

14 January 2016

**Keras Resources plc ('Keras' or 'the Company')**

**Moving Towards First Production in Q2 2016 at Grants Patch Gold Tribute Project, Australia**

Keras Resources plc (previously known as Ferrex plc), the AIM quoted resource development company, is pleased to confirm that it has made positive progress at the Grants Patch Gold Tribute Project ("the Project"), located 30km north of Kalgoorlie in the prospective Western Australian goldfields. The Company believes it will commence initial production of c. 30,000 tonnes per month during Q2 2016, in line with expectations.

**Highlights**

- **Production to commence from two shallow laterite gold pits**
- **Deposits modelled by the Company contain an estimated 164,000t at an average grade of 1.4g/t, containing 7,200oz Au**
- **No pre-strip required, with the two pits expected to provide 4 to 5 months of production feed**
- **Mine designs and environmental studies completed, enabling production to remain on schedule for Q2 2016**
- **Total historic resource estimates for the all deposits on tribute agreement ground is 5,741,155t at an average grade of 2g/t, containing 363,599oz Au**
- **Internal feasibility study in to the restart of mining at the Prince of Wales Underground Mine is progressing well. The mine has a historic resource estimate of 650,000t at an average grade of 10g/t, containing 209,000oz Au**

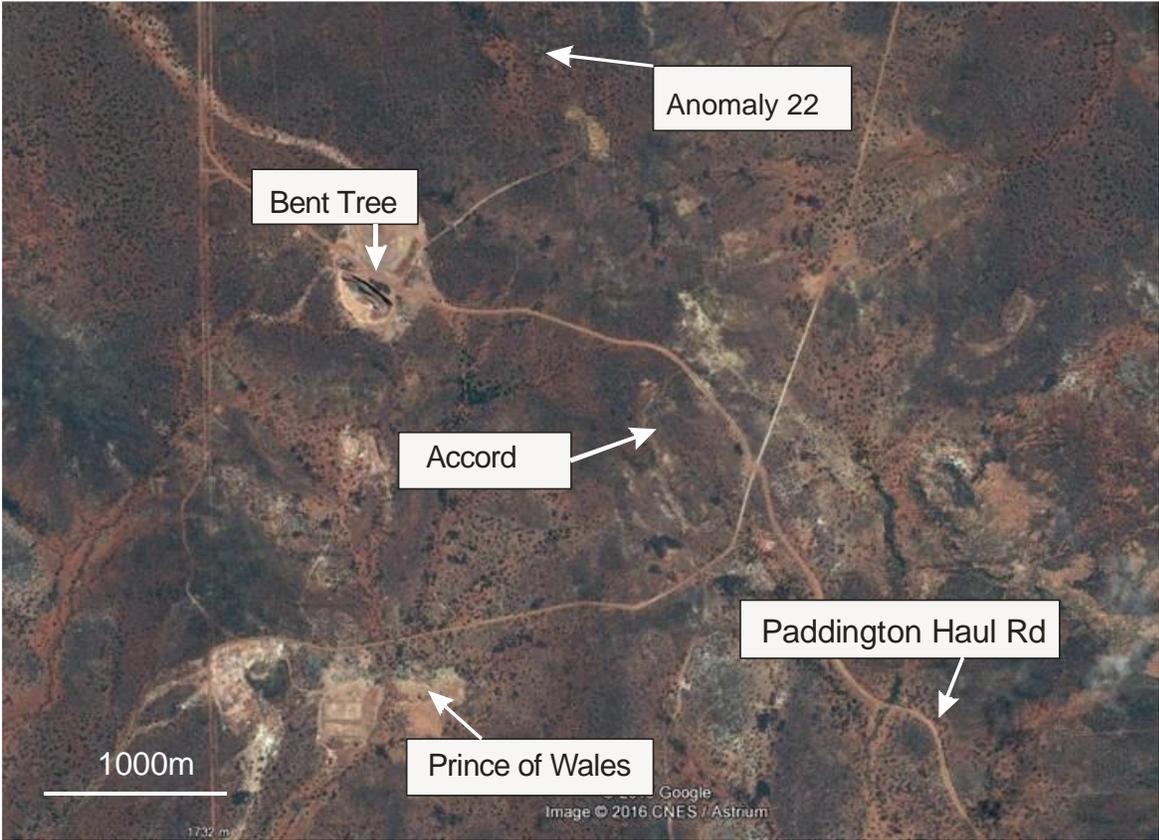
Managing Director, Dave Reeves said, "I am pleased to report that the low cost activities required ahead of delivering production and cash flow from our Australian Gold Project during Q2 2016 are continuing at pace, on time and importantly on budget. Production will initially commence from two laterite pits that contain significant gold mineralisation and require no pre-stripping simplifying the start of production. The internal feasibility work on re-accessing the ultra-high grade Prince of Wales Mine is also progressing well and I look forward to updating shareholders on the Project as it progresses as it will form the backbone of future production within the tribute area."

**Further Information**

Keras' initial mine development plan is to develop shallow laterite deposits to generate near-term cash flow. These deposits comprise of previously unmined at-surface deposits and previously mined pits with remnant mineralisation located below the pit floor. At the first two laterite gold pits, Accord and Anomaly 22, new estimates have been produced, mine designs finalised and environmental studies completed. This should allow mining to commence in Q2 2016.

In-house modelling of the surface laterite mineralisation has been completed for Anomaly 22 and Accord utilising, with limited validation of the historic database supplied by Norton Gold Fields. The modelling indicates a potential exploitable 94,350t at 1.39g/t Au, and 69,496t at 1.32g/t Au at Anomaly 22 and Accord, respectively. A small programme of confirmatory RC drilling will be completed prior to mining to finalise the mine plan. It is expected that these two pits will provide the first four to five months of mining for Keras. Modelling of Bent Tree, a remnant open pit, is on-going and will be announced when completed. Initial production will be targeting 30,000tpm during Q2 2016.

**Figure 1: Location of Initial Deposits to be mined**



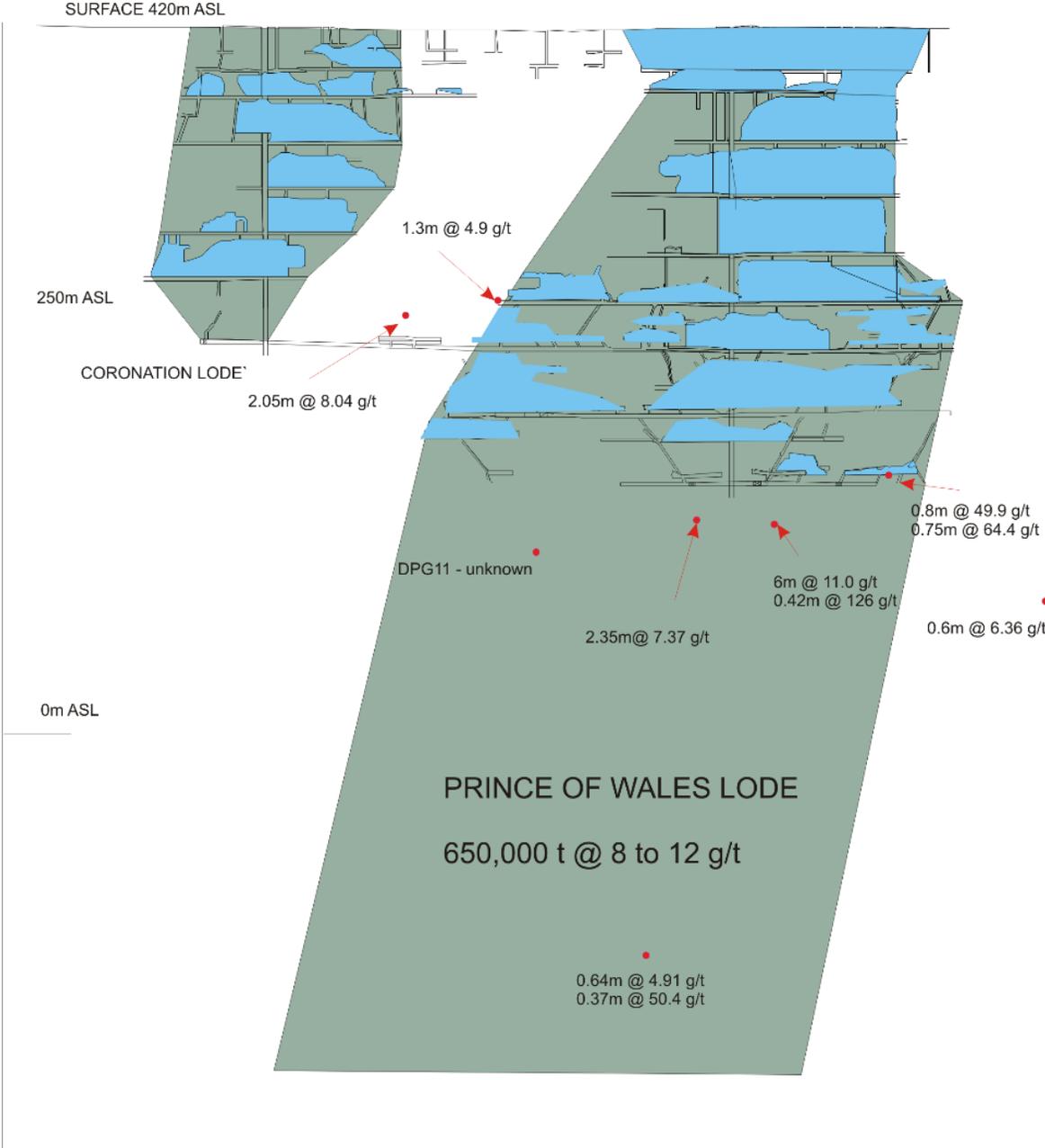
The Company has commenced assessment and feasibility studies focused on re-accessing the underground mine at Prince of Wales and these are advancing rapidly. This mine closed in 1992, when unseasonal cyclonic rains caused flooding at the mine and made the Headframe and Winder unstable and unusable.

Previous production from the underground includes:

Period	Tonnes	Grade (g/t Au)	Ounces (Au)
Prince of Wales 1987-1991	570,000	8.7	159,435
Prince of Wales Underground pre 1971	184,178	12.2	72,440
Total	754,178	9.56	231,875

Figure 2 below shows previously mined stopes and development, diamond drill intersections and known mineralisation. As can be seen, there are numerous ultra-high grade intercepts located just below the current stoping level (Level 10). The plan will be to re-access the stopes to accelerate production whilst developing 11 Level to access the delineated ultra-high grade ore.

**Figure 2: Long Section of Prince of Wales**



## **Proposed Mining Method for Prince of Wales**

Due to the thin nature of the orebody (1.2m), narrow vein mining methods using handheld machines will be used as it was previously at the mine.

The ore body is firstly developed, which is the process of mining along the ore 1.5mW x 1.8mH, then the ore is stoped. Development will be conducted by hand-held air powered machines, drilling about 30 blast holes, 25mm in diameter and 1.5m long. Stopping is the process of extracting the vein material from above each development level and below the one above, a vertical distance of approximately 15m. Different stoping methods are used for different orebodies in different mines based on factors such as wall rock competence, vein widths, dips and grades and volumes of mineralised material.

At Prince of Wales, the original shaft must be rehabilitated, new headframe and winder installed before any mining can take place. This will take approximately 9 to 12 months depending on the condition of the timbers in the shaft and the amount of unwanted material in the underground development levels that will be needed to be cleared up. Cash flow from gold production will be used towards the funding requirement of the recommencement of mining at the underground mine.

This project is expected to produce approximately 5,000t of ore per month for the life of the Tribute Contract with Norton Gold Fields.

The Senior Management Team at Keras Resources plc has extensive experience in Narrow Vein Mining in the Goldfields of WA and at other Narrow Vein Mines around the world and will directly supervise the restart of the operation.

### Glossary

A\$ – Australian dollar

Au – gold

GBP – Great Britain pound

g/t – grams per tonne

k – thousand

km – kilometre

oz – ounce

t – tonnes

tribute agreement – entitlement to work a mine or a portion of a mine under an agreement with the lessee claimholder or proprietor to pay or receive from such titleholder a proportion or percentage of the produce of the mine or of the value of such produce

### COMPETENT PERSON

Information in this release that relates to exploration results and internal company resources is based on information compiled by David Reid. Mr Reid who is a Member of the Australasian Institute of Mining and Metallurgy (MAusIMM), Mr Reid is a consultant to Keras Resources. Mr Reid 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 Reid consents to the inclusion in this report of the matters based on information provided by him and in the form and context in which it appears.

**\*\*ENDS\*\***

For further information visit [www.kerasplc.com](http://www.kerasplc.com), follow us on Twitter @kerasplc or contact the following:

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#### **Notes**

Keras Resources plc is an AIM quoted, resource development company. The Company is focussed on advancing lowest quartile, low capex deposits which benefit from proximal established infrastructure up the development curve and into production. Keras plans to commence production at its Australian Gold Project in Q2 2016 and then use this cashflow towards the development the Nayega Manganese Project within nine months of securing the mining permit for the Project.

At Nayega, Keras has concluded a Bankable Feasibility Study and expects award of the mining permit in 2015. The Bankable Feasibility Study indicates that Nayega could produce 250,000 tonnes per year of manganese concentrate at 38%. The Company is focussed on bringing the mine into production on grant of the mining permit as soon as possible to generate cashflows for the Company.

The Company also holds iron ore and manganese projects in Gabon and South Africa and is actively assessing ways to realise value from these assets.

Keras has 1,100,794,390 shares in issue. The Directors have subscribed for and purchased approximately 25.4% of the issued share capital of the Company and are thus aligned with shareholders' interests.