

12 September 2016

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

**Acquisition of the Klondyke Gold Project and Consolidation of the Warrawoona Greenstone Belt, Intention to Dual List on the ASX and Board Re-structure**

Keras Resources plc, the Australian gold mining company, is pleased to provide an update in line with its strategy to become a significant gold producer in Western Australia ('WA').

**Highlights**

- **Low cost acquisition of 100% of Klondyke Gold Project ('Klondyke') and right to mine contiguous tenements provides control over the Warrawoona Greenstone Belt, a prospective gold region with 7.5km of strike and demonstrated resource potential:**
  - Klondyke has a scalable JORC compliant resource of 5.6Mt @ 2.08g/t for 374,000 ounces - only covers 2km of the 7.5km strike, and is also open at depth;
  - Reached agreement with Haoma Mining NL ('HML') for a Right to Mine and Option to Purchase Agreement on tenements contiguous and near to Klondyke, excellent discovery potential as demonstrated by high grade drill results summarised later in this document
  - Transactions represent the first consolidation of this Greenstone Belt
- **Low cost, four phase programme to confirm the historic drilling results and assess the feasibility of a stand-alone open-pit gold mining operation to commence shortly**
- **Existing tribute mining operations at Wycheproof are continuing ahead of schedule and under budget due to the adoption of revised mining and grade control protocols**
- **Intention to dual list on the Australian Stock Exchange ('ASX') and Board restructuring underway to reflect the increased focus on Australian gold**
- **Bridge Facility of US\$2million secured to enable completion of acquisition**

Keras Managing Director Dave Reeves said, "The acquisition of Klondyke and the agreement with HML will elevate Keras to a stand-alone, owner-operated gold miner in addition to its current tribute miner model. We are committed to maximising value for shareholders and since entering the West Australian gold industry via tribute mining agreements in Q4 last year, we have been evaluating opportunities which will enable us to diversify our operational risk and increase the returns from our investment. We believe today's transactions, which combine the Arcadia and HML tenements and therefore represent the first consolidation of Warrawoona Goldfield mark a transformational step in achieving this goal.

"Based on significant interest we have received from investors in Australia we are pursuing a dual listing on the ASX. Importantly, strong investor appetite for Australian gold stocks on the ASX positively impacts valuations and we believe this will benefit all shareholders, both in London and Australia, in the future. This will also provide us with the capital to refinance the Acquisition Finance Facility with less dilution for existing shareholders. Our Board supports our Australian gold focus and I would like to thank its members for also enabling our board restructure and in particular. Roy Pitchford's contributions

since the formation of the Company, through the Admission process and beyond are greatly appreciated.”

“We are entering a new and exciting phase for Keras and this strategy will be supported by our tribute operations which have been scrutinised by the Board to ensure profitability going forward. I am pleased to say that the changes we have made are already bearing fruit at Wycheproof. The changes to our corporate identity and Board reflect our genesis and we look forward to keeping shareholders abreast with updates in the near term.”

### The Acquisitions

Since entering the WA gold industry in Q4 2015 by way of acquiring tribute agreements, the Company has been evaluating opportunities to acquire projects which will increase its share of the returns and facilitate its growth to become a substantive Western Australian gold miner. The Company identified an opportunity to consolidate the Warrawoona Greenstone Belt in the Pilbara region of Western Australia, and believes that this consolidation will unlock the areas potential which has been stifled to date by multiple ownerships.

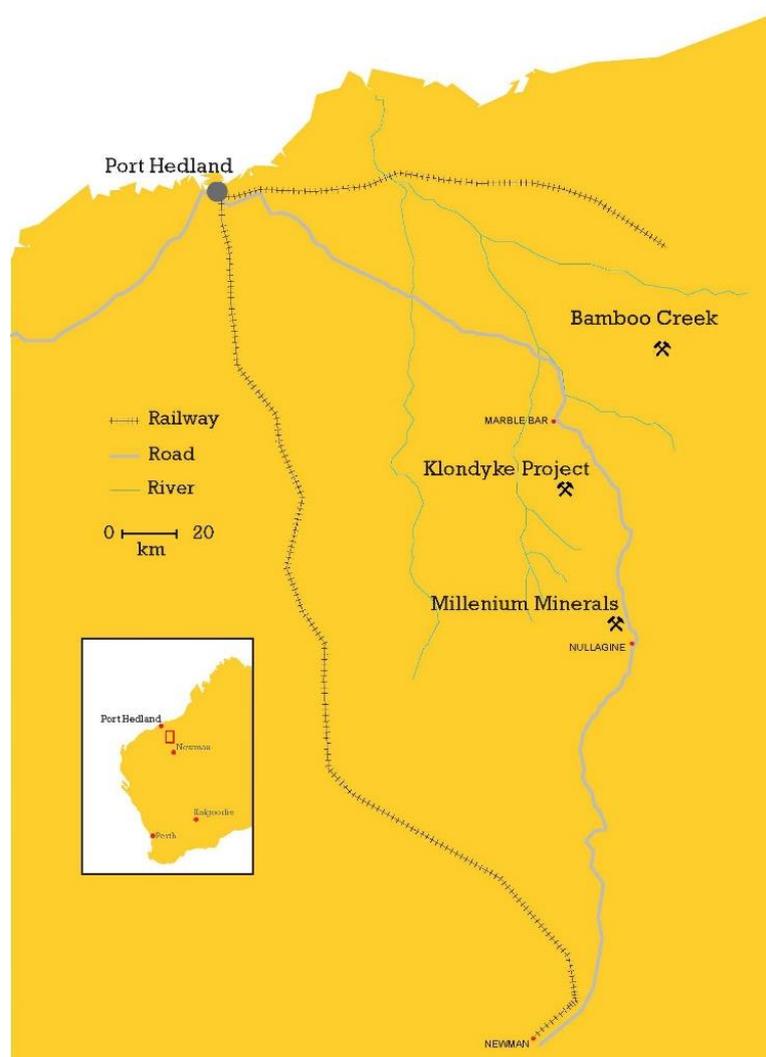


Figure 1: Location of the Klondyke Project

With this in mind, Keras is acquiring 100% of Arcadia Minerals Pty Ltd ('Arcadia'), which is the owner of Klondyke. Klondyke comprises four tenements covering a total area of 490 hectares with a 2012 JORC compliant Inferred Resource of 5.6Mt at 2.08g/t for 374,000 oz Au. The total consideration for the acquisition is A\$1.42m (£0.8m) in cash and the issue of 100,000,000 Keras ordinary shares, at the prevailing market price at the time of issue, which will be subject to standard lockup and orderly trading terms. In addition, Arcadia will retain a 2.5% royalty of the gross value of the proceeds on production of gold from the tenements. The royalty is capped at A\$3.5m which will only commence post the production of 20,000 ounces from the Arcadia properties. Arcadia's accounts for the year ended 30 June 2016 showed total assets of A\$489,567 including the four tenements and associated exploration and evaluation costs, which had a carrying value of A\$458,598.

The HML Tenements comprise seven tenements covering an area of 650 hectares, which are centred both internally on the Klondyke deposit and on the historic Fieldings Gully, Coronation and Copenhagen deposits. The Company will pay on completion A\$250,000 (£145,000) for the five year right to mine the HML Tenements and the irrevocable right to acquire within a 5 year period the HML Tenements for a total consideration of A\$1.25m, comprising A\$500,000 in cash and a Convertible Note in the amount of A\$750,000 with the right to convert into Keras ordinary shares at the 30 day VWAP post this announcement. The agreement with HML represents a first step in a regional consolidation to create the critical mass required to develop a stand-alone, owner operated open-pit gold mine in the Pilbara region of Western Australia.

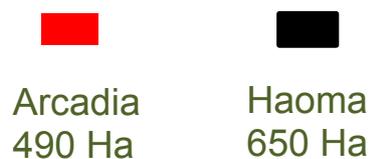
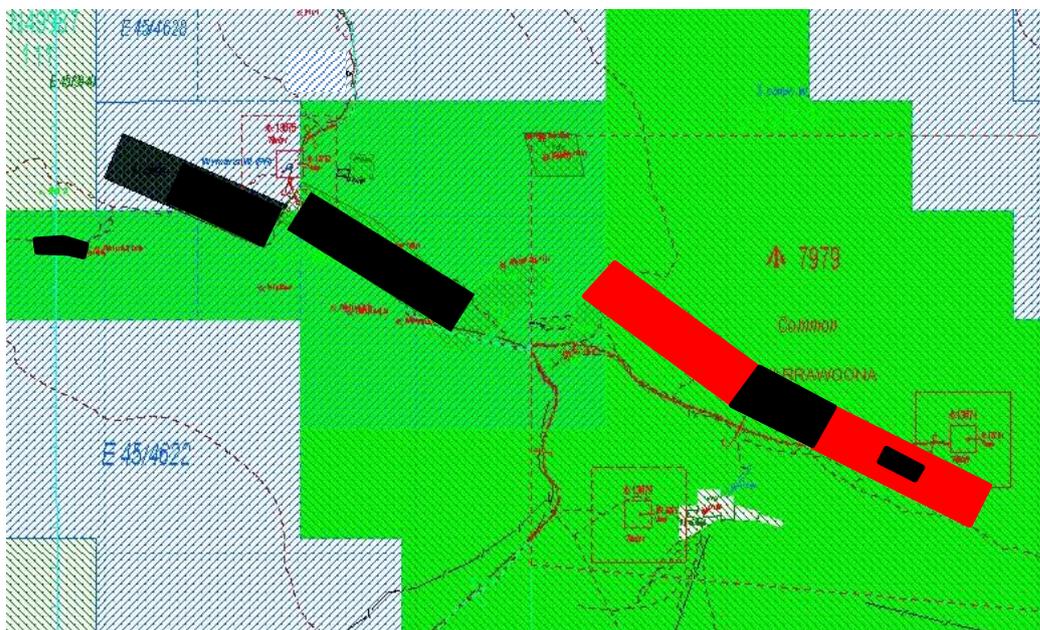


Figure 2: Tenement Layout

## Klondyke

Klondyke is located in the prospective Warrawoona Goldfield in the East Pilbara District of the Pilbara Goldfield of Western Australia, and comprises four granted mining leases covering a total area of 490 hectares with a 2012 JORC compliant Inferred Resource of 5.6Mt at 2.08g/t for 374,000 oz Au. The resource is currently confined to two separate 1km portions of the total 7.5km of mineralised strike length highlighting the significant potential for a large increase in resource along the untested strike length. Limited infill drilling by Haoma adjacent to the resource area include:

- W97-1 14m @ 3.83 g/t from 62m
- W97-2 19m @ 3.44 g/t from 53m
- W97-10 4m @ 6.08 g/t from 88m
- KBP010 6m @ 9.39 g/t from 90m

There are numerous historic gold mines with very high gold grades that exist on the property. These include the Klondyke Block and the Kopcke's Reward, with historical mined grades of 574g/t and 90 g/t of gold respectively.

Initial optimisations show robust open pit mining metrics given the large tonnage, near surface nature of the resource. The project is located approximately 70km from Bamboo Creek and 90km from Millennium Minerals where excess processing capacity may be available if a tolling option is pursued. In addition to the open-pit resources there is the potential for underground mining on high grade lodes.

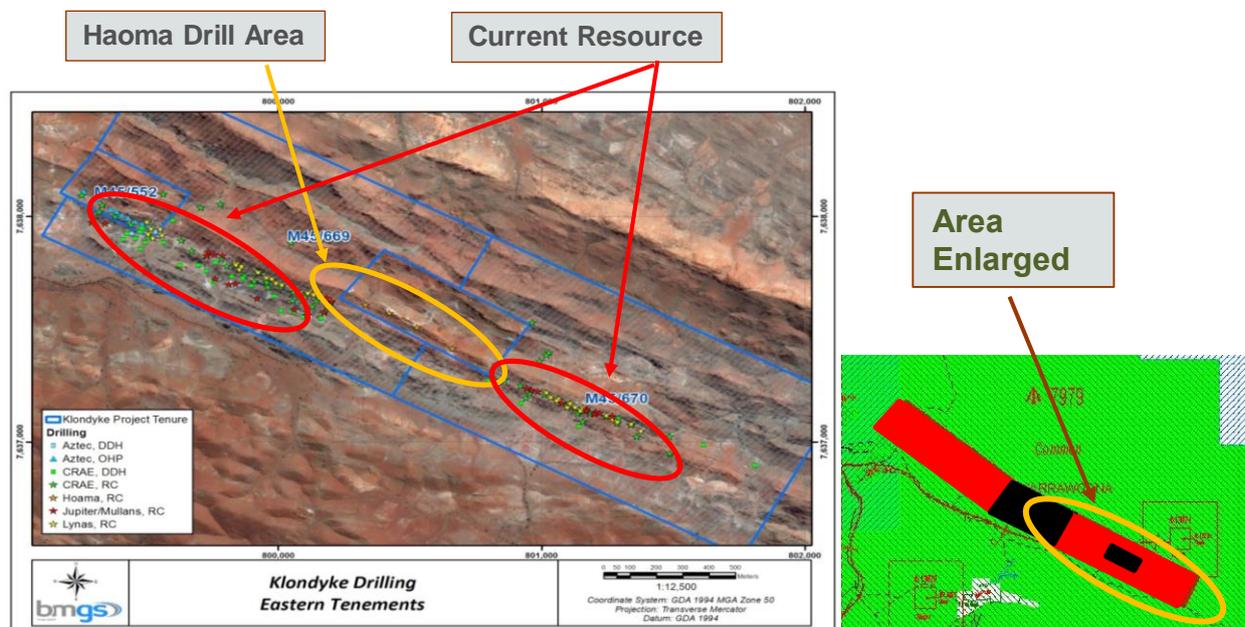


Figure 3: Location of Current Resource

## Haoma Tenements

The HML Tenements comprise seven granted mining leases covering an area of 650 hectares, which are centred on both the main Klondyke shear and also the historic Fieldings Gully, Coronation and Copenhagen mines.

The Fieldings Gully mine is located 15 km from the centre of the Klondyke area and is an old operating mine. Fieldings Gully has a historic non-compliant resource of 315,000t @ 1.8 g/t for 18,266 ounces at a 0.5g/t cut-off. The resource remains open at depth and along strike. Significant intersections include:

- FG97-7 14m @ 3.09g/t from 53m
- FG97-12 4m @ 5.29 g/t from 12m
- FG97-12 3m @ 17.58g/t from 20m

Copenhagen is located 10 km from Klondyke and is situated on an old mine. No resource has been calculated, significant intercepts\* include:

- CRC97-8 4m @ 59.48 g/t from 64m
- RC13 10m @ 6.25g/t from 14m
- RC8 8m @ 9.73 g/t from 16m
- RC7 6m @ 15.47 g/t from 26m
- RC4 10m @ 6.82 g/t from 18m
- CRC9 7m @ 8.51 g/t from 51m
- RC7 8m @ 6.88 g/t from 12m
- RC1 11m @ 7.23 g/t from 30m

*\* A small open pit was developed in the 1980s and some of these areas may have been mined*

Coronation is located 12.5 km from Klondyke and is situated on an old mine. No resource has been calculated, significant intercepts include:

- PCR10 9m @ 5.21 g/t from 9m
- PCR10 8m @ 7.64 g/t from 64m
- WCR3 3m @ 16.67 g/t from 16m
- AT2 12m @ 7.08 g/t from surface
- AT1 4m @ 5.71 g/t from 12m
- WCR1 2m @ 31.5 g/t from 30m

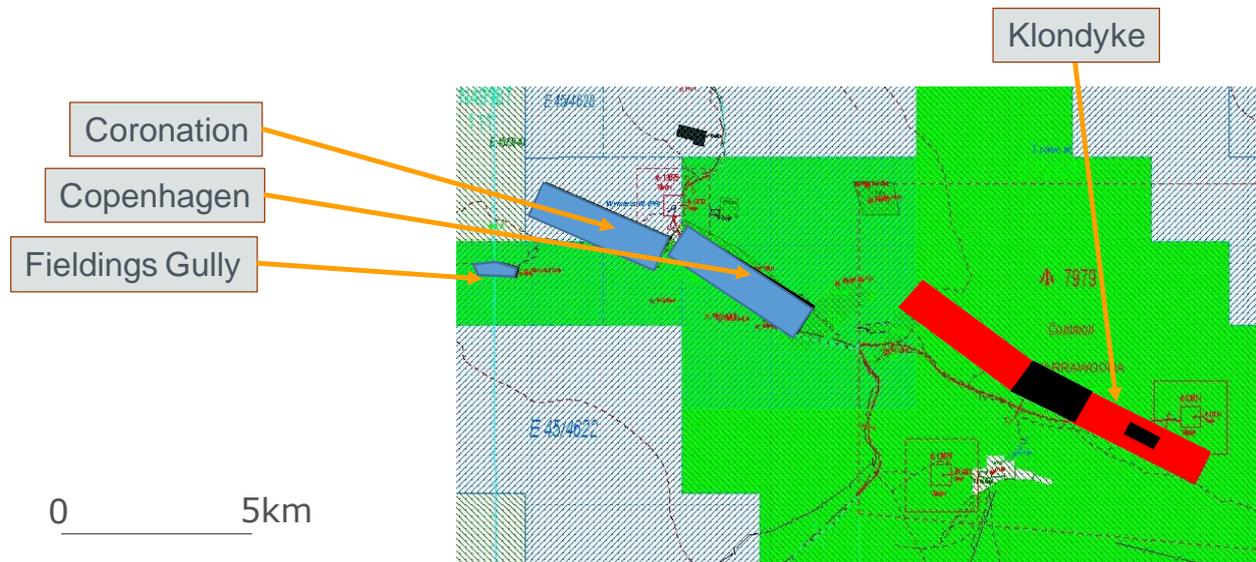


Figure 4: Location of Haoma Tenements

### Planned Activities

Initial optimisations show potential for large open pit along the main strike of the Klondyke project. Keras will now undertake a four phase programme to confirm the historic drilling results and assess the feasibility of stand-alone open-pit mining operation. The phases are as follows:-

- Phase 1 - Initial mapping and then a 12,000m drill programme to upgrade the current resource in Klondyke pit shell area and to in-fill drill the adjacent Haoma tenements located along strike of the resource.
- Phase 2 - Follow up significant drill intercepts at Copenhagen and review Fieldings Gully and Coronation data to ascertain the likelihood of further drilling adding to resources. Complete further metallurgical testwork.
- Phase 3 - Further extensional drilling planned to define westerly strike potential of the main Klondyke shear and completion of a scoping study.
- Phase 4 – Pre-feasibility study

### Current Operations

As highlighted in the announcement dated 31 August 2016, Keras' tribute mining operations continue at the Wycheproof deposit and the Company is pleased to report that these are ahead of schedule and under budget having implemented all changes detailed in the quarterly report (as announced on 28 July 2016). The Company expects the first 10,000t parcel of ore grading 1.6g/t to be processed in the next 2 weeks and a final 8,000t parcel of ore grading 1.6g/t to be processed in early October. This will mark the completion of the Wycheproof pit which is budgeted to produce 900 ozs at a ASIC of A\$1400/oz. the current Australian gold price is A\$1,750/oz.

## **ASX Listing and Board Restructure**

With the critical mass of the Company's assets and operations shifting to Western Australia, Keras plans to facilitate the listing of either Keras or its Australian gold assets on the ASX at the beginning of 2017. Management believe the listing will provide access to additional pools of capital and should provide additional liquidity for the Company's shares. Analysis by the Company shows significant premiums on gold resources can be attained on the ASX compared to AIM which could result in a re-rating of the Company's share price to the benefit of all shareholders. A General Meeting will be called shortly seeking to authorise various requirements in order to facilitate this initiative.

As a result of this initiative, the Company's Board will be restructured to and become more Australian focussed. As a result, Mr. Roy Pitchford has resigned with immediate effect, Mr. James Carter has resigned from the Board but will continue in the role of CFO of the Company and assuming that the fund raising is by a dual listing, Mr. Brian Moritz intends to resign from the Board on the appointment of an Australian based Chairman that will be finalised closer to the listing date.

## **Acquisition Funding**

In order to fund the above acquisitions the Company has entered into an Acquisition Finance Facility Agreement ('Finance Agreement') with a consortium of investors arranged by Riverfort Global Capital Ltd (the 'Investors'). The Finance Agreement has been entered into as a bridge funding facility to secure the acquisition of a significant long-term asset for the Company. The financing is a debt rather than an equity based structure and is therefore not dependent on the Company's share price performance.

The total drawdown available to the Company is US\$2m (£1.5m) ('Principal Amount') and is repayable six months after the initial drawdown at an interest rate of 10% per semi-annum, with a Commitment Fee and an Implementation Fee of 5% each. The Investors will be granted warrants totalling 25% of the Principal Amount with a 2 year term and a strike price of 130% of the 5 day value weighted average price ('VWAP') following the date of financial closure. Management expect the drawdown to take place before the end of September 2016.

A presentation detailing this acquisition will be made available on the Company's website today at [www.kerasplc.com](http://www.kerasplc.com).

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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