



# Form 10-Q/A

MANAS PETROLEUM CORP - MNAP

Filed: April 15, 2009 (period: September 30, 2008)

Amendment to a previously filed 10-Q

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington D. C. 20549

**FORM 10-Q /A  
(Amendment No. 1)**

**QUARTERLY REPORT UNDER SECTION 13 or 15 (d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2008

*Commission file number 333-107002*

**Manas Petroleum Corporation**

(Exact name of small business issuer as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

91-1918324  
(I.R.S. Employer  
Identification No.)

Bahnhofstrasse 9, 6341 Baar, Switzerland  
(Address of principal executive offices) (Zip Code)

+41 (44) 718 10 30  
(Issuer's telephone number)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The number of shares of outstanding common stock of Manas Petroleum Corporation, which is the only class of its common equity, on November [14], 2008, was 117,570,122.

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This Amendment No. 1 to the Quarterly Report on Form 10-Q for the quarter ended September 30, 2008 of Manas Petroleum Corporation (the "Company") amends and restates in their entirety Items 1, 2, 3 and 4 of Part I and Item 6 of Part II of the Quarterly Report on Form 10-Q of the Company filed with the Securities and Exchange Commission on November 14, 2008. This Amendment No. 1 corrects errors recently discovered by the Company as described below.

Except for the correction of these recently discovered errors, this Amendment No. 1 to our Quarterly Report on Form 10-Q/A does not update any disclosure from, or reflect any event occurring subsequent to, November 14, 2008, which is the filing date of the original report on Form 10-Q.

On March 31, 2009, the Company concluded that its previously issued financial statements as filed in its Form 10-Q for the quarterly period ended September 30, 2008 should no longer be relied upon because of errors in the those financial statements and should be restated to reflect necessary accounting adjustments. The adjustments do not affect the Company's reported revenues, its cash flows or its cash/liquidity position.

In accordance with accounting principles generally accepted in the United States of America ("US GAAP") the Company should have amortized the discount resulting from recording a beneficial conversion feature of \$557,989 arising upon the issuance of convertible debentures on April 30, 2008 over the two year term to the stated redemption date using the effective interest rate method. However, in error the Company expensed the entire beneficial conversion feature in the quarter ended June 30, 2008.

In addition, as a result of the subsequent equity sales adjustment clause included in most of the Company's warrant agreements, the private placement on September 4, 2008 caused the Company to reprice 13,933,989 warrants to the last equity issuance price (\$0.59) and increase the number of common shares to be issued upon exercise of the warrants to 69,966,703. The resulting repricing is considered to be a cancellation of the original warrant agreements and the issuance of new warrants agreements. The accounting impact is to record an expense for the difference in the fair value of the new warrant agreements and the fair value of the original warrant agreements immediately prior to the adjustment. The result is a charge of \$9,439,775 recorded in the quarter ended September 30, 2008 and a corresponding increase to additional paid in capital.

For a discussion of the restatement adjustments refer to Note 19 of the unaudited condensed consolidated financial statements presented herein.

**Item 1. Financial Statements**

Description

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## FINANCIAL INFORMATION:

## Unaudited Condensed Consolidated Financial Statements

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**MANAS PETROLEUM CORPORATION**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

	<b>09.30.2008</b>	<b>12.31.2007</b>
	<b>As restated</b>	
	<b>See note 19</b>	
	<b>USD</b>	<b>USD</b>
<b>ASSETS</b>		
Cash and cash equivalents	1,342,063	8,480,771
Restricted cash	9,115,000	-
Accounts receivable	186,841	148,346
Prepaid expenses	206,979	125,923
<b>Total current assets</b>	<b>10,850,883</b>	<b>8,755,040</b>
Debt issuance costs	298,050	-
Tangible fixed assets	246,524	153,074
Investment in associate	238,304	238,304
Other non-current assets	62,279	62,279
<b>Total non-current assets</b>	<b>845,157</b>	<b>453,657</b>
<b>TOTAL ASSETS</b>	<b>11,696,040</b>	<b>9,208,697</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Bank overdraft	-	2,305
Accounts payable	1,784,726	110,156
Bank loan	1,220,000	-
Accrued expenses Albania fees	-	400,000
Accrued expenses VAT	365,301	264,984
Accrued expenses Professional fees	84,301	408,862
Accrued expenses Interest	98,849	-
Accrued expenses Commissions	70,000	-
Other accrued expenses	210,775	168,192
<b>Total current liabilities</b>	<b>3,833,952</b>	<b>1,354,499</b>
Loan owed to a shareholder	-	39,329
Participation liabilities	640,000	-
Contingently convertible loan	1,698,849	-
Debentures	3,355,159	-
<b>Total non-current liabilities</b>	<b>5,694,008</b>	<b>39,329</b>
<b>TOTAL LIABILITIES</b>	<b>9,527,960</b>	<b>1,393,828</b>
Common stock (300,000,000 shares authorized, USD 0.001 par value, 117,570'122 and 112,156,488 shares, respectively, issued and outstanding)	117,570	112,156
Additional paid-in capital	42,175,280	21,550,636
Deficit accumulated during the development stage	(40,187,370)	(13,904,456)

Accumulated other comprehensive income	62,600	56,533
<b>Total shareholders' equity</b>	<b>2,168,080</b>	<b>7,814,870</b>
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<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>11,696,040</b>	<b>9,208,697</b>

**MANAS PETROLEUM CORPORATION**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

	For the three months ended		For the nine months ended		Period from 05.25.2004 (Inception) to 09.30.2008 As restated See note 19 USD
	09.30.2008 As restated See note 19 USD	09.30.2007 USD	09.30.2008 As restated See note 19 USD	09.30.2007 USD	
<b>OPERATING REVENUES</b>					
Other revenues	42,122	-	635,318	-	1,375,728
<b>Total revenues</b>	<b>42,122</b>	<b>-</b>	<b>635,318</b>	<b>-</b>	<b>1,375,728</b>
<b>OPERATING EXPENSES</b>					
Personnel costs	(2,347,406)	(2,012,860)	(7,404,306)	(3,709,079)	(13,398,441)
Exploration costs	(2,788,817)	(105,651)	(4,076,829)	(151,552)	(5,451,811)
Depreciation	(14,872)	(4,210)	(36,709)	(8,018)	(83,342)
Consulting fees	(420,769)	(492,434)	(3,617,992)	(914,635)	(7,350,070)
Administrative costs	(695,284)	(714,948)	(2,137,094)	(4,104,720)	(9,629,653)
<b>Total operating expenses</b>	<b>(6,267,148)</b>	<b>(3,330,103)</b>	<b>(17,272,929)</b>	<b>(8,888,004)</b>	<b>(35,913,316)</b>
Gain from sale of investment	-	-	-	-	3,864,197
Loss from sale of investment	-	-	-	(900)	(900)
<b>OPERATING LOSS</b>	<b>(6,225,026)</b>	<b>(3,330,103)</b>	<b>(16,637,611)</b>	<b>(8,888,904)</b>	<b>(30,674,291)</b>
<b>NON-OPERATING INCOME / (EXPENSE)</b>					
Exchange differences	816	8,825	60,373	(18,195)	(28,570)
Warrants issuance expense	(9,439,775)	-	(9,439,775)	-	(9,439,775)
Interest income	49,702	97,622	124,053	199,259	467,404
Interest expense	(270,333)	(3,950)	(388,427)	(8,725)	(470,066)
<b>Loss before taxes and equity in net loss of associate</b>	<b>(15,884,616)</b>	<b>(3,227,606)</b>	<b>(26,281,387)</b>	<b>(8,716,565)</b>	<b>(40,145,298)</b>
Taxes	(750)	(352)	(1,527)	(676)	(3,201)
Equity in net loss of associate	-	(18,169)	-	(38,302)	(24,523)
Minority interest in net income	-	-	-	-	(18,700)
<b>Net loss</b>	<b>(15,885,366)</b>	<b>(3,246,127)</b>	<b>(26,282,914)</b>	<b>(8,755,543)</b>	<b>(40,191,722)</b>
Weighted average number of outstanding shares	114,700,557	111,878,422	113,610,124	107,416,090	104,386,242
<b>Basic and diluted loss per share</b>	<b>(0.14)</b>	<b>(0.03)</b>	<b>(0.23)</b>	<b>(0.08)</b>	<b>(0.39)</b>

**MANAS PETROLEUM CORPORATION**  
**(A DEVELOPMENT STAGE COMPANY)**  
**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
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**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	For the nine months ended		Period from 05.25.2004 (Inception) to
	09.30.2008 As restated See note 19 USD	09.30.2007  USD	09.30.2008 As restated See note 19 USD
<b>OPERATING ACTIVITIES</b>			
<b>Net loss for the period</b>	<b>(26,282,894)</b>	<b>(8,755,543)</b>	<b>(40,191,702)</b>
<b>To reconcile net loss to net cash used in operating activities</b>			
Minority interest in net income	-	-	18,700
Gain from sale of investment	-	-	(3,864,197)
Loss from sale of investment	-	900	900
Equity in net loss of associate	-	38,302	24,523
Depreciation	36,709	8,018	83,342
Amortization of debt issuance costs	51,860	-	51,860
Warrant issuance expense	9,439,775	-	9,439,775
Exchange differences	(60,373)	18,195	28,570
Interest expense on contingently convertible loan	18,849	-	18,849
Interest expense on debentures	153,149	-	153,149
Increase in participation liabilities	640,000	-	640,000
Decrease / (increase) in receivables	(64,615)	(166,775)	(333,690)
Decrease / (increase) in other non-current assets	-	-	(62,279)
(Decrease) / increase in accounts payables	1,673,141	(411,385)	1,246,975
(Decrease) / increase in accrued expenses	(537,748)	30,848	632,868
Stock-based compensation	8,112,293	5,578,623	15,357,582
<b>Cash flow from operating activities</b>	<b>(6,819,854)</b>	<b>(3,658,817)</b>	<b>(16,754,775)</b>
<b>INVESTING ACTIVITIES</b>			
Purchase of tangible fixed assets and computer software	(130,160)	(74,043)	(408,908)
Sale of tangible fixed assets and computer software	-	-	79,326
Proceeds from sale of investment	-	-	4,000,000
Restricted cash	(9,115,000)	-	(9,115,000)
Acquisition of investment in associate	-	-	(67,747)
<b>Cash flow from investing activities</b>	<b>(9,245,160)</b>	<b>(74,043)</b>	<b>(5,512,329)</b>
<b>FINANCING ACTIVITIES</b>			
Contribution share capital founders	-	-	80,019
Issuance of units	1,849,429	13,208,055	15,057,484
Issuance of contingently convertible loan	1,680,000	-	1,680,000
Issuance of debentures	3,760,000	-	3,760,000

Issuance of warrants	670,571	-	670,571
Cash arising on recapitalization	-	6,510	6,510
Shareholder loan repaid	(39,329)	(372,162)	(3,385,832)
Shareholder loan raised	-	-	4,653,720
Increase in bank loan	1,220,000	-	1,220,000
Payment of debt issuance costs	(279,910)	-	(279,910)
(Decrease) / increase in bank overdraft	(2,305)	20,325	-
<b>Cash flows from financing activities</b>	<b>8,858,456</b>	<b>12,862,728</b>	<b>23,462,561</b>

<b>Net change in cash and cash equivalents</b>	<b>(7,206,558)</b>	<b>9,129,868</b>	<b>1,195,457</b>
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Cash and cash equivalents at the beginning of the period	8,480,771	1,090,098	-
Currency translation effect on cash and cash equivalents	67,870	(18,083)	146,626
<b>Cash and cash equivalents at the end of the period</b>	<b>1,342,063</b>	<b>10,201,883</b>	<b>1,342,063</b>

**Supplement schedule of non-cash investing and financing activities:**

Forgiveness of debt by major shareholder	-	-	1,466,052
Deferred consideration for interest in CJSC South Petroleum Co.	-	-	193,003
Warrants issued to pay placement commission expenses	-	2,689,910	2,689,910
Debenture interest paid in common shares	57,449	-	57,449

**MANAS PETROLEUM CORPORATION**  
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**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**UNAUDITED**

**CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY / (DEFICIT)**

<b>SHAREHOLDERS' EQUITY / (DEFICIT)</b>	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Additional paid-in capital</b>	<b>Deficit accumulated during the development stage</b>	<b>Accumulated Other Comprehensive Income (Loss)</b>	<b>Total shareholders' equity / (deficit)</b>	<b>Comprehensive Income (Loss)</b>
<b>Balance May 25, 2004</b>	-	-	-	-	-	-	-
Contribution share capital from founders	80,000,000	80,000	19	-	-	<b>80,019</b>	-
Currency translation adjustment	-	-	-	-	(77,082)	<b>(77,082)</b>	(77,082)
Net loss for the period	-	-	-	(601,032)	-	<b>(601,032)</b>	(601,032)
<b>Balance December 31, 2004</b>	<b>80,000,000</b>	<b>80,000</b>	<b>19</b>	<b>(601,032)</b>	<b>(77,082)</b>	<b>(598,095)</b>	<b>(678,114)</b>
<b>Balance January 1, 2005</b>	<b>80,000,000</b>	<b>80,000</b>	<b>19</b>	<b>(601,032)</b>	<b>(77,082)</b>	<b>(598,095)</b>	
Currency translation adjustment	-	-	-	-	218,699	<b>218,699</b>	218,699
Net loss for the year	-	-	-	(1,993,932)	-	<b>(1,993,932)</b>	(1,993,932)
<b>Balance December 31, 2005</b>	<b>80,000,000</b>	<b>80,000</b>	<b>19</b>	<b>(2,594,964)</b>	<b>141,617</b>	<b>(2,373,328)</b>	<b>(1,775,233)</b>
<b>Balance January 1, 2006</b>	<b>80,000,000</b>	<b>80,000</b>	<b>19</b>	<b>(2,594,964)</b>	<b>141,617</b>	<b>(2,373,328)</b>	
Forgiveness of debt by major shareholder	-	-	1,466,052	-	-	<b>1,466,052</b>	-
Currency translation adjustment	-	-	-	-	(88,153)	<b>(88,153)</b>	(88,153)
Net income for the year	-	-	-	1,516,004	-	<b>1,516,004</b>	1,516,004
<b>Balance December 31, 2006</b>	<b>80,000,000</b>	<b>80,000</b>	<b>1,466,071</b>	<b>(1,078,960)</b>	<b>53,464</b>	<b>520,575</b>	<b>1,427,851</b>
<b>Balance January 1, 2007</b>	<b>80,000,000</b>	<b>80,000</b>	<b>1,466,071</b>	<b>(1,078,960)</b>	<b>53,464</b>	<b>520,575</b>	
Recapitalization transaction (Note 1)	20,110,400	20,110	(356,732)	-	-	(336,622)	-
Stock-based compensation	880,000	880	7,244,409	-	-	7,245,289	-
Private placement of Units, issued for cash	10,330,152	10,330	9,675,667	-	-	9,685,997	-
Private placement of Units	10,709	11	(11)	-	-	-	-
Private placement of Units, issued for cash	825,227	825	3,521,232	-	-	3,522,057	-
Currency translation adjustment	-	-	-	-	3,069	3,069	3,069
Net loss for the year	-	-	-	(12,825,496)	-	(12,825,496)	(12,825,496)
<b>Balance December 31, 2007</b>	<b>112,156,488</b>	<b>112,156</b>	<b>21,550,636</b>	<b>(13,904,456)</b>	<b>56,533</b>	<b>7,814,870</b>	<b>(12,822,427)</b>
<b>Balance January 1, 2008</b>	<b>112,156,488</b>	<b>112,156</b>	<b>21,550,636</b>	<b>(13,904,456)</b>	<b>56,533</b>	<b>7,814,870</b>	

Stock-based compensation	1,369,893	1,370	4,536,211	-	-	4,537,580	-
Currency translation adjustment	-	-	-	-	1,621	1,621	1,621
Net loss for the period	-	-	-	(6,163,605)	-	(6,163,605)	(6,163,605)
<b>Balance March 31,</b>	<b>113,526,381</b>	<b>113,526</b>	<b>26,086,847</b>	<b>(20,068,061)</b>	<b>58,154</b>	<b>6,190,466</b>	<b>(6,161,984)</b>
<b>Balance April 1, 2008</b>	<b>113,526,381</b>	<b>113,526</b>	<b>26,086,847</b>	<b>(20,068,061)</b>	<b>58,154</b>	<b>6,190,466</b>	<b>(6,161,984)</b>
Stock-based compensation	43,741	44	1,814,052	-	-	1,814,096	-
Issuance of warrants Beneficial	-	-	240,000	-	-	240,000	-
Conversion Feature	-	-	557,989	-	-	557,989	-
Currency translation adjustment	-	-	-	-	(1,750)	(1,750)	(1,750)
Net loss for the period	-	-	-	(4,233,943)	-	(4,233,943)	(4,233,943)
<b>Balance June 30, 2008</b>	<b>113,570,122</b>	<b>113,570</b>	<b>28,698,889</b>	<b>(24,302,004)</b>	<b>56,404</b>	<b>4,566,858</b>	<b>(10,397,677)</b>
<b>As restated (see note 19)</b>	<b>113,570,122</b>	<b>113,570</b>	<b>28,698,889</b>	<b>(24,302,004)</b>	<b>56,404</b>	<b>4,566,858</b>	<b>(10,397,677)</b>
<b>Balance July 1, 2008</b>	<b>113,570,122</b>	<b>113,570</b>	<b>28,698,889</b>	<b>(24,302,004)</b>	<b>56,404</b>	<b>4,566,858</b>	<b>(10,397,677)</b>
Stock-based compensation	-	-	1,760,617	-	-	1,760,617	-
Private placement of Units, issued for cash	4,000,000	4,000	1,845,429	-	-	1,849,429	-
Issuance of warrants	-	-	9,870,346	-	-	9,870,346	-
Currency translation adjustment	-	-	-	-	6,196	6,196	6,196
Net loss for the period	-	-	-	(15,885,366)	-	(15,885,366)	(15,885,366)
<b>Balance September 30, 2008</b>	<b>117,570,122</b>	<b>117,570</b>	<b>42,175,281</b>	<b>(40,187,370)</b>	<b>62,600</b>	<b>2,168,080</b>	<b>(26,276,847)</b>
<b>As restated (see note 19)</b>	<b>117,570,122</b>	<b>117,570</b>	<b>42,175,281</b>	<b>(40,187,370)</b>	<b>62,600</b>	<b>2,168,080</b>	<b>(26,276,847)</b>

**MANAS PETROLEUM CORPORATION  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

*NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*

for the three and nine months ended September 30, 2008 and September 30, 2007 (Unaudited)

**1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Manas Petroleum Corporation ("Manas" or the "Company") and its subsidiaries ("Group") for the three and nine months ended September 30, 2008 have been prepared in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles for complete financial statements. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto, included in the Group's Annual Report on Form 10-KSB for the year ended December 31, 2007.

The Company considers itself as a development stage company since it has not realized any revenues from its planned principal operations. As a development stage enterprise, the Company discloses the deficit accumulated during the development stage and the cumulative statements of operations and cash flows from inception to the current balance sheet date.

The Company, formerly known as Express Systems Corporation, was incorporated in the State of Nevada on July 9, 1988. The Group has a focused strategy on exploration and developing oil and gas resources in Central Asia (Kyrgyz Republic and subsidiary in Republic of Tajikistan), in the Balkan Region (subsidiary in Albania) as well as in Latin America (subsidiary in Chile).

On April 10, 2007, the Company completed the Exchange Transaction whereby it acquired its then sole subsidiary DWM Petroleum AG, Baar (DWM) pursuant to an exchange agreement signed in November 2006 whereby 100% of the shares of DWM were exchanged for 80,000,000 common shares of the Company. As part of the closing of this exchange transaction, the Company issued 800,000 shares as finders' fees at the closing price of \$3.20.

The acquisition of DWM has been accounted for as a merger of a private operating company into a non-operating public shell. Consequently, the Company is the continuing legal registrant for regulatory purposes and DWM is treated as the continuing accounting acquirer for accounting and reporting purposes. The assets and liabilities of DWM remained at historic cost. Under US GAAP in transactions involving the merger of a private operating company into a non-operating public shell, the transaction is equivalent to the issuance of stock by DWM for the net monetary assets of the Company, accompanied by a recapitalization. The accounting is identical to a reverse acquisition, except that no goodwill or other intangibles are recorded.

**2. GOING CONCERN**

The condensed consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern. The Group has no operating income and therefore will remain dependent upon continued funding from its shareholders or other sources. Our

**MANAS PETROLEUM CORPORATION  
(A DEVELOPMENT STAGE COMPANY)  
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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for the three and nine months ended September 30, 2008 and September 30, 2007 (Unaudited)

cash balance as of September 30, 2008 was \$10,457,063, of which \$9,115,000 has been restricted for a bank guarantee for the first phase of our work program in Albania (covering the seismic and geological and geographical ("G&G") costs in Albania) and two escrow accounts for the first phase of our work program in Mongolia (covering the seismic and G&G costs in Mongolia), leaving a balance of \$1,342,063. The Group's net losses since inception were \$40,191,702. Based on our expected monthly burn rate per month, we estimate that we have sufficient working capital to fund operations for two months. Given the turbulences on the global equity markets, we now anticipate that the planned financing of up to \$80,000,000 will take place from now until 2009.

In order to continue to fund operations for the next twelve months and implement the geological work program for our projects particularly in Central Asia and the Balkan Region as well as to finance continuing operations, the Group will require further funds. We expect these funds will be raised through additional equity and/or debt financing. If we are not able to raise the required funds, we would consider farming-out projects in order to reduce our financial commitments.

**3. ACCOUNTING POLICIES**

The Group's condensed consolidated financial statements are prepared in accordance with US GAAP. The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures, if any, of contingent assets and liabilities at the date of the financial statements. Actual results could differ from these estimates.

The accompanying financial data as of September 30, 2008 and December 31, 2007 and for the three and nine months ended September 30, 2008 and 2007 and for the period from inception, May 25, 2004, to September 30, 2008 has been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (SEC).

The complete accounting policies followed by the Group are set forth in Note 3 to the audited consolidated financial statements contained in the Group's Annual Report on Form 10-KSB for the year ended December 31, 2007.

In the opinion of management, all adjustments (which include normal recurring adjustments, except as disclosed herein) necessary to present a fair statement of financial position as of September 30, 2008 and December 31, 2007, results of operations for the three and nine months ended June 30, 2008 and 2007 and for the period from inception, May 25, 2004, to September 30, 2008 and cash flows for the nine months ended September 30, 2008 and 2007 and for the period from inception, May 25, 2004, to September 30, 2008, as applicable, have been made. The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of the operating results for the full fiscal year or any future periods.

**4. NEW ACCOUNTING STANDARDS: NOT YET ADOPTED**

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FASB Statement No. 160, *Non-controlling Interests in Consolidated Financial Statements*. On December 4, 2007 the FASB issued SFAS No. 160, *Non-controlling Interests in Consolidated Financial Statements - An Amendment of ARB No. 51*. SFAS 160 establishes new accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a non-controlling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the non-controlling interest will be included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent's ownership interest in a subsidiary that do not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the non-controlling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its non-controlling interest. SFAS 160 is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008. Earlier adoption is prohibited. The impact, if any, to the Group from the adoption of SFAS 160 in 2009 will depend on the development of our business at that time.

**5. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH**

	USD(held in USD)	USD(held in EUR)	USD(held in CHF)	USD (held in other currencies)	USD TOTAL Sept 30, 2008	USD TOTAL 2007	USD TOTAL 2006
Bank and postal accounts	1,317,260	1,006	14,406	9,391	1,342,063	8,480,771	1,090,098
Cash and Cash Equivalents	1,317,260	1,006	14,406	9,391	1,342,063	8,480,771	1,090,098

Cash and cash equivalents are available at the Group's own disposal and there is no restriction or limitation on withdrawal and/or use of these funds. The Group's cash equivalents are placed with high credit rated financial institutions. The carrying amount of these assets approximates their fair value.

The Group has a bank guarantee for our Albanian project of \$5,115,000 as well as two escrow accounts for our Mongolian project of \$4,000,000 which is considered restricted cash totaling \$9,115,000 as of September 30, 2008.

During the three months ending September 30, 2008, the funds in the restricted cash position were reduced by \$1,065,000 upon the investments in G&G and seismic work carried out in Albania. The funds in the bank guarantee will be continuously reduced on a monthly basis in accordance with negotiations with the Albanian government and are available at the Group's own disposal thereafter (there is no restriction or limitation of these funds after their release).

During the three months ending September 30, 2008, the funds in the restricted cash position were increased by \$4,000,000 for the Group's two escrow accounts in Mongolia, which cover the G&G and seismic work expected to be carried out in Mongolia for Phase 1. The funds in the escrow accounts will remain until Phase 1 of the work program are completed in

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accordance with the Mineral Resources and Petroleum Authority of Mongolia and are available at the Group's own disposal thereafter (there is no restriction or limitation of these funds after their release). If Manas does not complete Phase 1 these funds will be forfeit.

**6. TANGIBLE FIXED ASSETS**

2008	Office Equipment & Furniture	Vehicles	Leasehold Improvements	Total
	USD	USD	USD	USD
<b>Cost at January 1</b>	<b>77,845</b>	<b>53,000</b>	<b>42,424</b>	<b>173,269</b>
Additions	50,830	74,379	4,952	<b>130,160</b>
Disposals	-	-	-	-
<b>Cost at September 30</b>	<b>128,674</b>	<b>127,379</b>	<b>47,375</b>	<b>303,429</b>
<b>Accumulated depreciation at January 1</b>	<b>(10,471)</b>	<b>(9,000)</b>	<b>(724)</b>	<b>(20,195)</b>
Depreciation	(18,346)	(11,339)	(7,025)	<b>(36,709)</b>
Disposals	-	-	-	-
<b>Accumulated depreciation at September 30</b>	<b>(28,817)</b>	<b>(20,339)</b>	<b>(7,748)</b>	<b>(56,904)</b>
<b>Net book value at September 30</b>	<b>99,858</b>	<b>107,040</b>	<b>39,627</b>	<b>246,524</b>

Depreciation expense and accumulated depreciation for the year ended December 31, 2007 were \$15,633 and \$20,195.

**7. STOCK COMPENSATION PROGRAM**

On February 1, 2008, the Company granted 1,000,000 stock options to officers at a price of \$2.10 per share. The strike price represents the closing share price on the grant date. These stock options vest over 36 months with 1/12 vested per quarter. Compensation cost, being the fair value of the options at the grant date, is calculated to be \$1,127,410 of which \$93,951 will be expensed every quarter as the remainder vest.

The fair value of all of the options was determined using the Black-Scholes option pricing model using a 6-year expected life of the option, a volatility factor of 50%, a risk-free rate of 5.0% and no assumed dividend rate.

On March 3, 2008, the Company granted 150,000 shares to employees in Albania and 1,219,893 shares to consultants as payment for services (market price at grant date \$2.05 per share). Compensation costs are calculated to be \$2,808,281. Of this charge, \$307,500 and \$2,500,781 were recorded in personnel costs and consulting fees respectively.

For the nine months ending September 30, 2008, Manas recorded a total charge of \$8,058,814 in respect of the equity awards granted under the stock compensation and stock option plans (\$1,760,617 for the third quarter of 2008). Of this total charge, \$5,175,379 and \$2,883,435 were recorded in personnel costs and consulting fees, respectively, for the nine months ending September 30, 2008 (or \$1,633,065 and \$127,551, respectively, for the third quarter of 2008).

**8. DEBENTURE**

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On April 30, 2008, the Company successfully negotiated a mezzanine tranche of bridge financing and raised \$4,000,000 through the issuance of 4,000 debenture notes (Debentures) of \$1,000 each and 1,000,000 detachable warrants. The warrants are exercisable to purchase the Company's unregistered common shares at \$2.10 per share at the option of the holder and will expire on April 30, 2010. The net proceeds after paying finders fee were \$3,790,000. The Debentures bear an interest of 8% p.a. payable twice a year (June and December) and are due and payable in full two years from the date of issuance (April 30, 2010). The Debentures can be prepaid along with any unpaid interest at the Company's request without prepayment premium or penalty. The Debentures can be converted into unregistered common shares at any time on demand of the holder at a conversion price based upon the average price of the 20 days trading price prior to conversion and subject to a floor of \$1.00 per share. Interest can be paid in the equivalent amount of unregistered common shares of the Company. If the Company issues shares for proceeds in excess of \$ 40,000,000 then up to 50% of the proceeds are required to be used to pay down the Debentures.

The aggregate proceeds received have been allocated between the detachable warrants and the Debentures on a relative fair value basis. Accordingly, \$240,000 was credited to additional paid in capital with respect to the warrants.

At the date of issuance the conversion price determined in accordance with the Debenture agreement was less than the actual share price on the issuance date. This resulted in a beneficial conversion feature of \$557,989, which has been amortized using the effective interest rate method and recorded as part of interest expense over the term of the Debenture.

Debt issuance costs of \$210,000 were incurred and will be amortized over the term of the Debentures using the effective interest rate method.

For the nine months ending September 30, 2008, we have accreted the Debentures for the discount, including the beneficial conversion feature, that relates to the current period (\$153,148).

## **9. WARRANTS**

As of September 30, 2008, the Company had a total of 17,933,989 warrants outstanding to purchase common stock. Each warrant entitles the holder to purchase one share of the Company's common stock. The Company has reserved 17,933,989 shares of common stock in the event that these warrants are exercised.

During the three month period ending September 30, 2008, the Company has issued 4,000,000 warrants exercisable at \$0.95 each pursuant to the issuance of a private placement unit offering amounting to a fair value of \$430,571 or \$0.108 per warrant. These warrants expire on September 4, 2010. The fair value of the warrants was determined using the Black-Scholes option pricing model using a 2-year term of the option, a volatility factor of 50%, a risk-free rate of 5.0% and no assumed dividend rate.

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Subsequent to the issuance of the Company's financial statements for the quarter ended September 30, 2008, the Company's management determined that they should have incurred a current period expense for the subsequent equity sales adjustment clause included in most of the Company's warrant agreements. The private placement on September 4, 2008 resulted in the strike price of 13,933,989 warrant agreements being reduced to the last equity issuance price (\$0.59) and the number of common shares to be issued upon exercise of the warrant agreements being increased to 69,966,703. The resulting repricing is considered to be a cancellation of the original warrant agreements and the issuance of new warrant agreements. The accounting impact is to record an expense for the difference in the fair value of the new warrant agreements and the fair value of the original warrant agreements immediately prior to the adjustment. The result is a current period charge of \$9,439,775 and also a corresponding increase to additional paid in capital.

**10. BANK LOAN**

On September 21, 2008, the Company entered into a loan agreement ("Debt") and raised a principal amount equaling \$2,440,000. Proceeds of \$1,220,000 have been received in the current quarter. The Debt carries a per annum interest of 12% payable at the date of maturity and is payable in full on September 21, 2009. No issuance costs apply.

**11. CONTINGENTLY CONVERTIBLE LOAN**

On August 18, 2008, the Company issued contingently convertible loans (the "Loans") with a principal amount of \$2,000,000 and disposed of 8% of its interest in its operations in Mongolia related to Blocks 13 and 14 for aggregate proceeds of \$2,000,000. The net proceeds after paying finders fee were \$1,860,000. The Company is responsible for the Loan holder's share of the exploration costs attributable to Blocks 13 and 14 through phases 1, 2 and 3, hereinafter referred to as the Participation Liability.

The Company has allocated part of the gross proceeds to a Participation Liability for the exploration costs related to the 8% interest in Blocks 13 and 14 in Mongolia provided to the unit holder. The company has estimated that there is a range of costs that could be incurred through exploration phases 1, 2 and 3. The total minimum estimated spends for phase 1, the only phase that is currently probable, is \$4,000,000 and therefore, a Participation Liability of \$320,000 has been recorded. This liability will be reduced as expenses are incurred. The liability will be re-evaluated in future periods and any change will be recorded immediately in the statement of operations.

The Loans carry an interest rate of 8% per annum and all principal and accrued interest is payable in full two years from the date of issuance (August 18, 2010). The Loans are secured by the Group's assets in the Kyrgyz Republic.

The principal and any accrued but unpaid interest on the Loans are convertible, in whole or in part, at the option of the holders if the Group conducts a public offering at the prevailing market price. The conversion feature represents an embedded derivative that is not indexed to the Company's own shares because it is convertible at a variable price. Accordingly, it must be recorded as a liability at fair value with changes in fair value recorded in the statement of operations. At inception and September 30, 2008 the Company has estimated the fair value of the conversion option at zero.

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The initial carrying amount of the Loans of \$1,680,000 will be accreted to the redemption amount of \$2,000,000 over the term of the loans using the effective interest method.

**12. PRIVATE PLACEMENT**

On September 4, 2008, the Company conducted a private placement in which it sold 4,000,000 units for \$2,600,000, or \$0.65 per unit. Each unit consisted of one share of common stock, one warrant and an interest in rights granted to us by the Mineral Resources and Petroleum Authority of Mongolia with respect to certain production sharing contracts governing areas in Mongolia referred to as Blocks 13 and 14. The Company agreed to cover the unit holder's share of the exploration costs on Blocks 13 and 14 through exploration phases 1, 2 and 3 herein after referred to as the Participation Liability.

Each of the 4,000,000 warrants granted under the Securities Purchase Agreement is exercisable for two years at \$0.95 per warrant. The warrants carry "tag-along" registration rights such that if a registration statement (other than on Form S-4 or S-8) is filed, the holders may demand that the shares underlying their warrants be included in such registration statement. If no such registration statement is filed by January 4, 2009, the Company has to undertake its best efforts to file a registration statement for the shares underlying the warrants by May 4, 2009. There is no financial penalty in the agreement should the Company fail to file a registration statement.

Of the aggregate proceeds received of \$2,600,000, \$430,571 has been allocated to the warrants based on their estimated fair value, \$320,000 has been allocated to the Participation Liability and the balance has been allocated to the Shareholders' Equity.

The amount allocated to the Participation Liability was determined in the same manner as the Participation Liability arising in connection with the Loans described in Note 13.

**13. PARTICIPATION LIABILITY**

On August 18, 2008, the Company completed the issuance of contingently convertible loans (the "Loans") and in addition to the interest payable under the Loans, the Loan holders will obtain an interest in 8% of our interest in our operations in Mongolia related to the Blocks 13 and 14 without having to undertake any of the obligations of work programs connected to those lots (governing areas in Mongolia referred to as Tsagaan-Els 13 and Zuuabayan 14).

On September 4, 2008, we conducted a private placement and each unit consisted of one share of common stock, one warrant and an interest in rights granted to us by the Mineral Resources and Petroleum Authority of Mongolia with respect to certain production sharing contracts governing areas in Mongolia referred to as Tsagaan-Els 13 and Zuuabayan 14. A total of 8% of our interest in our operations in Mongolia related to the Blocks 13 and 14 without having to undertake any of the obligations of work programs connected to those lots (governing areas in Mongolia referred to as Tsagaan-Els 13 and Zuuabayan 14).

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The Company considers each of the 8% participation in the interest of our operations in Mongolia as a Participation Liability of \$320,000 each (totalling \$640,000) and will amortize using the effective interest rate method over a period of two years.

**14. RELATED PARTY DISCLOSURE**

The consolidated financial statements include the financial statements of Manas Petroleum Corporation and the entities listed in the following table:

	Country	Equity share Sept 30, 2008	Equity share Dec 31, 2007	Equity share Dec 31, 2006
DWM Petroleum AG, Baar (1)	Switzerland	100%	100%	-
Manas Petroleum AG, Baar (2)	Switzerland	100%	100%	-
CJSC South Petroleum Company, Jalalabat (3)	Kyrgyz Republic	25%	25%	25%
CJSC Somon Oil Company, Dushanbe (4)	Rep of Tajikistan	90%	90%	90%
Manas Petroleum of Chile Corporation, Victoria (5)	Canada	100%	n/a	n/a
Manas Management Services Ltd., Nassau (6)	Bahamas	100%	n/a	n/a
Manas Chile Energia Limitada, Santiago (7)	Chile	100%	n/a	n/a

- (1) Including Branch in Albania
- (2) Founded in 2007
- (3) CJSC South Petroleum Company was founded by DWM Petroleum AG; equity method investee that is not consolidated
- (4) CJSC Somon Oil Company was founded by DWM Petroleum AG
- (5) Founded in 2008
- (6) Founded in 2008
- (7) Manas Chile Energia Limitada was founded by Manas Management Services Ltd.; founded in 2008

The ultimate control owner of the Group is the management of the Group (58%). Ownership and voting right percentages in the subsidiaries stated above are identical to the equity share.

The following table provides the total amount of transactions, which have been entered into with related parties for the relevant financial period:

<b>Board of directors</b>	<b>01.01.-09.30.08</b>	<b>01.01.-09.30.07</b>
	<b>USD</b>	<b>USD</b>
Payments to directors for office rent	141,510	72,273
Payments to related companies controlled by directors for rendered consulting services	5,814	-
	<b>09.30.08</b>	<b>09.30.07</b>
	<b>USD</b>	<b>USD</b>
Loan from a director	-	37,758

The loans granted from related parties are perpetual loans with indefinite maturity and bear interest based on market conditions. Consulting services by related parties are performed for a fee. This consulting agreement with the company controlled by the director was cancelled on August 31, 2007.

**15. COMMITMENTS & CONTINGENT LIABILITIES**

**Legal actions and claims (Kyrgyz Republic, Republic of Tajikistan, Chile and Albania)**

In the ordinary course of business, the associate/subsidiaries or branches in the Kyrgyz Republic, Republic of Tajikistan, Chile and Albania may be subject to legal actions and complaints. Management believes that the ultimate liability, if any, arising from such actions

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or complaints will not have a material adverse effect on the financial condition or the results of future operations of the associate/subsidiaries in the Kyrgyz Republic, Republic of Tajikistan, Chile and Albania.

During the initial phase of making application for our Chilean Exploration license, a joint bidding group was formed with Manas, IPR and Energy Focus. Each had a one-third interest.

Manas and IPR are established petroleum businesses. Energy Focus is a start-up business. On its own accord, Energy Focus left the bidding group. Energy Focus prepared a side letter, which was signed by Manas and IPR. By the terms of this side letter, Energy Focus was granted the option to rejoin the consortium under certain conditions.

Even though Energy Focus has been asked many times to join the group by contributing its prorated share of capital, they have failed to do so. Despite this, Energy Focus claims that they are entitled to participate in the consortium at any future time. IPR and Manas disagree with this interpretation.

No litigation has been commenced as of September 30, 2008. Manas and IPR are firmly of the view that Energy Focus no longer has any right to join the consortium. While Energy Focus has not accepted this position, they have not commenced litigation.

At September 30, 2008, there had been no legal actions against the associate/subsidiaries or branches in the Kyrgyz Republic, Republic of Tajikistan, Chile and Albania.

Management believes that the Group, including associate/subsidiaries or branches in the Kyrgyz Republic, Republic of Tajikistan, Chile and Albania are in substantial compliance with the tax laws affecting its operations. However, the risk remains that relevant authorities could take differing positions with regards to interpretative issues.

**16. PERSONNEL COSTS AND EMPLOYEE BENEFIT PLANS**

	For the nine months ended <b>September 30, 2008</b>	For the nine months ended <b>September 30, 2007</b>
	<b>USD</b>	<b>USD</b>
Wages and salaries	7,193,389	3,632,948
Social security contributions	106,026	72,311
Pension fund contribution	104,423	2,128
Other personnel expenses	468	1,691
<b>Total Personnel Costs</b>	<b>7,404,306</b>	<b>3,709,079</b>

	For the three months ended <b>September 30, 2008</b>	For the three months ended <b>September 30, 2007</b>
	<b>USD</b>	<b>USD</b>
Wages and salaries	2,349,351	1,987,431
Social security contributions	29,717	25,577
Pension fund contribution	-31,662	-149
Other personnel expenses	-	-
<b>Total Personnel Costs</b>	<b>2,347,406</b>	<b>2,012,860</b>

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**17. EARNINGS PER SHARE**

Loss per share is calculated as Net Loss for the nine months ended September 30, 2008 and September 30, 2007 divided by 113,610,124 and 107,416,090 outstanding shares and as Net Loss for the three months ended on September 30, 2008 and September 30, 2007 divided by 114,700,557 and 111,878,422 outstanding shares.

For the three and nine months ended September 30, 2008 and September 30, 2007 all share options and warrants were excluded from the calculation of the diluted weighted average number of shares, because the Group made a net loss during the calculation period and the effect of their inclusion would be anti-dilutive.

**18. SUBSEQUENT EVENT(S)**

On October 14, 2008, the Albanian National Agency of Natural Resources (AKBN) informed the Company that the bank guarantee associated with the Albanian project can be further reduced by \$958,256. The funds are available at Group's own disposal (no restriction or limitation of these funds after release).

On November 7, 2008, the Albanian National Agency of Natural Resources (AKBN) informed the Company that the bank guarantee associated with the Albanian project can be further reduced by \$356,319. The funds are available at Group's own disposal (no restriction or limitation of these funds after release).

**19. RESTATEMENT**

Subsequent to the issuance of the Company's financial statements for the quarter ended September 30, 2008, the Company's management determined that the beneficial conversion feature related to the Debentures should not have been expensed at inception, but instead amortized over the term of the Debentures. If the beneficial conversion feature had been recorded properly, the loss for the three month period ended September 30, 2008 would have been increased for the amortization, while the loss for the nine month period ended September 30, 2008 and for the period from inception to September 30, 2008 would have been reduced. In addition, the carrying value of the Debentures would have been reduced by the amount of the unamortized beneficial conversion feature. The beneficial conversion feature will be accreted over the term of the Debentures and classified as part of interest expense. As a result, the financial statements have been restated from the amounts previously reported to reflect the proper recording of the beneficial conversion feature and its subsequent amortization.

Subsequent to the issuance of the Company's financial statements for the quarter ended September 30, 2008, the Company's management determined that they should have incurred a current period expense for the subsequent equity sales adjustment clause included in most of the Company's warrant agreements. The private placement on September 4, 2008 resulted in the strike price of 13,933,989 warrant agreements being reduced to the last equity issuance

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price (\$0.59) and the number of common shares to be issued upon exercise of the warrant agreements being increased to 69,966,703. The resulting repricing is considered to be a cancellation of the original warrant agreements and the issuance of new warrant agreements. The accounting impact is to record an expense for the difference in the fair value of the new warrant agreements and the fair value of the original warrant agreements immediately prior to the adjustment. The result is a current period charge of \$9,439,775 and also a corresponding increase to additional paid in capital.

**As at September 30, 2008**

**in USD**

	<b>As previously reported</b>	<b>As restated</b>
Debentures	3,810,000	3,355,159
Additional paid-in capital	32,735,505	42,175,280
Deficit accumulated during the development stage	(31,202,436)	(40,187,370)

	<b>For the three months ended September 30, 2008</b>		<b>For the nine months ended September 30, 2008</b>		<b>For the period from inception to September 30, 2008</b>	
	<b>in USD</b>		<b>in USD</b>		<b>in USD</b>	
	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>	<b>As previously reported</b>	<b>As restated</b>
Warrant issuance cost	-	(9,349,775)	-	(9,439,775)	-	(9,439,775)
Interest expense	(207,676)	(270,333)	(843,268)	(388,427)	(924,907)	(470,066)
Net loss	(6,382,934)	(15,885,366)	(17,297,980)	(26,282,914)	(31,206,789)	(40,191,722)
Basic and diluted loss per share	(0.06)	(0.14)	(0.15)	(0.23)	(0.30)	(0.39)

## **Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation**

This Periodic Report on Form 10-Q may contain "forward-looking statements". The terms "believe", "anticipate", "intend", "goal", "expect" and similar expressions may identify forward-looking statements. These forward-looking statements represent our current expectations or beliefs concerning future events. The matters covered by these statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those set forth in the forward-looking statements, including our dependence on weather-related factors, the political conditions in the countries in which we operate, the results of our exploration activities, the impact of competition and price erosion, as well as supply and manufacturing restraints and other risks and uncertainties. You should not construe the foregoing list as exhaustive, and we disclaim any obligation subsequently to revise any forward-looking statements to reflect events or circumstances after the date of such statements, or to reflect the occurrence of anticipated or unanticipated events. In light of the significant uncertainties inherent in the forward-looking information included herein, you should not regard the inclusion of such information as a representation that we will achieve our strategy, objectives or other plans. We caution readers not to place undue reliance on any such forward-looking statements, which speak only as of the date made.

You should read the following discussion and analysis in conjunction with the unaudited consolidated Financial Statements and Notes thereto included in this Form 10-Q. The discussion contains forward-looking statements that involve risk and uncertainties. Our actual results and the timing of certain events could differ materially from those discussed in these forward-looking statements as a result of certain factors, including, but not limited to, those set forth herein and elsewhere in this Form 10-Q.

### **Overview**

We are a development stage company. Our growth strategy is focused on petroleum exploration and development in selected Central Asian countries of the former Soviet Union, in the Balkan Region and in Latin America. In addition to our focus on these regions, we also take an opportunistic view on projects outside the above regions. Our goal is to increase shareholder value through the successful acquisition and exploration of oil and gas resources.

We have no operating income yet and, as a result, depend upon funding from various sources to continue operations and to implement our growth strategy.

### **Results of Operations for the Nine Months Ended September 30, 2008 Compared to the Nine Months Ended September 30, 2007**

In the nine months ended September 30, 2008, we had a net loss of \$ 26,282,914 as compared to a net loss of \$8,755,543 for the comparable period ended September 30, 2007. Our net loss for the accounting period in 2008 is positively affected by revenues of \$635,318, stemming from an option agreement with Santos International Ventures Pty Ltd. ("Santos") of \$558,696 and consulting revenues of \$76,622. The corresponding period in 2007 is unaffected by revenue from operations as we had none in the period.

In the nine months ended September 30, 2008 our operating expenses increased to \$17,272,929 from \$8,888,004 reported for the same period in 2007. The 94% increase in our

total operating expenses is attributable to firstly, exploration costs of \$4,076,829 but secondly, also to several factors associated with the increase in the size of our operations and the personnel needed to carry out these operations. 47% of the total operating expenses, or \$8,058,814, for the period ended September 30, 2008 is related to stock-based or stock option-based compensation payments, which are non-cash. Compared to the same period in 2007, we recorded stock-based or stock option-based compensations of \$2,611,423.

#### **Personnel costs**

The number of employees increased three fold for the period ended September 30, 2008 compared to the nine months ended September 30, 2007. As a result, our personnel costs increased to \$7,404,306 from \$3,709,079. 70% of the total personnel costs or the amount of \$5,175,379 is related to a non-cash charge for our stock compensation and stock option plan to obtain and retain qualified management.

#### **Exploration costs**

For the period ended September 30, 2008 we incurred exploration costs of \$4,076,829 as compared to \$151,552 for the corresponding period in 2007. The amount covers the expenses for our projects in Albania, Chile and Tajikistan as well as preliminary scouting in Mongolia. The exploration costs in Albania amount to \$2,849,211 and include an environmental study, a volumetric and an economic report by an independent engineering consulting agency, reprocessing of data as well as a payment for the seismic work by Geological Institute of Israel ("GII"). In Chile, we have spent \$254,148 for reprocessing data and finalizing the work program with our partners. The costs in Tajikistan amount to \$781,657 for the first nine months in 2008. The costs in Mongolia amount to \$191,813 for the nine months period ended September 30, 2008.

#### **Consulting fees**

For the period ended September 30, 2008, we paid consulting fees in the amount of \$3,617,992 as compared to consulting fees of \$914,635 for the period ended September 30, 2007. This increase of 296% is primarily due to a charge of \$2,883,435 in the nine month period ended September 30, 2008 for stock based and stock option based compensation, \$2,500,781 of which resulted from a March 2008 grant of stocks to consultants working on our operations in Albania as payment for services.

#### **Administrative costs**

Our administrative costs of \$2,137,094 declined from \$4,104,720 during the period ended September 30, 2008. The sharp decrease is a result from one-time compensation charges of \$2,560,000 for the acquisition of DWM and the public listing which took place in second quarter of 2007. Compared to the same period in 2007, we have higher audit, legal and traveling costs.

#### **Non-operating expense**

Our non-operating expense increased by \$9,439,775 as a result of a charge for the subsequent equity sales adjustment clause in most of the Company's warrant agreements.

#### **Results of Operations for the Three Months Ended September 30, 2008 Compared to the Three Months Ended September 30, 2007**

In the quarter ended September 30, 2008, we had a net loss of \$ 15,885,366 as compared to a net loss of \$3,246,127 for the quarter ended September 30, 2007. Our net loss for the third

quarter in 2008 is positively affected by revenues of \$42,122, stemming from consulting revenues. The corresponding period in 2007 is unaffected by revenue from operations as we had none in the period.

In the quarter ended September 30, 2008, our operating expenses of \$6,267,148 increased from \$3,330,103 as compared to the same period in 2007. The increase is mainly attributable to the significant higher exploration costs of \$2,788,817 we had in the third quarter of 2008 compared to \$105,651 for the same period in 2007.

#### **Personnel costs**

The number of employees increased by 30% for the quarterly period ended September 30, 2008 compared to the three months ended September 30, 2007. However, our personnel costs increased by 17% from \$2,012,860 to \$2,347,406. 70% of the total personnel costs incurred in the third quarter of 2008, or \$1,633,065, are related to a non-cash charge for our stock compensation and stock option plan to obtain and retain qualified management.

#### **Exploration costs**

For the quarterly period ended September 30, 2008, we incurred exploration costs of \$2,788,817, as compared to \$105,651 for the comparable period in 2007. \$2,367,699 are related to our project in Albania and include an environmental study, a volumetric and an economic report by an independent engineering consulting agency, reprocessing of data as well as a payment for the seismic work by GII. In Chile, we spent \$112,742 while the expenses for the first exploration work program in Mongolia amounted to \$181,813. The exploration costs in Tajikistan amounted to \$126,564 for the quarterly period ended September 30, 2008.

#### **Consulting fees**

For the quarterly period ended September 30, 2008, we paid consulting fees in the amount of \$420,769, of which \$127,551 were based on stock based and stock option based compensation. For the corresponding period ended September 30, 2007, total consulting fees amounted to \$492,434, of which also \$127,551 were based on stock based and stock option based compensation. The slight decrease by 15% is a result of no acquisition based consulting costs being incurred during the third quarter of 2008.

#### **Administrative costs**

Our administrative costs declined slightly from \$714,948 to \$695,284 during the quarterly period ended September 30, 2008. Compared to the same period in 2007, we have higher audit, legal and travelling costs due to the increase in size of our operations.

#### **Liquidity and Capital Resources**

Our cash balance as of September 30, 2008 was \$10,457,063, of which \$9,115,000 is restricted to finance the bank guarantees for the first phase of our work program in Albania (covering the seismic and geological and geophysical (G&G) costs in Albania) and in Mongolia (covering the seismic and G&G costs in Mongolia), leaving a balance of \$1,342,063. Given the turbulences on the global equity markets, we now anticipate that the planned financing of up to \$80,000,000 will take place from now until 2009.

On August 18, 2008, the Company successfully negotiated a mezzanine tranche of bridge financing and raised proceeds of \$1,860,000 through the issuance of a contingently convertible loan.

On September 4, 2008, the Company conducted a private placement pursuant to a Securities Purchase Agreement and raised proceeds of \$2,600,000.

In order to continue to fund operations for the next twelve months and implement the geological work program for our projects particular in Central Asia and the Balkan Region as well as to finance continuing operations, the Group will require further funds. We expect these funds will be raised through additional equity and/or debt financing. If we are not able to raise the required funds, we would consider farming-out projects in order to reduce our financial commitments.

Our capital commitments are disclosed in our Annual Report on form 10-KSB for the year ended December 31, 2007. There has been no material change in these commitments.

### **Operating Activities**

Net cash outflow from operating activities of \$ 6,819,874 for the first nine months of 2008 has increased from \$3,658,817 in the comparable period. This is mainly due to higher exploration costs compared to the same period in 2007.

### **Investing Activities**

Net cash outflow from investing activities of \$9,245,160 for the first nine months of 2008 has increased from \$74,043 in the comparable period for 2007. This is mainly due to restricting cash of \$9,115,000 for bank guarantees for our projects in Albania and Mongolia. In the quarter ended September 30, 2008, we have released \$1,065,000 from the restricted cash account in accordance with the Albanian government and as outlined in the two production sharing contracts ("PSC") for our Albanian assets, while we have put in \$4,000,000 for our two escrow accounts in Mongolia. The other items remain largely unchanged and are not material.

### **Financing Activities**

Net cash flow from financing activities of \$8,858,456 for the first nine months of 2008 has decreased from \$12,862,728 in the comparable period. In the period ended September 30, 2007, the majority of the cash flows were related to the issuance of shares of common stock and warrants in conjunction with the merger and a private placement carried out on July 31, 2007, while in the period ended September 30, 2007, we sold 4,000,000 units. We have issued debentures of \$3,760,000 and detachable warrants with the debentures of \$240,000 in the quarter ended June 30, 2008. Furthermore, we have issued contingently convertible loans of \$2,000,000 (net proceeds of \$1,860,000) as well as equity and warrants in a private placement of \$2,600,000 during the third quarter ended September 30, 2008. Additionally, we received a one year bank loan of \$1,220,000 during the quarterly period ended September 30, 2008.

### **Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements.

## **Recent Developments**

We are primarily focused on our operations in Albania, Kyrgyz Republic, Tajikistan, and Chile. Furthermore, we are targeting the acquisition of exploration blocks in Mongolia. Since the end of our most recent fiscal year, various developments have affected these operations.

### **Albania**

On July 31, 2007, we signed two Production Sharing Contracts (PSC) with the Albanian National Agency of Natural Resources, and on December 13, 2007, the council of Ministers ratified the contracts. The contracts cover approximately 766,000 acres (or approximately 3,100 km<sup>2</sup>) and set out minimum work and expenditure requirements for three phases. If all three phases under the contracts are completed, they will take seven years to complete and will require a minimum expenditure of \$15,620,000 for each set of blocks if we complete all three phases. We have begun the first phase.

Since January 1, 2008, the following developments have taken place in connection with our operations in Albania:

Geologists and Geophysicists of our team in Albania were preparing a seismic program for 400 km of 2-D linear seismic. The seismic lines have been defined and mapped. An environmental study was performed, presented and approved for the seismic program from local authorities and from the Ministry of Economy, Trade and Energy. External seismic crews have realized field trips to all four blocks and prepared offers for the tender. A contract for this project has been signed with the Geophysical Institute of Israel (GII). GII commenced with the first part (189 km of 2-D seismic) of the program and realized by the end of September 30, 2008, 147 km of 2-D seismic. A revised technical study including resource estimates and an economic study was made by an independent consultant. The reprocessing of selected lines (800 km) from previous seismic explorations was finished. The digitized data are transferred into modern scripts and are loaded on the geological software of the team. A number of field trips were made to optimize the construction of roads for the drilling trucks. Different technical options and parameters for performing the seismic were evaluated.

### **Kyrgyz Republic**

We have a 25% interest in South Petroleum JSC ("SPC"), which has five licenses in the Kyrgyz Republic that cover a total area of approximately 569,578 acres (or approximately 2,305 km<sup>2</sup>). We previously sold a 70% interest in SPC to Santos International Holding Pty Ltd. As part of this sale, Santos agreed to undertake a work program on these licenses in two phases, the first of which has already begun. While we will not have to provide funds for any costs for this first phase of this work program, we also do not anticipate that this program will generate any revenues in the next twelve months.

Seismic operations began on September 30, 2007 in the western part of Batken oblast. By the end of the year 2007, 89.4 km had been acquired in the Tuzluk license. Towards the end of the year, severe winter weather had begun to hamper operations. This severe weather continued throughout January and into February and had a substantial impact on seismic operations. By March 2008 weather conditions had improved and a total of 64.3 km was acquired in March in SPC acreage compared to 30.3km in January (7.7km) and February (22.5km) combined. Seismic acquisition in the Tuzluk license continued throughout April,

May, and June and was completed towards the end of the second quarter 2008 with a total of 315.4 km having been acquired in the Tuzluk license (not including a 1.1km test line). Following completion of operations in the Tuzluk licence in June 2008, the seismic crew moved to the Nanai licence on the northern margin of the Fergana Basin on the border with Uzbekistan. The seismic crew began operations on July 18, 2008 and during the third quarter recorded 100.2 km of seismic data. Line numbers recorded were 7, 4, 11, 10, 12, 3, 2. Seismic operations in the Nanai were completed by the end of October 2008.

Negotiations are still underway for the introduction of a second crew into the basin. It is hoped that this can be accomplished by December 2008.

No health, safety & environmental incidents (“HSE “) were recorded during the quarter although Uzbek border guards detained two Kyrgyz Geofisica staff in a disputed border area on July 12, 2008. They were released unharmed. Since that time SPC has been working closely with the Kyrgyz border guards to ensure no further such incidents occur. Land access proceeded without incident.

Planning is underway for a program of shallow wells in the Soh and Tuzluk license. It is hoped to start drilling these wells in the fourth quarter.

The following activities have progressed:

- . Preliminary interpretation of the new seismic data has been initiated in the Adelaide office.
- . In addition to the seismic program several initiatives have been undertaken in relation to the seismic program. These include data exchange agreements with neighboring licenses and the provision of funds to Saratovneftegeofizika (SNG) (seismic contractors) for crew upgrades.
- . The project team in Adelaide has been primarily engaged in technical review work to define prospects and leads.
- . Consolidation of the database has been undertaken with data acquired in Bishkek transferred to the database in Adelaide. Reprocessing and scanning of Soviet era seismic data and digitizing of well logs have continued.
- . The office in Bishkek has been involved in general office administration and management, building relationships with industry and government and resolving various local taxation issues

Since January 1, 2008, the following developments have taken place in connection with South Petroleum’s operations in the Kyrgyz Republic:

Seismic operations were initiated in the Tuzluk area on September 30, 2007 and completed on June 27, 2008. The seismic crew base was located in the village of Arka, near the Tajikistan border. The crew was engaged in acquiring seismic over the Sulukta (Textonic) and Tuzluk (SPC) licenses and in Somon Oil acreage across the border in Tajikistan.

Initial parameter testing was carried out and the subsequent parameters adapted were agreed to correspond to USD/km rate of \$6,970/km (VAT not included).

During the months of January, February and March 94.6km of seismic data was acquired on seismic lines 8, 10, 11, 12, 13, 14, 15, 18 and 19. Field stacks indicated moderate data quality.

During April, May and June, 131.6kms of seismic were acquired in the Tuzluk license on lines 2, 4, 5, 6, 7, 18, 19, 20, 21, 22, 23, 24, 26, 32 and 33. Full processing trials are underway with some encouraging results.

Operations were also conducted; starting in late December 2007, across the border into Tajikistan on the first of a number of seismic line extensions with the aim of obtaining long receiver offset data to improve imagery of the Tuzluk subthrust leads. Such data will be available to SPC through a trade agreement with Somon Oil. A total of 123km was acquired in the Somon Oil Block by the end of June.

No safety incidents were recorded. Land access proceeded smoothly without incident. Planning for drilling is ongoing with the appointment of a Drilling Manager, Alistair Chomley to the SPC Bishkek Office. A Drilling HSE Manager has also been appointed to the SPC office together with support staff.

Work has been underway to assess rig availability, infrastructure, import and transport routes, import procedures, national and local planning, and contractual requirements and preliminary location and access scouting for the drilling of up to four deep wells in 2009.

Long lead items acquired for the deep drilling program are currently under storage in Indonesia. Discussions are also underway with Caspian Oil and Gas for a shallow drilling program of 2-4 wells in the Soh and Tuzluk licenses. Caspian will use their 850HP rig in this operation. Discussions are underway between SPC, and Caspian/Sherik to ensure the rig is operationally ready for the planned program.

The likely commencement of a deep drilling program will not occur until the second quarter of 2009. Commencement of a shallow program may occur during the fourth quarter of 2008. The following is a summary of the Adelaide Office activities until end of September 2008: A team from Santos Adelaide has been responsible for integrating the new data into prior data sets and generating new prospects and leads for future drilling. The following summarizes the work carried out;

#### Database

- . On-going database assembly with:
- . Digitization of well wire line log data
- . Rectification of scanned maps
- . Field GPS quality control of well head locations, and incorporation into Santos mapping and seismic interpretation packages continued (DBMap and Geoframe)
- . Capture of relevant information from Soviet-era reports
- . Wireline log and seismic data loaded into Geoframe master interpretation project
- . Formation tops data continued to be assembled and bulk loaded into Geoframe interpretation package

#### Seismic Reprocessing, Scanning & Acquisition

- . Seismic reprocessing project is complete.
- . Scanning seismic project by SNG is completed.
- . All original hardcopy seismic was scanned in Australia by contractor New Wave to provide a further dataset, which is being utilized as a final quality check against the reprocessed and SNG scanning. This data set was found to be more workable and has been used for current mapping.
- . Geophysical interpretation of digital seismic is proceeding.

#### Seismic Interpretation & Mapping

- . Seismic interpretation and mapping continued in each of the Tuzluk, Soh, West Soh, and Nanai permits.
- . Mapping has been incorporated into plans for proposed new seismic acquisition, with minor adjustments being made to the location of lines in the 2D acquisition grid.

#### Geological & Geophysical work

- . Rock sample petrography and geochemistry reports completed.
- . Integration of well velocity data and wireline log data into seismic interpretation project.
- . Geological well to well correlations.
- . Thermal history modeling.

The following is a summary of the Bishkek Office activities until the end of September 2008:

- . Presentations have been made to the State Agency of Geology (New Director) outlining the progress made in relation to seismic acquisition.
- . Discussions with the State Agency and others concerning the new Sub Soil laws and the proposed imposition of license fees continued and representations made through the IBC (International Business Council). These discussions are ongoing at the present time.
- . General license administration and reporting continued during the quarter and half yearly reports were prepared.
- . Digitizing of electric logs and maps continued during the period.
- . Continued to build in-country relationships with industry and government.
- . The Jalalabad office provided support to the seismic field operations and to drilling planning.

#### **Tajikistan**

On July 25, 2007, the Tajikistan government awarded our subsidiary, CJSC Somon Oil Company (“Somon”), an exploration license in Novobod Tajikistan covering approximately 303,198 acres (or approximately 1,227 km<sup>2</sup>). We anticipate the Tajikistan government granting Somon a North Tajik license in the near future. We have a 90% equity interest in Somon with the other 10% interest held by the Tajik company Anawak LLC.

We have entered into an Option Agreement with Santos. Under the Option Agreement, Santos will pay an amount equivalent to the seismic acquisition costs in the Tajik area (approximately USD1.3 million) in consideration for an option to farm-in to Somon's prospecting licenses. If Santos were to exercise its option to enter into a Farm In Agreement, Santos would acquire a 70% interest from us in Somon in exchange for certain expenditure commitments for the exploration and development of the licenses.

In connection with the option agreement, Somon has entered into a seismic agreement with SNG under which SNG is to carry out approximately 110 km of 2-D seismic acquisition in Tajikistan. This agreement underlies the option agreement and is designed to meet a condition set by the Tajik authorities, whereby once work has commenced in the West licence, an additional licence area, the North Tajik license, may be granted to Somon.

Since January 1, 2008, the following developments have taken place in connection with Somon’s operations in Tajikistan:

Starting in late December operations across the border into Tajikistan were conducted on the first of a number of seismic line extensions with the aim of obtaining long receiver offset data to improve imagery of the Tuzluk subthrust leads. Such data will be available to SPC through a trade agreement with Somon Oil.

The performance of the seismic operation has improved in March following the improvement in weather and the introduction of a drilling team from SNG Tajikistan. Every effort has been made to improve crew efficiency, with an objective of lifting production rates to an average of 4km/day target. In the second quarter of 2008, a total of 107.88km of 2D seismic were acquired. A total of 123km were acquired in the Somon Oil Block by the end of June. No safety incidents were recorded. Land access proceeded smoothly without incident.

## **Chile**

On November 21, 2007, IPR and Manas were awarded the onshore Tranquilo Block by ENAP (Empresa Nacional del Petróleo-Chile) in the first exploration round in Chile, this award was memorialized in a final document with the Chilean Ministry during a ceremony chaired by the Chilean President Michele Bachelet. The block, the largest among the 10 exploration blocks offered (6,760 km<sup>2</sup>), is situated in the Magallanes Basin in the southern part of Chile, with high exploration potential acreage with fields and infrastructure nearby.

Since January 1, 2008, the following developments have taken place in connection with our consortium’s operations in Chile:

Manas and its partner, Independent Petroleum Resources (IPR), who won a tender in the Magallanes Basin have been negotiating with the Chilean Ministry the exploration and development contracts. The contract (CEOP) was signed in an official ceremony on April 30, 2008 and ratified by the ministry. Manas incorporated the Chilean company Manas Energia Chile limitada which is holding the license.

On April 29, 2008, Manas and IPR entered into a farm-out agreement with Geopark and Pluspetrol. Manas and IPR will each hold 20% of the project and Geopark and Pluspetrol will each hold 30%. An application for the transfer of the shares to the Ministry was made after the ratification of the Tranquillo block licenses. If this is approved, the operatorship will be transferred from IPR to Geopark, who is already operating a block in the Magallanes basin.

Geopark presented first operational activities to IPR, Pluspetrol and Manas including a preliminary project plan for phase 1, results of scouting with a seismic crew and geological interpretation of the prospects.

One of the first activities of Geopark after the operatorship will be officially transferred will be reprocessing and reinterpretation of existing 1,428km 2D seismic and evaluation of the existing wells to determine future drilling prospects and possible production opportunities in 2009.

### **Mongolia**

In July 2008, Manas won the tenders for Blocks 13 and 14. Both Blocks are expected to be ratified during the fourth quarter of 2008. Manas geologists supported by experts from GII and the University of Novosibirsk have completed a highly successful Phase 1 field work program defining structural trends with potential petroleum accumulations. Based on these results and previous data the company is currently designing a seismic acquisition program expected to commence in 2009.

### **Item 3. Quantitative and Qualitative Disclosure About Market Risk**

As we did not have to disclose quantitative and qualitative information about our market risk as of and for our last fiscal year, this item is not applicable to us at this time.

### **Item 4. Controls and Procedures.**

As disclosed in Note 19 to our financial statements included in this Amended Quarterly Report on Form 10-Q, we have restated the financial statements for the quarter ended September 30, 2008.

The identification of these errors arose as a part of our annual financial statement audit.

In light of our determination that there were material inaccuracies in the financial information for the quarter ended September 30, 2008 which were included in the original Quarterly Report for the quarter ended September 30, 2008, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective in design and operation at the time of the original Quarterly Report for the quarter ended September 30, 2008.

There have been no changes in our internal control over financial reporting, that occurred during the quarter ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II**

### **Item 1. Legal Proceedings**

None.

### **Item 1A. Risk Factors**

There have been no material changes to the risk factors described in Part II, Item 1A "Risk Factors" included in the Form 10-Q for the quarter ended March 31, 2008.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

On September 4, 2008, we conducted a private placement pursuant to a Securities Purchase Agreement with two U.S. persons. Under the Securities Purchase Agreement, we sold 4,000,000 units for \$2,600,000, or \$0.65 per unit. Each unit consisted of one share of common stock, one warrant and an interest in rights granted to us by the Mineral Resources and Petroleum Authority of Mongolia with respect to certain production sharing contracts governing areas in Mongolia referred to as Blocks 13 & 14.

Each of the 4,000,000 warrants granted under the Securities Purchase Agreement is exercisable for two years at \$0.95 per warrant. The warrants carry "tag-along" registration rights so that if we file a registration statement (other than on Form S-4 or S-8), the holders may demand that the shares underlying their warrants, as well as any shares from this private

placement that are not eligible for the resale exemption from registration provided by Rule 144 under the Securities Act of 1933, be included in such registration statement. If no such registration statement is filed by January 4, 2009, we have undertaken to use our best efforts to file a registration statement for the shares underlying the warrants by May 4, 2009.

The units were issued to two US persons relying on the exemption from the registration requirements of the Securities Act of 1933 provided by Section 4(2) of the Securities Act and Rule 506 thereunder.

**Item 3. Defaults Upon Senior Securities**

None.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

**Item 6. Exhibits and Reports on Form 8-K**

[Exhibit 31.1 Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002](#)

[Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002](#)

## **SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

### **Manas Petroleum Corporation**

/s/ Erik Herlyn

Name: Erik Herlyn

Title: Chief Executive Officer, Interim Chief Financial Officer  
Principal Executive Officer, Principal Financial Officer and  
Principal Accounting Officer

Date: April 15, 2009

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**EXHIBIT 31.1**

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Erik Herlyn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manas Petroleum Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 15, 2009

/s/ Erik Herlyn

Name: Erik Herlyn

Title: Chief Executive Officer, Interim Chief Financial Officer  
Principal Executive Officer, Principal Financial Officer and  
Principal Accounting Officer

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**EXHIBIT 32.1**

**Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

I, Erik Herlyn, Chief Executive Officer and Interim Chief Financial Officer of Manas Petroleum Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

- (1) the Quarterly Report on Form 10-Q of the Company for the quarter ended September 30, 2008 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 15, 2009

/s/ Erik Herlyn

Erik Herlyn  
Chief Executive Officer, Interim Chief Financial Officer  
Principal Executive Officer, Principal Financial Officer and  
Principal Accounting Officer

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