



## **Financial and Operations Update For the Year Ended December 31, 2010**

BAAR, SWITZERLAND, March 21, 2011.

Manas Petroleum Corp. ("Manas") (OTCBB: MNAP) is pleased to report that it has filed on EDGAR and on SEDAR its annual report on Form 10-K for the fiscal year ended December 31, 2010. The complete document can be viewed at either [www.sedar.com](http://www.sedar.com) or [www.sec.gov](http://www.sec.gov).

### **Results of Operations**

For the year ended December 31, 2010, we had net income of US\$74,442,353 as compared to net loss of US\$21,618,015 for the year ended December 31, 2009. This increase in our net income is mainly attributable to non-operating income, which includes a gain from sale of subsidiary of US\$57,850,918 and a gain in the fair value of investment in associate (Petromanas Energy Inc.) of US\$25,851,061.

For the year ended December 31, 2010, our operating expenses decreased by one percent to US\$9,421,318 from US\$9,501,901 reported for the same period in 2009. For the year ended December 31, 2010, while we incurred lower personnel costs and lower administrative costs, we recorded higher exploration costs and higher consulting fees.

### **Liquidity and Capital Resources**

Our cash balance as of December 31, 2010 was US\$1,736,571. Our shareholders' equity as of December 31, 2010 was US\$71,723,484. As of December 31, 2010, total current assets were US\$2,191,848 and total current liabilities were US\$477,001, resulting in net working capital of US\$1,714,847. In addition, of the 200,000,000 common shares of Petromanas Energy Inc. held by us, 25,000,000 were freely tradable as of December 31, 2010. On December 31, 2010, the market value of these freely tradable shares was approximately US\$9,997,000.

### **Going Concern**

Based on our business plan for the next 12 months, we anticipate that we will need US\$8,660,000 to fund our operations.

Given our net working capital plus our freely tradable shares of Petromanas Energy Inc., we do not expect that we will need additional funding from external sources to cover our monthly burn rate of approximately US\$340,000 and minimum work commitments before February 2012.

In order to fund our operations beyond February 2012, we believe that we will need further financing. These funds have to be raised either through external sources, or via the sale of common shares of Petromanas Energy Inc.

As of February 2, 2011, we filed a registration statement on Form S-1 with the Securities and Exchange Commission and on February 1, 2011, we filed a preliminary prospectus with the securities commissions in all of the provinces of Canada except Quebec, for a proposed public offering of

common shares to raise a minimum of US\$20,000,000 and a maximum of US\$30,000,000 at a price per share to be determined in the context of the market.

The registration statement and the preliminary prospectus relating to the offering of these securities have not yet become effective. The securities may not be sold nor may offers to buy be accepted prior to the time the registration statement and the preliminary prospectus become effective. This news release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of, the securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such state or jurisdiction

A preliminary prospectus containing important information relating to these securities has been filed with securities commissions or similar authorities in certain jurisdictions of Canada. The preliminary prospectus is still subject to completion or amendment. Copies of the preliminary prospectus may be obtained from Raymond James Ltd., c/o Sonny Mottahed, Investment Banking, telephone (403) 509-0532. There will not be any sale or any acceptance of an offer to buy the securities until a receipt for the final prospectus has been issued.

## **Developments in 2010**

### *Mongolia*

In 2010, we began to re-interpret existing geological data and plan for a gravity survey. This was to further define the location of lines for the recently completed seismic campaign on Blocks 13 and 14, in which we acquired approximately 300 linear km of seismic data. Also, we collected data from a total of 451 existing wells drilled in the Zuunbayan and Tsagaan Els oil fields area and in prospects. All well data was translated from Russian and Mongolian into English for analysis by international experts.

On August 31, 2010, we entered into a contract with DQE International Tamsag (Mongol) LLC, a subsidiary of CNPC Daqing Petroleum, for the acquisition of 300 km of 2D seismic on Blocks 13 and 14 for an aggregate total of US\$1,050,000, payable according to a specific schedule. We were required to provide a bank guarantee over the outstanding amount, which is to be reduced according to the same schedule.

On November 10, 2010, we announced the completion of the 2010 seismic acquisition program for block 13 and 14 without incident. We intend to use the additional 300 km of 2D seismic data to improve our technical database and our chance of drilling a successful exploration well. After interpretation of the full dataset, we intend to decide whether we are ready to drill one or more exploration wells or we need to acquire 3D seismic to define the drill prospects in better detail. Depending on this decision, we hope to spud the first well in 2011.

Our plans for 2011 call for the acquisition of another 833 km (517.6 miles) of data at a cost of approximately US\$3.35 million, including 303 km (188.3 miles) on Block 13 and 530 km (329.3 miles) on Block 14.

### *Tajikistan*

Pursuant to an agreement with DANK Scientific Industrial Firm (Kazakhstan), Somon Oil Company acquired 250 km of 2D seismic in the Western license area. The seismic acquisition work commenced on February 13, 2010 and was completed on June 4, 2010.

During the first six months of 2010 we acquired an aggregate of 220 km of 2D seismic in the Novobod-Obchai Kalachi and North-West license areas (104 km recorded in March 2010, 105 km recorded in May 2010, 11 km recorded in June 2010 and survey complete June 4, 2010). The seismic acquisition that commenced in the southern license areas (and locally across the Kyrgyz-Tajik border) on February 13, 2010 was completed on June 4, 2010.

We believe that our objectives relating to definition (to drill ready status) of the Chkalovsk and North Auchi prospects are likely to be met following final processing and mapping, on current indications. Objectives relating to lead definition in the West Digmai area appear disappointing at this stage, however, the same part of the dataset is encouraging with respect to the Yangiabad area (additional prospectivity). Lines additional to the initial program in the North-West license area are of good quality (field data and initial stacks) and have been valuable in terms of the contribution to understanding the technical issues and prospectivity in the area.

Technical database compilation and integration is ongoing.

The results have been submitted, together with a draft of a production sharing agreement, to Tajikistan's Geological Agency and its Ministry of Energy.

First analysis of the data from the 2010 seismic program confirmed the existing prospects (two prospects are now considered mature for drilling) and reconnaissance data has revealed several large undrilled structures in the Northwest license. During the last few months of 2010, CJSC Somon Oil Company focused on drafting a drill program for a wildcat well at the Chkalovsk structure in the Bobodjon Gafurovskiy region. It has submitted drilling location data to the government and has submitted an application to the regional government requesting the allocation of a four hectare site on which it can locate a drilling rig and field camp.

During the last few months of 2010, representatives of CJSC Somon Oil Company have continued to negotiate the terms of a proposed production sharing agreement with the government. The final production sharing agreement is expected to include a proposed work program. We continue to negotiate the form of the production sharing agreement with various interested agencies of the government of Tajikistan. We believe that the finalization and ratification of the production sharing agreement is the last hurdle in order for Santos International Ventures Pty Ltd. to exercise its farm-in option.

#### *Kyrgyz Republic*

CJSC South Petroleum Company contracted the Kazak seismic crew, DANK Scientific Industrial Firm (Kazakhstan), to perform further seismic work. As part of the Tajik seismic program, around 20 km of 2D seismic lines reaching into the Kyrgyz license area were acquired in the first quarter of 2010. CJSC South Petroleum Company fulfilled its seismic commitment in the Tuzluk license area for 2010.

In April of 2010, Kyrgyz President Kurmanbek Bakiyev resigned and a provisional government assumed control of the country during a period of violent political unrest. A state of emergency was declared in June, 2010, and CJSC South Petroleum has temporarily suspended drilling operations in the country.

#### *Albania*

On February 24, 2010, our wholly-owned subsidiary, DWM Petroleum AG, completed the sale of all of the issued and outstanding shares of its subsidiary, Manas Adriatic GmbH, to Petroman Energy

Inc., a British Columbia incorporated in 1998 (formerly known as WWI Resources Ltd.). Through DWM Petroleum AG, we own approximately 31.7% of the common shares of Petromanas Energy Inc.

Petromanas Energy Inc. now owns all of the outstanding shares of Petromanas Albania GmbH (formerly Manas Adriatic GmbH). Petromanas Albania GmbH owns a 100% interest in three onshore oil and gas production sharing contracts containing six licenses located in Albania.

#### *Chile*

Pursuant to an agreement dated January 29, 2010, we agreed to assign our interest in our Chilean project in exchange for a return of all of the operational costs that we have invested in this project to date and relief from all currently outstanding and future obligations in respect of the project. The transfer of our participation in this Chilean project to the new owners has been approved by the Chilean ministry and is now subject to approval by the parties.

#### **About Manas Petroleum Corp.**

Manas Petroleum is an international oil and gas company with primary focus on exploration and development in South-Eastern Europe, Central Asia and Mongolia. In Albania, Manas participates in a 1.7 million acre exploration project through its equity interest in Petromanas Energy Inc., a Canadian public company. In Kyrgyz Republic, Manas has signed a US\$54 million farm-out agreement with Santos International Holdings Pty Ltd., a subsidiary of Australia's third largest oil and gas company. In addition to the development of its Kyrgyz Republic project, Santos is developing the company's neighboring Tajikistan license under an option farm out agreement. In Mongolia, Manas owns record title to the two Production Sharing Contracts covering Blocks XIII and XIV through its wholly-owned subsidiary DWM Petroleum AG, but 26% of the beneficial ownership interest in these blocks is held in trust for others.

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## **DISCLAIMER**

### Forward-Looking Statement Disclaimer

This press release contains forward-looking statements. Forward-looking statements are projections of events, revenues, income, future economic performance or management's plans and objectives for future operations. In some cases you can identify forward-looking statements by the use of terminology such as "may", "should", "anticipates", "believes", "expects", "intends", "forecasts", "plans", "future", "strategy", or words of similar meaning. Forward-looking statements in this press release include statements about Manas' expectation that it can fund projected operations until February 2012 without the need for additional capital from outside sources, that in order to fund its operations beyond February 2012, it will need further financing, either through external sources, or via the sale of common shares of Petroman Energy Inc., that it believes that its objectives relating to definition of the Chkalovsk and North Auchu prospects are likely to be met following final processing and mapping, and that the seismic data recently acquired in Mongolia will enable it to choose between drilling an exploration well or acquiring 3D seismic data, its anticipation that the first exploration well should be spudded in 2011, its plan to acquire another 833 km (517.6 miles) of data at a cost of approximately US\$3.35 million on Blocks 13 and 14 in Mongolia and its belief that the finalization and ratification of the production sharing agreement with various interested agencies of the government of Tajikistan is the last hurdle in order for Santos International Ventures Pty Ltd. to exercise its farm-in option. While these forward-looking statements and any assumptions upon which they are based are made in good faith and reflect current judgment regarding the direction of Manas' business, actual results will almost always vary, sometimes materially, from any estimates, predictions, projections, assumptions or other future performance suggested in this press release. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks presented by the market price and volume of trading in shares of Petroman Energy Inc., field conditions and the risks described in Manas periodic disclosure documents filed on SEDAR and EDGAR, copies of which are also available on the company's website at [www.manaspetroleum.com](http://www.manaspetroleum.com). Any of these risks could cause Manas' or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Except as required by applicable law, including the securities laws of the United States and Canada, Manas does not intend to update any of the forward-looking statements to conform these statements to actual results.