



# MANHATTAN

MANHATTAN RESOURCES PTY LTD

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**MANHATTAN**

MANHATTAN RESOURCES PTY LTD

**MANHATTAN RESOURCES PTY LTD**

ABN 81 127 373 871

**2008 ANNUAL REPORT  
and  
FINANCIAL STATEMENTS**

## CORPORATE DIRECTORY

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### DIRECTORS

John A G Seton LL.M(Hons)  
*Non Executive Chairman*

Alan J Eggers B.Sc, B.Sc(Hons), M.Sc, F.S.E.G., MAusIMM, MAIG  
*Managing Director*

### COMPANY SECRETARY

Robert (Sam) Middlemas B.Com, CA, Grad. Dip. Acc

### BUSINESS OFFICE

Ground Floor  
15 Rheola Street  
West Perth  
Western Australia, 6005

PO Box 1038  
West Perth  
Western Australia, 6872

Telephone: +61 8 9322 6677  
Facsimile: +61 8 9322 1961

### REGISTERED OFFICE

Ground Floor  
15 Rheola Street  
West Perth  
Western Australia, 6005

### AUDITORS

Rothsay Chartered Accountants  
Level 18, 6-10 O'Connell Street  
Sydney  
New South Wales, 2000

### SOLICITORS

Blakiston & Crabb  
1202 Hay Street  
West Perth  
Western Australia, 6005

### BANKERS

Westpac Banking Corporation  
109 Hay Street  
West Perth  
Western Australia, 6005

### CORPORATE ADVISERS

Gresham Advisory Partners Limited  
Perth  
Western Australia

### INTERNET ACCESS

Email: [info@manhattanresources.com.au](mailto:info@manhattanresources.com.au)  
Web Site: [www.manhattanresources.com.au](http://www.manhattanresources.com.au)

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## CHAIRMAN'S REVIEW



**MANHATTAN**

MANHATTAN RESOURCES PTY LTD

15 Rheola Street  
West Perth WA 6005

PO Box 1038  
West Perth WA 6872

Tel: +61 8 9322 6677  
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19 January 2008

### Dear Shareholders and Investors

I am pleased to welcome you as the founding investors in Manhattan Resources Pty Ltd and have pleasure in presenting to you Manhattan's first Annual Report and Financial Statements.

Manhattan was formed in September 2007 with the objective of acquiring interests in resource and mining projects. Manhattan, headed by Alan J Eggers, has since September successfully raised \$5.02 million in capital from 19 sophisticated investors to fund the generative and evaluation phase of its activities.

Along with Alan and I (the Board of Manhattan) a small team of experienced professionals and administrative personnel have been assembled in Manhattan's Perth office. In addition, the appointment of Sam Middlemas as Company Secretary brings a great deal of industry financial, accounting, and commercial experience to the Manhattan management team.

Manhattan has commenced evaluation and assessment of a number of acquisition opportunities. A range of commodities including uranium, copper, gold, iron ore and oil and gas are being targeted. We believe supply shortfalls and strong demand fundamentals exist in these commodities in the medium to longer term.

Manhattan has been launched at an interesting time. Whilst the carbon based energy sector has strengthened and prices more than doubled since May 2007, the major mineral resources indices and commodity prices (including uranium) have been in retreat following a four year bull market. The magnitude of this market correction whilst significant, particularly in the uranium and metals sector, has potentially worked in Manhattan's favour with readjusted value expectations for resource assets and projects. These market conditions, and the M&A activity by the majors, have created a number of possible acquisition opportunities at more realistic values.

The negative market sentiment for uranium assets has accelerated over recent months with the uranium spot price coming back from a high of US\$138 pound in July 2007 to around US\$65 pound by mid 2008.

Manhattan understands this market sentiment and the pull back in corporate values have made capital raising to fund project acquisitions and development more difficult. Management is focussed on evaluating more advanced exploration and mining development projects where drill defined resources are known, or are likely to be developed in the near term. We believe combining these projects with Manhattan's corporate experience, world wide financial contacts and access to capital will create an opportunity for an uplift in value.

These objectives, and information on our project generation and assessment activities, are summarised in the Managing Director's Report of the Annual Report.

Despite the current market and commodity sentiment Manhattan's future, by primarily focussing on energy related projects, is underpinned by the demand for clean energy world wide, the growing standard of living expectations and demand for resources in the developing Chinese, Indian and Asian economies.

Manhattan is now financially well placed to achieve its objectives without the need to raise further funds prior to a major acquisition.

We look forward to your support as we move through the project generation and acquisition phase. The simple aim is to advance Manhattan's interests by recognising opportunities, unlocking value in acquired projects or corporations and delivering growth in shareholder wealth.

Your board is confident that Manhattan has a very bright future ahead of it and we look forward to keeping you informed and reporting to you on Manhattan's progress and developments in the coming months.

**JOHN A G SETON**

Chairman

19 September 2008

## MANAGING DIRECTOR'S REPORT

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Manhattan was incorporated in September 2007 and followed up with a successful \$5.02 million capital raising to fund its activities. The Company recorded an operating loss after income tax for the period since incorporation on 4 September 2007 to 30 June 2008 of \$476,560.

The Company's objective is to evaluate and acquire quality assets in the resource sector, add value and create shareholder wealth by recognising opportunities where value can be added to underperforming assets. Uranium, base metal, precious metal, iron ore and oil and gas projects are being targeted. As outlined in the Chairman's Review we believe supply shortfalls and strong demand fundamentals exist in these commodities in the medium to longer term.

As you will be aware, Manhattan has a highly experienced and knowledgeable core management team headed by John Seton and I. Our previous experience in Summit Resources Limited, until it was taken over by Paladin Energy Ltd in a A\$1.2 billion transaction in the first half of 2007, leaves us with a strong and successful background in resource company management, with a record of creating value and delivering shareholder wealth. This experience, combined with our other corporate activities in listed resource companies, is the basis of the management team at Manhattan.

Manhattan has now assembled a small team of experienced resource professionals and administrative personnel in its Perth office. These include the appointment Mr Sam Middlemas as Company Secretary and Ms Sue Rowles as Office Manager.

Manhattan is in the project generative and acquisition phase. Its activities include evaluation of numerous resource projects, companies and corporate proposals. Opportunities either considered, or under consideration, include:

### **Projects:**

Uranium, base metal, gold, iron ore projects and oil and gas opportunities considered or under assessment include the Kintyre uranium deposit in WA, the Sweetwater uranium mill and properties in USA, uranium projects in South Australia, Peru, Mauritania and Sweden. Zambia and the Congo, iron ore projects in South Africa and Liberia, magnetite and vanadium in South Africa and a gold project in Africa. Several oil and gas opportunities have been, or are currently, being evaluated. Divestment of advanced resource projects by major mining houses are also being monitored and pursued.

### **Companies:**

A number of unlisted and listed companies have been identified and are under evaluation where Manhattan is looking at moving to gain management control. These companies, both in Australia and overseas, include companies with advanced resources that appear to be undervalued, companies with open share registers where effective management control could be achieved without the need for a full takeover offer, companies with ineffective investor marketing, companies where the incumbent board and management team are failing to deliver the best outcome for investors on the assets under their control, companies requiring assistance with management, expertise or companies requiring support to list. A large number of companies have been reviewed. Follow up work, to date, is in progress on ASX, TSX and AIM listed entities. The majority are advanced uranium explorers, two iron ore companies, base metal companies and one unlisted oil and gas company.

### **Corporate Proposals:**

Corporate opportunities identified include negotiations, possible project acquisitions or joint ventures with uranium mining companies operating in Kazakhstan, Namibia, Africa and Australia and an oil and gas company operating in New Zealand. These proposals include possible acquisition of mining assets and listing of Manhattan on Australian and or London or North American stock exchanges. Contact has been maintained with several merchant banks, fund managers and brokers in Australia, Hong Kong and London to identify opportunities for Manhattan to acquire or gain an interest in resource projects.

Manhattan is monitoring the major mineral producing districts including the Mount Isa region and, as highly prospective ground becomes available, intends to apply for the tenements and, when granted, commence exploration in its own right. The Company has lodged five EPM applications in the Mount Isa District of northwest Queensland.

It is our view that the present volatility in the equities markets, and the decline in corporate values, creates opportunities for acquisitions and corporate activity that would not otherwise be available at the height of a bull market. Manhattan is well placed in terms of key assets, people, corporate advisers and funds, to take advantage of the current uncertainty and secure resource projects and or profitable commercial ventures in the industry on favourable terms for its investors.

**ALAN J EGGERS**  
Managing Director  
19 September 2008

## DIRECTORS' REPORT

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The Directors have pleasure in presenting their Annual Report and Financial Statements for Manhattan Resources Pty Ltd ABN 81 127 373 871 ("Manhattan") for the period since incorporation on 4 September 2007 to 30 June 2008.

### PRINCIPAL ACTIVITIES

The principal continuing activity of Manhattan during the year consisted of identification of potential projects to acquire, mineral exploration, development and corporate opportunities in the resource sector world wide.

There has been no significant change in the nature of Manhattan's business activities during the year under review.

### REVIEW OF OPERATIONS

Manhattan was incorporated in September 2007 and subsequently funded to acquire a portfolio of quality uranium, base metal, precious metal and or iron ore exploration, development or mining projects. Business strategies have been developed and a number of proposals have been, and are currently being, evaluated.

During the period to 30 June 2008 Manhattan completed a successful fund raising of \$5.02 million.

A review of operations for the financial year, together with future prospects that form part of this Report, are presented in the Chairman's Review and Managing Director's Report.

Manhattan will continue to examine opportunities in the resource sector, with particular focus on advanced projects, with the potential to deliver an early cash flow or a substantial uplift in value.

Manhattan recorded an operating loss after income tax for the period since incorporation on 4 September 2007 to 30 June 2008 of \$476,560.

### LIKELY DEVELOPMENTS

Manhattan intends to continue to evaluate opportunities for acquisition and investment in the resource sector.

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The state of affairs of Manhattan have not been affected by any significant changes during the period nor have changes arisen since the end of the Financial period to the date of this report that significantly affect the operations of Manhattan.

### SHARE OPTIONS

There are no options outstanding at the date of this report.

### EVENTS SUBSEQUENT TO BALANCE DATE

No matters, or circumstances, not otherwise dealt with in this Annual Report and Financial Statements, have arisen since the end of the Financial period and to the date of this report that significantly affected, or may significantly affect, the operations, the financial results or the state of affairs of Manhattan in the financial years subsequent to the Financial period ended 30 June 2008.

### DIRECTORS AND COMPANY SECRETARY

The following persons held office as Directors and Company Secretary of Manhattan during the period since incorporation on 4 September 2007:

**John A G Seton**  
**Alan J Eggers**  
**Robert (Sam) Middlemas**

### PROFILE OF DIRECTORS AND COMPANY SECRETARY

#### CHAIRMAN (NON EXECUTIVE)

**John A G Seton** LL.M(Hons)

John Seton is an Auckland based solicitor with extensive experience in commercial law, stock exchange listed companies and the mineral resource sector. He is the Executive Chairman of ASX listed Zedex Minerals Limited, a director and former President of Olymplus Pacific Minerals Inc (listed on the Toronto Venture Exchange), former director and Chairman

## DIRECTORS' REPORT

of Summit Resources Limited and holds or has held directorships in several companies listed on the Australian and New Zealand Stock Exchanges including Kiwi Gold NL, Kiwi International Resources NL, Iddison Group Vietnam Limited and Max Resources NL. John was the former chief executive of IT Capital Limited.

John is also the former Chairman of the Vietnam/New Zealand Business Council and holds a number of private company directorships including Chairman of Mud House Wines Limited, an unlisted public company.

### MANAGING DIRECTOR

**Alan J Eggers** B.Sc, B.Sc(Hons), M.Sc, F.S.E.G., MAusIMM, MAIG

Alan Eggers is a professional geologist with over 30 years of international experience in exploration for uranium, base metals, precious metals and industrial minerals. He was the founding director and managing director for 20 years of listed uranium company Summit Resources Limited. He built Summit into an ASX top 200 company with a market capital of \$1.2 billion until its takeover by Paladin Energy Ltd in mid 2007. His professional experience has included management of mineral exploration initiatives and corporate administration of private and public companies. Alan is managing director of Wesmin Consulting Pty Ltd, a director of ASX listed Zedex Minerals Limited, was a founding director of the Australian Uranium Association and holds a number of directorships in private companies.

### COMPANY SECRETARY

**Robert (Sam) Middlemas** B.Com, CA, Grad. Dip. Acc

Sam Middlemas is a chartered accountant with more than 15 years experience in various financial and company secretarial roles with a number of listed public companies operating in the resources sector. He is the principal of a corporate advisory company which provides financial and secretarial services specializing in capital raisings and initial public offerings. Previously Mr Middlemas worked for an international accountancy firm leaving a management position. His fields of expertise include corporate secretarial practice, financial and management reporting in the mining industry, treasury and cash flow management and corporate governance.

### DIRECTORS' MEETINGS

The following table sets out the number of meetings of Manhattan's Directors held during the period ended 30 June 2008 and the number of meetings attended by each Director. As provided for in Manhattan's constitution, some meetings were held by conference call telephone link between Auckland and Perth.

There were four (4) Directors meetings held during the year.

Director	Board of Directors' Meetings	
	Meetings Attended	Meetings held while a director
John A G Seton	3	3
Alan J Eggers	4	4

### REMUNERATION REPORT

This remuneration report details the nature and amount of remuneration for each Director and Executive Officer of Manhattan. The information provided in the remuneration report includes remuneration disclosures that are required under Accounting Standard AASB 124 "Related Party Disclosures". These disclosures have been transferred from the Financial Statements and have been audited.

#### Principals used to determine the nature and amount of remuneration

The objective of Manhattan's executive reward framework is to ensure reward for performance is competitive and appropriate for the level of responsibility and results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that the executive reward satisfies the following criteria for good corporate governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Performance linkage and alignment of executive compensation
- Transparency
- Capital management

The Board has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy for Manhattan.

## DIRECTORS' REPORT

### Non Executive Directors

Fees and payments to non executive Directors reflect the demands which are made on, and responsibilities of, the Directors. Non executive Directors' fees and payments are reviewed annually by the Board. The Chairman's fees are based on comparative roles in similar companies in the sector. The Chairman is not present at any discussions relating to determination of his own remuneration.

### Executive Directors

Fees and payments to executive Directors also reflect the demands which are made on, and responsibilities of, the Directors. Executive Directors' fees and payments are reviewed annually by the Board and Company Secretary. The Managing Director's fees are based on comparative roles in similar companies in the sector. The Managing Director is not present at any discussions relating to determination of his own remuneration.

### Executive Officers

Fees and payments to executive Officers also reflect the demands which are made on, and responsibilities of, the Officers. Executive Officers' fees and payments are reviewed annually by the Board. The Officers' fees are based on comparative roles in similar companies in the sector and normal commercial rates and charges.

### DIRECTORS AND OFFICERS REMUNERATION

Details of remuneration paid to each Director and Officer of Manhattan during the Financial Year are as follows:

	Base Salary/Fees \$	Total \$
<b>Directors</b>		
John A G Seton	15,000	15,000
Alan J Eggers (i)	171,500	171,500
<b>Executives</b>		
Robert (Sam) Middlemas (ii)	6,815	6,815
Simon Eley (i)	120,002	120,002

- (i) Fees for Messrs Eggers and Eley were paid to Wesmin Consulting Pty Ltd  
(ii) Mr Middlemas' fees were paid to Sparkling Investments Pty Ltd.

### Service Agreements

Manhattan has entered into a service agreement with Wesmin Consulting Pty Ltd ("Wesmin"), an entity in which Alan J Eggers has a substantial financial interest, to procure the services of Alan J Eggers to provide a range of management, geological, technical, administrative and professional services to Manhattan. The fees include a retainer fee of \$48,000 per annum for 30 days attendance plus \$1,000 per day for additional attendances on Company business and executive director's fees of \$10,000 per annum.

The service agreement also requires Wesmin to employ and insure all required professional, technical, administrative and support salaried staff required by Manhattan, including workers compensation insurance, on a direct reimbursable cost plus five percent (5%) recovery basis and the provision of fully fitted out business office space at commercial rates.

The agreement includes a provision for an early termination and or redundancy payment to Wesmin calculated as a payment equivalent to two years (24 Months) of fees and payments that would have otherwise been payable in normal course of business and two months office rental.

The term of the Wesmin service agreement is for two years, then renewable for two years with an annual review of fees and charges.

### Share Based Compensation

No share based remuneration compensation plan exists.

### DIRECTORS' AND OFFICERS' INDEMNITIES

Due to the current management and board structure, the level of Manhattan's activity and the nature of its business interests Manhattan has decided not to take out a Directors and Officers liability insurance policy.

## DIRECTORS' REPORT

### DIRECTORS' AND OFFICERS' INTERESTS

The interests of Directors and Officers in securities of Manhattan at the date of this report are:

	Direct	Indirect
<b>Directors</b>		
John A G Seton (i)	5,000,000	20,000,000
Alan J Eggers (ii)	10,000,000	21,000,000
<b>Executives</b>		
Robert (Sam) Middlemas (iii)	nil	500,000
Simon Eley (iv)	3,000,000	nil

- (i) Seton's indirect holdings include shares held by a trust of which he is a trustee but not a beneficiary.
- (ii) Eggers' indirect holdings include shares held by a trust to which he is a financial adviser.
- (iii) Middlemas' indirect holdings are held by an Associated Person as defined in the *Corporations Act 2001*.
- (iv) Eley's holdings are held by a company in which he has a substantial financial interest.

No options have been issued and Directors and Officers do not hold options over unissued shares in Manhattan.

### ENVIRONMENTAL OBLIGATIONS

In Australia Manhattan's activities are subject to environmental regulations under the laws of the Commonwealth and States. Manhattan has a policy of complying with all its environmental performance obligations and, at the date of this report, is not aware of any breach of such obligations.

### CORPORATE AND FINANCIAL POSITION

As at 30 June 2008 Manhattan had cash reserves of \$3.9 million and held shares in listed companies of \$0.6 million.

### CONSOLIDATED RESULTS

The consolidated loss of Manhattan attributable to the shareholders of Manhattan for the Financial period after abnormal items and income tax was as follows:

	2008 \$	2007 \$
<b>Operating Surplus/Deficit</b>	<b>(476,560)</b>	not incorporated

### DIVIDENDS

No dividend has been paid by Manhattan during the Financial Year ended 30 June 2008, nor have the Directors recommended that any dividend be paid during the period.

### CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Manhattan support and have adhered to the principles of corporate governance. Manhattan's corporate governance statement is contained in this Annual Report.

### RISK MANAGEMENT

The Board is responsible for the oversight of Manhattan's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management with the Managing Director having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to Manhattan are highlighted in the Business Plan presented to the Board by the Managing Director on a regular basis.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of Manhattan.

## DIRECTORS' REPORT

### AUDITORS' INDEPENDENCE DECLARATION AND NON AUDIT SERVICES

The Auditor of Manhattan is Rothsay Chartered Accountants. Rothsay also provides taxation advice to Manhattan.

#### Auditor's Independence Declaration

Section 370C of the *Corporations Act 2001* requires Manhattan's auditors to provide the Directors of Manhattan with an Independence Declaration in relation to the audit of the financial report. The following is a copy of a letter received from Manhattan's Auditors and forms part of this Directors' Report:

#### Lead Auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the Directors of Manhattan Resources Pty Ltd

I declare that to the best of my knowledge and belief, in relation to the audit for the Financial period ended 30 June 2008 there have been:

- No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- No contraventions of any applicable code of professional conduct in relation to the audit.

**Graham R Swan**  
Lead Auditor  
Rothsay Chartered Accountants

#### Auditor's Remuneration

The following amounts were paid to Manhattan's Auditors:

	2008 \$	2007 \$
<b>Audit Services</b>		
Audit and review of financial reports and other audit work under the <i>Corporations Act 2001</i>	7,600	N/A
<b>Non Audit Services</b>		
Taxation services	nil	N/A

The Auditors, Rothsay Chartered Accountants, have not undertaken any non audit work during the financial period.

#### PROCEEDINGS ON BEHALF OF MANHATTAN

No person has applied for leave of Court to bring proceedings on behalf of Manhattan or intervene in any proceedings to which Manhattan is a party for the purpose of taking responsibility on behalf of Manhattan for all or any part of those proceedings. Manhattan was not party to any such proceedings during the year.

Signed in accordance with a Resolution of the Directors.

**DATED at Perth this 19<sup>th</sup> day of September 2008.**

**ALAN J EGGERS**  
Managing Director

**AUDITOR'S REPORT**

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## FINANCIAL STATEMENTS

### INCOME STATEMENT

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

	NOTE	4 September 2007 to 30 June 2008 \$
<b>REVENUE</b>		
Other Income	2	244,880
<b>EXPENSES</b>		
Auditor's Remuneration	3	7,600
Corporate Expenses		6,815
Directors' Fees		22,500
Employee Expenses		385,237
Legal Fees		5,113
Management Fees		40,000
Other Expenses		44,170
Printing		5,828
Rent		165,000
Travel & Accommodation		39,177
<b>Total Expenses</b>		<b>721,440</b>
<b>Loss Before Income Tax</b>		<b>476,560</b>
Income Tax	4	-
<b>Net Loss Attributable to Members of Manhattan</b>		<b>476,560</b>
<b>Basic Earnings/(Loss) Per Share</b>	13	<b>(0.007)</b>

*The Income Statement should be read in conjunction with the accompanying Notes that form part of these Financial Statements.*

## FINANCIAL STATEMENTS

### BALANCE SHEET

AT 30 JUNE 2008

	NOTE	2008 \$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	14(a)	3,924,022
Trade and Other Receivables	5	24,363
Other Investments	6	589,801
<b>TOTAL CURRENT ASSETS</b>		4,538,186
<b>NON CURRENT ASSETS</b>		
Capitalised Mineral Exploration Expenditure	7	12,157
<b>TOTAL NON CURRENT ASSETS</b>		12,157
<b>TOTAL ASSETS</b>		4,550,343
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and Other Payables	8	6,903
<b>TOTAL LIABILITIES</b>		6,903
<b>NET ASSETS</b>		4,543,440
<b>EQUITY</b>		
Contributed Capital	9(a)	5,020,000
Accumulated Losses		(476,560)
<b>TOTAL EQUITY</b>		4,543,440

*The Balance Sheet should be read in conjunction with the accompanying Notes that form part of these Financial Statements.*

## FINANCIAL STATEMENTS

### STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

	NOTE	4 September 2007 to 30 June 2008 \$
<b>Total Equity at the Beginning of the Financial Year</b>		-
Loss for the Year		(476,560)
Total Recognised Income and Expense for the Period		(476,560)
Transactions with Equity Holders in their Capacity as Equity Holders		
Contributions of Equity, Net of Transaction Costs	9(b)	5,020,000
<b>Total Equity at the End of the Year</b>		4,543,440

*The Statement of Changes in Equity should be read in conjunction with the accompanying Notes that form part of these Financial Statements.*

## FINANCIAL STATEMENTS

### CASH FLOW STATEMENT

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

	NOTE	4 September 2007 to 30 June 2008 \$
<b>Cash Flows From Operating Activities</b>		
Interest Received		197,271
Payments to Suppliers and Employees		(728,762)
<b>Net Cash From Operating Activities</b>	14(b)	(531,491)
<b>Cash Flows From Investing Activities</b>		
Payments for Exploration and Evaluation		(12,157)
Payments for Purchase of Trading Securities		(552,330)
<b>Net Cash From Investing Activities</b>		(564,487)
<b>Cash Flows From Financing Activities</b>		
Proceeds From the Issue of Shares		5,020,000
<b>Net Cash From Investing Activities</b>		5,020,000
<b>Net Increase in Cash Held</b>		3,924,022
Cash at the Beginning of the Year		-
<b>Cash at End of the Financial Year</b>	14(a)	3,924,022

*The Cash Flow Statement should be read in conjunction with the accompanying Notes that form part of these Financial Statements.*

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 1. STATEMENT OF ACCOUNTING POLICIES

The principal accounting policies adopted in preparing the financial report of Manhattan Resources Pty Ltd ("Manhattan"), are stated to assist in a general understanding of the financial report. These policies have been consistently applied.

Manhattan is a private company limited by shares incorporated and domiciled in Australia. The Financial Statements are presented in Australian dollars which is Manhattan's functional currency.

#### (a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

The financial report has been prepared on the basis of historical costs and, except where stated, does not take into account changing money values or, except where stated, current valuations of non current assets.

The financial report was authorised for issue by the Directors on 19 September 2008.

#### (b) Use of Estimates and Judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

#### (c) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the Financial Statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred asset or a liability is recognised in relation to those temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and future tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

#### (d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Manhattan and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Cash and Cash Equivalents

Cash and short term deposits in the Balance Sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, which are readily convertible to cash on hand and which are used in the cash management function on a day to day basis.

#### (f) Exploration and Evaluation Expenditure

Mineral exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest and is subject to impairment testing. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or
- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where a mineral resource has been identified and where it is expected that future expenditures will be recovered by future exploitation or sale, the impairment of the exploration and evaluation is written back and transferred to development costs. Once production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration and rehabilitation are recognised when Manhattan has a present obligation, the future sacrifice of economic benefits is probable and the amount of the provision can be reliably estimated.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

For the purpose of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from intangible assets to mining property and development assets within property, plant and equipment.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (g) Goods and Services Tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). 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 are stated with the amount of GST included. GST incurred is claimed from the ATO when a valid tax invoice is provided. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (h) Payables

These amounts represent liabilities for goods and services provided to Manhattan prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

#### (i) Contributed Equity

Issued capital is recognised as the fair value of the consideration received by Manhattan.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

#### (j) Earnings Per Share ("EPS")

Basic EPS are calculated based upon the net loss divided by the weighted average number of shares. Diluted EPS are calculated as the net loss divided by the weighted average number of shares and dilutive potential shares.

#### (k) Financial Risk Management

The board of directors has overall responsibility for the establishment and oversight of the risk management framework, to identify and analyse the risks faced by Manhattan. These risks include credit risk, liquidity risk and market risk from the use of financial instruments. Manhattan has only limited use of financial instruments through its cash holdings being invested in short term interest bearing securities. The primary goal of this strategy is to maximise returns while minimising risk through the use of accredited Banks with a minimum credit rating of A1 from Standard & Poors. Manhattan has no debt, and working capital is maintained at its highest level possible and regularly reviewed by the full board.

#### (l) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2008 reporting periods, and have not been adopted by Manhattan. Manhattan's assessment of the impact of these new standards and interpretations is that there is only one new standard, Revised AASB 101 Presentation of Financial Statements that will have an impact and it will only effect disclosure provisions in the 2009 Financial Statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

4 September 2007 to  
30 June 2008

\$

### 2. OTHER INCOME

*Other Income*

Interest	207,410
Profit from revaluation of trading securities	37,470
	244,880

### 3. AUDITORS' REMUNERATION

*Auditors Rothsay Chartered Accountants*

Audit and Review of the Financial Statements	7,600
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### 4. INCOME TAX

No income tax is payable by Manhattan as it has incurred losses for income tax purposes for the period, so current tax, deferred tax and tax expense is \$Nil.

#### (a) Numerical Reconciliation of Income Tax Expense to Prima Facie Tax Payable

Loss from Continuing Operations	(476,560)
Tax at the Tax Rate of 30%	(142,968)
Tax Effect of Amounts which are Deductible in Calculating Taxable Income:	
Non Deductible Expenses	1,534
Deferred Tax Asset not Brought to Account	141,434
Income Tax Expense	-

#### (b) Tax Losses

Unused Tax Losses for which no Deferred Tax Asset has been Recognised	471,447
Potential Tax Benefit at 30%	141,434

#### (c) Franking Credits Balance

Manhattan has no franking credits available as at 30 June 2008.

30 June 2008

\$

### 5. OTHER RECEIVABLES

**Current**

Accrued Interest	10,139
GST Recoverable	14,224
	24,363

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

		<u>30 June 2008</u>
		\$
<b>6.</b>	<b>OTHER INVESTMENTS</b>	
	<b>Current</b>	
	Investments Held for Trading	<u>589,801</u>
<b>7.</b>	<b>CAPITALISED MINERAL EXPLORATION EXPENDITURE</b>	
	<b>Non Current</b>	
	<i>In the exploration phase</i>	
	Expenditure Incurred During the Year (at cost)	<u>12,157</u>
<b>8.</b>	<b>TRADE AND OTHER PAYABLES</b>	
	<b>Current (Unsecured)</b>	
	Trade Creditors	3,103
	Other Creditors and Accruals	<u>3,800</u>
		<u>6,903</u>
<b>9.</b>	<b>CONTRIBUTED EQUITY</b>	
	<b>(a) Ordinary Shares</b>	
	70,000,000 Fully Paid Ordinary Shares	<u>5,020,000</u>
	<b>(b) Share Movements During the Year</b>	

		2008	
		Number of Shares	\$
<b><i>New share issues during the year</i></b>			
	Shares Issued to Directors at \$0.001 Per Share	20,000,000	20,000
	Shares Issued to Sophisticated Investors at \$0.10 Per Share	50,000,000	5,000,000
	Less: Share Issue Costs	-	-
		<u>70,000,000</u>	<u>5,020,000</u>

**(c) Terms and Conditions of Contributed Equity**

***Ordinary Shares***

Manhattan is a private company limited by shares. Manhattan was incorporated in Perth, Western Australia.

Manhattan's shares are limited whereby the liability of its members is limited to the amount (if any) unpaid on the shares respectively held by them.

Ordinary shares have the right to receive dividends as declared and, in the event of the winding up of Manhattan, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held.

Ordinary shares which have no par value, entitle their holder to one vote, either in person or by proxy, at a meeting of Manhattan.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 10. RELATED PARTIES

Full remuneration details for Directors and Executives are included in the Directors Report where the information has been audited. During the current Financial period there was an amount of \$624,307 paid to Wesmin Consulting Pty Ltd ("Wesmin"), a private company owned and managed by the Managing Director Mr Eggers. Wesmin provides premises for rental by Manhattan (\$165,000), Staff and Management fees (\$434,751) and other minor administrative costs (\$24,556). The terms of Wesmin service agreement are summarised in the Directors' Report and full details of this arrangement were included in the Manhattan Letter of Offer dated 5 October 2007 sent to all investors.

#### Movement in Shares

The aggregate numbers of shares and options of Manhattan held directly, indirectly or beneficially by Specified Directors and Executive Officers of Manhattan or their personally related entities are as follows:

	Purchases	Disposals	30 June 2008
Mr Alan J Eggers	31,000,000	-	31,000,000
Mr John A G Seton	25,000,000	-	25,000,000
Mr Robert (Sam) Middlemas	500,000	-	500,000
Mr Simon Eley	3,000,000	-	3,000,000

### 11. EXPENDITURE COMMITMENTS

#### (a) Exploration

Manhattan has certain obligations to perform minimum exploration work on mineral leases when they are granted. These obligations may vary over time, depending on Manhattan's exploration programs and priorities. As at balance date, none of the tenements had been granted and so there are no exploration commitments.

#### (b) Operating Lease Commitments

Manhattan has entered into an agreement with Wesmin Consulting Pty Ltd (a company associated with Mr Eggers) to provide premises and management services for a period of 2 years from 4 September 2007, with an option to extend for a further 2 years. The rent payable is \$15,000/month with a minimum management fee of \$4,000/month. Actual charges from Wesmin will be dependent on the amount of management time used.

#### (c) Capital Commitments

Manhattan had no capital commitments at 30 June 2008 (2007 \$Nil).

### 12. SEGMENT INFORMATION

Manhattan operates predominantly in one segment involved in the mineral exploration and development industry. Geographically Manhattan is domiciled and operates in one segment being Australia.

### 13. EARNINGS PER SHARE "EPS"

Earnings (Loss) used in calculating EPS	<b>(\$476,560)</b>
	<b>Number of Shares 2008</b>
Weighted average number of ordinary shares on issue used in calculation of basic EPS	<b>68,218,750</b>
	<b>(\$0.007)</b>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 14. NOTES TO THE STATEMENT OF CASH FLOWS

#### (a) Cash and Cash Equivalents

30 June 2008

\$

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:

Cash on hand	200
Cash at bank	8,027
Deposits at call	3,915,795
	3,924,022

#### (b) Reconciliation of the Loss from Ordinary Activities after Income Tax to the Net Cash Flows used in Operating Activities

Loss from ordinary activities after income tax	(476,560)
<i>Non cash items:</i>	
Gain on investment revaluations	(37,471)
<i>Change in operating assets and liabilities:</i>	
(Increase) in receivables	(24,363)
Increase in trade creditors and accruals	6,903
Net cash outflows used in operating activities	(531,491)

#### (c) Non Cash Financing and Investing Activities

None

### 15. FINANCIAL INSTRUMENTS

Manhattan's activities expose it to a variety of financial risks and market risks. Manhattan's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of Manhattan.

#### (a) Interest Rate Risk

Manhattan's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market, interest rates and the effective weighted average interest rates on those financial assets, is as follows:

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON 4 SEPTEMBER 2007 TO 30 JUNE 2008

### 15. FINANCIAL INSTRUMENTS (continued)

2008

	Note	Weighted Average Effective Interest %	Funds Available at a Floating Interest Rate \$	Fixed Interest Rate \$	Assets/ (Liabilities) Non Interest Bearing \$	Total \$
<b>Financial Assets</b>						
Cash and						
Cash equivalents	14(a)	7.60%	445,549	3,478,273	200	3,924,022
Other receivables	5	-	-	-	24,363	24,363
Other investments	6	-	-	-	589,800	589,800
Total Financial Assets			445,549	3,478,273	614,363	4,538,185
<b>Financial Liabilities</b>						
Payables	8	-	-	-	(6,903)	(6,903)
Total Financial Liabilities			-	-	(6,903)	(6,903)
Net Financial Assets			445,549	3,478,273	607,460	4,531,282

#### (b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Balance Sheet and in the notes to the Financial Statements.

Manhattan does not have any material credit risk exposure to any single debtor or group of debtors, under financial instruments entered into by it.

#### (c) Commodity Price Risk and Liquidity Risk

At the present state of Manhattan's operations it has minimal commodity price risk. Manhattan's objective is to maintain a balance between continuity of exploration funding and flexibility through the use of available cash reserves.

#### (d) Net Fair Values

For assets and other liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form. Manhattan has no financial assets where the carrying amount exceeds net fair values at balance date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Balance Sheet and in the notes to the Financial Statements.

### 16. CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for in the Financial Statements of Manhattan as at 30 June 2008.

### 17. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen since the end of the financial period any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of Manhattan to affect substantially the operations of Manhattan, the results of those operations or the state of affairs of Manhattan in subsequent financial years.

## DIRECTORS' STATEMENT

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### DIRECTORS' DECLARATION

In the opinion of the Directors of Manhattan Resources Pty Ltd ("Manhattan"):

- (a) the Financial Statements and Notes, set out on pages 9 to 20, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards in Australia and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the financial position of Manhattan as at 30 June 2008 and of its performance, as represented by the results of its operations, for the financial year ended on that date.
- (b) there are reasonable grounds to believe that Manhattan will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Managing Director and Manhattan Secretary for the financial year ended 30 June 2008.

Signed in accordance with a Resolution of the Directors.

**DATED at Perth this 19<sup>th</sup> day of September 2008.**

**ALAN J EGGERS**  
Managing Director

## CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement outlines the main corporate governance practices in place during the period since incorporation on 4 September 2007 to 30 June 2008, which comply with the ASX Corporate Governance Council recommendations unless otherwise stated.

### 1. BOARD OF DIRECTORS

#### 1.1 Role of the Board and Management

The Board of Manhattan Resources Pty Ltd ("Manhattan") is responsible for its corporate governance, that is, the system by which Manhattan is managed. In governing Manhattan, the Directors must act in the best interests of Manhattan as a whole. It is the role of senior management to manage Manhattan 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.

In carrying out its governance role, the main task of the Board is to drive the performance of Manhattan. The Board must also ensure that Manhattan complies with all of its contractual, statutory and any other legal obligations, including the requirements of any regulatory body. The Board has the final responsibility for the successful operations of Manhattan.

To assist the Board to carry out its functions, it has developed a Code of Conduct to guide the Directors and key executives in the performance of their roles. The Code of Conduct is detailed in Section 3.1 of this Corporate Governance Statement.

The Board represents shareholders' interests in developing and then continuing a successful resources business, which seeks to optimise medium to long term financial gains for shareholders. By not focusing on short term gains for shareholders, the Board believes that this will ultimately result in the interests of all stakeholders being appropriately addressed when making business decisions.

The Board is responsible for ensuring that Manhattan is managed in such a way to best achieve this desired result. Given the size of Manhattan's exploration and development activities, the Board currently undertakes an active, not passive role.

The Board is responsible for evaluating and setting the strategic directions for Manhattan, establishing goals for management and monitoring the achievement of these goals. The Managing Director is responsible to the Board for the day to day management of Manhattan.

The Board has sole responsibility for the following:

- Appointing and removing the Managing Director and any other executive director and approving their remuneration;
- Appointing and removing Manhattan Secretary and Chief Financial Officer and approving their remuneration;
- Determining the strategic direction of Manhattan and measuring the performance of management against approved strategies;
- Reviewing the adequacy of resources for management to properly carry out approved strategies and business plans;
- Adopting operating and exploration expenditure budgets at the commencement of each financial year and monitoring the progress by both financial and non financial key performance indicators;
- Monitoring Manhattan's medium term capital and cash flow requirements;
- Approving and monitoring financial and other reporting to regulatory bodies, shareholders and other organisations;
- Determining that satisfactory arrangements are in place for auditing Manhattan's financial affairs;
- Reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and compliance with legislative requirements; and

## CORPORATE GOVERNANCE STATEMENT

### 1.1 Role of the Board and Management (continued)

- Ensuring that policies and compliance systems consistent with Manhattan's objectives and best practice are in place and that Manhattan and its officers act legally, ethically and responsibly on all matters.

The Board's role and Manhattan's corporate governance practices are being continually reviewed and improved as Manhattan's business develops.

The Board convenes regular meetings with such frequency as is sufficient to appropriately discharge its responsibilities.

The Board may from time to time, delegate some of its responsibilities listed above to its senior management team.

The Managing Director is responsible for running the affairs of Manhattan under delegated authority from the Board and implementing the policies and strategy set by the Board. In carrying out his responsibilities the Managing Director must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of Manhattan's operational results and financial position.

The role of management is to support the Managing Director and implement the running of the general operations and financial business of Manhattan, in accordance with the delegated authority of the Board.

### 1.2 Composition of the Board

To add value to Manhattan, the Board has been formed so that it has the required background, experience, qualifications and skill base to manage Manhattan's business interests and is an effective composition, size and commitment to adequately discharge its responsibilities and duties. The names of the Directors and their qualifications and experience are disclosed in the Directors' Report. Directors are also appointed based on the specific governance skills required by Manhattan and on the independence of their decision making and judgement.

Manhattan recognises the importance of non executive Directors and the external perspective and advice that non executive Directors can offer. Mr Seton the non executive Chairman is considered independent. From Manhattan's perspective Directors are considered to be independent when they are independent of management and free from any business or other relationship which could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board considers that the current structure is sufficient despite not complying with the ASX Corporate Governance Council Recommendation 2.1.

At present the Board considers that Manhattan is not currently of a size, nor are its affairs of such complexity, to justify the expense of the appointment of additional independent non executive Directors.

If Manhattan's activities increase in size, nature and scope the size of the Board will be reviewed and the optimum number of directors required for the Board to properly perform its responsibilities and functions will be re assessed.

The Board acknowledges that a greater proportion of independent Directors is desirable over the longer term and will be seeking to demonstrate that it is monitoring the Board's composition as required.

The membership of the Board, its activities and composition are subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the Board shall include the quality of the individual's background, experience and achievement, compatibility with other Board members, credibility within Manhattan's scope of activities, intellectual ability to contribute to Board duties and physical ability to undertake Board duties and responsibilities.

### 1.3 Responsibilities of the Board

In general, the Board is responsible for, and has the authority to determine, all matters relating to the policies, practices, management and operations of Manhattan. The Board is required to do all things that may be necessary to be done in order to carry out the objectives of Manhattan.

Without intending to limit this general role of the Board, the principal functions and responsibilities of the Board include the following:

## CORPORATE GOVERNANCE STATEMENT

### **1.3.1 Leadership of Manhattan:**

Overseeing Manhattan and establishing codes that reflect the values of Manhattan and guide the conduct of the Board, management and employees;

### **1.3.2 Strategy Formulation:**

Working with senior management to set and review the overall strategy and goals for Manhattan and ensuring that there are policies in place to govern the operation of Manhattan;

### **1.3.3 Overseeing Planning Activities:**

Overseeing the development of Manhattan's strategic plans (including exploration programs and initiatives) and approving such plans as well as the annual budget;

### **1.3.4 Shareholder Liaison:**

Ensuring effective communications with shareholders through an appropriate communications policy and promoting participation at general meetings of Manhattan;

### **1.3.5 Monitoring, Compliance and Risk Management:**

Overseeing Manhattan's risk management, compliance, control and accountability systems and monitoring and directing the operational and financial performance of Manhattan;

### **1.3.6 Company Finances:**

Approving expenses in excess of those approved in the annual budget and approving and monitoring acquisitions, divestitures and financial and other reporting;

### **1.3.7 Human Resources:**

Appointing, and, where appropriate, removing the Managing Director as well as reviewing the performance of the Managing Director and monitoring the performance of senior management in their implementation of Manhattan's strategy;

### **1.3.8 Health and Safety:**

Ensuring the health, safety and well being of employees and in conjunction with the senior management team, developing, overseeing and reviewing the effectiveness of Manhattan's occupational health and safety systems to ensure the well being of all employees; and

### **1.3.9 Delegation of Authority:**

Delegating appropriate powers to the Managing Director to ensure the effective day to day management of Manhattan and establishing and determining the powers and functions of the Committees of the Board.

## **1.4 Board Policies**

### **1.4.1 Conflicts of Interest:**

Directors must:

- disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the Director and the interests of any other parties in carrying out the activities of Manhattan; and
- if requested by the Board, within seven days or such further period as may be permitted, take such necessary and reasonable steps to remove any conflict of interest.

If a Director cannot or is unwilling to remove a conflict of interest then the Director must, as per the *Corporations Act 2001*, absent himself from the room when discussion and/or voting occurs on matters about which the conflict relates.

## CORPORATE GOVERNANCE STATEMENT

### **1.4.2 Commitments:**

Each member of the Board is committed to spending sufficient time to enable them to carry out their duties as a Director of Manhattan.

### **1.4.3 Confidentiality:**

In accordance with legal requirements and agreed ethical standards, Directors and key executives of Manhattan have agreed to keep confidential, information received in the course of the exercise of their duties and will not disclose non public information except where disclosure is authorised or legally mandated.

### **1.4.4 Independent Professional Advice:**

The Board collectively and each Director has the right to seek independent professional advice at Manhattan's expense, up to specified limits, to assist them to carry out their responsibilities.

### **1.4.5 Related Party Transactions:**

Related party transactions include any financial transaction between a Director and Manhattan. Unless there is an exemption under the *Corporations Act 2001* from the requirement to obtain shareholder approval for the related party transaction, the Board cannot approve the transaction.

### **1.4.6 Attestations by Managing Director and Company Secretary:**

In accordance with the Board's policy, the Managing Director and Manhattan's Company Secretary made the attestations recommended by the ASX Corporate Governance Council as to Manhattan's financial condition prior to the Board signing this Annual Report.

## **2. BOARD COMMITTEES**

The Board considers that Manhattan 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 Manhattan's activities and to ensure that it adheres to appropriate ethical standards.

The Board has however established a framework for the management of Manhattan including a system of internal controls, a business risk management process and the establishment of appropriate ethical standards.

The full Board currently holds meetings at such times as may be necessary to address any general or specific matters as required.

If Manhattan's activities increase in size, scope and nature, the appointment of separate or special committee's will be reviewed by the Board and implemented if appropriate.

### **2.1 Audit Committee**

Manhattan does not have an audit committee because it would not be a more efficient mechanism than the full Board for focusing Manhattan on specific issues and an audit committee cannot be justified based on a cost benefit analysis.

In the absence of an audit committee, the Board when required sets aside time at Board meetings to deal with the issues and responsibilities usually delegated to the audit committee so as to ensure the integrity of the Financial Statements of Manhattan and the independence of the external auditor.

The Board in its entirety reviews the audited annual Financial Statements, the audit reviewed Half Yearly Financial Statements and any reports which accompany published Financial Statements.

The Board in its entirety considers the appointment of the external auditor and reviews the appointment of the external auditor, their independence, the audit fee and any questions of resignation or dismissal.

The Board is also responsible for establishing policies on risk oversight and management.

### **2.2 Remuneration Committee**

Manhattan does not have a remuneration committee because it would not be a more efficient mechanism than the full Board for focusing Manhattan on specific issues.

## CORPORATE GOVERNANCE STATEMENT

### 2.2 Remuneration Committee (continued)

The responsibilities of the Board in its entirety include setting policies for senior officers' remuneration, setting the terms and conditions of employment for the Managing Director, reviewing superannuation arrangements, reviewing the remuneration of no executive Directors and undertaking an annual review of the Managing Director's performance, including, setting with the Managing Director's goals for the coming year and reviewing progress in achieving those goals.

Manhattan is committed to remunerating its executives in a manner that is market competitive and consistent with best practice as well as supporting the interests of shareholders.

There is no scheme to provide retirement benefits.

For a full discussion of Manhattan's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

### 3. ETHICAL STANDARDS

The Board acknowledges the need for continued maintenance of the highest standard of corporate governance practice and ethical conduct by all Directors and employees of Manhattan.

#### 3.1 Code of Conduct for Directors and Key Executives

The Board has adopted a Code of Conduct for Directors and key executives to promote ethical and responsible decision making. The code is based on a code of conduct for Directors prepared by the Australian Institute of Company Directors.

In accordance with legal requirements and agreed ethical standards, Directors and key executives of Manhattan:

- will act honestly, in good faith and in the best interests of the whole Company;
- owe a fiduciary duty to Manhattan as a whole;
- have a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office;
- will undertake diligent analysis of all proposals placed before the Board;
- will act with a level of skill expected from directors and key executives of a publicly listed company;
- will use the powers of office for a proper purpose, in the best interests of Manhattan as a whole;
- will demonstrate commercial reasonableness in decision making;
- will not make improper use of information acquired as Directors and key executives;
- will not disclose non public information except where disclosure is authorised or legally mandated;
- will keep confidential, information received in the course of the exercise of their duties and such information remains the property of Manhattan from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by the person from whom the information is provided, or is required by law;
- will not take improper advantage of the position of Director or use the position for personal gain or to compete with Manhattan;
- will not take advantage of Company property or use such property for personal gain or to compete with Manhattan;
- will protect and ensure the efficient use of Manhattan's assets for legitimate business purposes;

## CORPORATE GOVERNANCE STATEMENT

### 3.1 Code of Conduct for Directors and Key Executives (continued)

- will not allow personal interests, or the interests of any associated person, to conflict with the interests of Manhattan;
- have an obligation to be independent in judgment and actions, and Directors will take all reasonable steps to be satisfied as to the soundness of all decisions of the Board;
- will make reasonable enquiries to ensure that Manhattan is operating efficiently, effectively and legally towards achieving its goals;
- will not engage in conduct likely to bring discredit upon Manhattan;
- will encourage fair dealing by all employees with Manhattan's suppliers, competitors and other employees;
- will encourage the reporting of unlawful or unethical behaviour and actively promote ethical behaviour and protection for those who report violations in good faith;
- will give their specific expertise generously to Manhattan; and
- have an obligation, at all times, to comply with the spirit, as well as the letter of the law and with the principles of this Code.

### 3.2 Code of Ethics and Conduct

Manhattan has implemented a Code of Ethics and Conduct, which provides guidelines aimed at maintaining high ethical standards, corporate behavior and accountability within Manhattan.

All Directors and employees are expected to:

- respect the law and act in accordance with it;
- respect confidentiality and not misuse company information, assets or facilities;
- value and maintain professionalism;
- avoid real or perceived conflicts of interest;
- act in the best interests of shareholders;
- by their actions contribute to Manhattan's reputation as a good corporate citizen which seeks the respect of the community and environment in which it operates;
- perform their duties in ways that minimise environmental impacts and maximise workplace safety;
- exercise fairness, courtesy, respect, consideration and sensitivity in all dealings within their workplace and with customers, suppliers and the public generally; and
- act with honesty, integrity, decency and responsibility at all times.

An employee that breaches the Code of Ethics and Conduct may face disciplinary action. If an employee suspects that a breach of the Code of Ethics and Conduct has occurred or will occur, he or she must advise that breach to management. No employee will be disadvantaged or prejudiced if he or she reports in good faith a suspected breach. All reports will be acted upon and kept confidential.

As part of its commitment to recognising the legitimate interests of stakeholders, Manhattan has established the Code of Ethics and Conduct to guide compliance with legal and other obligations to legitimate stakeholders. These stakeholders include employees, government authorities, creditors and the community as whole. This Code includes the following:

## CORPORATE GOVERNANCE STATEMENT

### 3.2 Code of Ethics and Conduct (continued)

#### *Responsibilities to Shareholders and the Financial Community Generally*

Manhattan complies with the spirit as well as the letter of all laws and regulations that govern shareholders' rights. Manhattan has processes in place designed to ensure the truthful and factual presentation of Manhattan's financial position and prepares and maintains its accounts fairly and accurately in accordance with the generally accepted accounting and financial reporting standards.

#### *Employment Practices*

Manhattan endeavours to provide a safe workplace in which there is equal opportunity for all employees at all levels of Manhattan. Manhattan does not tolerate the offering or acceptance of bribes or the misuse of the consolidated entity's assets or resources.

#### *Responsibilities to the Community*

As part of the community Manhattan:

- is committed to conducting its business in accordance with applicable environmental laws and regulations and encourages all employees to have regard for the environment when carrying out their jobs;
- encourages all employees to engage in activities beneficial to their local community; and
- supports community charities.

Manhattan supports the Indigenous Community:

- is committed to conducting its business in accordance with applicable heritage laws and regulations and encourages all employees to have regard for the specific rights of indigenous communities when carrying out their jobs; and
- encourages all employees to engage in activities beneficial to the indigenous community.

#### *Responsibility to the Individual*

Manhattan is committed to keeping private information which has been provided by employees and investors confidential and protecting it from uses other than those for which it was provided.

#### *Conflicts of Interest*

Employees and Directors must avoid conflicts as well as the appearance of conflicts between their personal interests and the interests of Manhattan.

#### *How Manhattan Monitors and Ensures Compliance with its Code*

The Board, management and all employees of Manhattan are committed to implementing this Code of Ethics and Conduct and each individual is accountable for such compliance.

Disciplinary measures may be imposed for violating the Code.

## 4. DISCLOSURE OF INFORMATION

### Communication with Shareholders

Manhattan places considerable importance on effective communications with shareholders.

Manhattan's communication strategy requires communication with shareholders and other stakeholders in an open, regular and timely manner so that they have sufficient information to make informed investment decisions on the operations and results of Manhattan. The strategy provides for the use of systems that ensure a regular and timely release of information about Manhattan to be provided to shareholders. Mechanisms employed include:

- Regularly updates Manhattan's web site;

## CORPORATE GOVERNANCE STATEMENT

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### 4. DISCLOSURE OF INFORMATION (continued)

- Announcements posted on the Manhattan web site; and
- Half Yearly Report and Annual Report.

### 5. RISK MANAGEMENT

#### 5.1 Identification of Risk

The Board is responsible for the oversight of Manhattan's risk management and control framework. Responsibility for control and risk management is delegated to the appropriate level of management within Manhattan with the Managing Director and Company Secretary having ultimate responsibility to the Board for the risk management and control framework.

Areas of significant business risk to Manhattan are highlighted in the Business Plan presented to the Board by the Managing Director each year.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of the consolidated entity.

#### 5.2 Integrity of Financial Reporting

Manhattan's Managing Director and Company Secretary report in writing to the Board that:

- the Financial Statements of Manhattan for each half and full year present a true and fair view, in all material aspects, of Manhattan's financial condition and operational results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- Manhattan's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

### 6. PERFORMANCE REVIEW

The Board has adopted a self evaluation process to measure its own performance during each financial year. This process includes a review in relation to the composition and skills mix of the Directors of Manhattan.

Arrangements put in place by the Board to monitor the performance of Manhattan's executives include:

- a review by the Board of Manhattan's financial performance; and
- annual performance appraisal meetings incorporating analysis of key performance indicators with each individual to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of Manhattan.

## ADDITIONAL SHAREHOLDER INFORMATION

### 1. ANALYSIS OF SHAREHOLDINGS

As at the date of this Annual Report, Manhattan has on issue 70,000,000 ordinary shares. There are nineteen (19) holders of fully paid ordinary shares on Manhattan's share register as at 19 September 2008.

#### Shareholders

The names of shareholders in Manhattan are as follows:

Shareholder Name	Number	Percentage
Minvest Securities (New Zealand) Limited	20,000,000	28.57%
Alan J Eggers	10,000,000	14.29%
Nicholas P S Olisoff	10,000,000	14.29%
JTR Management Limited	5,000,000	7.14%
Bikini Trust	5,000,000	7.14%
Thomas Allright	3,500,000	5.00%
Resmin Pty Ltd	3,000,000	4.28%
Kevin Francis Chambers	3,000,000	4.28%
Michael Ashforth	2,000,000	2.84%
Susan Campbell	1,000,000	1.42%
Sharon Eggers	1,000,000	1.42%
SN Rowles ATF Roxy Unit Trust	1,000,000	1.42%
Bob Sommerville	1,000,000	1.42%
KE Tatam & LA Tatam <Kirwan Investment Trust>	1,000,000	1.42%
LBL Capital Pty Ltd	1,000,000	1.42%
Sundowner International Limited	1,000,000	1.42%
J.A. Wolseley	500,000	0.71%
Marcello Cardaci <Cardaci Family Trust>	500,000	0.71%
Emerald Corporation Pty Ltd	500,000	0.71%
	<b>70,000,000</b>	<b>100.00%</b>

#### Spread of Shareholders

Size of Holding	No. of Holders	Total Shares Held	Percentage
1 - 500,000	3	1,500,000	2.14%
500,001 - 1,000,000	7	7,000,000	10.00%
1,000,001 - 3,000,000	3	8,000,000	11.43%
3,000,001 - 5,000,000	3	13,500,000	19.29%
5,000,001 - over	3	40,000,000	57.14%
<b>Total</b>	<b>19</b>	<b>70,000,000</b>	<b>100.00%</b>

#### Minimum Holdings and Marketable Parcels

As Manhattan is an unlisted private Pty Ltd company there are no minimum holdings or minimum marketable parcels of shares.

#### Options and Warrants

At the date of this Annual Report there were no options or warrants for the issue of shares in Manhattan current or issued.

## ADDITIONAL SHAREHOLDER INFORMATION

### Share Register

Manhattan's share register is maintained and available for inspection at Manhattan's Business Office at:

**Manhattan Resources Pty Ltd**  
Ground Floor  
15 Rheola Street  
West Perth WA 6005

### Substantial Holders

As Manhattan is an unlisted private Pty Ltd company there is no requirement for Substantial Holder notices to be filed.

### Voting Rights

On a show of hands every shareholder present in person or by a proxy shall have one vote and upon a poll each fully paid ordinary share shall have one vote.

### Stock Exchange Listings

Manhattan is an unlisted private Pty Ltd and its shares are not listed or quoted on any securities exchange.

## 2. TENEMENT SCHEDULE

As at 30 June 2008 Manhattan had applied for five Exploration Permits for Minerals ("EPM") in the Mount Isa District of northwest Queensland. Manhattan's interests in EPM applications are set out in the Tenement Schedule as follows:

### Manhattan Tenement Schedule

Tenement Number	Project	Registered Holder(s)	Manhattan's Interest	Date Granted	Expiry Date	Area	Notes
EPM17319	Annable South	MRPL	100%	App		4 sub blocks	(1)
EPM17320	Annable North	MRPL	100%	App		16 sub blocks	(1)
EPM17408	Kahko Northwest	MRPL	100%	App		5 sub blocks	(2)
EPM17416	Kahko East	MRPL	100%	App		15 sub blocks	(2)
EPM17427	Kahko Southwest	MRPL	100%	App		4 sub blocks	(2)

#### Notes:

- (1) Applications lodged with DME on 1 February 2008 (Annable North & South)  
(2) Applications lodged with DME on 3 March 2008 (Kahko East, Northwest & Southwest)

#### Abbreviations:

<b>EPM</b> <b>km<sup>2</sup></b> <b>App</b>	Exploration Permit Minerals QLD Square kilometre Application lodged	<b>DME</b> <b>MRPL</b>	Queensland Department of Mines and Energy Manhattan Resources Pty Ltd ABN 81 127 373 871
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#### Areas:

<b>Queensland</b>  <b>Annable</b> Project Area: 20 sub blocks = <b>64 km<sup>2</sup></b> <b>Kahko</b> Project Area: 24 sub blocks = <b>77 km<sup>2</sup></b>	<b>1 Sub block = 3.20 km<sup>2</sup> (approx.)</b>  <b>MOUNT ISA TOTAL: 44 sub blocks = 141 km<sup>2</sup></b>
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**MANHATTAN**

MANHATTAN RESOURCES PTY LTD

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