



22 October 2015

ASX RELEASE / MEDIA RELEASE

## SHAMBESAI PROJECT UPDATE

Manas Resources Limited (ASX – MSR) is pleased to announce an update on progress for its Shambesai Project in the Kyrgyz Republic.

- ◆ Optimised **pre-production capital estimated at US\$30M**, down from **US\$41M** mainly by staged timing for purchase of mining equipment and deferral of infrastructure expenditure.
- ◆ **Estimated total pre-production and sustaining capital costs of Life of Mine of US\$44M** down from **US\$48** with opportunities to **reduce further with ongoing pricing enquiries**.
- ◆ **New pit design** for main pit **reduced material movement by 50%** and **contained gold by only 15%** and **increased grade by 13% to over 4g/t Au**. This will significantly further **reduce average life-of-mine cash cost per ounce of gold and capital costs** for mining equipment.
- ◆ Manas will commence pre-feasibility work on underground mine design initially targeting high grade M&I resources of 660,000t at 5.9g/t within 120m vertically of the new pit design.
- ◆ With the reduced capital requirement, pre-production permitting complete and improved political risk, project finance discussions have gained new momentum.

### Shambesai Project Development

With completion of the basic engineering permitting (refer announcement dated 14 October 2015), Manas's technical team is working with external consultants for a third party review of revised capital and operating costs including scheduling of the new pit design to replace the current US\$1,500 pit design with a shell based on a conservative US\$1,100 gold price.

### Capital Cost

The Project Team is working on optimizing the project schedule and capital cost estimate for the Shambesai Project in light of development funding constraints generally in the industry and discussions with potential financiers.

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

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

Initial results from this study suggest that pre-production capital expenditure can be reduced significantly from US\$41M [reported in the 25<sup>th</sup> February 2015 update to the economic parameters for the May 2013 Bankable Feasibility Study (BFS)] to about US\$30M. Total capital costs, including sustaining capital are currently estimated at approximately US\$44M, down from the US\$48M estimated in the BFS update.

Capital costs are expected to be 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 operating cost savings are expected from a review currently underway into major consumables such as fuel and cyanide, market pricing for both of which has reduced significantly since the BFS estimate was prepared.

Manas expects to more fully report on the results of the capital and operating cost review later in the December quarter.

### **Pit Design**

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

<b>Pit Designs</b>	<b>In Pit Resource Mt</b>	<b>Au g/t</b>	<b>Ounces</b>	<b>Waste Mt</b>	<b>Strip Ratio</b>
<b>February 2015</b>	2.42	3.71	289,100	18.34	7.6:1
<b>Recommended</b>	1.83	4.18	246,400	8.94	4.9:1
<b>Difference</b>	-0.59		-42,700	-9.40	

*The reduction in the strip ratio is a 36% improvement*

*Notes:*

*Based on the 5 December 2014 JORC 2012 resource estimate*

*Inferred resources included as waste*

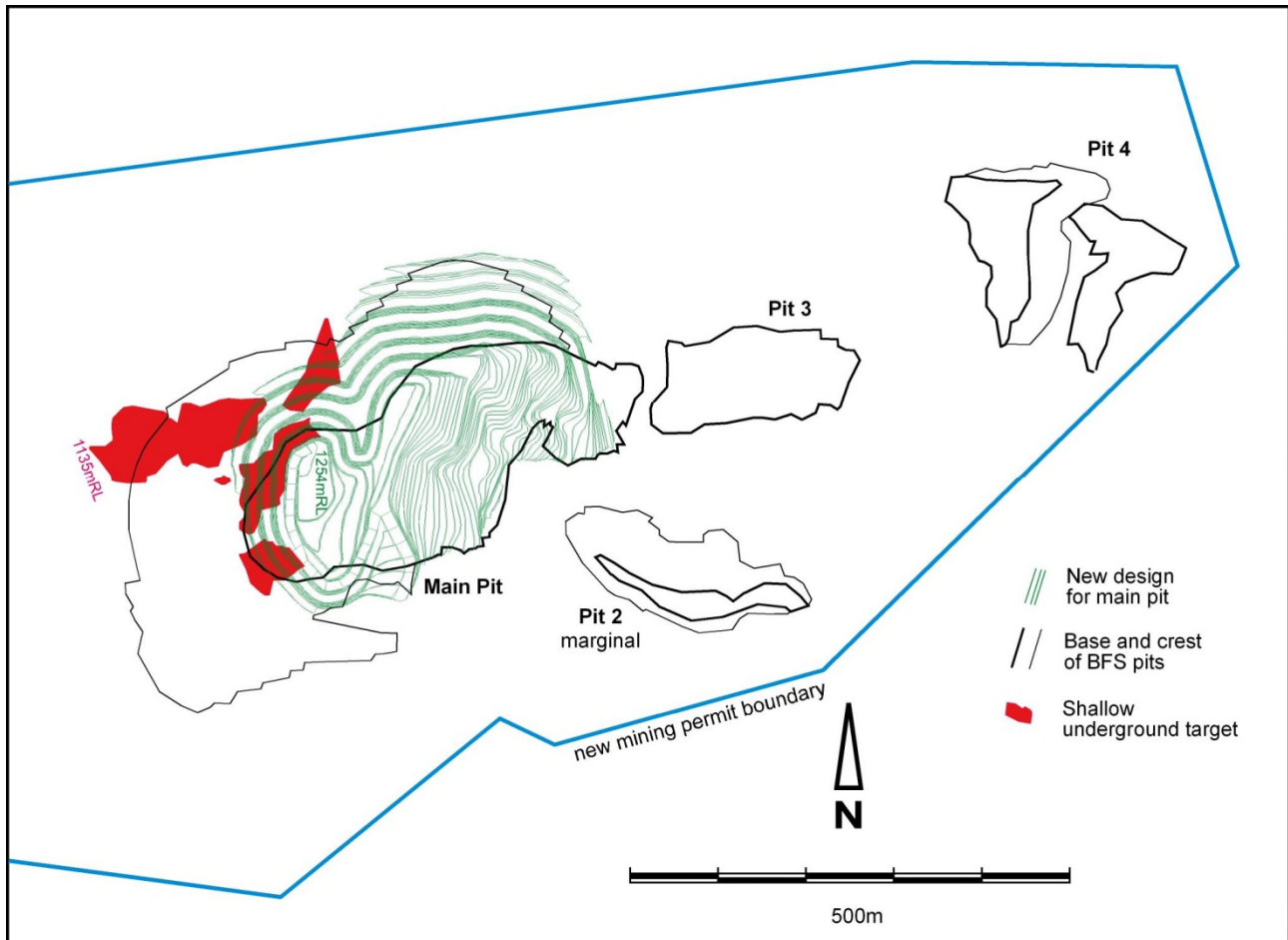
*In pit resources are prior to dilution and ore loss*

Work is ongoing to produce a mine schedule and diluted ore reserves for the recommended pit design. The reduced pit design has resulted in a 50% reduction in total material movement with only a limited reduction of in-pit resources of 590,000t at 2.33g/t.

The improved pit design and the savings referred to above are expected to significantly improve the NPV of the Project and further drive down the operating cash cost per recovered ounce .

## Underground Pre-feasibility

Pre-feasibility work will commence on the potential underground ore initially within 120m vertically and 170m laterally of the pit ("near Pit"). The near pit high grade Measured and Indicated resources are about 660,000t grading 5.9g/t Au containing 124,700 ounces of gold and including oxide resources of 390,000t at 3.6g/t Au and sulphide resources of 270,000t at 9.2g/t Au



**Figure 1: New Main Pit design with outline of old pit design**

## Shambesai Project Permitting

As recently reported to the ASX (14 October 2015 and 23 September 2015), all environmental and technical permitting approvals required prior to commencing construction of the Shambesai Project are now in place. This has allowed Manas to apply for, and be granted, an amended mining license with extended boundaries covering the open pit defined in the mining design for the Project. Having completed the requirements under Mining License Agreement #1, Mining License Agreement #2 which provides for the construction and commissioning of the Project has now become effective.

Manas has also obtained licenses covering provision of construction materials for the site and for water exploration for the site water supply as required under Kyrgyz legislation.

## Financing Update

Recent developments including receipt of all key construction approvals, reduced pre-production capital requirements, continued political stability and Government support have significantly improved the outlook for the Project. Discussions with potential financiers including traditional lenders, cornerstone investors and direct equity joint venture partners to secure the funding required to commence construction of the Project have now gained greater momentum.

Details of the Manas Resources 100%-owned Kyrgyz Gold Projects can be found at the Company's website [www.manasresources.com](http://www.manasresources.com).

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## COMPETENT PERSONS STATEMENT

*The information in this report 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 further confirms that all material assumptions and technical parameters underpinning the mineral resource estimates contained in the market release dated 5 December 2014 continue to apply and have not materially changed.*

*The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on, and fairly represents information and supporting documentation prepared by Mr Mark Calderwood, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Calderwood is a Director of the Company. Mr Calderwood has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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 Calderwood consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

*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.