

3 February 2017

**Keras Resources plc ('Keras' or 'the Company')**  
**Repayment of Loan Note**

Keras Resources plc, is pleased to announce that it has repaid the loan note in the principal amount of £563,889, as detailed in the announcement dated 1 February 2016.

**Repayment of Loan Note**

Of the total outstanding balance of £609,000 (including interest of £45,111), £239,700 has been repaid in cash and the remaining balance of £369,300 will be converted into ordinary shares of 0.1p each in the Company ("Ordinary Shares"). The price of this conversion has been set at 0.37p per Ordinary Share (the "Conversion Price") which will result in a total of 99,810,827 Ordinary Shares being issued to third parties and two Directors of the Company in two tranches (the "Loan Conversion Shares"), as part of the loan is held by entities that are controlled by Dave Reeves and Peter Hepburn-Brown.

The first tranche of 55,200,000 Loan Conversion Shares will be issued immediately. The remainder of the loan note is held by an entity controlled by Dave Reeves and 44,610,827 Loan Conversion Shares will be issued to this entity as part of a second tranche following the Company's AGM on 11 February 2017, assuming the passage of Resolutions to increase the Company's share authorities.

The Company plans to settle additional outstanding liabilities to certain Directors and members of the management team via the issue of additional Ordinary Shares following the AGM on 11 February 2017 assuming the passage of Resolutions to increase the Company's share authorities. Further announcements will be made as appropriate following the AGM.

**Related Party Transaction**

The issue of Loan Conversion Shares to Dave Reeves and Peter Hepburn-Brown constitutes a related party transaction in accordance with AIM Rule 13. The independent directors consider after consultation with the Company's Nominated Adviser, that the terms of the issue of the Loan Conversion Shares to Dave Reeves and Peter Hepburn-Brown are fair and reasonable, in so far as its shareholders are concerned.

**Application for Admission to Trading on AIM**

Application has been made for the admission of the first tranche of Loan Conversion Shares to trading on the AIM Market of the London Stock Exchange ('Admission') and Admission is expected to occur on 9 February 2017. These Loan Conversion Shares will rank *pari passu* with the existing Ordinary Shares, which are currently traded on AIM.

Subject to the passage of Resolutions 4 and 5 (relating to increasing the Company's share capital authorities) at the forthcoming AGM, application for the Admission of the second tranche of 44,610,827 Loan Conversion Shares will be made as soon as practicable following the AGM.

**Holdings in Company**

Following the proposed Admission of both tranches of Loan Conversion Shares, the beneficial shareholdings of the Company's Directors will be as follows:

<b>Director</b>	<b>Shareholding</b>	<b>% of Enlarged Issued Share Capital</b>
David Reeves	185,334,649	10.8%
Russell Lamming	41,944,444	2.4%
Brian Moritz	25,833,333	1.5%
Peter Hepburn-Brown	34,227,955	2.0%

### **Total Voting Rights**

Following the proposed Admission of both tranches of the Loan Conversion Shares there will be 1,719,209,021 Ordinary Shares in issue with each share carrying the right to one vote. There are no shares currently held in treasury. The total number of voting rights in the Company will therefore be 1,719,209,021 and this figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Rules and Transparency Rules.

**Keras Managing Director Dave Reeves said**, "The repayment of the loan note is the first step in cleaning up our balance sheet and repositioning itself as a debt free mining company with some exciting gold and manganese deposits. This process will continue with the ASX listing a key component of the payback of acquisition facility repayment. I would like to thank Peter and other long term supporters, for this vote of confidence in the Company's growth prospects."

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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

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

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## **Notes**

Keras has a portfolio of owner-operated gold interests and cash generative joint venture gold projects. The Company's strategy is focussed on advancing its owner-operator gold interests towards production whilst concurrently identifying and assessing low risk, high margin joint venture operations to enable continuing cash flows. The Company benefits from an experienced management team, which has extensive gold experience and is based in Perth, reducing execution risk.

### ***Gold Projects***

Klondyke Project Area – 100% owned gold development project in Western Australia

- Current resource of 5.6Mt at 2.08g/t gold ('Au') for 374,000oz confined to just 2km of the main 7.5km shear strike
- Right to mine contiguous Haoma tenements covering 650 hectares with excellent discovery potential
- Active growth strategy – continue to assess additional opportunities in the project area to add contiguous lease areas to the critical mass that has been consolidated

### ***Tribute Gold Projects***

Keras has a portfolio of tribute mining agreements in the Kalgoorlie Goldfield, Australia and is targeting 20,000-30,000oz gold per annum from these assets.

### ***Wider Portfolio***

Keras is currently awaiting a mining permit for its Nayega Manganese Project in Togo. Once received it will look to develop the asset into a low-cost export mining operation.