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ASX RELEASE / MEDIA RELEASE

SHAMBESAI PROJECT UPDATE

Manas Resources Limited (ASX – MSR) is pleased to announce updated economics for its Shambesai Gold Project (SGP) in the Kyrgyz Republic based on a revised capital cost estimate and re-optimised open pit design. On 22 October 2015 the Company presented initial estimates on revised capital costs and those estimates have now been further optimised.

- ◆ **Revised pre-production capital cost estimated at US\$27M**, down from **US\$41M** reported in the February 2015 Bankable Feasibility Study Update (BFS Update) due to design changes, timing of capital expenditure and the replacement of some capital expenditure with an operating cost solution.
- ◆ Estimated total pre-production and sustaining capital costs of Life of Mine (LOM) of **US\$38M** down from **US\$48M** reported in the BFS Update.
- ◆ The revised **NPV after** taking into account the above capital and operating cost adjustments **is estimated at US\$83M (at US\$1,100 per ounce gold price and an 8% discount rate)**, up from the US\$68M reported in the BFS for the same gold price. This NPV estimation retains the pit design (BFS Pit) which is based on a US\$1,500 gold price and which was used in both the original BFS and the BFS Update.

The SGP may however be developed using a smaller main pit whereby the NPV and IRR are similar but material movements and thus operating costs are significantly reduced, therefore providing a more robust, lower risk option.

- ◆ The design for a smaller main pit (Small Pit) used a US\$1,100 gold price pit shell instead of the US\$1,500 gold price pit shell used in the BFS and BFS Update. **It reduced material movement by 50% and contained gold by only 13% while increasing gold grade to 3.9g/t Au** up from 3.7 g/t Au.
- ◆ **Average cash cost per ounce of gold for the Small Pit option reduces to US\$314 per ounce** (excluding royalties and tax) from US\$416 per ounce in the BFS update.

Shambesai Project Development

Following completion of the basic engineering permitting (refer announcement dated 14 October 2015), the Manas technical team has finalised a revised capital cost estimate and has been working with external consultants on the scheduling of the Small Pit design as an alternative to the BFS Pit design.

Revised Capital Cost Estimate

The Project Team has recently completed a revision of the SGP capital cost estimate and schedule taking into account the updated design which formed the basis for the project approvals process.

As a result of design changes following permitting recommendations, capital costs have been reduced in a number of areas associated with site access and earthworks. The Project Team also identified a number of areas where construction work or capital expenditure can be deferred until after gold production has commenced. These deferrals include the purchase of some 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 reduces the pre-production capital required for the project since they can be funded from the strong cash flows generated as production ramps up after the first gold is poured.

Capital costs have been further reduced following re-tendering of major supply and construction packages, reflecting the significant fall in mining construction activities and equipment pricing since the BFS estimate was prepared. Substantial capital and operating cost savings from recent market price reductions in major consumables such as fuel and cyanide have also been recognised.

Further cost savings have been achieved following completion of the permitting process for the project. Instead of having to buy houses to provide a buffer zone between the open pit and the nearest community housing the Company is now able to lease the properties in the buffer zone for the duration of the project and utilise the houses for its own accommodation needs. This reduces the up-front capital required to purchase the properties and also reduces the mine camp construction cost.

Based on the design and cost revision work, pre-production capital expenditure is estimated to be reduced to approximately US\$27M from US\$41M reported in the BFS Update. Total capital costs, including sustaining capital, are estimated at approximately US\$38M, down from the US\$48M estimated in the BFS update. The detailed breakdown of the capital expenditure is provided in Table 1.

Table 1 – Updated Capital Cost Estimate

Capital summary	Capital to First Gold (US\$'000)	Additional Capital to Practical Completion (US\$'000)	Total Construction Capital (US\$'000)
Design and environmental studies	2,225	505	2,730
Project Team Labour	1,144	900	2,044
Operations and Admin Labour	794	818	1,612
Camp Costs	213	219	432
Security	132	116	248
General G&A	557	278	835
Community Development	93	590	683
Pre-Development Site works	2,245	43	2,288
Mine Haul Roads	425	-	425
Mine Mobile Equipment	3,413	3,416	6,829
Plant Bulk Earthworks	1,691	133	1,824
Process Plant	12,858	366	13,224
Site Infrastructure and Mine	1,527	3,233	4,760
TOTAL	27,317	10,617	37,934

Note: The BFS Capital Cost Estimate is provided in the Feb 2015 BFS Update ASX release

Open Pit Design

A US\$1,500 gold price pit shell was used in the design of the BFS Pit. Manas has now re-optimized the pit using the BFS operating parameters and a pit shell based on a US\$1,100 gold price, demonstrating the viability of a Small Pit option should gold prices remain at these levels. This significantly smaller, technically simpler pit design reflects the removal of ore which is uneconomic at gold prices between US\$1,100 and US\$1,500 per ounce.

The Small Pit design is currently being considered in conjunction with an underground mine as an alternative development path for the SGP which could significantly extend the mine life and profitability.

Table 2 - Summary of Key Parameters for the Open Pit Design Options

Pit Designs	Ore Mt	Waste Mt	Total Mt	Au g/t	Gold Ounces	Strip Ratio
BFS Pit	2.4	15.8	18.2	3.7	279,000	6.7:1
Small Pit	1.9	7.4	9.4	3.9	244,000	3.9:1
Difference	-0.4	-8.4	-8.8		-35,000	

Notes:

Inferred resources included as waste

Mined tonnages are after allowing for mining dilution and ore loss

The Small Pit design has resulted in a 50% reduction in total material movement with only a limited reduction in process plant feed of 0.4Mt at 2.7g/t. Reduced material movements for the Small Pit will also eliminate the need to purchase a second excavator for waste mining, which reduces capital requirements by US\$765,000.

The re-optimised pit design (based on US\$1,100 per ounce gold price) has been used to generate a potential mine schedule and mining cost estimate for the Small Pit option. This schedule is summarised in Table 3.

Table 3 – Small Pit Design Mining Schedule

Mined Tonnes (Diluted)		Total	Y1	Y2	Y3	Y4	Y5
Oxide High Grade	Mt	1.13	0.23	0.29	0.28	0.33	0.00
Oxide Low Grade	Mt	0.60	0.14	0.12	0.18	0.15	0.01
Primary High Grade	Mt	0.20	0.01	0.07	0.05	0.07	0.00
Total Ore	Mt	1.93	0.38	0.48	0.51	0.54	0.01
Waste	Mt	7.47	3.33	2.92	1.08	0.14	-
Total Mined	Mt	9.39	3.71	3.40	1.59	0.69	0.01
Strip Ratio	t/t	3.87	8.75	6.06	2.12	0.27	-
Mined Grade (Diluted)		Average	Y1	Y2	Y3	Y4	Y5
Oxide High Grade	g/t	5.4	5.6	6.1	5.5	4.7	4.0
Oxide Low Grade	g/t	1.1	1.0	1.3	1.0	1.1	1.1
Primary High Grade	g/t	4.0	4.2	4.2	2.9	4.5	5.9
Average Grade	g/t	3.9	3.8	4.6	3.7	3.7	1.3

Note: The BFS Pit Schedule is provided in the Feb 2015 BFS Update ASX release

Cashflow Model

The BFS financial modelling has been updated to reflect the projected capital cost savings as noted above, together with price reductions for some key operating inputs (e.g. fuel, cyanide) and new mining costs. Table 4 summarizes the SGP financials under three scenarios at a US\$1,100 gold price:

- Mining the BFS Pit using costs per the Feb 2015 BFS Update;
- Mining the BFS Pit using the Feb 2016 updated capital and operating costs; and
- Mining the Small Pit using the Feb 2016 updated capital and operating costs.

Table 4 - Summary of Key Economic Parameters for the Shambesai Gold Project (US\$1,100 LOM gold price)

	Feb 2015 Costs; BFS Pit	Feb 2016 Costs; BFS Pit	Feb 2016 Costs; Small Pit
Total Ore Mined ¹	2.54 Mt at 3.7 g/t for 279,000 ounces	2.54 Mt at 3.7 g/t for 279,000 ounces	1.93 Mt at 3.9 g/t for 244,000 ounces
Mining Rate – (Average tonnes of ore PA)	+550,000t	+550,000t	+550,000t
Average annual gold production	55,000 ounces	55,000 ounces	55,000 ounces
Project life	4 ½ years	4 ½ years	4 years
Average Processing Recovery Life of Mine	85.9%	85.9%	86.8%
Total Amount of Gold Recovered	241,000 ounces	241,000 ounces	212,000 ounces
After-tax NPV at 8% discount rate ²	US\$68M	US\$83M	US\$77M*
Internal Rate of Return	74%	100%	90%*
Life-of-mine cash flow after tax and royalties ³	US\$94M	US\$121M	US\$106M
Average Operating Cash Cost (C1) ⁴	US\$414 per ounce LOM	US\$345 per ounce LOM	US\$314 per ounce LOM
Average Total Cost including Total Capital (C3)	US\$703 per ounce LOM	US\$591 per ounce LOM	US\$584 per ounce LOM
Capital Cost to First Gold	US\$40.7M	US\$27.9M	US\$27.9M
LOM Capital Cost	US\$42.6M	US\$39.1M	US\$38.4M
Payback Period	14 months	13 months	18 months*

1. Based on the Measured and Indicated Resource contained within the pit design adjusted for mining recovery and dilution
2. NPV after Kyrgyz 1% revenue tax, 3% royalty, 2% sales tax and 2% community payments on gross revenue taking into account the revised regime in the country applying from January 2013
3. Undiscounted and net of life of mine capital costs
4. Average operating cost per ounce C1 is calculated according to the Brooke-Hunt methodology. However it excludes royalty and revenue based tax payments which form the corporate tax in Kyrgyzstan
5. The NPV, IRR and Payback of the smaller pit could be improved by further optimisation of scheduling of waste mining.

The reduced capital cost has resulted in a significant improvement in project economics compared to the Feb 2015 BFS Update results. While the returns for the Small Pit option are slightly lower than those for the BFS Pit with updated costs, the lowered financial and technical risks associated with the much smaller pit and lower waste volumes mean this is a very attractive alternative worthy of further consideration. Furthermore, higher grade material which is cut from the schedule in the Small Pit design could be mined from underground if an underground mine extension proves viable, as seems possible based on an initial technical analysis.

Details of the Manas Resources 100%-owned Kyrgyz Gold Projects can be found at the Company's website www.manasresources.com.

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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
Total Resource	8.1	2.7	697,000	9.2	1.7	485,000	17.3	2.2	1,184,000
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
Total Reserve	2.4	3.7	279,000				2.4	3.7	279,000

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.

COMPETENT PERSONS STATEMENT

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.

The information in this report that relates to the economic factors for evaluation of the Shambesai Gold deposit is based on and fairly represents, information and supporting documentation compiled by Mr Philip Reese. Mr Reese is the Chief Operating Officer of Manas Resources Limited. Mr Reese is a Member of The Australasian Institute of Mining

and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Reese consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Forward Looking Statements: 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 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.

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