveness of its risk management (refer above) and internal control processes.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board should have a Remuneration Committee.

The Company had a remuneration committee, comprising Mr Lewis (Chairman) and Mr Carson. With the resignation of Mr Carson in November 2016, the committee is no longer in place.

The Board as a whole addresses the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board has been considering those matters that would usually be the responsibility of a remuneration committee.

Recommendation 8.2:

Companies should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

The Company provides disclosure of all Directors and executives remuneration in its annual report.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

The remuneration policy of the Company has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the company. Directors' remuneration is approved by resolutions of the Board. The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

Non-Executive Directors

The Board policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. Payments to the Non-Executive Directors are reviewed annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at the Annual General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. Non-Executive Directors are entitled to receive incentive options or securities (subject to shareholder approval) as it is considered an appropriate method of providing sufficient reward whilst maintaining cash reserves. There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-Executive Directors.

It should be noted that in view of the Company's financial circumstances the actual remuneration paid or payable to non-executive directors during the previous reporting periods (2014 and 2015) has been considerably less than the agreed remuneration levels.

Executives

The senior executives of the Company during the reporting period were the Executive Chairman, , the Chief Executive Officer, Director General Kyrgyz subsidiaries (until the disposal of the Kyrgyz subsidiaries) and the Company Secretary. The Company is committed to remunerating its senior executives in a manner that is market-competitive and consistent with best practice as well as supporting the interests of shareholders. Consequently, the remuneration of senior executives may be comprised of the following:

- fixed salary that is determined from a review of the market and reflects core performance requirements and expectations;
- a performance bonus designed to reward actual achievement by the individual of performance objectives and for materially improved Company performance;
- participation in any option or securities incentive scheme with thresholds approved by shareholders;
- statutory superannuation.

By remunerating senior executives through performance and long-term incentive plans in addition to their fixed remuneration, the Company aims to align the interests of senior executives with those of shareholders and increase performance. The value of shares and incentive securities granted to senior executives is calculated using the Black-Scholes pricing models as described in the Financial Statements.

The objective behind using this remuneration structure is to drive improved performance and thereby increase shareholder value as well as aligning the interests of executives and shareholders.

The Board may use its discretion with respect to the payment of bonuses, incentive share options and other incentive payments (none were paid or declared payable during the reporting period).

For details of remuneration paid to Directors and officers for the financial year please refer to the Remuneration Report forming part of the Directors' Report and the Financial Statements generally.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (Continued)

Recommendation 8.3:

A Company which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

The Company has equity based remuneration schemes which are affected by this recommendation. Recipients of equity-based remuneration (eg. incentives options or performance rights) both within the terms of the Employee Option Plan / Performance Rights Plan and outside any specific plan are not permitted to enter into any transactions that would limit the economic risk of options or other unvested entitlements.

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Additional Shareholder Information

The shareholder information set out below was applicable as at 11 April 2017.

Substantial Shareholders

Holdings of substantial shareholders as advised to the Company are set out below.

Name of Holder

| | |
|-------------------------|-------------|
| Resolute Mining Limited | 523,899,835 |
|-------------------------|-------------|

Distribution of Holders of Equity Securities

| Size of Holding | Total Holders |
|-------------------|-------------------|
| 1 to 1,000 | 53 |
| 1,001 to 5,000 | 71 |
| 5,001 to 10,000 | 136 |
| 10,001 to 100,000 | 446 |
| 100,001 and over | 806 |
| | <hr/> 1,512 <hr/> |

The number of shareholdings comprising less than a marketable parcel was 624.

Voting Rights

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options has any voting rights.

Twenty Largest Shareholders

| | Number of Shares | % Held |
|---|---------------------|--------------|
| Pershing Australia Nominees Pty Ltd | 523,899,835 | 19.90 |
| Perseus Mining Limited | 109,662,355 | 4.17 |
| ABN Amro Clearing Sydney Nominees Pty Ltd | 108,298,197 | 4.11 |
| Mr Philip Reese | 91,016,511 | 3.46 |
| HSBC Custody Nominees (Australia) Limited | 47,456,957 | 1.80 |
| Lion Selection Group Limited | 43,317,145 | 1.65 |
| Mr Nicholas James Lambos | 40,170,000 | 1.53 |
| Dr Hossein Sabet | 40,000,000 | 1.52 |
| Sheraton Lake Pty Ltd | 35,714,286 | 1.36 |
| Mr Adam Gare | 34,500,000 | 1.31 |
| Skink Resources Pty Ltd | 30,230,000 | 1.15 |
| Stormclassic Pty Ltd | 27,967,055 | 1.06 |
| J P Morgan Nominees Australia Limited | 22,930,256 | 0.87 |
| Mr Mark Andrew Calderwood | 22,113,117 | 0.84 |
| Mr John Purcell | 20,500,000 | 0.78 |
| Jetosea Pty Limited | 20,000,000 | 0.76 |
| Bramshott Nominees Pty Ltd | 19,981,561 | 0.76 |
| Talex Investments Pty Ltd | 18,000,000 | 0.68 |
| Mr Andrew Ian Brown | 17,500,000 | 0.66 |
| Gecko Resources Pty Ltd | 16,616,668 | 0.63 |
| | <hr/> 1,289,873,943 | <hr/> 49.00% |

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Mineral Concession Interests as at 13 April 2017

| Licence No | Registered Holder |
|---------------|---------------------------|
| PL10139/2014 | Mabangu Mining Limited |
| PL9739/2014 | Mabangu Mining Limited |
| PL10052/2014 | Mabangu Mining Limited |
| PL9444/2013 | Mabangu Mining Limited |
| PL9191/2013 | Mabangu Mining Limited |
| PL9789/2014 | Mabangu Mining Limited |
| PL10051/2014 | Mabangu Mining Limited |
| PL8888/2013 | Mabangu Mining Limited |
| PL5374/2008 | Mabangu Mining Limited |
| PL10542/2015 | Mabangu Mining Limited |
| PL10138/2014 | Mabangu Mining Limited |
| Appl No 02527 | Mabangu Mining Limited |
| PL10159/2014 | Mabangu Mining Limited |
| RL0014/2014 | Mabangu Mining Limited |
| PL9062/2013 | Mabangu Mining Limited |
| PL8640/2012 | Mabangu Mining Limited |
| PL6220/2009 | Mabangu Mining Limited |
| PL9556/2014 | Mabangu Mining Limited |
| PL9901/2014 | Mabangu Mining Limited |
| PL9738/2014 | Mabangu Mining Limited |
| PL10591/2015 | Mabangu Mining Limited |
| HQ-P28210 | Mabangu Mining Limited |
| PL9445/2013 | MEL |
| PL9368/2013 | Resolute Tanzania Limited |
| PL8328/2012 | Resolute Tanzania Limited |
| PL4582/2007 | Resolute Tanzania Limited |
| PL4583/2007 | Resolute Tanzania Limited |
| PL8329/2012 | Resolute Tanzania Limited |
| PL7436/2011 | Resolute Tanzania Limited |
| RL0015/2014 | Resolute Tanzania Limited |
| PL6751/2010 | Resolute Tanzania Limited |
| PL8636/2012 | Resolute Tanzania Limited |
| PL9615/2014 | ABG Exploration |
| PL7912/2012 | ABG Exploration |
| PL8254/2012 | Vulcan Resources |
| PL6479/2010 | Vulcan Resources |
| PL9021/2013 | Vulcan Resources |
| PL9190/2013 | Vulcan Resources |

Location – All mineral interests noted above are in the Lake Victoria Goldfields area of Northern Tanzania and comprise the Victoria Gold Project (VGP), the subject of acquisition¹ by Manas Resources Limited.

¹As at the date of this report, Manas Resources Limited has the right, subject to completion of due diligence and regulatory approvals, to acquire these mineral interests (refer ASX announcements for further information).