

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or as to what action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, if you are resident in the United Kingdom, or if you are taking advice in another jurisdiction, from an appropriately authorised independent professional adviser.**

If you have sold or transferred all of your Ordinary Shares you should pass this Document, together with the accompanying Form of Proxy and other documents enclosed herein, to the person through whom the sale or transfer was made for transmission to the purchaser or transferee. If you have sold or transferred only part of your registered holding of Ordinary Shares, you should retain this Document, the Form of Proxy and the accompanying documents. Such documents should not be forwarded to or transmitted into any jurisdiction outside of the UK. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

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## **KERAS RESOURCES PLC**

(Incorporated and registered in England and Wales under company number 07353748)

### **Demerger of holding in Calidus Resources Limited by way of Capital Reduction and Notice of General Meeting**

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**This Document should be read as a whole, your attention is drawn to the letter from the Chairman of the Company, which is set out on pages 5 to 10 of this Document, which recommends that you vote in favour of the Resolutions to be proposed at the General Meeting, referred to below.**

Notice of the General Meeting which has been convened for 11.00 a.m. on Monday 14 October 2019 at Craven House, West Street, Farnham, Surrey, GU9 7EN is set out on page 19 of this Document. A Form of Proxy for use at the General Meeting is enclosed with this Document and should be returned as soon as possible and in any event so as to be received at the office of the Company's registrars (by post to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com)) by not later than 11:00 a.m. on 10 October 2019, being 48 hours (excluding non-business days) prior to the General Meeting. Completion and return of the Form of Proxy will not prevent a Shareholder from attending and voting in person at the General Meeting.

This Document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company in any jurisdiction in which such offer or

instruction would be unlawful, nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor.

## **IMPORTANT INFORMATION**

### **Forward looking statements**

Certain statements in this Document constitute “forward looking statements”. Forward looking statements include statements concerning the plans, objectives, goals, strategies and future operations and performance of the Company and the assumptions underlying these forward looking statements. The Company uses the words “anticipates”, “estimates”, “expects”, “believes”, “intends”, “plans”, “may”, “will”, “should”, “could” and any similar expressions to identify forward looking statements. Such forward looking statements involve known and unknown risks, uncertainties and other important factors that could cause the Company’s actual results, performances or achievements to be materially different from any future results, performances or achievements expressed or implied by such forward looking statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which the Company will operate in the future. These forward looking statements speak only as at the date of this Document. The Company expressly disclaims any obligation or undertaking to update or to revise any forward looking statements, whether as a result of new information, future events or otherwise except to the extent required by any applicable law or regulation. All subsequent written or oral forward looking statements attributable to the Company, or persons acting on behalf of the Company, are expressly qualified in their entirety by the cautionary statements contained throughout this Document. As a result of these risks, uncertainties and assumptions, a prospective investor should not place undue reliance on these forward looking statements.

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## Expected Timetable of Principal Events

2019

Publication of this Document	27 September
Latest time and date for receipt of Forms of Proxy for the General Meeting	11.00am on 10 October
General Meeting	11.00am on 14 October
Expected date of High Court hearing to confirm the First Reduction	5 November
Expected effective date of the First Reduction	12 November
Expected date of High Court hearing to confirm the Demerger Reduction	19 November
Expected Record Date *	6.00pm on the Business Day of the High Court order for the Demerger Reduction
Expected effective date of Demerger Reduction	26 November
Expected date for completion of the Demerger	26 November
Expected date for the transfer of Calidus Shares to Eligible Shareholders	By 29 November

\* The Record Date is expected to be on or about 19 November 2019 and the Company will notify the firm date by Regulatory Information System prior to the Demerger becoming effective.

### Notes:

- 1) Each of the times and dates set out in the above timetable and mentioned in this Document is subject to change by the Company, in which event details of the new times and dates will be notified by an appropriate announcement to a Regulatory Information Service.
- 2) References to times in this Document are to London times unless otherwise stated.
- 3) All events in the above timetable following the holding of the General Meeting are conditional upon: (i) the passing of the Resolutions; (ii) approval of the Capital Reduction by the High Court; and (iii) registration of the High Court Order confirming the Capital Reduction with the UK Registrar of Companies.

**PART 1**  
**LETTER FROM THE CHAIRMAN**

**KERAS RESOURCES PLC**

(Incorporated and registered in England and Wales under company number 07353748)

**Directors**

Brian Moritz (*Non-executive Chairman*)  
Russell Lamming (*Chief Executive Officer*)  
David (Dave) Reeves (*Non-executive Director*)

**Registered Office**

27/28 Eastcastle Street  
London, W1W 8DH  
United Kingdom

27 September 2019

*To Shareholders and, for information only, holders of instruments capable of conversion into Ordinary Shares*

Dear Shareholder,

**Proposed Capital Reduction and Demerger of Calidus Shares**

**1. Introduction**

Until June 2017, the Company carried out business as a gold producer and explorer in Australia through its wholly owned subsidiary, Keras (Gold) Australia Pty Limited. In order to develop the exploration assets, further equity capital was required, which the Board believed would be best achieved by listing on the ASX. This listing involved reversing Keras (Gold) Australia Pty Limited into an Australian shell company, which raised the required funds and relisted on the ASX as Calidus Resources Limited. The Company received both ordinary shares and performance shares in Calidus. The performance shares converted to ordinary shares in Calidus on the achievement of certain exploration milestones. Under ASX rules, all the Calidus shares were in escrow for a period of 2 years. In June 2019 the escrow period ended and in July 2019 the final conversion milestone was achieved, so that the Company now owns 723,750,000 Calidus Shares.

On 25 September 2019, the latest practicable date prior to the printing of this Document, the Calidus Shares had a total value of £11,039,927 (based on the mid-market closing price quoted on the ASX and the applicable rate of exchange between the pound and the Australian dollar), which is greater than the total market capitalisation of Keras of £10.46m at the same time.

In accordance with statements in successive annual reports of Keras and the Company's announcement on 2 July 2019, the Company today announced its intention to demerge its entire holding of Calidus Shares and to distribute them to the Eligible Shareholders by way of the Demerger.

The objective of the Demerger is to maximise value to Eligible Shareholders through the Demerger of the Calidus Shares, and to permit Keras to focus on operating the Nayega manganese mine in Togo. In addition, the Directors are seeking other natural resources projects, in Africa and elsewhere, which have the potential to deliver positive cash flow in the short term.

The Demerger is considered to be a fundamental change of business pursuant to Rule 15 of the AIM Rules and therefore requires the approval of Shareholders at the General Meeting.

The purpose of this Document is to set out the background to and reasons for the Capital Reduction and Demerger, explain why the Directors believe that Capital Reduction and Demerger are in the best interests of Shareholders as a whole and detail the Resolutions to be put to the Shareholders at the General Meeting to be held on 14 October 2019. The formal notice of the General Meeting is set out at the end of this Document.

## **2. Background and reasons for the Demerger**

The Board considers that the best interests of Shareholders are served by arranging for them to hold their Keras shares with the core mining business separately from the Calidus Shares, and believes that the total value for Shareholders will be materially increased by separating the two. To achieve this, the Directors are proposing the Demerger as set out in this Document. A secondary advantage of the Demerger is that the current deficit on distributable reserves will be eliminated, so that in future the Company will have flexibility to consider the payment of dividends and otherwise return value to its Shareholders.

For the purposes of the Act and applicable accounting standards, the Company's capital comprises its share premium account, a non-distributable capital reserve treated, except in limited circumstances, as part of the Company's paid up share capital, together with its Ordinary Shares and Deferred Shares.

In accordance with the Act, a company may, with the sanction of a special resolution and the confirmation of the Court, reduce/ cancel its share capital and share premium account. It may apply the sums resulting from such reduction, amongst other things, in either repaying holders of the relevant shares the amounts paid up on the share capital, which is reduced or cancelled or in crediting the company's profit and loss account.

On 31 August 2019, and at the date of this Document, the total capital of Keras amounted to £18,204,730 comprising a share premium account of £10,938,195, Deferred Shares of £4,775,178 and Ordinary Shares of £2,491,357. The Deferred Shares have no voting rights or value to Shareholders and it is proposed that they be cancelled in their entirety. So far as the Ordinary Shares are concerned, it is proposed that the nominal value of each share be reduced from 0.1p per share to 0.01p per share, thus reducing the total nominal value of the Ordinary Shares in issue from £2,491,357 to £249,136. On this basis the total Capital Reduction will be £17,955,594.

At 31 August 2019, the Company had a deficit on profit and loss account of £9,676,042. As a first step to achieving the Demerger, it is necessary to eliminate this deficit by cancelling the balance standing to the credit of the Company's share premium account. This is the First Reduction.

Once the First Reduction has become effective, the Company will undertake the Demerger Reduction, pursuant to which (i) the capital paid up on on each issued Deferred Share and (ii) capital in the sum of 0.09p paid up on each issued Ordinary Share will be cancelled and repaid to Eligible Shareholders. In satisfaction of the Company's obligation to repay the capital released pursuant to the Demerger Reduction, the Company will transfer Calidus Shares to Eligible Shareholders on a pro rata basis.

The Company currently has 2,491,358,439 Ordinary Shares in issue, and owns 723,750,000 Calidus Shares. Pursuant to the Demerger, Eligible Shareholders will receive 1 Calidus Share for every 3.44229 Ordinary Shares registered in their names on the Record Date. Fractional entitlements will be ignored.

If the First Reduction and the Demerger Reduction are approved by the Shareholders at the General Meeting, they will be subject to the scrutiny of, and confirmation by, the High Court to ensure that the interests of existing creditors are protected and, subject to confirmation of each of the First Reduction and the Demerger Reduction; and registration by the Registrar of Companies of the order of the High Court, is the Demerger is expected to take effect on 26 November 2019. Assuming that there is no material change in the financial position or prospects of the Company, and subject to any undertakings which the Company may be required to offer the High Court for the protection of creditors, the Directors anticipate that the Capital Reduction will result in the creation of distributable reserves of approximately £2.2 million as shown in the Pro Forma Balance Sheet on page 15.

Calidus will continue to be listed on the ASX, and to comply with the ASX disclosure requirements including regular news releases and updates on business development and performance. These will be available on the website of Calidus at [www.calidus.com.au](http://www.calidus.com.au). Calidus Shares transferred to Eligible Shareholders will be in issuer-sponsored form. Calidus' share register administers the security holder's holding and issues the investor with a security-holder reference number (SRN) which may be quoted when selling. Further information on the ASX is included in Part 2.

For UK tax purposes Calidus is classified as a quoted company rather than an unquoted company, as is the case with Keras.

Following the Capital Reduction, existing Keras share certificates (including share certificates issued when the Company's name was Ferrex plc) will remain valid in respect of certificated holdings in the Company. With regard to uncertificated shareholdings, the existing ISIN of GB00B649J414 will not change.

### **3. Capital Reduction – Procedure**

In order to effect the First Reduction and the Demerger Reduction, the Company first requires the authority of its Shareholders by the passing of the Resolutions at the General Meeting.

Following the General Meeting the Company will make applications to the High Court to confirm the First Reduction and Demerger Reduction. Once the First Reduction and Demerger Reduction have been approved by the High Court and have become effective upon registration of the Court orders by the Registrar of Companies, the Company shall complete the Demerger through the distribution to the Eligible Shareholders in specie all of the Calidus Shares on the basis set out above.

The Company has provisionally scheduled the two Court hearings to effect the Capital Reduction. At the first hearing on 5 November 2019, the Company will ask the Court to confirm the First Reduction. If the Court confirms the First Reduction, the Company will deliver the Court's order to the Registrar of Companies for registration, whereupon the First Reduction will become effective. At the second Court hearing, which has been provisionally scheduled to take place on 19 November 2019, the First Reduction will have become effective, the Company will ask the Court to confirm the Demerger Reduction. If the Court confirms the Demerger Reduction, the Company will deliver the Court's order to the Registrar of Companies for registration, whereupon the Demerger Reduction will become effective. The effective date for completion of the Demerger is currently expected to be no later than 26 November 2019.

In order to approve the Capital Reduction, the High Court will need to be satisfied that the interests of the creditors of the Company will not be prejudiced. It is unlikely that any undertaking will be required to be given by the Company for the protection of creditors, given that the Company has been advised that the relatively small amount due to creditors and the value of the assets and the continuing business of the Company, reduce the likelihood that such an undertaking would be required.

The Directors reserve the right (where necessary by application to the High Court) to abandon, discontinue or adjourn any application to the High Court for confirmation of the Capital Reduction, and hence the Capital Reduction and Demerger, if the Directors believe that the terms required to obtain confirmation are unsatisfactory to the Company or if, as the result of a material unforeseen event, the Directors consider that to continue with the Capital Reduction and Demerger is inappropriate or inadvisable.

## **5. Taxation**

Under UK tax law, the Demerger should, subject to the tax position of any particular Shareholder, result in individual UK resident taxpayers receiving their proceeds as capital for taxation purposes, although dealers in securities or persons regarded as having obtained their Ordinary Shares or Deferred Shares by reason of employment, may have a different tax treatment and should seek professional advice on their own position. For information regarding the tax position of the Demerger, please see Part 2 of this Document.

The Calidus Shares come within the definition of taxable Australian property for the purposes of Australian taxation. It follows that the Demerger is potentially an event which could give rise to a tax liability in Australia, so far as either the Company or the Eligible Shareholders are concerned. A draft Class Ruling ("Ruling") has been obtained from the Australian Tax Office ("ATO") confirming that the transactions set out in this document will qualify for demerger rollover relief in Australia, so that no liability for Australian tax will fall on the Company or any Eligible Shareholder who is a UK resident for tax purposes. A final Ruling will only be issued by the ATO following confirmation by the Court of the Demerger Reduction.

In general terms, a future sale of Calidus shares by Eligible Shareholders who are UK resident will not be subject to Australian tax provided the shareholder does not hold a 10% or greater shareholding interest in Calidus at the time.

**If you are subject to taxation in a jurisdiction other than the UK or Australia or are in any doubt as to your tax position, you should consult an appropriate independent professional adviser.**

## **6. Australian Shareholders**

Australian resident shareholders will be eligible for demerger rollover relief. In accordance with the draft Ruling, the following Australian tax consequences will arise for Australian shareholders who choose demerger rollover relief for their Keras shares:

- (i) Any capital gain made will be disregarded;
- (ii) The cost base of Keras shares will be reduced and apportioned between Keras and Calidus shares based on their relative market values as of the Record Date;
- (iii) Holders will be taken to have acquired the Calidus shares for the purpose of whether a discount capital gain is made from a future disposal of those shares on the date that the corresponding Keras shares were acquired; and
- (iv) No part of the value of the Calidus shares will be treated as an assessable dividend.

Further details will be included in the Ruling when it is issued by the ATO.

## **7. Other Overseas Shareholders**

The implications of the Demerger for Other Overseas Shareholders may be affected by the laws of the jurisdiction in which they are resident or otherwise located. Other Overseas Shareholders should inform themselves about and observe all applicable legal requirements. It is the responsibility of any person into whose possession this document comes, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the transfer of Calidus Shares pursuant to the Demerger, including the obtaining of any governmental, exchange control or other consents which may be required, and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

## **8. Action to be taken**

A reply-paid Form of Proxy for use in connection with the General Meeting is enclosed with this Document. Whether or not you intend to be present at the General Meeting, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Company at its registrars (by post to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com)) as soon as possible and, in any event, not later than 11.00 a.m. on 10 October 2019, being 48 hours (excluding non-business days) before the time of the General Meeting. The completion and return of the Form of Proxy will not preclude you from attending the General Meeting and voting in person should you subsequently wish to do so.

The Demerger can only be implemented if the Resolutions are approved by the requisite majority at the General Meeting and the Capital Reduction is confirmed by the High Court. It is therefore important that you either vote in person or by proxy at the General Meeting.

Shareholders are reminded that, if their Ordinary Shares are held in the name of a nominee, only that nominee or its duly appointed proxy can be counted in the quorum at the General Meeting.

## **9. Recommendation**

The Directors consider that the proposals and the passing of the Resolutions to be proposed at the General Meeting is in the best interests of the Company and its Shareholders as a whole. Accordingly, your Directors unanimously recommend that you vote in favour of the Resolutions set out in the notice of General Meeting as the Directors intend to do in respect of their own (and connected persons') beneficial shareholdings totalling 642,518,464 Ordinary Shares, representing approximately 25.79% of the Company's issued voting share capital as at the date of this Document.

Whether or not you are able to attend the General Meeting in person, please read the notice of General Meeting set out at the end of this Document and the enclosed Form of Proxy, including the notes thereto carefully, to ensure you are able to record your votes in respect of the Resolutions to be proposed at the General Meeting.

Yours sincerely

**Brian Moritz**

**Non-Executive Chairman**

## PART 2

### THE AUSTRALIAN SECURITIES EXCHANGE

The Australian Securities Exchange (ASX) is Australia's primary securities exchange. It is owned by the Australian Securities Exchange Ltd, an Australian public company. Prior to December 2006 it was known as the Australian Stock Exchange, which was formed on 1 April 1987, incorporated under legislation of the Australian Parliament as an amalgamation of the six state securities exchanges.

Currently, ASX has an average daily turnover of approx. A\$4.685 billion (£2.6 billion) and a market capitalisation of approx. A\$1.9 trillion (£1.06 trillion), making it one of the world's top 16 listed exchange groups.

ASX is a market operator, clearing house and payments system facilitator. It also oversees compliance with its operating rules, promotes standards of corporate governance among Australia's listed companies and helps to educate retail investors.

All ASX equity securities are traded on screen on ASX Trade. ASX Trade is a NASDAQ OMX ultra-low latency trading platform based on NASDAQ OMX's Genium INET system, which is used by many exchanges around the world. It is one of the fastest and most functional multi-asset trading platforms in the world, delivering latency down to ~250 microseconds.

Security holders hold shares in one of two forms, both of which operate as uncertificated holdings, rather than through the issue of physical share certificates:

1. Clearing House Electronic Sub-register System (CHES). The investor's controlling participant (normally a broker) sponsors the client into CHES. The security holder is given a "holder identification number" (HIN) and monthly statements are sent to the security holder from the CHES system when there is a movement in their holding that month.
2. Issuer-sponsored. The company's share register administers the security holder's holding and issues the investor with a security-holder reference number (SRN) which may be quoted when trading in Calidus securities.

Holdings may be moved from issuer-sponsored to CHES or between different brokers by electronic message initiated by the controlling participant.

Many British-based stockbrokers can buy and sell shares listed on ASX, and may produce contract notes in sterling or in Australian dollars. Because of the time difference, deals are typically processed when the ASX next opens. Alternatively, holders of Calidus Shares resident in the UK are able to open an account with an Australian stockbroker.

## PART 3

### TAXATION

**The following comments are intended as a general guide only and are based on current UK legislation and Her Majesty's Revenue and Customs practice as at the date of this Document. These comments deal only with Shareholders who are resident for taxation purposes in the United Kingdom, who are the absolute beneficial owners of fully paid Ordinary Shares and Deferred Shares and who hold such shares as an investment. These comments do not deal with other classes of Shareholders, including dealers in securities or persons regarded as having obtained their Ordinary Shares or Deferred Shares by reason of employment. Therefore, such shareholders are advised to satisfy themselves as to the tax consequences for them of their ownership of the Ordinary Shares or Deferred Shares in the Company.**

Subject to the comments below, the Company expects the Return of Capital to be classified as a repayment of capital on the Ordinary Shares under section 1000(1)(B)(a) CTA 2010 and therefore would not expect any part of the proceeds received by a Shareholder on the Return of Capital to be an income distribution in the Shareholders hands.

Part 15 CTA 2010 and Chapter 1 ITA 2007 contain anti-avoidance provisions which may apply to the Return of Capital so as to treat all or part of the proceeds as income, rather than capital, in the hands of the Shareholders. Whilst these rules contain a number of subjective tests, the Company does not expect either Part 15 CTA 2010 or Chapter 1 ITA 2007 to apply to the Return of Capital.

On the basis of the above, the Company expects the Return of Capital to be treated as a deemed part disposal of the Ordinary Shares for Shareholders under section 122 TCGA 1992 which may give rise to a liability for Shareholders to either capital gains tax or corporation tax depending on the Shareholder's individual circumstances (including the availability of exemptions, reliefs of allowable losses). Please see example below.

In accordance with section 748 of the Corporation Tax Act 2010 and section 701 of the Income Tax Act 2007, the Company has applied for clearance from HM Revenue & Customs that they are satisfied that the transactions in securities provisions should not be applied to the proposal.

#### Example

*Please note, that the example below is for illustrative purposes only.*

The Demerger will be treated as a part disposal by Shareholders and the tax treatment will vary depending on individual circumstances. As only part of the investment in Keras has been returned, only part of the cost of that investment can be deducted in the tax computation of the gain or loss accruing on the part disposal.

The allowable investment expenditure is apportioned using the formula  $A / (A + B) \times C$ , where:

A = the value of the Calidus Shares received

B = the market value of the shareholding in Keras after the Demerger

C = the original cost of Ordinary Shares

- Shareholder owns 3,200,000 Ordinary Shares
- Original cost of investment is £20,000 (C)
- Capital returned is 1,000,000 Calidus Shares at \$0.03 per share (\$30,000 = £16,949) (A)
- The exchange rate at date of distribution is GBP/AUD 1.77
- The value of the Keras shareholding after capital distribution is £6,400 (B)

The cost apportioned to the disposal is  $(20,000 \times 16,949 / (16,949 + 6400)) = £14,518$

The gain on Demerger is

Capital returned	16,949
Less: allowable cost of investment	14,518
Gain on Return of Capital	2,431

As the gain of £2,431 is below the personal capital gains tax allowance for 2019/20 of £12,000 (assuming no other transactions) no capital gains tax would be payable.

**The value of each Calidus Share received (as in A above) will be as at the date of the distribution and the market value of a share in Keras will be the open market value after the Demerger (as in B above) and will be prominently displayed on the Keras website – [www.kerasplc.com](http://www.kerasplc.com) – on completion of the Demerger.**

**Please note that the Company is not able to provide tax advice and this example is for illustrative purposes only. You should accordingly seek appropriate guidance or advice when completing any tax return which reflects any matters for which the apportionment is relevant.**

PART 4

FINANCIAL INFORMATION

UNAUDITED BALANCE SHEET OF KERAS AT 31 AUGUST 2019

	<b>Unaudited 31 August 2019 £'000</b>	<b>Audited 30 Sept. 2018 £'000</b>
<b>Assets</b>		
Property, plant and equipment	316	230
Other investments	-	-
<b>Non-current assets</b>	<u>316</u>	<u>230</u>
Financial assets at fair value	12,024	11,527
Loans to subsidiaries	1,756	1,484
Trade and other receivables	17	15
Unpaid share capital	323	-
Cash and cash equivalents	10	208
<b>Current assets</b>	<u>14,130</u>	<u>13,234</u>
<b>Total assets</b>	<u>14,446</u>	<u>13,464</u>
<b>Equity</b>		
Share capital	7,267	7,064
Share premium	10,938	10,358
Assets for sale reserve	5,559	5,063
Other reserves	150	108
Retained deficit	(9,676)	(9,876)
<b>Total equity attributable to owners of the Company</b>	<u>14,238</u>	<u>12,717</u>
<b>Liabilities</b>		
Trade and other payables	57	707
Accruals	151	40
<b>Current liabilities</b>	<u>208</u>	<u>747</u>
<b>Total liabilities</b>	<u>208</u>	<u>747</u>
<b>Total equity and liabilities</b>	<u>14,446</u>	<u>13,464</u>

## PRO-FORMA BALANCE SHEET OF KERAS

The pro-forma Balance Sheet of Keras set out below is based on the unaudited Balance Sheet at 31 August 2019 adjusted for the effect of the Resolutions to be proposed at the General Meeting, comprising:

1. The First Reduction; and
2. The Demerger Reduction

	Unaudited 31 August 2019 £'000	First Reduction £'000	Demerger Reduction £'000	Pro- forma £'000
<b>Assets</b>				
Property, plant and equipment	316			316
Other investments	-			-
<b>Non-current assets</b>	316			316
Financial assets at fair value	12,024		(12,024)	-
Loans to subsidiaries	1,756			1,756
Trade and other receivables	17			16
Unpaid share capital	323			323
Cash and cash equivalents	10			11
<b>Current assets</b>	14,130		(12,024)	2,106
<b>Total assets</b>	14,446		(12,024)	2,422
<b>Equity</b>				
Share capital	7,267		(7,018)	249
Share premium	10,938	(10,938)		-
Assets for sale reserve	5,559		(5,559)	-
Other reserves	150			150
Retained deficit	(9,676)	10,938	553	1,815
<b>Total equity attributable to owners of the Company</b>	14,238	-	(12,024)	2,214
<b>Liabilities</b>				
Trade and other payables	57			57
Accruals	151			151
<b>Current liabilities</b>	208			208
<b>Total liabilities</b>	208			208
<b>Total equity and liabilities</b>	14,446			2,422

## DEFINITIONS

<b>Act</b>	the Companies Act 2006
<b>AIM</b>	the market of that name operated by the London Stock Exchange Plc
<b>AIM Rules</b>	the AIM Rules for Companies
<b>ASX</b>	Australian Securities Exchange Limited
<b>ATO</b>	Australian Taxation Office
<b>Board</b>	the board of directors of the Company from time to time
<b>Calidus</b>	Calidus Resources Limited
<b>Calidus Shares</b>	the 723,750,000 ordinary shares in Calidus held by the Company
<b>Capital Reduction</b>	the proposed reduction of the Company's capital by way of the First Reduction and the Demerger Reduction, as described in this Document
<b>Company or Keras</b>	Keras Resources Plc
<b>CREST</b>	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited which facilitates the transfer of title to shares in uncertificated form
<b>Deferred Shares</b>	the deferred shares of 0.4p each in the capital of the Company
<b>Demerger</b>	the demerger of all of the Calidus Shares to the Eligible Shareholders on a pro rata basis in satisfaction of the Company's obligation to repay the capital released pursuant to the Demerger Reduction as described in this Document
<b>Demerger Reduction</b>	the cancellation of: (i) capital in the sum of 0.09p paid up on each issued Ordinary Share and (ii) the capital paid upon on each issued Deferred Share
<b>Directors</b>	the directors of the Company as at the date of this Document whose names are set out on page 5 of this Document

<b>Document or Circular</b>	this document, being a circular to Shareholders and the accompanying notice of General Meeting dated 27 September 2019
<b>Eligible Shareholders</b>	the holders of the Ordinary Shares as at the Record Date
<b>First Reduction</b>	the cancellation of the Company's share premium account to eliminate the deficit on the Company's profit and loss account
<b>Form of Proxy</b>	the form or forms of proxy accompanying this Document relating to the General Meeting
<b>General Meeting or GM</b>	the general meeting of the Company, convened by the notice set out on page 19 of this Document, to be held at 11.00a.m. at Craven House, West Street, Farnham, Surrey, GU9 7EN, on 14 October 2019, or any adjournment of that meeting, which is being held to consider the Resolutions
<b>Keras or the Company</b>	Keras Resources Plc, a company incorporated and registered in England and Wales under company number 07353748
<b>New Ordinary Shares</b>	following the Demerger Reduction ordinary shares of 0.01p each in the capital of the Company
<b>Ordinary Shares</b>	the ordinary shares of 0.1p each in the capital of the Company
<b>Other Overseas Shareholders</b>	those Eligible Shareholders with registered addresses outside the UK or Australia who are incorporated in, registered in or otherwise resident or located in, countries outside the UK or Australia
<b>Record Date</b>	6.00pm on the Business Day of the High Court order for the Demerger Reduction
<b>Regulatory Information Service</b>	any of the services authorised from time to time by the UK Financial Conduct Authority for the purposes of disseminating regulatory announcements
<b>Resolutions</b>	the resolutions set out in the notice of General Meeting

**Shareholders**

holders of Ordinary Shares or New Ordinary Shares (as applicable) from time to time

**Keras Resources Plc**  
27/28 Eastcastle Street, London W1W 8DH  
Registered in England and Wales Number: 07353748  
**Notice of General Meeting**

Notice is hereby given that a General Meeting of Keras Resources Plc (the "Company") will be held at Craven House, West Street, Farnham, Surrey, GU9 7EN on Monday 14 October 2019 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions.

Unless otherwise noted, defined terms shall have the same meaning as in the circular to Shareholders dated 27 September 2019.

**SPECIAL RESOLUTIONS**

1. **That, the amount standing to the credit of the Company's Share Premium Account be cancelled and extinguished (the "First Reduction").**
2. **That, subject to the First Reduction having become effective, the Company cancel and repay the following capital:**
  - (i) **all issued Deferred Shares in the capital of the Company;**
  - (ii) **0.09p of the capital paid up on each issued Ordinary Share in the capital of the Company by the reduction in the nominal value of each such Ordinary Share from 0.1p to 0.01p,**

**and the Company satisfy its liability to repay such capital by transferring Calidus Shares to Eligible Shareholders on the Company's register of members on the Record Date on the basis of 1 Calidus Share for every 3.44229 Ordinary Shares held (disregarding any fractional entitlements).**

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the General Meeting, you may use the enclosed Form of Proxy to appoint one or more persons to attend, speak and vote at the meeting on your behalf. A proxy need not be a member of the Company. The Form of Proxy may be sent by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com) or by mail to:

Share Registrars Limited  
The Courtyard, 17 West Street  
Farnham, Surrey GU9 7DR

In either case, the signed Form of Proxy must be received no later than 48 hours (excluding non-business days) before the time of the General Meeting, or any adjournment thereof.

Registered Office:  
27/28 Eastcastle Street  
London W1W 8DH

By order of the Board  
Cargil Management Services Ltd  
Company Secretary

27 September 2019

## **Notes to the Notice of General Meeting**

### **Entitlement to attend and vote**

1. Pursuant to Regulation 41 of The Uncertificated Securities Regulations 2001 and paragraph 18(c) of The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that only those members registered on the Company's register of members 48 hours before the time of the General Meeting shall be entitled to attend and vote at the General Meeting. In calculating the period of 48 hours mentioned above no account shall be taken of any part of a day that is not a business day.

### **Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting and you should have received a Form of Proxy with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy.

3. A proxy does not need to be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the General Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the registrars of the Company, Share Registrars Limited, on 01252 821390.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.

### **Appointment of proxy using hard copy proxy form**

6. The notes to the proxy form explain how to direct your proxy, how to vote on each resolution or withhold their vote.

To appoint a proxy using the Form of Proxy, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited, The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR, or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com); and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the General Meeting.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy.

### **Appointment of proxy by joint members**

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

### **Changing proxy instructions**

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Share Registrars Limited on 01252 821390.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

9. In order to revoke a proxy instruction, you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by scan and email to [voting@shareregistrars.uk.com](mailto:voting@shareregistrars.uk.com). In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the General Meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person, your proxy appointment will automatically be terminated.

### **Issued shares and total voting rights**

10. As at 25 September 2019 the Company's issued share capital comprised of 2,491,358,439 ordinary shares of 0.1p each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 25 September 2019 was 2,491,358,439.

### **Communications with the Company**

11. Except as provided above, members who have general queries about the General Meeting should telephone the Company Secretary, Cargill Management Services Limited, on 020 7637 5216 (no other methods of communication will be accepted). You may not use any electronic address provided either in this notice of general meeting; or any related documents (including the chairman's letter and Form of Proxy), to communicate with the Company for any purposes other than those expressly stated.

### **CREST**

12. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual.

CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s) should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [euroclear.com/CREST](http://euroclear.com/CREST)).

The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuers agent (ID: 7RA36) by the latest time(s) for receipt of proxy appointments specified above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuers agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of CREST by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.



