



29 January 2016

## DECEMBER 2015 QUARTERLY ACTIVITIES REPORT

Manas Resources Limited (ASX-MSR) reports its activities for the December 2015 Quarter on the Company's 100%-owned gold projects in the Kyrgyz Republic, Central Asia.

### SUMMARY

#### Shambesai Gold Project, Kyrgyz Republic, Central Asia

- Project now fully permitted, with the Mining Licence extended until 2025
- Work on scheduling and cash flow modelling of smaller Shambesai open pit option well advanced
- Shambesai pre-production capital cost estimate reduced to US\$30M from US\$41M shown in the Shambesai Project Bankable Feasibility Study
- Parliamentary elections held successfully in Kyrgyz Republic on 4 October

### CORPORATE

- Having now completed permitting of the Project, the Company is significantly reducing its technical and administrative team and has reduced its associated overhead cost whilst ongoing discussions with potential project financiers and joint ventures partners continue.
- The Company is in discussions with several parties on debt and equity capital raising for both working capital purposes as well as the longer term financing for development of the Shambesai Project.

#### Shambesai Gold Project, Kyrgyz Republic (MSR 100%)

##### Permitting

The Basic Engineering design reports for the mine and associated infrastructure were submitted for review and approval during the September Quarter. Approvals for the design were received early in October.

The completion of the technical permitting for the mine, process plant and infrastructure facilities was a key undertaking required as part of the Mining License for the Shambesai project. Manas has now fulfilled all the obligations associated with the Mining License Agreement Number2 (MLA2).

Approval for extension of the Shambesai Mining License to 2025 has been granted by the Kyrgyz authorities. The final terms of MLA3, which provide for the construction and commissioning of the Shambesai project by the end of 2016 and for ongoing production from the deposit are now being negotiated and are expected to be finalised in the March quarter.

## **Government and Community Relations**

Following the Kyrgyz Parliamentary elections in October, the political situation has remained stable with most key governmental incumbents retaining their positions. Following the elections, the government has been active in supporting the mining industry and is working towards stabilising the community situation in areas where anti-mining sentiment has slowed development of projects.

The Manas team has been active working with the community surrounding the mine area and is noting an increased interest from community members wanting the project to proceed.

## **Project Schedule and Capital Estimate**

Ongoing work on optimizing the project schedule and capital cost estimate for the Shambesai Gold Project resulted in a significant reduction in the project delivery cost.

As a result of design reviews following permitting recommendations, capital costs are expected to be reduced in a number of areas associated with site access and earth works. The Project Team has also identified a number of areas where construction work can be deferred until after gold production has commenced.

There is potential to defer the purchase of some of the mining equipment, part of the camp accommodation construction and the start-up of the heap leach facility for processing low grade material. Deferral of these items will reduce the pre-production capital required for the Project since ongoing construction after the first gold is poured can be funded from the strong cash flows expected to be generated as production ramps up.

Retendering of a number of the main equipment items has resulted in a significant reduction in costs as a result of the depressed equipment supply sector.

It is expected that that pre-production capital expenditure will reduce from US\$41M [reported in the 25<sup>th</sup> February 2015 update to the economic parameters for the May 2013 Bankable Feasibility Study (BFS)] to well below US\$30M.

## **Mine Re-Optimisation**

The original pit design used in the BFS and the 25 February 2015 economic parameters update is based on a US\$1,500 gold price pit shell. A recent re-optimisation using the BFS operating parameters and a pit shell based on a US\$1,100 gold price has resulted in a significantly smaller, more profitable (recommended) pit, reflecting the removal of uneconomic ounces at the lower gold price.

Manas is currently working on updating the economic basis for the Shambesai Project BFS based on the new optimized schedule and capital cost. It is expected that the results of this work will be released, together with an updated Ore Reserve Estimate, in the first quarter of 2016.

## **Corporate**

### *Project Financing*

As a consequence of recent developments, including receipt of all key construction approvals, reduced pre-production capital requirements, continued political stability and Government support having significantly improved the outlook for the Project, the Company re-commenced a process to secure financing for the Project. The Company has received interest from several parties for project financing and at the same time discussions with other cornerstone investors, direct equity joint venture partners and potential acquirers of the Company's Kyrgyz projects remain ongoing. With the extended festive season complete a number of parties are working on technical reviews.

The Company's strong 'in country' project and administrative teams have been successful in completing the arduous design and approval process for the Shambesai Project. Now that the process has been completed the Company is further reducing the size of the teams until a funding arrangement, JV or sale of the project has been finalized. The combined 'In country' and corporate overheads have been reduced significantly.

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### **Manas Resources Limited - Company Overview**

Manas Resources Limited is an Australian-based company with a Mineral Resource base of 1,184,000 ounces of gold at its 100% owned projects on the Tien Shan gold belt in the south west of the Kyrgyz Republic. The Company has completed a Bankable Feasibility Study, and a mining and development licence has been issued for the flagship technically low-risk and high-margin Shambesai Gold Project.

Summary of Mineral Resource and Reserve Estimates Reported according to JORC Category and Deposit									
Resource Category incl. Reserves	Shambesai			Obdilla			Total		
	Tonnes Mt	Grade g/t Au	Ounces	Tonnes Mt	Grade g/t Au	Ounces	Tonnes Mt	Grade g/t Au	Ounces
Measured	1.2	3.0	111,000				1.2	3.0	111,000
Indicated	6.4	2.7	556,000	6.3	1.8	353,000	12.7	2.3	909,000
Inferred	0.5	1.9	29,000	2.9	1.4	132,000	3.4	1.5	161,000
<b>Total Resource</b>	<b>8.1</b>	<b>2.7</b>	<b>697,000</b>	<b>9.2</b>	<b>1.7</b>	<b>485,000</b>	<b>17.3</b>	<b>2.2</b>	<b>1,184,000</b>
Proved	0.8	3.3	85,000				0.8	3.3	85,000
Probable	1.6	3.9	194,000				1.6	3.9	194,000
<b>Total Reserve</b>	<b>2.4</b>	<b>3.7</b>	<b>279,000</b>				<b>2.4</b>	<b>3.7</b>	<b>279,000</b>

Note: The Shambesai Mineral Resource was estimated within constraining wireframe solids based on a nominal lower cut-off grade of 0.2 g/t Au. The Mineral Resource is quoted from all blocks above a cut-off grade of 0.3 g/t Au for Oxide Resources and 0.75 g/t Au for Sulphide Resources. Low grade refers to blocks above cut-off and below 2.0 g/t Au, while High Grade refers to blocks above 2.0 g/t Au. Quoted Mineral Resources are inclusive of Proved and Probable Reserves at Shambesai. Differences may occur due to rounding.

The Shambesai Gold Project Mineral Resource was updated to comply with the JORC Code 2012 Edition reporting framework and the Company reported results on 5 December 2014. There was no change to the resource classification, quantities or grade since the Mineral Resource release in March 2013. The information in this release that relates to the Shambesai Gold Project Mineral Resource was first reported by the Company in compliance with JORC 2012 in a market release dated 5 December 2014. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 5 December 2014 and that all material assumptions and technical parameters underpinning the resource estimate continue to apply and have not materially changed.

The information in this release that relates to the Shambesai Gold Project Ore Reserves was first reported by the Company in compliance with JORC 2012 in a market release dated 25 February 2015. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 25 February 2015 and that all material assumptions and technical parameters underpinning the ore reserves estimate continue to apply and have not materially changed.

The Mineral Resources information reported above in relation to the Obdilla Project was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Statements regarding Manas Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Manas Resources' plans for development and or sale of its mineral properties will proceed as currently expected. There can also be no assurance that Manas Resources' will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Manas Resources' mineral properties.

## Mineral Interests of the Manas Group at 31 December 2015

Licence	Licence Number	Registered Holder	Legal and Beneficial Interest
Tolubay	AR 2533 (Au-171-02)	CJSC Z-Explorer	100%
Isfairamsai	AP 235	CJSC Z-Explorer	100%
Djilginsai	AP 236	CJSC Z-Explorer	100%
Aksui	460 AP	CJSC Landmark	100%
Tashbulak	4188 AP	CJSC Landmark	100%
Savoyardy (Prospecting) Savoyardy (Exploration)	3718 AP (Au-87-04) 3719 AR (Au-87-04)	CJSC Savoyardy	100%
Shambesai Mining Permit	3164 AE	CJSC Z-Explorer	100%

**Location** – All mineral interests are held in the Kyrgyz Republic, Central Asia, primarily in the south of the country.

The registered holders are all wholly owned subsidiaries of Manas Resources Limited.

None of the mineral interests listed above are the subject of any farm-in / farm-out or joint venture arrangements. There have been no changes to mineral interests during the December 2015 quarter.