

3 November 2016

**Keras Resources plc ('Keras' or 'the Company')**  
**Update on Gold Exploration & Mining Operations in Western Australia**

Keras Resources plc, the Australian gold mining company, is pleased to announce an update on the Company's activities in the goldfields of Western Australia, including quarterly production figures from its producing interests.

- Continued progress in advancing Keras' strategy to develop high-priority owner-operator gold interests towards production whilst concurrently identifying and assessing low risk, high-margin joint venture operations, to enable continuing cash flows.
  
- **Owner Operator Gold Projects**
  - ***Klondyke Project Area – 100% owned gold development project in Pilbara Goldfield***
    - Detailed mapping of the greater Klondyke area has commenced – a prospective area with proven resource potential
    - Initial Klondyke drill programme is expected to commence this month with the objective of finalising plans for a drilling programme in early 2017 which will further define the resource
    - Current JORC compliant resource of 5.6Mt at 2.08g/t gold ('Au') for 374,000oz confined to just 2km of strike of the main 7.5km shear strike
    - Right to mine contiguous Haoma tenements covering 650 hectares with excellent discovery potential
    - Continue to assess additional opportunities in the project area to add contiguous lease areas to the critical mass that has been consolidated
  
- **Joint Venture Gold Projects**
  - ***Wycheproof Open Pit Mining Operation, 50km north-east of Kalgoorlie – 50:50 Profit Share with Kalgoorlie Mining Associates***
    - During the quarter ended 30 September 2016 the Company mined 19,522 tonnes of ore at an estimated average grade of 1.80g/t Au
    - The Wycheproof ore has been batch processed at the independent Lakewood Mill with the final batch currently being processed with total recovered gold estimated to be approximately 1,000 ounces
    - Total operating expenses for the 19,522 tonnes are estimated at approximately A\$1,480 per recovered ounce – the current gold price is circa. A\$1,674 per ounce
    - Based on grade control estimates and initial mill figures, a maiden operating profit is forecast
  
  - ***Joint Venture Gold Projects in the Kalgoorlie Region***

- The Company continues to identify and assess low-risk, high-margin joint venture operations to enable continuing cash flows while the flagship, 100% owned Klondyke Project is being advanced to a development decision
  - Keras has Implemented rigorous internal screening protocols for assessing new projects to determine maximum cash costs and profit per month to ensure management focus on low-risk projects that provide an adequate reward for the time spent on the project
  - Keras is in discussions with existing joint venture partners to ensure any future operations minimise risk and maximise reward for both parties, further announcements regarding future business combinations will be made as soon as practicable
- **ASX Dual Listing**
    - The proposed dual listing is progressing well with initial broker presentations in Australia, which were well received, now completed

Keras Managing Director Dave Reeves said,

*“Activities are increasing at our 100% owned flagship Klondyke Gold Project in the Pilbara Goldfield of Western Australia. We currently have a team undertaking a detailed mapping and reconnaissance exercise and will commence an initial confirmatory drill programme during November with a view to commencing an expanded resource drilling programme in early 2017. This drilling campaign will focus on increasing the current Inferred Resource of 5.6Mt at 2.08g/t Au for 374,000oz, which we believe represents only a fraction of the total mineable ounces in the project area. Initial reports from the geological team support this view with extensive old workings and expansive shear zones being reported. This area has seen no systematic modern exploration along large strike extents due to its previous fragmented ownership, which provides significant upside potential for the Company.*”

*“From a production perspective the mining campaign at the Wycheproof project has been very pleasing with operating costs and schedules currently in line with budget. The final milling campaign is now underway with final gold payment is expected within two weeks. Based on grade control estimates and initial mill figures, a maiden operating profit is forecast.*”

*“With the recent acquisition of our own project, we have been reviewing the balance between effort, risk and reward with regards to our project portfolio. This analysis has reinforced our view that the Klondyke project will underpin the Company’s long-term valuation and the short-term cash generative joint venture operations should complement the flagship project’s timeline, without dominating management time for limited or high-risk rewards. As a result, we will only be targeting operations that we believe can provide robust margins to reduce operational risk and ensure the cash flow generated is commensurate with the effort required to operate these projects. As a result of this, we have initiated discussions with our current joint venture partners with this goal in mind and will only be pursuing additional opportunities that meet the Company’s new hurdle rates”*

*“The proposed dual listing is progressing according to plan with initial broker presentations in Australia completed and well received. The Company continues to monitor the value gap associated with gold*

*valuations in Australia compared to those on the AIM and remains of the opinion that an uplift in value through an ASX dual listing will significantly benefit shareholders.”*

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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