

MANAS RESOURCES LIMITED
ACN 128 042 606

PROSPECTUS

For the non-renounceable rights issue of approximately 686,783,324 new Shares at \$0.001 per Share, on the basis of 2 new Shares for every 3 Shares held by Eligible Shareholders as at the Record Date, to raise up to approximately \$686,783 under the Prospectus.

Offer closes at 5.00 pm WST on 16 March 2016

UNDERWRITTEN BY

GMP Securities Australia Pty Limited ACN 149 263 543

(refer to section 6.1 of this Prospectus for a summary of the terms of the Underwriting Agreement including the termination events)

This Prospectus is a transaction specific prospectus issued in accordance with section 713 of the Corporations Act. This document is important and should be read in its entirety, together with the Entitlement and Acceptance Form attached to this Prospectus. If, after reading this Prospectus, you have any questions about the Shares being offered under this Prospectus, or any other matter relating to an investment in the Company, you should consult your professional adviser.

The Shares offered under this Prospectus should be considered highly speculative.

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IMPORTANT NOTICE

This Prospectus is dated 23 February 2016 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus. Application will be made to ASX within 7 days after the date of this Prospectus for the quotation of the Shares the subject of this Prospectus.

The Company is an ASX listed company whose Shares are granted official quotation by ASX.

In preparing this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and that certain matters may reasonably be expected to be known to investors and professional advisers who investors may consult.

No person is authorised to give any information or to make any representations in connection with this Offer that is not contained in this Prospectus. Any information or representation that is not contained in this Prospectus may not be relied upon as having been authorised by the Company or its Directors.

This Prospectus is a "transaction-specific" prospectus issued under section 713 of the Corporations Act. Section 713 allows the issue of a more concise prospectus in relation to an offer of continuously quoted securities. The Prospectus is therefore intended to be read in conjunction with the publicly available information in relation to the Company, which has been notified to the ASX; it does not include all information that would be included in a prospectus for an initial offering of securities in a company that is not already listed on the ASX. Accordingly, prospective investors should also have regard to other publicly available information in relation to the Company before deciding whether to apply for securities under this Prospectus.

This Prospectus has not been, nor will it be, lodged, filed or registered with any regulatory authority under the securities laws of any country other than Australia. The Shares the subject of this Prospectus have not been, nor will they be, approved by or registered with any regulatory authority of any other country. This Prospectus does not constitute an offer or issue in any place in which, or to any person to whom, it would not be lawful to make such an offer or issue. Refer to Section 2.9 and 2.1010 for treatment of overseas shareholders.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of the Prospectus or it accompanies the complete and unaltered version of this Prospectus. During the Offer any person may obtain a copy of this Prospectus free of charge by contacting the Company.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. An investment in the securities the subject of this Prospectus should be considered highly speculative.

Certain terms and abbreviations used in this Prospectus have defined meanings which are explained in the Glossary.

RISK FACTORS

Potential investors should be aware that subscribing for Shares in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in Section 4 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Shares in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, its Directors and its management.

The Company cannot and does not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

The Company has no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in Section 4 of this Prospectus.

ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.manasresources.com, or the ASX website. Any person accessing the electronic version of this Prospectus for the purposes of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

CORPORATE DIRECTORY

BOARD OF DIRECTORS

Mr Mark Calderwood – Executive Chairman
Mr Colin Carson - Non-Executive Director
Mr Justin Lewis - Non-Executive Director

COMPANY SECRETARY

Mr Susmit Shah

BUSINESS OFFICE

Level 1, Suite 5, The Business Centre
55 Salvado Road, (cnr Harborne Street)
SUBIACO WA 6008
Tel: +61 8 9380 6062
Fax: +61 8 9380 6761

SHARE REGISTRY *

Security Transfer Registrars Pty Ltd
770 Canning Highway
APPLECROSS WA 6153
Tel: +61 8 9315 2333
Fax: +61 8 9315 2233

UNDERWRITER

GMP Securities Australia Pty Limited
Level 9, 190 St Georges Terrace
PERTH WA 6000

SOLICITOR

Jeremy Shervington
52 Ord Street
WEST PERTH WA 6005

* This entity is included for information purposes only. It has not been involved in the preparation of any part of this Prospectus and has not consented to being named in this Prospectus.

1. TIMETABLE AND IMPORTANT DATES

The following key dates are indicative only and may be subject to change without notice.

Prospectus lodged with ASIC	23 February 2016
Shares trade "ex" the entitlements issue on ASX	26 February 2016
Record Date	1 March 2016
Despatch of Prospectus and Opening Date	4 March 2016
Closing Date	5.00pm WST on 16 March 2016
Shares quoted on a deferred settlement basis	17 March 2016
Allotment of Shares and despatch of holding statements	23 March 2016
Normal trading of Shares commences	24 March 2016

The Company reserves the right to vary the Opening Date and the Closing Date, subject to compliance with the ASX Listing Rules. This may impact on subsequent dates.

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2. DETAILS OF THE OFFER

2.1 The Offer

The Company is making a pro-rata non-renounceable issue of Shares to Shareholders who are registered as at 5.00pm WST on 1 March 2016 ("**Record Date**") and have a registered address in Australia and New Zealand.

The Offer is made on the basis that for every 3 Shares held as at the Record Date, Shareholders as Eligible Participants will have the right to subscribe for 2 new Shares at an issue price of \$0.001 each. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company anticipated at the Record Date, approximately 686,783,324 Shares will be offered pursuant to this Offer to raise approximately \$686,783 (before the costs of the Offer).

This Offer is made on a non-renounceable basis which means that Eligible Participants may not sell or transfer all or part of the Entitlement. If an Entitlement is not taken up under the Offer by the Closing Date, the Entitlement will lapse.

The Entitlement of each Shareholder is shown on the Entitlement and Acceptance Form accompanying this Prospectus. The details of how to accept the Entitlement are set out below.

2.2 No Minimum Subscription

There is no minimum subscription.

2.3 Action required

If you wish to take up all or part of your Entitlement, you can complete the accompanying Entitlement and Acceptance Form in accordance with the instructions set out in the form and lodge the form together with your cheque for the appropriate amount so that it reaches the Company's share registry. **Eligible Participants will also be able to apply for Additional Shares over and above their Entitlement pursuant to the Additional Share Offer detailed in Section 2.4:**

By post: Manas Resources Limited c/- Security Transfer Registrars Pty Ltd PO Box 535 APPLECROSS WA 6953	By delivery: Manas Resources Limited c/- Security Transfer Registrars Pty Ltd 770 Canning Highway APPLECROSS WA 6153
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Completed Entitlement and Acceptance Forms **must reach** the Company's share registry by **no later than 5.00pm WST on 16 March 2016**.

Cheques should be made payable to "Manas Resources Limited" and crossed "Not Negotiable".

Alternatively, you can elect to pay by BPAY in accordance with the instructions on the Entitlement and Acceptance Form. It is your responsibility to ensure the payment is received by the Company by no later than 5.00pm AEDT (2.00pm WST) on Wednesday, 16 March 2016. You should be aware that your own financial institution may implement earlier cut off times with regards to electronic payments and you should take this into consideration when making payment.

The Company accepts no responsibility for incorrectly completed BPAY payments. If paying by BPAY there is no need to forward the completed Entitlement and Acceptance Form to the Company's share registry.

If the amount of your cheque(s) for application money (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of Shares as your cleared application money will pay for (and to have specified that number of Shares in your Entitlement and Acceptance Form) or your application may be rejected.

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. Refer to Section 6.8 for further details.

If you decide not to accept your Entitlement, you do not need to take any action.

2.4 Additional Share Offer

The Company will also allow Eligible Participants (other than Directors or their associated entities, who are excluded in compliance with ASX Listing Rules) to apply for Additional Shares (i.e. in addition to their Entitlement) if they wish to do so on the following basis.

Any Entitlements not taken up may become available as Additional Shares which may be allocated to Eligible Participants who apply for Additional Shares. It is possible that there will be few or no Additional Shares available for issue, depending on the level of take up of Entitlements by Eligible Participants. There is also no guarantee that in the event Additional Shares are available for issue, they will be allocated to all or any of the Eligible Participants who have applied for them.

In particular, Eligible Participants who will hold less than \$500 worth of Shares following the acceptance of their Entitlements are encouraged to apply for Additional Shares in order to increase their total Shareholding to above \$500 (which constitutes a "Marketable Parcel" for the purposes of the Listing Rules). For the avoidance of doubt, based on the issue price under the Offer, the number of Shares that equates to \$500 is 500,000.

It is an express term of the Offer that applicants for Additional Shares will be bound to accept a lesser number of Additional Shares allocated to them than applied for, if so allocated. If a lesser number of Additional Shares is allocated to them than applied for, excess application money will be refunded without interest. The Company in conjunction with the Underwriter reserves the right to scale back any applications for Additional Shares in its absolute discretion.

2.5 Underwriter

The Company has appointed GMP as the Underwriter to the Offer under the terms of the Underwriting Agreement.

The Offer is fully underwritten by GMP up to the value of \$686,783 ("**Underwritten Amount**"), subject to the provisions described below. All Valid Applications (as defined under the Underwriting Agreement) received by the Company, from all sources, will be deemed to have been accepted in full by the Company and will go in relief of the obligations (if any) of the Underwriter.

The Underwriter will be paid a fee for underwriting the Offer of 6% calculated on the Underwritten Amount. The material terms of the Underwriting Agreement are set out in Section 6.1.

The Underwriting Agreement provides for the appointment of sub-underwriters. Fees payable to the sub-underwriters are at the discretion of the Underwriter and the Company is not responsible for any payment of fees to sub-underwriters.

2.6 Effect of the Offer on the Control of the Company

(a) General

The maximum number of Shares which will be issued pursuant to the Offer is 686,783,324. This equates to 40% of all the issued Shares in the Company following completion of the Offer (on an undiluted basis).

The potential effect the Offer will have on the control of the Company's undiluted share capital will depend on the extent to which Eligible Participants take up their Entitlements under the Offer.

If all Eligible Participants take up their Entitlements in full, the Offer will have no material effect on the control of the Company, as no person as a result of subscribing for their Entitlement under the Offer will increase their voting power in the Company:

- I. from 20% or below to more than 20% of issued capital of the Company; or
- II. from a starting point that is above 20% and below 90% of issued capital of the Company.

In the event that any Eligible Participants apply for Additional Shares in addition to their Entitlement, the Company (in conjunction with the Underwriter) will not allocate any Additional Shares to any party, such that their relevant interest in voting shares in the Company would exceed 20% of the total issued voting shares in the Company other than in accordance with the Corporations Act.

Shareholders should be aware that if they do not participate in the Offer, their holdings will be diluted by 40% (as compared to their holdings and number of Shares on issue as at the Record Date).

(b) Underwriter and control of the Company

As set out in Section 2.5 and 6.1, the Offer is fully underwritten by GMP up to the value of \$686,783.

As at the date of this Prospectus, GMP has voting power over 12,502,252 Shares in the Company. GMP is not a related party as defined in section 228 of the Corporations Act.

GMP has entered into sub-underwriting agreements with various parties and it will seek to enter into sub-underwriting agreements in relation to all of its underwriting commitments. As the Underwritten Amount is likely to be fully sub-underwritten, GMP will likely not acquire voting power in the Company as the result of a Shortfall, unless any or all of the sub-underwriters default on their sub-underwriting obligations. If any or all sub-underwriters default on their sub-underwriting obligations, GMP may acquire voting power in the Company of up to 40.73% as a result of its underwriting commitments.

GMP has informed the Company that, in the event it does acquire voting power exceeding 20%, on the facts and circumstances presently known to it, it is supportive of the Company's current strategy and direction, and accordingly does not currently intend to make any major changes to the direction and objectives of the Company, other than as disclosed in this Prospectus.

In this regard, GMP does not currently intend:

- (a) to make any changes to the existing business of the Company;
- (b) to inject further capital into the Company other than in underwriting the Offer;
- (c) to become involved in decisions regarding the future employment of the Company's present employees and contemplates that they will continue in the ordinary course of business;
- (d) for any property to be transferred between the Company and it or any person associated with it;
- (e) to redeploy the fixed assets of the Company; and
- (f) to change the Company's existing financial or dividend policies.

The Underwriter will ensure that the sub-underwriters will sub-underwrite on the basis that their relevant interest in Shares will not increase beyond 20%.

2.7 Allotment

The Shares will be allotted and issued as soon as practicable after the Closing Date.

Statements of holding for the Shares will be mailed to applicants as soon as practicable after the Closing Date.

Prior to allotment of the Shares, all application moneys will be held in trust for applicants. The Company will retain any interest earned on the application moneys.

No Shares will be allotted and issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

2.8 Official Quotation by ASX

Application to ASX for admission of the Shares to Official Quotation will be made by the Company within 7 days of the date of this Prospectus.

If the application referred to above is not made within the 7 days, or the Shares are not admitted to Official Quotation on ASX within 3 months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, none of the Shares offered by this Prospectus will be issued. In that circumstance, all applications will be dealt with in accordance with section 724 of the Corporations Act.

The fact that ASX may grant Official Quotation to the Shares that may be issued pursuant to this Prospectus is not to be taken in any way as an indication of the merits of the Company or the Shares offered for subscription.

2.9 Issues outside Australia and New Zealand

This Prospectus does not constitute an offer of securities in any jurisdiction where, or to any person to whom, it would not be lawful to issue this Prospectus or make the Offer. The distribution of this Prospectus and accompanying Entitlement and Acceptance Form may be restricted by law (and any failure to comply with those restrictions may constitute a violation of applicable securities laws) and persons who come into possession of this Prospectus and accompanying Entitlement and Acceptance Form should seek advice and observe those restrictions.

No action has been taken to register or qualify the Shares or the Issue or otherwise to permit an offering of the Shares in any jurisdiction outside Australia, although Shareholders in New Zealand may be eligible to participate in the Issue and should refer to Section 2.10 for further information

This document is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This document is not an offer of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

2.10 Overseas Shareholders

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand.

Recipients may not send or otherwise distribute this Prospectus or the Entitlement and Acceptance Form to any person outside Australia (other than to Eligible Participants).

It is the responsibility of any Shareholder who submits an Entitlement and Acceptance Form to obtain all necessary approvals for the allotment and issue of the Shares under this Offer. The return of a completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation and warranty by the applicant to the Company that there has been no breach of such laws and that all relevant approvals have been obtained.

New Zealand Shareholders

The Offer contained in this Prospectus to Eligible Participants with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2013* (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Shares.

Overseas Shareholders

Persons resident outside Australia should consult their professional advisers as to whether any governmental or other consents are required, or whether formalities need to be observed, to enable them to accept the offer of Shares pursuant to this Prospectus.

With only a handful of Shareholders outside Australia and New Zealand, it is not reasonable for the Company to meet the requirements of the securities laws of countries other than Australia and New Zealand and the Offer has not been and will not be registered under the relevant securities laws of those jurisdictions. For that reason, no Entitlement and Acceptance Forms can be or are being sent to Shareholders with registered addresses outside Australia and New Zealand.

2.11 Risk Factors

Investors should carefully read the risk factors outlined in Section 4. An investment of this kind involves a number of risks, some of which are specific to the Company and the industry in which it operates.

2.12 Rights Attaching to Shares

A summary of the rights attaching to Shares is set out in Section 5.

2.13 Taxation Implications

The Directors do not consider that it is appropriate to give Shareholders advice regarding the taxation consequences of the Company conducting the Issue or Shareholders applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation positions of Shareholders. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders in the Issue. Shareholders should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Issue.

2.14 Notice to nominees and custodians

Nominees and custodians that hold existing Shares should note that the Offer is available only to Eligible Participants. The Company is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of securities. If any nominee or custodian is acting on behalf of a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws.

2.15 Summary

This section is not intended to provide full details and information on the Offer. Shareholders must read this Prospectus in full in order to make a fully informed investment decision.

2.16 Enquiries

Any questions concerning the Offer should be directed to Susmit Shah, Company Secretary, on +61 8 9380 6062.

3. PURPOSE AND EFFECT OF THE OFFER

3.1 Purpose of Offer and use of funds

The purpose of the Offer is to raise funds of approximately \$686,783 (before expenses of the Offer).

The Directors intend to apply the proceeds from the Offer in accordance with the table set out below.

Use of Funds	\$'000
Shambesai Gold Project Pre-development and development expenditure:	
• Community Development and Relations	35
• External Studies (feasibility updates and underground scoping study) and licences	21
• Project Team labour and administration costs	80
Exploration and evaluation expenditure (including maintenance of licenses in good standing)	53
Administrative and corporate overhead expenditure	442
Underwriter's fees in relation to the Offer	41
Other costs of the Offer	15
Total:	687

The Directors have previously stated that the Company has a dual strategy in relation to its Kyrgyz mineral assets (comprised primarily of the Shambesai Gold Project), being to effect an outright or partial disposal of the Kyrgyz mineral assets or procure project finance for the development of the Shambesai Gold Project, whichever can be completed on a timely basis with the best possible outcome for Shareholders.

This dual strategy was adopted after it became evident that project finance was proving to be difficult to secure and the Company was receiving unsolicited approaches for an outright acquisition of the Kyrgyz mineral assets. The net proceeds from the Offer are therefore primarily to fund administrative and corporate overhead expenditure whilst this strategy is implemented.

The information set out in this Section is indicative only and is a statement of present intention as at the date of this Prospectus. The exact quantum of funds expended by the Company on any particular item may change depending on the Company's circumstances and priorities. The Board reserves the right to alter the way funds are applied on this basis. The Issue is fully underwritten, for the value of the Underwritten Amount, which will result in \$686,783 being raised irrespective of any subscription by Eligible Participants.

3.2 Effect on Capital Structure

A table of changes in the capital structure of the Company as a consequence of the Offer is set out below.

	Number
Shares on issue as at the date of this Prospectus	895,804,335
Shares anticipated for issue under the Placement Issue (refer note 1 below)	134,370,650
Total Shares expected to be on issue as at the Record Date	1,030,174,985
Shares to be issued pursuant to Prospectus Offer	686,783,324
Total Shares post completion of the Offer	1,716,958,309

Notes:

1. On 17 February 2016, the Company announced that it would undertake a private placement of 134,370,650 Shares at \$0.001 each to sophisticated and professional investors to raise \$134,370 ("Placement Issue"). The Placement Issue is anticipated to settle on 24 February 2016, prior to the Record Date.

The Company also has on issue 12,000,000 performance rights. These performance rights are subject to vesting conditions which will not be satisfied before the Record Date.

3.3 Effect on cash reserves

The principal effect of the Offer will be to increase cash reserves (before payment of expenses of the Offer, including the underwriting fee) by approximately \$686,783.

3.4 Pro-forma Balance Sheet

The pro-forma Balance Sheet below has been prepared to provide investors with information on the pro-forma assets and liabilities of the Company as noted below. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The significant accounting policies upon which the Balance Sheet and pro-forma Balance Sheet are based are contained in the Annual financial reports for the year ended 31 December 2014 and the Half Year financial report for the six months ended 30 June 2015.

The unaudited pro-forma Balance Sheet has been prepared by adjusting the Balance Sheet as at 31 December 2015 (as presented in internal management accounts to the Board) to reflect the financial effect of the following transactions as if they had occurred at 31 December 2015:

- (a) The issue of 134,370,650 Shares at an issue price of \$0.001 per Share under the Placement Issue raising \$134,370. Cash costs of \$10,000 associated with the Placement Issue representing commission fees and other costs. Net cash proceeds of the Placement Issue therefore being \$124,370.
- (b) The issue of 686,783,324 Shares at an issue price of \$0.001 per Share issued in accordance with this Prospectus raising approximately \$686,783.
- (c) Cash costs of \$56,207 associated with the Shares issued under this Prospectus representing fees to the Underwriter of \$41,207 and other Prospectus costs of \$15,000.
- (d) Net cash proceeds of the Issue therefore being \$630,576.

Other than as set out above and below, the pro-forma Balance sheet has been prepared on the basis that there have been no material movements in the assets and liabilities of the Company between 31 December 2015 and close of the Offer.

**Proforma Consolidated Balance Sheet
As at 31 December 2015**

	Actual 31 December 2015 (unaudited) \$	Proforma 31 December 2015 (unaudited) \$
Current Assets		
Cash and cash equivalents	231,260	986,206
Inventories	7,455	7,455
Other receivables	70,798	70,798
Total Current Assets	309,513	1,064,459
Non-Current Assets		
Property, plant and equipment	229,323	229,323
Exploration and evaluation expenditure	28,192,978	28,192,978
Total Non-Current Assets	28,422,301	28,422,301
Total Assets	28,731,814	29,486,760
Current Liabilities		
Trade and other payables	481,526	481,526
Total Liabilities	481,526	481,526
Net Assets	28,250,288	29,005,234
Equity		
Issued capital	50,255,220	51,010,166
Reserves	(2,443,202)	(2,443,202)
Accumulated losses	(19,561,730)	(19,561,730)
Total Equity	28,250,288	29,005,234

4. RISK FACTORS

4.1 Introduction

The Shares offered under this Prospectus as well as an investment generally in the Company's securities is considered highly speculative, and involve investors being exposed to risk. The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus or make an investment generally in the Company's securities.

The following is a non-exhaustive list of the risks that may have a material effect on the financial position and performance of the Company and the value of its securities as well as the Company's exploration and development activities and an ability to fund those activities.

The specific risks below are some of the risks specific to the Company including by reason of its involvement in the mineral resource industry.

4.2 Company Specific Risks

Shambesai Gold Project Development

The Company's key focus at present is the financing or sale of the Shambesai Gold Project ("SGD") in the Kyrgyz Republic, Central Asia. There are a number of risks unique to operating in a region such as the Kyrgyz Republic and general project risks that impact on the development of the SGD, which are outlined below.

Project Finance / Asset Sale – Since the completion of a feasibility study at the SGD in mid-2013, the Company has been engaged in the process of seeking project finance to complete the development and commissioning of a gold mine at the SGD. Discussions have been held with a significant number of potential finance sources and numerous mining finance institutions have undertaken formal due diligence. No binding offers of conventional project finance or joint venture opportunities have been presented to date.

While discussions regarding financing the full capital requirements for SGD continue (with the attendant risk that the Company may not be able to procure project finance on terms that are acceptable to the Board) the Company notes that it has received, over the past months, expressions of interest from several parties in acquiring the SGD. In cases in which the credibility of the interested parties has warranted such action, the Company has entered into confidentiality agreements and interested parties have conducted preliminary due diligence investigations (including site visits) on the SGD.

The Company has in the recent past received formal non-binding proposals, which, if agreed to and successfully concluded, would have resulted in the Company selling its full interest in the SGD at a premium to the market value of the Company. At the date of this Prospectus, there are no such proposals under consideration by the Company. While the Company will actively pursue these opportunities and every other proposal deemed to be credible by the Board, at this stage, there is no guarantee that any such discussions will result in a binding offer that will be acceptable to the Company and no guarantee that a successful agreement for the sale of the SGD will be concluded.

Any proposed sale of the SGD will be subject to Shareholder approval.

In the overall context of the potential sale of the SGD, the Company may also consider the sale of its other assets in the Kyrgyz Republic, and will advise Shareholders of any updates in this regard. It is also the Board's intention that a substantial portion of the proceeds from the sale of the Kyrgyz assets be returned to Shareholders and any such proposal will also be put to Shareholders for their approval at the appropriate time.

There are a number of risks associated with the sale of the Kyrgyz mineral assets, the key ones being:

- discussions and negotiations with interested parties do not result in the conclusion of binding sale contracts and the Board does not receive any expressions of interest from any new parties;
- binding sale arrangements, acceptable to the Board, do not proceed to completion as a result of the counterparty reneging or Shareholders not providing approval of the sale terms or other statutory approvals, including from Kyrgyz authorities, (if any) not being granted; and
- the sale price ultimately negotiated and agreed between the parties being less than the indicative range of sale values that the Board currently believes is reasonable.

In addition there is a risk that a sale transaction cannot be completed or even progressed to a substantial degree before the funds raised under this Offer are exhausted and the Company may then need to raise additional capital that is dilutionary to Shareholders.

In the event that the Company does receive a project finance offer for the SGD and the Board decides that it is in the Company's best interests to continue with the development of the SGD, there are a number of risks that the Company is exposed to, both specific and industry generic.

Exploration, Development, Commissioning and Production Permits and Statutory Approvals – The Company has been granted the key approvals required to proceed with development of the SGD including:

- its mining licence through the development and exploitation phase;
- rezoning of the area required for the project development;
- major environmental permits (OVOS); and
- major design approvals.

However there is an ongoing inspection and approvals process required through the detailed design, construction and commissioning process under Kyrgyz practice (as is normal with any project development practice). While granting of such approvals is highly likely, given the major approvals have been obtained, there is a risk that the project schedule and costs may be impacted if such ongoing approvals are not granted in a timely manner.

Due to site access and funding constraints, the Company has been unable to carry out a number of site engineering studies to the extent it would have preferred over the last two years and it has stopped exploration activities on its exploration and mining licences in this period. There are a number of these activities which are now included as part of the 2016 work programme for these licence areas. An ongoing community consultation process has significantly increased support for the project development and the Company believes it is now in a position to restart site activities and complete these activities subject to adequate funding being available to the Company. Whilst licence retention is not necessarily dependant on completion of these activities in 2016, non-completion could result in pressure from the Kyrgyz authorities with regards the Company's capacity to fulfil its obligations which could ultimately lead to revocation of the relevant licence..

The Company has been granted an extension to its Mining Licence for the SGP through to 6 December 2025. The Company is in the process of agreeing the detailed terms of Mining Licence Agreement #3 (MLA#3) which provides for the conditions of the Licence extension. A condition in the draft wording for MLA#3 is that the Company must complete construction and commissioning of the mine facilities by 31 December 2017. While this is still possible based on the current project schedule, completion of the construction and commissioning is dependent on obtaining full project funding in a timely manner.

Social Disturbances and Community Support - Local community support is necessary to the uninterrupted development of the SGD and its subsequent commissioning and production. There is a risk, particularly given opposition from certain quarters in the local community and outside influences in the past that lack of support at the local community level could impact adversely on the development of the SGD. This risk also extends to the ability or otherwise to acquire through either lease or purchase of certain land in the proximity of the SGD that is necessary to enable its successful development and subsequent production.

Sovereign Risk – Political instability in the Kyrgyz Republic, unexpected legislation changes, corruption, and resource nationalism could all impact adversely on the scheduled development of SGD and subsequent production of gold at the SGD.

If any of these risks were to materialise, they could have a material adverse effect on the Company's financial performance and results of operations.

There are a number of other risks that impact on the development, commissioning and profitable production of gold at the SGD that are generic to the gold mining industry and which are noted later in this section, including an increase in capital and operating costs as well as a fall in the gold price which could impact directly on the development of the SGD.

Title

All of the permits or licences in which the Company has or may earn an interest in will be subject to applications for renewal or grant (as the case may be). The renewal or grant of the terms of each permit or licence is usually at the discretion of the relevant government authority.

Additionally, permits are subject to a number of government specific legislative conditions. The inability to meet these conditions could affect the standing of a permit or restrict its ability to be renewed.

If a permit or licence is not renewed or granted, the Company may suffer significant damage through loss of the opportunity to develop and discover any mineral resources on that permit.

Reliance on key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel and in particular senior local staff. In view of reduced funding over the past months, the Company has reduced staffing levels to a considerable extent (which includes the departure of the Company's Chief Operating Officer, Philip Reese in the near future unless the parties otherwise agree). There can be no assurance given that there will be no detrimental impact on the Company as a result of these staff reductions and also if one or more of these existing employees cease their employment.

Exploration success

At present, mineral resources have been identified at the SGD and the nearby Obdilla deposit. Potential investors should understand that mineral exploration and project development are high risk undertakings. There can be no assurance that further exploration at Obdilla and at other tenements, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited. Until the Company is able to realise value from its mineral projects, it is likely to incur ongoing operating losses.

Drilling and exploration programs

There are operational risks associated with the Company's planned drilling and exploration programs. The planned surface sampling, drilling and exploration programs at the Company's Kyrgyz projects may be affected by a range of factors, including:

- geological and ground access conditions
- unanticipated operational and technical difficulties encountered in sampling and drilling activities
- adverse weather conditions, environmental accidents, and unexpected shortages or increases in the costs of consumables, spare parts, and labour
- mechanical failure of operating plant and equipment
- prevention of access by reason of political or civil unrest, outbreak of hostilities, inability to obtain regulatory consents or approvals
- terms imposed by government on development of mining projects including conditions such as equity participation, royalty rates and taxes
- risks of default or non-performance by third parties providing essential services.

No assurance can be given that planned and future exploration will be successful or that a commercial mining operation will eventuate at any of the Company's Kyrgyz projects.

Sovereign and Country Risk

The Company's operations in the Kyrgyz Republic are exposed to various levels of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. In addition, any material adverse changes in government policies or legislation in the Kyrgyz Republic affecting foreign ownership of mineral interests, taxation, profit repatriation, royalties, labour relations, and mining and exploration activities, may adversely affect the viability and profitability of the Company's assets in that country.

Metals and Currency Price Volatility

The Company's ability to proceed with the development of the SGD and benefit from any future mining operations will depend on market factors, some of which may be beyond its control. The world market for minerals is subject to many variables and may fluctuate markedly.

These variables include world demand for gold, forward selling by producers and production cost levels in major mineral-producing regions. Minerals prices are also affected by macroeconomic factors such as general global economic conditions and expectations regarding inflation and interest rates. These factors may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Gold is principally sold throughout the world in US dollars. The Company's cost base will be payable in various currencies including Australian dollars, and US dollars. As a result, any significant and/or sustained fluctuations in the exchange rate between the Australian dollar and the US dollar could have a materially adverse effect on the Company's operations, financial position (including revenue and profitability) and performance. The Company may undertake measures, where deemed necessary by the Board to mitigate such risks.

Future Capital Needs, Additional Funding and Insolvency Risk

The funds raised by the Offer will be used to carry out the Company's objectives as detailed in this Prospectus and the Company's announcements to ASX. The Company's ability to develop its projects is dependent on its ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the availability of project finance, subsequent feasibility studies, stock market and industry conditions and commodity prices and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all). If adequate funds are not available on acceptable terms (including from the risk of the Underwriting Agreement being terminated, refer paragraph below) for future working capital and project development, it may impact on the Company's ability to continue as a going concern with the attendant risk of becoming insolvent.

Underwriting Risk

The Company has entered into the Underwriting Agreement with an underwriter who has agreed to underwrite the Offer to the Underwritten Amount, subject to certain terms and conditions. If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement.

If the Underwriting Agreement is terminated and the Offer does not proceed or does not raise the funds required for the Company to meet its stated objectives, the Company would need to find alternative financing to meet its funding requirements. There is no guarantee that alternative funding could be sourced, either at all or on satisfactory terms and conditions. Termination of the Underwriting Agreement could materially adversely affect the Company's business, cash flow and financial position.

4.3 Industry specific

Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development

proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

4.4 General risks

Economic

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Market conditions

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Speculative Nature of Investment

The above list of risk factors is not to be taken as exhaustive of the risks faced by the Company or by Shareholders in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus.

Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

Potential investors should consider that the investment in the Company is highly speculative and should consult their professional advisers before deciding whether to apply for Shares in the Company.

5. RIGHTS AND LIABILITIES ATTACHING TO SHARES

5.1 Rights Attaching to Shares

The rights and liabilities attaching to Shares in the Company are:

- (a) set out in the Constitution of the Company, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours; and
- (b) in certain circumstances, regulated by the Corporations Act, the Listing Rules and the general law.

The following is a summary of the more significant rights and liabilities attaching to the Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Voting Rights

Subject to any special rights or restrictions for the time being attached to any class or classes of Shares in the Company (at present there are none), at a general meeting every Shareholder present in person or by proxy, attorney or representative will have on a show of hands one vote and, on a poll, one vote for each Share held

General Meetings

Each Shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, financial reports and other documents required to be furnished to Shareholders under the Constitution or the Corporations Act and the Listing Rules.

Dividend Rights

Subject to the rights of holders of any Shares created or raised under any special arrangement as to dividends (at present there are none), any dividend as declared shall be payable on all Shares in proportion to the amount of capital for the time being paid up or credited as paid up in respect of such Shares.

Rights on Winding-up

Subject to the rights of holders of Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, the liquidator may, with the sanction of a special resolution, divide amongst Shareholders in specie of kind, the whole or any part of the assets of the Company, for that purpose fix the value of assets and determine how the division is to be carried out as between the Shareholders or different classes of Shareholders, and vest assets of the Company in trustees or any trusts for the benefit of the Shareholders as the liquidator thinks appropriate.

Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Listing Rules and any other applicable laws of Australia, and subject to any restrictions applicable to Shares that have been designated by the ASX as "restricted securities", Shares are freely transferable.

Shareholder Liability

As Shares are fully paid shares, they are not subject to any calls for money by the Board and will therefore not become liable for forfeiture.

ASX Listing Rules

Despite anything in the constitution of the Company, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the constitution to contain a provision or not to contain a provision the constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the constitution is or becomes inconsistent with the Listing Rules, the constitution is deemed not to contain that provision to the extent of the inconsistency.

6. ADDITIONAL INFORMATION

6.1 Underwriting Agreement

On 23 February 2016, the Company and the Underwriter entered into the Underwriting Agreement pursuant to which the Underwriter agreed to underwrite the Underwritten Amount.

Fees payable to the Underwriter have been detailed in Section 2.5. The Underwriter is also entitled to be reimbursed for all reasonable out-of-pocket expenses.

The Underwriting Agreement imposes obligations on the Company including an obligation to offer the Shares in accordance with regulatory requirements. The Underwriting Agreement further contains various representations and warranties made by the Company to the Underwriter that are customary for an agreement of this nature. The Underwriter may terminate the Underwriting Agreement by notice in writing to the Company, without cost or liability to the Underwriter, immediately if, prior to close of the Offer:

- a) (**Indices fall**): any of the S&P/ASX 200 Index or the S&P/ASX 300 Metals and Mining Index as published by ASX following the date of the Underwriting Agreement closes for any two consecutive trading days at a level that is 10% or more below its respective level as at the close of trading on the Business Day prior to the date of the Underwriting Agreement;
- b) (**Prospectus**): the Company does not lodge this Prospectus on the date specified in the timetable set out in the Underwriting Agreement or this Prospectus or the Offer is withdrawn by the Company;
- c) (**No Official Quotation**): Official Quotation of the Shares has not been granted by the "Shortfall Notice Deadline Date" (being the day specified in the timetable set out in the Underwriting Agreement by which the Company must give the Underwriter notice of any Shortfall) or, having been granted, is subsequently withdrawn, withheld or qualified;
- d) (**Supplementary prospectus**):
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement as a result of an occurrence as described in paragraph 6.1(o)(vii) below, forms the view on reasonable grounds that a supplementary or replacement prospectus should be lodged with ASIC for any of the reasons referred to in section 719 of the Corporations Act and the Company fails to lodge a supplementary or replacement prospectus in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a supplementary or replacement prospectus without the prior written agreement of the Underwriter;
- e) (**Noncompliance with disclosure requirements**): it transpires that this Prospectus does not contain all the information that investors and their professional advisers would reasonably require to make an informed assessment of:
 - (i) the effect of the Offer on the Company; and
 - (ii) the rights and liabilities attaching to the Shares;
- f) (**Misleading Prospectus**): it transpires that there is a statement in this Prospectus that is misleading or deceptive or likely to mislead or deceive, or that there is an omission from this Prospectus (having regard to the provisions of sections 711, 713 and 716 of the Corporations Act) or if any statement in this Prospectus becomes or misleading or deceptive or likely to mislead or deceive or if the issue of this Prospectus is or becomes misleading or deceptive or likely to mislead or deceive;
- g) (**Restriction on allotment**): the Company is prevented from allotting the Shares within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi-governmental agency or authority;
- h) (**Withdrawal of consent to Prospectus**): any person (other than the Underwriter) who has previously consented to the inclusion of its, his or her name in this Prospectus or to be named in this Prospectus, withdraws that consent;

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- i) **(ASIC application)**: an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to this Prospectus, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
 - j) **(ASIC hearing)**: ASIC gives notice of its intention to hold a hearing under section 739 of the Corporations Act in relation to this Prospectus to determine if it should make a stop order in relation to this Prospectus or the ASIC makes an interim or final stop order in relation to this Prospectus under section 739 of the Corporations Act;
 - k) **(Takeovers Panel)**: the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
 - l) **(Authorisation)**: any authorisation which is material to anything referred to in this Prospectus is repealed, revoked or terminated or expires, or is modified or amended in a manner unacceptable to the Underwriter;
 - m) **(Indictable offence)**: a director or senior manager of the Company (or a subsidiary) is charged with an indictable offence;
 - n) **(Removal or Suspension)** the Company is removed from the Official List or the Shares become suspended from Official Quotation and the Shares are not re-instated to Official Quotation within two (2) Business Days; or
 - o) **(Termination Events)**: subject always to the events below having a material adverse effect or otherwise giving rise to a liability for the Underwriter, any of the following events occurs:
 - (i) **(Hostilities)**: there is an outbreak of hostilities or a material escalation of hostilities (whether or not war has been declared) after the date of this agreement involving one or more Australia, the Kyrgyz Republic, China, the United States of America, any member of the European Union, Japan, New Zealand or Indonesia, or a terrorist act is perpetrated on any of those countries or any diplomatic, military, commercial or political establishment of any of those countries anywhere in the world;
 - (ii) **(Default)**: default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
 - (iii) **(Incorrect or untrue representation)**: any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
 - (iv) **(Contravention of constitution or Act)**: a contravention by the Company (or a subsidiary) of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
 - (v) **(Adverse change)**: an event occurs which gives rise to a material adverse effect or any adverse change or any development including a prospective adverse change after the date of the Underwriting Agreement in the assets, liabilities, financial position, trading results, profits, forecasts, losses, prospects, business or operations of the Company (or a subsidiary) including, without limitation, if any forecast in this Prospectus becomes incapable of being met or in the Underwriter's reasonable opinion, unlikely to be met in the projected time;
 - (vi) **(Error in Due Diligence Results)**: it transpires that any of the Company's due diligence or any part of the Prospectus verification was false, misleading or deceptive or that there was an omission from them;
 - (vii) **(Significant change)**: a "new circumstance" as referred to in section 719(1) of the Corporations Act arises that is materially adverse from the point of view of an investor;
 - (viii) **(Public Statements)**: without the prior approval of the Underwriter a public statement is made by the Company in relation to the Offer, the Issue or this Prospectus except as required by law or the Listing Rules;
 - (ix) **(Misleading information)**: any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the Issue or the affairs of the Company (or a subsidiary) is or becomes misleading or deceptive or likely to mislead or deceive;

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- (x) **(Official Quotation qualified):** the Official Quotation of the Shares is qualified or conditional other than being conditional only on the allotment of the Shares;
 - (xi) **(Change in Act or policy):** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
 - (xii) **(Prescribed Occurrence):** a "Prescribed Occurrence" (as defined in the Underwriting Agreement) occurs, other than as disclosed in this Prospectus;
 - (xiii) **(Suspension of debt payments):** the Company suspends payment of its debts generally;
 - (xiv) **(Event of Insolvency):** an insolvency event occurs in respect of the Company (or a subsidiary);
 - (xv) **(Judgment against the Company (or a subsidiary)):** a judgment in an amount exceeding \$50,000 is obtained against the Company (or a subsidiary) and is not set aside or satisfied within 7 days;
 - (xvi) **(Litigation):** litigation, arbitration, administrative or industrial proceedings are after the date of the Underwriting Agreement commenced or threatened against the Company (or a subsidiary), other than any claims foreshadowed in this Prospectus;
 - (xvii) **(Board and Senior Management composition):** there is a change in the composition of the Board or a change in the senior management of the Company before completion of the Offer without the prior written consent of the Underwriter which consent is not be unreasonably withheld;
 - (xviii) **(Change in shareholdings):** there is a material change in the major or controlling shareholdings of the Company (or a subsidiary) or a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company (or a subsidiary);
 - (xix) **(Indicative Timetable):** the Company causes there to be a delay in any specified date in the indicative timetable for the Offer which is greater than 5 Business Days;
 - (xx) **(Force Majeure):** a Force Majeure affecting the Company's business or any obligation under the Underwriting Agreement lasting in excess of 7 days occurs;
 - (xxi) **(Certain resolutions passed):** the Company (or a subsidiary) passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
 - (xxii) **(Capital Structure):** the Company (or a subsidiary) alters its capital structure in any manner not contemplated by this Prospectus;
 - (xxiii) **(Breach of Material Contracts):** any contract that is material to the Company or the Offer is terminated or substantially modified;
 - (xxiv) **(Investigation):** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company (or a subsidiary); or
 - (xxv) **(Market Conditions):** a suspension or material limitation in trading generally on ASX occurs or any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, the Kyrgyz Republic, China, the United States of America, any member of the European Union, Japan, New Zealand or Indonesia or other international financial markets.

As part of the Underwriting Agreement, the Underwriter may appoint sub-underwriters on such terms as it thinks fit, not inconsistent with those in the Underwriting Agreement.

6.2 Sub-Underwriting Agreements

The Underwriter has entered into sub-underwriting agreements with several parties including the Directors or their related entities (sub-underwriting commitments noted against each entity) as follows:

- Mr Mark Calderwood – 25,000,000 Shares (\$25,000)
- Mr Colin Carson – 75,000,000 Shares (\$75,000)
- Mr Justin Lewis – 25,000,000 Shares (\$25,000)

Under the terms of the sub-underwriting agreements with the above parties, subscription to their respective Entitlements by the Directors and their related parties will not directly reduce their respective sub-underwriting commitments noted above.

The sub-underwriting agreements between the above Directors and the Underwriter are general sub-underwriting agreements on the same terms and conditions as the sub-underwriting agreements between the Underwriter and other entities who are not related parties of the Company, and are on customary arms' length commercial terms including a fee of 3% on the sub-underwritten amount.

6.3 Directors Interests and Emoluments

Other than as set out below or elsewhere in this Prospectus, no Director holds at the date of this Prospectus, or held at any time during the last two years before the date of lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Company or the Offer; or
- (c) the Offer;

and no amounts have been paid or agreed to be paid by any person and no benefits have been given or agreed to be given by any person:

- (a) to a Director to induce him or her to become, or to qualify as, a Director; or
- (b) for services provided by a Director in connection with the formation or promotion of the Company or the Offer.

Directors' interests in the securities of the Company at the date of this prospectus are set out in the table below and the disclosures following the table:

Directors	Shares
Mark Calderwood	18,292,039
Colin Carson	51,572,148
Justin Lewis	1,933,334

Directors are entitled to Directors' fees and other emoluments, which are disclosed in the Company's annual financial reports. The Directors' annual remuneration is as follows:

- In the year ended 31 December 2013, Mr Calderwood and Mr Carson (both non-executive Directors during that period) received annual fees of \$50,000 each inclusive of statutory superannuation.

- With effect from 1 January 2014, these Directors agreed to a reduction in their non-executive Director fee to an annual amount of \$40,000 inclusive of statutory superannuation. Mr Lewis was appointed as a non-executive Director on 4 August 2014 at the same fee of \$40,000 per annum inclusive of statutory superannuation. However, all three Directors agreed to forego their fees with effect from 1 October 2014 and were not paid any further fees for the 2014 year.
- For the year 2015, remuneration for these Directors was as follows:
 - Mark Calderwood: No fees were paid for the six month period ended 30 June 2015. From 1 July 2015, Mr Calderwood was appointed an Executive Chairman (following the termination of employment of the then CEO) on the basis that he would be paid a daily fee of \$1,200 (pro-rata for part days), subject to a cap of \$8,333 per month. Ultimately aggregate fees of \$32,799 were paid for services rendered for the period from 1 July 2015 to 31 October 2015 and fees for the remainder of 2015 (approximately \$10,000) remain outstanding.
 - Colin Carson: The Directors had previously resolved to resume non-executive directors' fees at the rate of \$30,000 per annum with effect from 1 July 2015. No fees have been paid to Mr Carson for the 2015 year and fees of \$15,000 (for the period from 1 July 2015 to 31 December 2015) remain outstanding.
 - Justin Lewis: \$7,500 fees have been paid to Mr Lewis in 2015, for the period 1 July 2015 to 30 September 2015. Fees of \$7,500 (for the period from 1 October 2015 to 31 December 2015) remain outstanding.
- The fee structure for the Directors for 2016 is as noted above and reiterated below:
 - Mark Calderwood:* A daily fee of \$1,200 (pro-rata for part days), subject to a cap of \$8,333 per month; and
 - Non-executive Directors (presently comprising Colin Carson and Justin Lewis)* - \$30,000 per annum.
- Henslow Pty Ltd, an entity related to Mr Justin Lewis was engaged to provide corporate advisory services (inclusive of time spent by other Henslow personnel in addition to Mr Lewis's time) for the period from 1 September 2015 to 31 December 2015 at a rate of \$10,000 per month. Aggregate fees of \$30,000 were paid for these services and an amount of \$10,000 remains outstanding. Under the mandate terms, Henslow is entitled to fees on funds provided to the Company or committed to the Company before 31 August 2016 from investors exclusively introduced by Henslow during the term of the mandate (1.5% fee and 4.5% fee on debt capital and equity capital respectively).

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

6.4 Interests of Experts and Advisors

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any

company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of the Company or the Offer.

GMP is underwriting the Offer. The material terms of the Underwriting Agreement and the fees to be paid to GMP in relation to this Offer are set out in Sections 2.5 and 6.1. GMP also acted as the lead manager for the Placement Issue and will be paid a 6% fee, amounting to \$8,062 (plus GST), for those services. In the two years prior to the date of this Prospectus, the Company engaged GMP for services in relation to a placement issue and a rights issue of Shares in July and August 2015 and paid total fees of \$158,340 (plus GST) for those services.

The law firm of Jeremy Shervington is entitled to be paid approximately \$4,000 for advice and assistance in relation to certain aspects of this Prospectus and assisting the Company in relation to its due diligence regime and enquiries.

References to Security Transfer Registrars Pty Ltd appear for information purposes only. Security Transfer Registrars Pty Ltd has not been involved in, authorised or caused the issue of this Prospectus.

6.5 Consents

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC:

GMP has consented to being named as the Underwriter and lead manager and the inclusion in the Prospectus of all statements referring to it.

Jeremy Shervington has consented to being named as the solicitor to the Company and the inclusion in the Prospectus of all statements referring to him.

The parties referred to above in this section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this section;
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to their name and a statement included in the Prospectus with the consent of that party as specified in this section; and
- has not caused or authorised the issue of this Prospectus.

6.6 Share Trading History

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market price of the Company's quoted Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales and the last sale price on the trading day prior to lodgement of this Prospectus were:

	Price	Date
Highest	\$0.005	21 December 2015
Lowest	\$0.002	1 February 2016
Latest	\$0.002	23 February 2016

6.7 Continuous Disclosure Obligations

The Company is a "disclosing entity" (as defined in Section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the

price or the value of the Company's securities. The Shares that will be issued pursuant to this Prospectus will be in the same class of Shares that have been granted official quotation by ASX during the 3 months prior to the issue of this Prospectus.

This Prospectus is a "transaction specific prospectus" to which the special content rules under section 713 of the Corporations Act apply. That provision allows the issue of a more concise prospectus in relation to an offer of securities, or options to acquire securities, in a class which has been continuously quoted by ASX in the three months prior to the date of the prospectus. In general terms "transaction specific prospectuses" are only required to contain information in relation to the effect of the Offer on the Company and the rights and liabilities attaching to the securities offered. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the securities market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act, states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the annual financial report for the year ended 31 December 2014;
 - (ii) the half-year financial report for the period ended 30 June 2015; and
 - (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in Section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with ASIC.

Details of documents lodged with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with ASIC are set out in the table below.

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Date	Announcement
22/02/2016	Shambesai Project Update
18/02/2016	Capital Raising Plans Finalised
16/02/2016	Response to ASX Appendix 5B Query
16/02/2016	Trading Halt
15/02/2016	Appendix 3B
29/01/2016	Quarterly Cashflow Report
29/01/2016	Quarterly Activities Report
22/12/2015	Results of Meeting
20/11/2015	Notice of General Meeting/Proxy Form
11/11/2015	Kyrgyz Republic Elections and Government Formation
5/11/2015	Becoming a substantial holder
5/11/2015	Change of Director's Interest Notice
30/10/2015	Quarterly Cashflow Report - September 2015
30/10/2015	Quarterly Activities Report - September 2015
22/10/2015	Shambesai Project Update
16/10/2015	Change of Director's Interest Notice
14/10/2015	Shambesai Gold Project Approvals Update
23/09/2015	Environmental Permitting Update
11/09/2015	Half Year Accounts
31/08/2015	Change of Director's Interest Notice
24/08/2015	Change of Director's Interest Notice
18/08/2015	Ceasing to be a substantial holder
18/08/2015	Change in substantial holding from PRU
18/08/2015	Change of Director's Interest Notice x 3
7/08/2015	Results of Non-Renounceable Entitlement Offer
4/08/2015	Audio Broadcast
31/07/2015	Quarterly Cashflow Report
31/07/2015	Quarterly Activities Report
29/07/2015	Change in substantial holding from PRU
27/07/2015	Investor Presentation
27/07/2015	Change of Director's Interest Notice
24/07/2015	Revised Initial Substantial Shareholder Notice
23/07/2015	Despatch of Prospectus and Supplementary Prospectus
23/07/2015	Supplementary Prospectus
21/07/2015	Becoming a substantial holder
17/07/2015	Appendix 3B and Cleansing Notice
14/07/2015	Notice to Shareholders
10/07/2015	Appendix 3B
10/07/2015	Disclosure Document
10/07/2015	Capital Raising Plans Finalised
8/07/2015	Trading Halt
7/07/2015	Final Director's Interest Notice
7/07/2015	Board Changes
10/06/2015	Final Directors Interest Notice
10/06/2015	Board Changes
29/05/2015	Results of Meeting
19/05/2015	Response to ASX Appendix 5B query
30/04/2015	Quarterly Cashflow Report
30/04/2015	Quarterly Activities Report
30/04/2015	Notice of Annual General Meeting/Proxy Form
30/04/2015	Annual Report to shareholders
31/03/2015	Full Year Statutory Accounts

6.8 Entitlement and Acceptance Form is binding

A completed and lodged Entitlement and Acceptance Form constitutes a binding offer to acquire Shares on the terms and conditions set out in this Prospectus and, once lodged, cannot be withdrawn. If the Entitlement and Acceptance Form is not completed correctly, it may still be treated as a valid application for Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement and Acceptance Form is final.

By completing and returning your Entitlement and Acceptance Form with the requisite application monies, you will be deemed to have represented that you are an Eligible Participant. In addition, you will also be deemed to have represented and warranted on behalf of yourself or each person on whose account you are acting that the law in your place of residence and/or where you have been given the Prospectus, does not prohibit you from being given the Prospectus and that you:

- agree to be bound by the terms of the Offer;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare that you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- authorise the Company and its respective officers or agents, to do anything on your behalf necessary for the Shares to be issued to you, including to act on instructions of the Company's Share Registry upon using the contact details set out in the Entitlement and Acceptance Form;
- declare that you are the current registered holder of Shares and are a resident of Australia or New Zealand and you are not in the United States or a US Person, or acting for the account or benefit of a US Person;
- acknowledge that the information contained in, or accompanying, the Prospectus is not investment or financial product advice or a recommendation that Shares are suitable for you given your investment objectives, financial situation or particular needs; and
- acknowledge that the Shares have not, and will not be, registered under the securities laws in any other jurisdictions outside Australia and accordingly, the Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of applicable securities laws in particular the US Securities Act.

7. DIRECTORS' AUTHORISATION AND CONSENT

This Prospectus is authorised by the Company and lodged with the ASIC pursuant to section 718 of the Corporations Act.

Each Director has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 23 February 2016



Signed for and on behalf of Manas Resources Limited
By Mark Calderwood
Chairman

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8. GLOSSARY

Where the following terms are used in this Prospectus they have the following meanings:

Additional Share Offer	means the offer of Additional Shares made in accordance with this Prospectus and as further described in Section 2.4.
Additional Shares	means Shares in addition to an Eligible Participant's Entitlement for which an Eligible Participant makes an application.
AEDT	means Australian Eastern Daylight Time.
ASIC	means the Australian Securities and Investments Commission.
ASX	means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.
Board	means the Board of Directors.
Closing Date	means the closing date for receipt of Entitlement and Acceptance Forms under this Prospectus, estimated to be 5.00 pm WST on 16 March 2016 or an amended time as set by the Board.
Company or Manas	means Manas Resources Limited (ACN 128 042 606).
Constitution	means the constitution of the Company.
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Eligible Shareholder and Eligible Participant	means a Shareholder as at 5.00pm WST on the Record Date who: (a) has a registered address in Australia or New Zealand; (b) is not in the United States and is not a US Person and is not acting for the account or benefit of a US Person; and (c) is eligible under all applicable securities laws to receive an offer under the Offer and to participate in the Offer.
Entitlement	means the right of a Shareholder to subscribe for Shares under the Offer.
Entitlement and Acceptance Form	means the personalised entitlement and acceptance form attached to or accompanying this Prospectus.
GMP	means GMP Securities Australia Pty Limited (ACN 149 263 543).
Issue	means the issue of the Shares comprised in the Offer.
Listing Rules	means the official listing rules of the ASX.
Offer	means the offer of Shares pursuant to this Prospectus.
Official List	means the official list of ASX.
Official Quotation	means official quotation by ASX in accordance with the Listing Rules.

Opening Date	means the date on which the Offer opens.
Prospectus	means this Prospectus.
Record Date	means 1 March 2016 being the date for determining the Shareholder's Entitlement to participate in this Offer.
Share	means a fully paid ordinary share in the Company.
Shareholder	means the registered holder of Shares in the Company.
Shortfall	means the Shares forming Entitlements, or parts of Entitlements, not accepted by Shareholders.
Underwriter	means GMP.
Underwriting Agreement	means the underwriting agreement between the Company and the Underwriter summarised in Section 6.1.
Underwritten Amount	means the amount as described in Section 2.5.
US Person	has the meaning given to that term in Regulation S under the US Securities Act.
US Securities Act	means the United States Securities Act of 1933, as amended.
WST	means Western Standard Time as observed in Perth, Western Australia.
\$	means Australian dollars unless otherwise stated.

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