

24 May 2016

**Keras Resources plc ('Keras' or 'the Company')**  
**Pre-Payment Agreement with Norton Gold Fields**

Keras Resources plc, the Australian gold mining company, is pleased to announce that it has entered into a Pre-Payment Agreement ('Agreement') with Norton Gold Fields Ltd ('Norton') on all gold ore delivered to the Paddington Mill owned by Norton's subsidiary Paddington Gold Pty Ltd ('PGPL').

**Highlights**

- **Agreement will expedite 80% of payment to Keras; and**
- **Gold content will be calculated from hauled run-of-mine ('ROM') tonnes at an average grade based on assay results from the sample crushing plant at the Paddington Mill assuming a 5% moisture content factor and a nominal 90% metallurgical recovery.**

Keras Managing Director, Dave Reeves said, *"We are pleased to announce the conclusion of our positive discussions regarding the Pre-Payment Agreement with Norton. Under our agreement with Norton, we are due payment within 42 days which was agreed to allow for all lab testwork on moisture content, recoveries and grade to be completed. This is a very complex and subsequently time consuming process that has been fine-tuned by Norton with its tolling participants since the signing of our tribute agreement. A slightly simplified flowsheet has been developed that will assist in reducing overall time to return this data, however, the 42 day payment would still be challenging to achieve. Working capital requirements in a growth company like Keras can create significant headwinds when trying to bring new production on line and the 80% payment within a short period of time from ore delivery will be a significant boost to Keras's cash flow. As a result of this Agreement, I am pleased to report that the first pre-payment on our first batch of ore is currently being processed. Due to the unavailability of the sample plant, pre-payment for the second batch is anticipated to occur in the first 2 weeks of June under the new regime. Final reconciled production will be reported quarterly."*

Under the terms of the Agreement, ore from Keras will be stockpiled on the Paddington ROM pad as per the previous agreement and run through the sample plant as soon as it has available capacity. PGPL will compile a provisional gold determination statement ('Statement') on receipt of fire assays from the sampling plant reject piles. The Statement will use the ROM tonnage based on hauled tonnes (applying a 5% moisture content factor to determine a dry tonnage estimate), average grade of the batch will be calculated using PGPL's reject sampling grade from the sample crushing plant at Paddington and a nominal 90% metallurgical recovery will be applied to the ROM gold content.

The gold price applicable to all recovered ounces for the batch to be fixed to the close of business on the first day of gold pour following full delivery of all ore to Paddington ROM ('Final Gold Price'). This Final Gold Price is determined from the AUD/ounce price payable by the Perth Mint to PGPL for the

day related to that gold pour. The provisional payment calculation will include an allocation of the Keras Gold Tribute (78%) to estimated recovered ounces and revenue, and deduction of all attributable Keras Gold expenditure and charges. 80% of this calculation will be paid via electronic transfer to Keras Gold bank account and the provisional payment will be transferred as part of the next PGPL payment run process.

The prescribed sampling process through the PGPL Sampling Plant will be the basis of final grade, recovery and moisture determination with any payment difference or adjustment notified to Keras Gold once all sampling and testwork results are available. The final payment will be made on the final grade and recovery determination of each batch.

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

For further information visit, follow us on Twitter @kerasplc or contact the following:

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