

Keras Resources Plc

(Incorporated and registered in England and Wales under the Companies Act 2006
with registered number 07353748)

Directors:

Brian Moritz (*Non-executive Chairman*)
Dave Reeves (*Managing Director*)
James Carter (*Finance Director*)
Roy Pitchford (*Non-executive Director*)
Russell Lamming (*Non-executive Director*)
Peter Hepburn-Brown (*Non-executive Director*)

Registered Office:

27/28 Eastcastle Street
London W1W 8DH

(together the "Directors" or the "Board")

28 April 2016

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

Dear Shareholder,

SHARE APPRECIATION RIGHT SCHEME

Keras Resources Plc ("Keras" or the "Company") has established a Share Appreciation Right Scheme (the "Scheme") to incentivise Directors and senior executives through the grant of "share appreciation rights" ("SARs").

SARs take the form of conditional rights to receive ordinary shares of 0.1p each in Keras (the "Shares") or cash to the value of the difference between the exercise price (the one day volume weighted average price ("VWAP") of a Share on the day prior to the exercise date) and the grant price (the three calendar month VWAP of a Share immediately preceding the date of grant of the SARs).

A SAR may be exercised at any time between a given vesting date ("Vesting Date") and a final date (the "Vesting Period"). The Vesting Date is the date on which the Company confirms that any performance or other condition attaching to the SAR has been satisfied.

On the recommendation of Keras' Remuneration Committee, participants are granted SARs at the discretion of the Board and may be subject to such performance and other terms and conditions as the Board may determine, which may include the attainment of key operational milestones, including developing the current gold portfolio in line with Company projections, securing new mining projects to build on the current growth of Keras, sourcing project finance for additional projects and/or the recipient's continued employment by the Company or its subsidiaries.

Subject to the receipt of shareholder approval, to be sought at a general meeting of the Company ("General Meeting") to be held at 11:00 a.m. on 16 May 2016 at Craven House, West Street, Farnham, Surrey GU9 7EN the following SARs, which represent approximately 6.8 per cent. of the Company's issued share capital on a fully diluted basis were granted under the Scheme on 28 April 2016:

	Aggregate SARs awarded	Grant Price	Vesting Dates	Vesting Quantities
David Reeves	30,000,000	1.0647p	31/12/2016	20,000,000
		1.0647p	31/12/2017	10,000,000
James Carter	22,500,000	1.0647p	31/12/2016	15,000,000
		1.0647p	31/12/2017	7,500,000

Peter Hepburn-Brown	15,000,000	1.0647p	31/12/2016	10,000,000
		1.0647p	31/12/2017	5,000,000
Russell Lamming	15,000,000	1.0647p	31/12/2016	10,000,000
		1.0647p	31/12/2017	5,000,000
Brian Moritz	10,000,000	1.0647p	31/12/2016	6,500,000
		1.0647p	31/12/2017	3,500,000
Roy Pitchford	5,000,000	1.0647p	31/12/2016	3,000,000
		1.0647p	31/12/2017	2,000,000

SARs issued pursuant to the above award have a Vesting Period of three years and the aggregate number of Shares which may be allocated under the Scheme will not exceed 15 per cent. of the Company's issued share capital from time to time.

BACKGROUND

Keras was formed to exploit opportunities in materials used in the manufacture of stainless steel – specifically iron and manganese ores. While Keras' iron ore and manganese projects have potential, in particular the Nayega manganese project in Togo and the Mebaga iron ore project in Gabon, price reductions of over 50% in both iron ore and manganese between 2011 and 2015 reduced the potential value of these projects significantly and made it extremely difficult to fund such projects.

For that reason the Directors resolved to transform Keras into a gold mining company operating in the Western Australian goldfields, to take advantage of the favourable environment for gold mining in Australia. That transformation started during the final quarter of 2015, at which time the Company changed its name from Ferrex Plc, and is now complete. Since November 2015 Keras has secured three tribute agreements in Western Australia and, on 22 March 2016, ore mining commenced at Anomaly 22, located in the Grants Patch Gold Tribute lease area ("Grants Patch") which lies 30km north of Kalgoorlie in Western Australian goldfields. Keras will receive its first income from gold production at Anomaly 22 project in May 2016.

In order to maintain the momentum built over the past six months and on the back of significant shareholder support, the Company announced that it had raised £1.25 million (before expenses) on 15 April 2016. The proceeds will be used to fast-track production at the high grade Prince of Wales Underground Mine ('POW') located 30km north of Kalgoorlie where the Company has a five year Tribute Agreement with Paddington Goldfields; and the Lindsay's Mine ('Lindsay's') located 65km NNE of Kalgoorlie where Keras has a profit share agreement with KalNorth Gold Mines Limited.

During this transitional period, Keras' share price has increased from 0.4p on 24th November 2015 to 1.12p on 27 April 2016. Based on the issued share capital of the Company on 29 April 2016, as enlarged by recent share issues, this equates to a market capitalisation of 15.1 million. Keras is now implementing the Scheme to further incentivise its directors and senior management as the Company reaches steady state gold production at the current opencast operations at Grants Patch and starts to develop the high grade POW and Lindsay's mines.

Due to the difficulty in raising finance for resource projects the Directors have personally subsidised Keras for several years. In addition to loans and subscriptions for new Shares, the Directors have left all or part of their remuneration undrawn to aid cash flow. Non-Executive fees have not been drawn since April 2013, and for that reason the Board considered it appropriate that Non-executive Directors should participate in the award of SARs as well as the Executive Directors.

RELATED PARTY TRANSACTION

The implementation of the Scheme constitutes a related party transaction in accordance with AIM Rule 13. The Company's Nominated Adviser, Northland Capital Partners Ltd, considers that the terms of the Scheme, coupled with the initial grants of SARs to the Directors, are fair and reasonable insofar as the Company's shareholders are concerned.

GENERAL MEETING

Enclosed with this letter is a notice convening the General Meeting at which the resolutions will be proposed to grant SARs to each Director (the "Resolutions"). No Director will vote on the approval of a grant of SARs to himself.

Shareholders are requested to complete and return the relevant form of proxy also enclosed with this letter in accordance with the instructions printed thereon as soon as possible, but in any event so as to be received by the Company's registrars, Share Registrars Ltd, not later than 11:00 a.m. on 12 May 2016, being 48 hours (excluding non-business days) before the time fixed for the General Meeting. The return of a form of proxy will not preclude you from attending the General Meeting and voting in person should you wish to do so.

RECOMMENDATION

Accordingly, the Directors recommend that shareholders vote in favour of the Resolutions, as they intend to do so in respect of their aggregate interest in 303,959,886 Shares, representing 22.6 per cent. of the issued share capital of the Company on 29 April 2016, as enlarged by recent share issues.

Yours faithfully

Brian Moritz
Chairman

Keras Resources Plc
27/28 Eastcastle Street, London W1W 8DH

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 16 May 2016 at 11:00 am 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 28 April 2016.

1. To confirm the award of 30,000,000 Share Appreciation Rights to David Reeves
2. To confirm the award of 22,500,000 Share Appreciation Rights to James Carter
3. To confirm the award of 15,000,000 Share Appreciation Rights to Peter Hepburn Brown
4. To confirm the award of 15,000,000 Share Appreciation Rights to Russell Lamming
5. To confirm the award of 10,000,000 Share Appreciation Rights to Brian Moritz
6. To confirm the award of 5,000,000 Share Appreciation Rights to Roy Pitchford

If you are a registered holder of Shares in the Company, whether or not you are able to attend the 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.

A form of proxy is provided. This may be sent by scan and email to proxies@shareregistrars.uk.com or by mail using the reply paid card to:

Share Registrars Limited
Suite E
First Floor
9 Lion and Lamb Yard
Farnham
Surrey GU9 7LL

In either case, the signed proxy must be received no later than 48 hours (excluding non-business days) before the time of the 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

28 April 2016

Registered in England and Wales Number: 07353748

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 Meeting shall be entitled to attend and vote at the 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 working 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 Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the 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 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 proxy form, the form must be:

- completed and signed;
- sent or delivered to Share Registrars Limited at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by scan and email to proxies@shareregistrars.uk.com; and
- received by Share Registrars Limited no later than 48 hours (excluding non-business days) prior to the 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 proxy form.

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 Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL or by scan and email to proxies@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 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 Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Issued shares and total voting rights

10. As a result of recent share issues which have now been announced, on 29 April 2016, the Company's issued share capital will comprise of 1,344,969,623 ordinary shares of £0.001 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 29 April 2016 will be 1,344,969,623.

Communications with the Company

11. Except as provided above, members who have general queries about the Meeting should telephone the Company Secretary, Cargil 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 proxy form), 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).

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.