

**MANAS RESOURCES LIMITED**  
**ACN 128 042 606**

**PROSPECTUS**

**For the non-renounceable rights issue of approximately 73,607,762 Shares at \$0.015 per Share, on the basis of 1 Share for every 6 Shares held by Shareholders as at the Record Date, to raise up to approximately \$1,104,116 under the Prospectus.**

**Offer closes at 5.00 pm WST on 27 February 2015**

**FULLY UNDERWRITTEN BY**

**Baillie Asset Management Limited ACN 106 133 608**

**(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 speculative.**

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## **IMPORTANT NOTICE**

This Prospectus is dated 6 February 2015 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 2.10 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 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](http://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 - Non-Executive Chairman  
Mr Stephen Ross – Managing Director  
Mr Colin Carson - Non-Executive Director  
Mr Mark Connelly – 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**

Baillie Asset Management Limited  
Level 8, 446 Collins Street  
MELBOURNE VIC 3000

### **SOLICITORS**

Squire Patton Boggs  
Level 21, 300 Murray Street  
PERTH WA 6000

\* 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	6 February 2015
Shares trade "ex" the entitlements issue on ASX	11 February 2015
<b>Record Date</b>	13 February 2015
Despatch of Prospectus and Opening Date	18 February 2015
<b>Closing Date</b>	5.00pm WST on 27 February 2015
Shares quoted on a deferred settlement basis	2 March 2015
Allotment of Shares and despatch of holding statements	6 March 2015
Normal trading of Shares commences	10 March 2015

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.

## 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 5.00 pm WST on 13 February 2015 ("**Record Date**") and have a registered address in Australia and New Zealand.

The Offer is made on the basis that for every 6 Shares held as at the Record Date, Shareholders as Eligible Participants will have the right to subscribe for 1 new Share at an issue price of \$0.015 each.

In the calculation of any entitlement, fractions will be rounded up to the nearest whole number.

Based on the capital structure of the Company at the date of this Prospectus, approximately 73,607,762 Shares will be offered pursuant to this Offer to raise approximately \$1,104,116 (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 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 2.3:**

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

Completed Entitlement and Acceptance Forms **must reach** the Company's share registry by no later than 5.00 pm WST on 27 February 2015.

Cheques and drafts 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 27 February 2015. 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 6.7 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.

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 reserves the right to scale back any applications for Additional Shares in its absolute discretion.

## **2.5 Underwriter**

The Company has appointed Baillie Asset Management Limited ("**Baillie**") as the Underwriter to the Offer under the terms of the Underwriting Agreement.

The Offer is underwritten up to the full value of \$1,104,116 ("**Underwritten Amount**"), subject to the provisions described below.



The Underwriter will be paid a fee for underwriting the Offer of 5%, calculated on the Underwritten Amount of \$1,104,116. 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**

Assuming no Existing Options are exercised prior to the Record Date, the maximum number of Shares which will be issued pursuant to the Offer is 73,607,762. This equates to approximately 14.3% 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 and the Offer is fully subscribed, their holdings are likely to be diluted by approximately 14.3% (as compared to their holdings and number of Shares on issue as at the date of this Prospectus).

### **(b) Underwriter and control of the Company**

As set out in section 2.5 and 6.1, the Offer is fully underwritten by Baillie up to a maximum value of \$1,104,116.

As at the date of this Prospectus, Baillie does not beneficially hold any Shares in the Company. Baillie is not a related party as defined in section 228 of the Corporations Act.

Baillie has entered into sub-underwriting agreements with sub-underwriters. As the Underwritten Amount is partially sub-underwritten and also given that the total number of Shares the subject of the Offer will represent 14.3% of the total Shares on issue upon completion of the Offer, Baillie will not acquire voting power in the Company in excess of 20% as a result of the Offer.

## **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 seven 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 \$1,104,116 (before expenses of the Offer).

The proceeds of the Offer are intended to be used almost entirely as working capital to fund the Company's administrative and corporate overheads (including the salaries of the technical staff engaged in maintaining the Company's mineral projects) whilst it focuses on undertaking and completing a sales process of its Kyrgyz Republic mineral assets (see section 4.2 and the Company's recent Quarterly Activities Report released to the ASX on 30 January 2015 for details regarding the sales process).

The Directors intend to apply the proceeds from the Offer in accordance with the table set out below. The table assumes that no Options are exercised before the Record Date.

Use of Funds	\$
Working capital	
• Salaries and wages	640,000
• Compliance, administrative and corporate costs	307,710
• Occupancy costs	31,200
Sub-total - working capital	978,910
Exploration and evaluation expenditure (Maintenance of licenses in good standing)	50,000
Underwriting and capital raising fees in relation to the Offer	55,206
Other costs of the Offer	20,000
<b>Total:</b>	<b>1,104,116</b>

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 at least \$1,104,116 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 (assuming no existing Options are exercised) as a consequence of the Offer is set out below.

	Shares	Options
Securities on issue as at the date of this Prospectus	441,646,573	139,371,080
Securities issued pursuant to Prospectus Offer	73,607,762	n/a
<b>Total post completion of the Offer</b>	<b>515,254,335</b>	<b>139,371,080</b>

**Notes:**

1. Existing Options comprise 137,771,080 Options which are quoted on ASX, have an exercise price of \$0.08 and an expiry date of 31 March 2015 as well as 1,600,000 unlisted Options exercisable at \$0.20 on or before 31 May 2015. The Board considers it reasonable to assume that none of these existing Options will be exercised before the Record Date given that the option exercise prices are considerably higher than the Company's share price on the ASX at the date of this Prospectus.
2. The Company also has on issue 6,050,000 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 \$1,104,116.

### 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 audit reviewed financial report for the twelve months ended 31 December 2013.

The unaudited pro-forma Balance Sheet has been prepared by adjusting the Balance Sheet as at 31 December 2014 to reflect the financial effect of the following transactions as if they had occurred at 31 December 2014:

- (a) The issue of 73,607,762 Shares at an issue price of \$0.015 per Share issued in accordance with this Prospectus raising approximately \$1,104,116.
- (b) Cash costs of \$75,206 associated with the Shares issued under this Prospectus representing fees to the Underwriter of \$55,206 and other Prospectus costs of \$20,000.
- (c) Net cash proceeds of the issue therefore being \$1,028,910.

Other than as set out above and on the next page, 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 2014 and close of the Offer.

# Pro-forma Consolidated Balance Sheet

As at 31 December 2014

Offer fully subscribed

	Actual 31 Dec 2014 (unaudited)	Proforma 31 Dec 2014 (unaudited)
	\$	\$
<b>Current Assets</b>		
Cash and cash equivalents	447,136	1,333,458
Inventories	10,915	-
Available for Sale Asset	-	20,255,351
Other receivables	293,940	105,018
<b>Total Current Assets</b>	<b>751,992</b>	<b>21,693,826</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	416,554	31,874
Exploration and evaluation expenditure	29,318,671	-
<b>Total Non-Current Assets</b>	<b>29,735,225</b>	<b>31,874</b>
<b>Total Assets</b>	<b>30,487,217</b>	<b>21,725,700</b>
<b>Current Liabilities</b>		
Liabilities associated with assets held for sale	-	255,350
Trade and other payables	412,407	157,056
<b>Total Liabilities</b>	<b>412,407</b>	<b>412,407</b>
<b>Net Assets</b>	<b>30,074,811</b>	<b>21,313,294</b>
<b>Equity</b>		
Issued capital	46,761,720	47,790,630
Reserves	842,915	842,915
Accumulated losses	(17,529,824)	(27,320,251)
<b>Total Equity</b>	<b>30,074,811</b>	<b>21,313,294</b>

## Additional pro-forma adjustment:

The actual unaudited column above represents the balance sheet as presented in internal management accounts to the Board. The numbers are prepared by consolidating Manas and its subsidiaries. The pro-forma column adopts all Australian Accounting standards and pronouncements. Given the Company's intention to sell its Kyrgyz subsidiaries, the accounting standards prescribe that all subsidiaries are treated as a disposal group. This requires all assets of the subsidiaries to be taken out of the respective line items (such as cash, inventories, receivables, fixed assets including capitalised exploration expenditure and creditors) and disclosed in two line items being assets held for sale, and liabilities directly associated with assets held for sale. Also included in the asset held for sale balance is \$142,588 in cash balances. Assets held for sale must be stated at lower of cost or recoverable value. In the pro-forma above, the recoverable value of assets held for sale includes an estimate of the disposal value of the Kyrgyz mineral assets. The estimate is based on a range of sale values currently being discussed with prospective acquirers.

## **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 leading 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 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 project.

The Company has received formal non-binding proposals, which, if agreed to and successfully concluded, would result in the Company selling its full interest in the SGD at a premium to the current market value of the Company. While the proponents of these proposals appear committed and are in active communication with the Company, the discussions are in a preliminary and non-binding stage. The Company will actively pursue these opportunities and every other credible proposal, but at this stage, there is no guarantee that the discussions will result in a binding offer that will be acceptable to the Company and no guarantee that a successful asset sale will be concluded.

Any such 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 to date 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 failure to obtain other statutory approvals, including Kyrgyz authorities, (if any) not being granted;
- 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.

***Development, Commissioning and Production Permits and Statutory Approvals*** – Whilst the Company has been granted a mining licence and a land rezoning permit for the SGD and environmental approval to proceed through to production (OVOS), a number of approvals are yet to be obtained, including design approvals, to enable the Company to achieve its objective of producing gold at the SGD. There is a risk that the Company may not be granted certain approvals and / or that there may be an inordinate delay in the procurement of such approvals.

***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 current scheduled 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.

As a consequence of delays to project financing, the Company has slowed or deferred a number of project activities which are required to be completed by certain dates under its Mining Licence agreement with the Kyrgyz government. If the Company cannot gain financing, or sell the project, the Company will be required to renegotiate the agreement conditions. While it is likely these negotiations can be carried out successfully, the renegotiation process may present an additional risk to the Mining Licence renewal.

***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.

### **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 and Additional Funding**

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 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 receipt of term sheets or purchase offer for the Companies assets, 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 the Company may not be able to further develop its projects and it may impact on the Company's ability to continue as a going concern.

## **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.

##### **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. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

##### **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 6 February 2015, 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 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 is, at any time after the date of the Underwriting Agreement, 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;
- (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 reinstated 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;
- (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 7 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 of the material contracts 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 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	Options <sup>1</sup>
Mark Calderwood	1,192,287	618,953
Stephen Ross <sup>2</sup>	3,057,747	1,232,913
Colin Carson	7,583,657	6,483,656
Mark Connelly	-	-
Justin Lewis	400,000	-

<sup>1</sup> Options held by Messrs Calderwood, Ross and Carson are in the listed class, exercisable at \$0.08 each with an expiry date of 31 March 2015.

<sup>2</sup> Mr Ross also holds 3,550,000 performance rights which can convert to up to 3,550,000 Shares upon satisfaction of specified performance criteria.

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:

- Mr Calderwood (Non-executive Chairman), Mr Carson, Mr Connelly, and Mr Lewis (Non-executive Directors), receive an annual fee of \$40,000 each inclusive of statutory superannuation with effect from 1 January 2014. In the previous financial year (year ended 31 December 2013), these Non-executive Directors (except Mr Lewis who has been a Director since 4 August 2014) received annual fees of \$50,000 each inclusive of statutory superannuation.
- Payment of fees to non-executive Directors for the period commencing 1 October 2014 has been deferred. Furthermore the non-executive Directors have resolved that, should substantial progress not have been made with the sale of the Shambesai Gold Project or any of the other Kyrgyz mineral assets by 31 March 2015, they will waive their fees with effect from 1 October 2014.
- Since 1 July 2012 Mr Ross's total fixed remuneration as the Company's Managing Director and Chief Executive Officer has been \$330,000 per annum, payable under a service contract to his related entity, Roman Resource Management Pty Ltd. Over the past two years, Mr Ross has also been awarded 3,550,000 performance rights which can convert to up to 3,550,000 Shares upon satisfaction of specified performance criteria as part of his remuneration package.

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.

In the context of the potential sale of the Shambesai Gold Project (see section 4.2), the Board has approved in principle a retention bonus for certain senior executives and key personnel of the Company. The retention bonus is comprised of a compensation pool amounting to 3% of the transaction value of the sale of the Shambesai Gold Project, to be apportioned between various members of the management team. Under the compensation pool, Mr Ross may receive a retention bonus amounting to 1.8% of the transaction value of

the sale of the Shambesai Gold Project subject to receipt of any legal advice considered necessary, and that discretion would be exercised in light of actual transaction details. Any such payment to Mr Ross is subject to any Shareholder approvals required under the Corporations Act and the Listing Rules if applicable.

In view of the Board's decision to focus on the sale of the Shambesai Gold Project in particular and the Kyrgyz mineral assets in general, Mr Ross and the Board have by mutual consent agreed that Mr Ross's services as the Company's Chief Executive Officer and Managing Director shall end on or around 31 July 2015 under the terms of the existing service contract giving him sufficient time to steer the divestment process. Thereafter, the parties may negotiate new service terms for Mr Ross in light of the Company's changed circumstances.

### **6.3 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.

Baillie is fully underwriting the Offer. The material terms of the Underwriting Agreement and the fees to be paid to Baillie in relation to this Offer are set out in Sections 2.5 and 6.1. In the two years prior to the date of this Prospectus, the Company has not engaged Baillie for any services nor paid any fees to Baillie.

Squire Patton Boggs is entitled to be paid \$10,000 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.

### **6.4 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:

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

Squire Patton Boggs has consented to being named as the solicitors to the Company and the inclusion in the Prospectus of all statements referring to it.

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.

## 6.5 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	\$0.026	20 November 2014
Lowest	\$0.011	3 February 2015
Latest	\$0.013	6 February 2015

## 6.6 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 2013;
  - (ii) the half-year financial report for the six month period ended 30 June 2014; 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.

Date	Description of Announcement
30/1/2015	Quarterly Activities and Cashflow Report
5/12/2014	Shambesai Mineral Resource JORC 2012 Update
31/10/2014	Quarterly Activities and Cashflow Report
22/9/2014	Appendix 3B and Cleansing Notice
12/9/2014	Capital Raising Plans Finalised

Date	Description of Announcement
10/9/2014	Trading Halt
9/9/2014	Half Year Accounts
8/9/2014	Shambesai Gold Project Sanitary Protection Zone Approved
4/8/2014	Initial Director's Interest Notice
4/8/2014	New Appointment to the Board of Directors
31/7/2014	Quarterly Activities and Cashflow Report
04/06/2014	Change in Director's Interest Notice
04/06/2014	Appendix 3B
04/06/2014	2014 AGM Results
30/05/2014	Results of Meeting
29/05/2014	AGM Presentation
21/05/2014	Shambesai Gold Project OVOS Approved
30/04/2014	March 2014 Quarterly Activity and Cashflow Reports
24/04/2014	Notice of Annual General Meeting/Proxy Form
23/04/2014	Annual Report to shareholders
17/04/2014	Annual General Meeting time and venue
01/04/2014	Final Director's Interest Notice
01/04/2014	Board Changes
31/03/2014	March 2014 Investor Presentation

## 6.7 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.

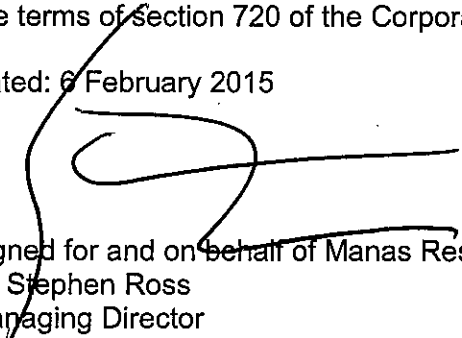


## 7. DIRECTORS' AUTHORISATION AND CONSENT

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: 6 February 2015



Signed for and on behalf of Manas Resources Limited  
By Stephen Ross  
Managing Director

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## 8. GLOSSARY

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

<b>Additional Share Offer</b>	means the offer of Additional Shares made in accordance with this Prospectus and as further described in Section 2.4.
<b>Additional Shares</b>	means Shares in addition to an Eligible Participant's Entitlement for which an Eligible Participant makes an application.
<b>AEDT</b>	means Australian Eastern Daylight Time.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means the ASX Limited (ACN 008 624 691) or the financial market operated by it, as the context requires.
<b>Baillie</b>	means Baillie Asset Management Limited (ACN 106 133 608).
<b>Board</b>	means the Board of Directors.
<b>Closing Date</b>	means the closing date for receipt of Entitlement and Acceptance Forms under this Prospectus, estimated to be 5.00 pm WST on 27 February 2015 or an amended time as set by the Board.
<b>Company or Manas</b>	means Manas Resources Limited (ACN 128 042 606).
<b>Constitution</b>	means the constitution of the Company.
<b>Corporations Act</b>	means the <i>Corporations Act 2001</i> (Cth).
<b>Director</b>	means a director of the Company.
<b>Eligible Participant</b>	means a Shareholder as at 5.00pm WST on the Record Date who: <ul style="list-style-type: none"><li>(a) has a registered address in Australia or New Zealand;</li><li>(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</li><li>(c) is eligible under all applicable securities laws to receive an offer under the Offer and to participate in the Offer.</li></ul>

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<b>Entitlement</b>	means the right of a Shareholder to subscribe for Shares under the Offer.
<b>Entitlement and Acceptance Form</b>	means the personalised entitlement and acceptance form attached to or accompanying this Prospectus.
<b>Existing Option</b>	means an option to subscribe for a Share on issue as at the date of this Prospectus.
<b>Issue</b>	means the issue of the Shares comprised in the Offer.
<b>Listing Rules</b>	means the official listing rules of the ASX.
<b>Offer</b>	means the offer of Shares pursuant to this Prospectus.
<b>Official List</b>	means the official list of ASX.
<b>Official Quotation</b>	means official quotation by ASX in accordance with the Listing Rules.
<b>Opening Date</b>	means the date on which the Offer opens.
<b>Prospectus</b>	means this Prospectus.
<b>Record Date</b>	means 13 February 2015 being the date for determining the Shareholder's Entitlement to participate in this Offer.
<b>Share</b>	means a fully paid ordinary share in the Company.
<b>Shareholder</b>	means the registered holder of Shares in the Company.
<b>Shortfall</b>	means the Shares forming Entitlements, or parts of Entitlements, not accepted by Shareholders.
<b>Underwriter</b>	means Baillie.
<b>Underwriting Agreement</b>	means the underwriting agreement between the Company and the Underwriter summarised in Section 6.1.
<b>Underwritten Amount</b>	means the amount as described in Section 2.5.
<b>US Person</b>	has the meaning given to that term in Regulation S under the US Securities Act.

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**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.