

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 January 2021

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

Dear Shareholder,

Notice of General Meeting

1. Introduction

It was announced on 18 January 2021 that Keras Resources PLC (“Keras” or the “Company”) had conditionally raised £1,000,000 (before expenses) through the placing of 869,565,217 new ordinary shares of 0.1p each ('Ordinary Shares') at a price of 0.115p per Ordinary Share (the 'Placing Shares') (the 'Placing').

Of the Placing Shares, 804,347,826 were placed by the Company’s joint brokers, Shard Capital Partners LLP to raise £925,000. Of the balance of £75,000, Brian Moritz and Russell Lamming, directors of the Company, have conditionally agreed to subscribe for 36,363,636 (£20,000) and 63,636,364 (£30,000) new Ordinary Shares respectively (the 'Director Subscription Shares'), (the 'Director Subscription') on the same terms subject to the passing of resolutions at a general meeting to be held by the Company. The subscription by Mr Lamming will be settled by deduction from his net salary over a period.

The funds being raised will enable the Directors to explore opportunities to grow the Company's current portfolio through brownfields growth and expansion opportunities and by the potential introduction of new projects, as well as being used for general working capital purposes.

Every 2 Placing Shares subscribed will receive a warrant to subscribe for 1 new Ordinary Share at any time up to 28 February 2022, with an exercise price of 0.18p per new Ordinary Share ('Warrants').

In addition, the Company has conditionally agreed to issue 48,000,000 Ordinary Shares at the same price in settlement of amounts owing to advisors ('Advisor Shares'). No Warrants will be issued with the Advisor Shares.

600,000,000 of the Placing Shares ('Tranche 1 Placing Shares') have been issued under the Company's existing share authorities. However, the Warrants, the remaining 269,565,217 Placing Shares ('Tranche 2 Placing Shares') and the Advisor Shares require additional shareholder authorities.

The Directors are therefore convening a General Meeting to be held on 15 February 2021 to renew their authority to issue Ordinary Shares as set out below. The notice convening the General Meeting and a form of proxy are included with this Letter.

2. The General Meeting

As set out above, the Tranche 1 Placing Shares have been issued under the Company's existing share authorities, and so do not need increased authorities save for the Warrants to be issued as part of the Placing, but further authorities are required to issue the Tranche 2 Placing Shares, the Advisor Shares and the Warrants.

To permit the proposals to go ahead the Directors are proposing resolutions:

- to renew authorities to issue Ordinary Shares for general use including the Tranche 2 Placing Shares and the Advisor Shares. This authority is sought for a maximum nominal value of £100,000 and will expire at the conclusion of the Company's Annual General Meeting, which is expected to be held in March 2021; and
- to authorise the issue of Ordinary Shares in satisfaction of the subscription rights of the Warrants. This authority is for a nominal value of £43,478.27 and will expire on 28 February 2022, which is the final date for exercise of the subscription rights of the Warrants.

The General Meeting at which the resolutions are being proposed will be held on 15 February 2021. As a response to Covid-19 restrictions, and in accordance with the measures contained in Schedule 14 of Corporate Insolvency and Governance Act 2020, the meeting will not be held at any particular place, shareholders will not be permitted to attend the meeting, and the method of voting will be by proxy.

The Directors recommend Shareholders to vote in favour of the resolutions as they intend to do in respect of their personal holdings of Ordinary Shares, amounting to approximately 22.77% of the total Ordinary Shares in issue.

3. Action to be taken

A Form of Proxy for use in connection with the General Meeting is enclosed with this Letter. Because of the restrictions caused by Covid-19 no physical meeting will be held, so that shareholders are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon to the Company at the Company's registrars (by post or by hand to Share Registrars Limited at The Courtyard, 17 West Street, Farnham, Surrey GU9 7DR or by scan and email to voting@shareregistrars.uk.com) as soon as possible and, in any event, not later than 11.00 a.m. on 11 February 2021, being 48 hours (excluding non-business days) before the time of 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 vote at the General Meeting.

Yours sincerely

Brian Moritz

(Non-Executive Chairman)