

28 June 2016

Keras Resources plc ('Keras' or 'the Company' or 'the Group')
Interim Results

Keras Resources plc, the Australian gold mining company, is pleased to announce its interim results for the six months ended 31 March 2016.

Highlights:

- Rapid transformation into an Australian based gold miner with first cash payment received post period end
- Targeting production of 30,000 ounces of gold per annum from mid-2017
- Acquisition of four tribute agreements in total, of which three were secured during the period, bringing total tribute gold inventory to over 500,000 ounces
- Board bolstered through appointment of Peter Hepburn-Brown, who has significant regional knowledge
- Strengthened balance sheet
 - Loan note fundraising completed raising £564,000 in February 2016
 - Post period end equity placement completed to raise £1,250,000 (before expenses)
- Continued development of higher grade assets and assessment of value accretive opportunities

Chairman's Statement

I am delighted that Keras can now call itself a producing gold mining company following the recent receipt of our first payment. Tribute agreements provide us with the excellent opportunity to rapidly generate cash flow at low cost. Since identifying this niche opportunity in a proven Australian gold region, we have signed a total of four tribute agreements and have become AIM's only listed Australian gold mining company. We aim to deliver 20,000 – 30,000 ounces of gold once steady state operations are reached.

The refinement of our strategy and our recent acquisitions, which also prompted a change in name, is particularly timely given the current positive pricing environment for gold. The 16% increase in the A\$ gold price experienced in Q1 2016 represents the strongest quarterly gold price performance in 30 years. Combined with the current environment in the Australian mining sector, which has led to major cost decreases, margins for gold mining operations have strengthened significantly.

In November 2015, Keras acquired its first tribute agreement, the Grants Patch Gold Tribute Project in the prolific Australian gold region surrounding Kalgoorlie by the acquisition of a private Australian company, Chaffers Mining. The tribute agreement with Paddington Gold Pty Ltd ('PGPL'), a subsidiary of Norton Gold Fields Ltd ('Norton'), provides an entitlement to mine some of their gold deposits for processing at their Paddington Mill, located 25 km away, in return for a 22% royalty as well as a payment to cover mining and processing costs. This land covers historically reported resources of 5,741,155t @ 1.97g/t for 363,599 ounces of gold which is comprised of both shallow laterite deposits and the high grade underground Prince of Wales Mine.

We were particularly attracted to this agreement due to the limited working capital required to commence production. This has been made possible by structuring our strategy to focus firstly on mining the shallow laterite deposits which will generate cash flow which can then be used to part fund development of the underground mine into production.

First gold ore haulage was delivered to the Paddington Mill, on 8 April 2016, signalling our official transformation into AIM's only Australian gold mining company and setting the clock ticking for our first cash payment which was received in May 2016.

These operational activities were conducted in tandem with the signing of three further tribute agreements in the Kalgoorlie region, which increased our gold tribute inventory to over 500,000 ounces. The first was a profit share agreement with Kalgoorlie Mining Associates to mine the Wycheproof Gold Deposit, announced on 23 February 2016, which is a high-grade, shallow deposit located on existing mining leases, located in Western Australia.

The second was a binding profit share agreement with KalNorth Gold Mines Limited ('KalNorth') over the Lindsay's Project located 65km NNE of Kalgoorlie and about 40km E of the Grants Patch Gold Tribute Project, where the Company has now commenced mining. Keras recently executed an exclusive and irrevocable option to mine the Lindsay's Project in consideration for a share of the net revenues. Formal documentation is now being finalised to allow mining to commence in the near future.

The Lindsay's Project incorporates total open pit and underground resources of 215,100 ounces Au at a grade of 1.7g/t Au of which 77% falls in the Indicated Resource category. This includes the high-grade Parrot Feathers deposit (likely to be an underground operation) which comprises a resource of 401,000t at a grade of 4.2g/t Au containing 54,000 ounces Au and which holds significant exploration potential down dip.

Post period end, an additional tribute agreement from PGPL to mine the Royal Standard North lease area ('Royal Standard'), located in the Mount Pleasant region located approximately 20km of the Grants Patch lease area where the Company is currently mining the Accord and Anomaly 22 deposits. The project is expected to deliver 25,000 to 50,000 tonnes of ore at approximately 2 g/t to be defined for mining. The Company completed a successful preliminary drilling campaign including 2m at 1.88g/t, 10m at 2.2g/t and 4m at 4.44g/t.

In addition to the tribute acquisitions, Keras entered into a pre-payment agreement in May 2016 with Norton on all gold ore delivered to the Paddington Mill. The agreement will expedite 80% of the payment on gold processed at the Paddington mill and reduce the Company's working capital requirements. Further information can be found in the announcement of 23 May 2016.

In terms of our development timeline, with production underway now at Grants Patch our goal of 30,000 ounces per annum from mid-2017 is well on track. We have recently raised £1,250,000 (before expenses) to allow for the accelerated development of the Prince of Wales and Lindsay's undergrounds. These operations will come on line in 2017 and will provide us with a steady base-load production rate of 30,000 ounces per annum.

African Portfolio

Our Nayega Manganese Project in Togo still remains an important asset within our portfolio, although until the mining licence is received, we are not able to move this forward. However, we continue to actively engage with the Togolese Ministry of Mines to progress our application and further announcements regarding the status of our application will be made as soon as practicable.

Keras holds an 85% interest in the Nayega manganese project which covers a 92,390 hectares area in northern Togo, held through Societe Generale des Mines SARL. The project is 30km from a main road which has direct access to the regionally important deepwater port of Lome 600km away and has >800,000t per annum back loading capabilities.

In terms of our iron ore portfolio, we are assessing various options and in discussions with parties regarding their future.

Corporate Review

In tandem with our first gold tribute acquisition, we were pleased to appoint Peter Hepburn-Brown as a non-executive director of the Company and Peter George to Chief Operating Officer in November 2015.

Financial Review

Keras has recorded a total comprehensive loss for the 6 months ended 31 March 2016 of £750,000. Keras only commenced mining towards the end of the March 2016 and consequently no revenue has been recorded during the period. The loss largely recognises Keras's status as a developing company with the majority of expenditure costs expensed during the period. Finance costs of £416,000 during the period include costs associated with loan note fundraising in February 2016 and £265,000 associated with the recognition of a liability to YA Global in relation to the closure of the YA Global Position. This was previously announced to the market on 17 February 2016 and is also disclosed in note 12 to the accounts.

In November 2015 Keras announced the acquisition of 100% of the share capital Chaffers Mining Pty Ltd, a private Australian company that has a 5-year Tribute Agreement with Paddington Gold Pty Ltd. The gross acquisition consideration was £930,000 payable as share consideration in Keras Resources Plc. This share consideration is issued in two tranches being £465,000 payable upon closing of the acquisition in November 2015 and a further £465,000 of shares to be issued once 10,000 ounces of gold have been mined from the Tribute Agreement. This second tranche has been recognised as a deferred liability to be settled via issue of shares in Keras when the production target has been met.

In February 2016 Keras raised £564,000 by way of the issue of an unsecured loan note, which includes an 8% redemption premium and a 10% coupon payable upfront. Additionally, the Company issued 112.8 million warrants to subscribe for new ordinary shares in the Company. The warrants are exercisable at 0.5p and are valid for two years from the date of issue. Our Managing Director Dave Reeves and our new Non-Executive Director Peter Hepburn-Brown are subscribed for £194,445 and £50,000 nominal value Notes respectively. In March 2016 14,000,000 warrants were exercised raising £70,000 for the Company and post period end a further 17,752,933 warrants were exercised.

Post period end, Keras raised £1,250,000 before expenses by way of the issue of new shares to provide the capital required to commence production at the Prince of Wales Underground mine and the Lindsay's Mine. Further information can be found in the announcement of 15 April 2016.

Outlook

This time last year we had an African iron ore and manganese portfolio that, while prospective in terms of asset-class and location, were stymied by the depressed iron ore price and licence applications. Now, we are a cash generative Australian gold miner with a strong and diverse gold inventory in a proven gold mining region. Our corporate profile is de-risked and with further cash flow forthcoming, we will be in an excellent position to build our portfolio of both tribute agreements and company-owned projects in line with our stated strategy.

I look forward to the coming months, during which we aim to fast-track production from the Prince of Wales underground mine at Grants Patch, and the other deposits held under tribute in order to make the most of the timescale defined under each agreement. We are confident that these activities, particularly set against a supportive gold price backdrop, will ensure the excellent momentum behind the business that we have established in early 2016 will be maintained.

I would like to thank our hard working team, our shareholders and our advisers for their efforts and support during the period and I look forward to addressing the market over the coming months as a gold miner with a strengthened balance sheet.

Brian Moritz
Chairman
28 June 2016

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

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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 31 MARCH 2016**

	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Continuing operations			
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	<u>-</u>	<u>-</u>	<u>-</u>
Administrative and exploration expenses	(676)	(568)	(1,180)
Loss from operating activities	<u>(676)</u>	<u>(568)</u>	<u>(1,180)</u>
Finance income	40	-	-
Finance costs	(416)	(91)	(78)
Net finance costs	<u>(376)</u>	<u>(91)</u>	<u>(78)</u>
Impairment of assets	-	-	(4,458)
Loss before taxation	<u>(1,052)</u>	<u>(659)</u>	<u>(5,716)</u>
Taxation	135	-	-
Loss for the period	<u>(917)</u>	<u>(659)</u>	<u>(5,716)</u>
Other comprehensive income			
Exchange translation on foreign operations	167	(54)	19
Other comprehensive (loss)/income for the period, net of tax	<u>167</u>	<u>(54)</u>	<u>19</u>
Total comprehensive loss for the period	<u>(750)</u>	<u>(713)</u>	<u>(5,697)</u>
Loss attributable to:			
Owners of the Company	(894)	(631)	(5,450)
Non-controlling interests	(23)	(28)	(266)
Loss for the year	<u>(917)</u>	<u>(659)</u>	<u>(5,716)</u>
Total comprehensive loss attributable to:			
Owners of the Company	(718)	(616)	(5,373)
Non-controlling interests	(32)	(97)	(324)
Total comprehensive loss for the year	<u>(750)</u>	<u>(713)</u>	<u>(5,697)</u>
Loss per share – continuing operations			
Basic and diluted loss per share (pence)	(0.076)	(0.065)	(0.528)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Notes	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Assets				
Non-current assets				
Intangible assets	7	2,361	5,621	1,171
Property, plant and equipment	9	34	39	35
Deferred tax asset		145	-	-
		<u>2,540</u>	<u>5,660</u>	<u>1,206</u>
Current assets				
Trade and other receivables	10	75	47	52
Cash and cash equivalents		155	452	64
		<u>230</u>	<u>499</u>	<u>116</u>
Total assets		<u>2,770</u>	<u>6,159</u>	<u>1,322</u>
Equity				
Equity attributable to owners of the Company				
Share capital	11	5,983	5,504	5,504
Share premium	11	6,427	6,371	6,371
Reserves		260	461	523
Retained deficit		(11,597)	(6,456)	(11,275)
		<u>1,073</u>	<u>5,880</u>	<u>1,123</u>
Non-controlling interests		(693)	(434)	(661)
Total equity		<u>380</u>	<u>5,446</u>	<u>462</u>
Liabilities				
Current liabilities				
Loans and borrowings	12	1,036	300	375
Trade and other payables	13	1,354	413	485
		<u>2,390</u>	<u>713</u>	<u>860</u>
Total liabilities		<u>2,390</u>	<u>713</u>	<u>860</u>
Total equity and liabilities		<u>2,770</u>	<u>6,159</u>	<u>1,322</u>

	Total attributable to owners of the Company							Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Total £'000			
Balance at 1 October 2014 (audited)	4,669	6,439	229	196	(5,825)	5,708	(337)	5,371	
Total comprehensive income for the period									
Loss for the period	-	-	-	-	(631)	(631)	(28)	(659)	
Total other comprehensive income	-	-	-	15	-	15	(69)	(54)	
Total comprehensive loss for the period	-	-	-	15	(631)	(616)	(97)	(713)	
Transactions with owners of the Company recognised directly in equity									
Issue of ordinary shares	835	-	-	-	-	835	-	835	
Issue costs	-	(68)	-	-	-	(68)	-	(68)	
Share based payment transactions	-	-	21	-	-	21	-	21	
Total contributions by and distributions to owners of the Company	835	(68)	21	-	-	788	-	788	
Balance at 31 March 2015 (unaudited)	5,504	6,371	250	211	(6,456)	5,880	(434)	5,446	

	Total attributable to owners of the Company								
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Exchange reserve £'000	Retained deficit £'000	Total £'000	Non- controlling interests £'000	Total equity £'000	
Balance at 1 April 2015 (unaudited)	5,504	6,371	250	211	(6,456)	5,880	(434)	5,446	
Total comprehensive income for the period									
Loss for the period	-	-	-	(183)	(4,636)	(4,819)	(238)	(5,057)	
Total other comprehensive income	-	-	-	245	(183)	62	11	73	
Total comprehensive loss for the period	-	-	-	62	(4,819)	(4,757)	(227)	(4,984)	
Transactions with owners of the Company recognised directly in equity									
Issue of ordinary shares	-	-	-	-	-	-	-	-	
Issue costs	-	-	-	-	-	-	-	-	
Share based payment transactions	-	-	-	-	-	-	-	-	
Total contributions by and distributions to owners of the Company	-	-	-	-	-	-	-	-	
Balance at 30 September 2015 (audited)	<u>5,504</u>	<u>6,371</u>	<u>250</u>	<u>273</u>	<u>(11,275)</u>	<u>1,123</u>	<u>(661)</u>	<u>462</u>	

	Total attributable to owners of the Company							
	Share capital £'000	Share premium £'000	Share option/ warrant reserve £'000	Foreign exchange reserve £'000	Retained deficit £'000	Total £'000	Non- controlling interests £'000	Total equity £'000
Balance at 1 October 2015 (audited)	5,504	6,371	250	273	(11,275)	1,123	(661)	462
Total comprehensive income for the period								
Loss for the period	-	-	-	-	(894)	(894)	(23)	(917)
Total other comprehensive income	-	-	-	(146)	322	176	(9)	167
Total comprehensive loss for the period	-	-	-	(146)	(572)	(718)	(32)	(750)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary shares	479	56	-	-	-	535	-	535
Issue costs	-	-	-	-	-	-	-	-
Transfer reserve as options cancelled	-	-	(250)	-	250	-	-	-
Warrants issued in lieu of finance costs	-	-	133	-	-	133	-	133
Total contributions by and distributions to owners of the Company	479	56	(117)	-	250	668	-	668
Balance at 31 March 2016 (unaudited)	<u>5,983</u>	<u>6,427</u>	<u>133</u>	<u>127</u>	<u>(11,597)</u>	<u>1,073</u>	<u>(693)</u>	<u>380</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 31 MARCH 2016

	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Cash flows from operating activities			
Loss for the period	(676)	(659)	(1,180)
Adjustments for:			
Depreciation	7	13	15
Profit on disposal of property, plant and equipment	-	(2)	(1)
Foreign exchange differences	17	-	139
Finance cost	-	91	-
Equity-settled share-based payment transactions	-	21	21
	<u>(652)</u>	<u>(536)</u>	<u>(1,006)</u>
Changes in:			
- trade and other receivables	(23)	17	12
- trade and other payables	359	105	177
Cash used in operating activities	<u>(316)</u>	<u>(414)</u>	<u>(817)</u>
Finance income	-	-	-
Finance cost	(31)	(32)	(15)
Taxes paid	-	-	-
Net cash used in operating activities	<u>(347)</u>	<u>(446)</u>	<u>(832)</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment	-	-	13
Proceeds from sale of property, plant and equipment	-	12	-
Exploration expenditure	(81)	(146)	(224)
Net cash used in investing activities	<u>(81)</u>	<u>(134)</u>	<u>(211)</u>
Cash flows from financing activities			
Net proceeds from issue of share capital	70	655	655
Proceeds from short term borrowings	449	270	345
Net cash flows from financing activities	<u>519</u>	<u>925</u>	<u>1,000</u>
Net (decrease)/increase in cash and cash equivalents	91	345	(43)
Cash and cash equivalents at beginning of period	64	107	107
Effect of foreign exchange rate changes	-	-	-
Cash and cash equivalents at end of period	<u>155</u>	<u>452</u>	<u>64</u>

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 MARCH 2016**

1. Reporting entity

Keras Resources plc (the "Company") is a company domiciled in England and Wales. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 March 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities. The Group currently transitioned during the period from a exploration & development company into gold production towards the end of March 2016.

2. Basis of preparation

(a) Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial performance and position of the Group since the last annual consolidated financial statements as at and for the year ended 30 September 2015. This condensed consolidated interim financial report does not include all the information required for full annual financial statements prepared in accordance with International Financial Reporting Standards.

This condensed consolidated interim financial report was approved by the Board of Directors on 27 June 2016.

(b) Judgements and estimates

Preparing the interim financial report requires Management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group's accounting policies and key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2015.

3. Significant accounting policies

The accounting policies applied by the Group in this condensed consolidated interim financial report are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 September 2015.

4. Financial instruments

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 September 2015.

5. Segment information

During the reporting period the Group operated in three distinct business areas, being that of iron ore exploration, that of manganese exploration and that of gold exploration and extraction. These business areas form the basis of the Group's operating segments. For each segment, the Group's Managing Director (the chief operating decision maker) reviews internal management reports on at least a quarterly basis. It is expected that in the next reporting period this segment reporting layout will change with the Group's greater emphasis on the gold production in Australia.

Other operations relate to the group's administrative functions conducted at its head office and by its intermediate holding company together with consolidation adjustments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Managing Director. Segment results are used to measure performance as management believes such information is the most relevant in evaluating the performance of certain segments relative to other entities that operate within these industries.

For the six months ended 31 March 2016 (unaudited)

	Gold £'000	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-
Loss before tax	(244)	(61)	(30)	(717)	(1,052)
Segment assets	1,317	35	892	526	2,770

For the six months ended 31 March 2015 (unaudited)

	Gold £'000	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-

Loss before tax	-	(62)	(92)	(505)	(659)
Segment assets	-	2,321	1,240	2,598	6,159

For the twelve months ended 30 September 2015 (audited)

	Gold £'000	Iron Ore £'000	Manganese £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-
Loss before tax	-	(4,100)	(782)	(834)	(5,716)
Segment assets	-	36	806	480	1,322

Information about geographical segments:

For the six months ended 31 March 2016 (unaudited)

	Australia £'000	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-
Profit/(loss) before tax	(206)	(18)	(105)	(723)	(1,052)
Segment assets	1,688	9	547	526	2,770

For the six months ended 31 March 2015 (unaudited)

	Australia £'000	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-
Loss before tax	-	(12)	(142)	(505)	(659)
Segment assets	-	619	2,942	2,598	6,159

For the twelve months ended 30 September 2015 (audited)

	Australia £'000	South Africa £'000	West Africa £'000	Other Segments £'000	Total £'000
Total Revenues	-	-	-	-	-
Loss before tax	-	(2,674)	(2,202)	(840)	(5,716)

Segment assets	-	7	1,226	89	1,322
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6. Seasonality of operations

The Group is not considered to be subject to seasonal fluctuations.

7. Intangible assets

	6 months 31 Mar 16 (unaudited) £'000	6 months 31 Mar 15 (unaudited) £'000	12 months 30 Sep 15 (audited) £'000
Cost			
Balance at beginning of period	5,590	5,526	5,526
Additions	1,050	148	224
Effect of movement in exchange rates	140	(53)	(160)
Balance at end of period	<u>6,780</u>	<u>5,621</u>	<u>5,590</u>
Impairment losses			
Balance at beginning of period	4,419	-	-
Impairment	-	-	4,458
Effect of movement in exchange rates	-	-	(39)
Balance at end of period	<u>4,419</u>	<u>-</u>	<u>4,419</u>
Carrying amounts			
Balance at end of period	<u>2,361</u>	<u>5,621</u>	<u>1,171</u>
Balance at beginning of period	<u>1,171</u>	<u>5,526</u>	<u>5,526</u>

Intangible assets comprise the fair value of mineral exploration rights acquired and the cost of explorations studies. The additions of £1,050,000 for the period includes the recognition of rights acquired in relation to the acquisition of Chaffers Mining Pty Ltd (as detailed in note 8).

8. Acquisitions

On 16 November 2015, the Group acquired 100 per cent of the ordinary share capital of Chaffers Mining Pty Limited (now renamed Keras (Gold) Australia Pty Limited), an Australian registered private company. The acquisition was settled by way of a share issue and a further share issue to be made once 10,000 oz of gold have been extracted. The transaction has been accounted for using the acquisition method of accounting.

The details of the business combination are as follows:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Mineral rights	-	969	969
Fixed assets	6	-	6
Bank balances and cash	19	-	19
Trade and other payables	(64)	-	(64)
	<u>(39)</u>	<u>969</u>	<u>930</u>

£'000

Satisfied by:

Share consideration – initial	465
Share consideration – deferred, treated as liability	465
	<u>930</u>

9. Property, plant and equipment

Acquisitions and disposals

During the six months ended 31 March 2016 the Group acquired assets with a cost of £6,000 (six months ended 31 March 2015: £nil, twelve months ended 30 September 2015: £nil).

Assets with a carrying amount of £nil were disposed of during the six months ended 31 March 2016 (six months ended 31 March 2015: £10,000; twelve months ended 30 September 2015: £12,000), resulting in a profit on disposal of £2,000 (six months ended 31 March 2015: £2,000; twelve months ended 30 September 2015: £1,000), which is included in 'administrative expenses' in the condensed consolidated statement of comprehensive income.

10. Trade and other receivables

	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Other receivables	75	47	37
Prepayments	-	-	15
	<u>75</u>	<u>47</u>	<u>52</u>

Trade receivables and other receivables are stated at their nominal values less allowances for non-recoverability.

11. Share capital and reserves

Issue of ordinary shares

On 16 November 2015, 93 million ordinary shares were issued as part of the consideration of the acquisition of Chaffers Mining Pty Ltd at a price of £0.005 per ordinary share, details of the transaction can be found in note 8. Further to the exercise of warrants detailed below, 14,000,000 shares were issued on 15 March 2016 at a price of £0.005 per ordinary share.

Subdivision of shares

On 10 December 2015 the share capital of the company was subdivided into 1,193,794,390 ordinary shares of £0.001 and 1,193,794,390 deferred shares of £0.004.

Warrants

On 1 February 2016, 112,777,800 warrants were issued. These warrants are exercisable at £0.005 and are valid for two years from the date of issue. On 15 March 2016, 14,000,000 of these warrants were exercised.

Dividends

No dividends were declared or paid in the six months ended 31 March 2016 (period ended 31 March 2015: £nil, year ended 30 September 2015: £nil).

12. Loans and borrowings

	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Unsecured loan notes - 10%	314	300	375
Unsecured loan notes – 8% redemption	457	-	-
YA Global Loan	265	-	-
	<u>1,036</u>	<u>300</u>	<u>375</u>

The loan notes carry interest at 10% per annum and are repayable on demand. This loan was provided by the Managing Director David Reeves.

The unsecured loan notes which carry an 8% redemption premium are repayable on demand. These loan notes also carried a 10% coupon payable upfront and received £1 worth of warrants to subscribe for new ordinary shares of £0.001 for every £1 nominal of the note. As detailed in note 11, the warrants are exercisable at £0.005 and are valid for two years from the date of issue.

The YA Global Loan relates to the closure of the equity swap agreement. It is unsecured and is scheduled for repayment on 17 February 2017. Further details can be found in the announcement "Closure of YA Global Position" dated 17 February 2016, on the kerasplc.com website.

13. Trade and other payables

	31-Mar-16 (unaudited) £'000	31-Mar-15 (unaudited) £'000	30-Sep-15 (audited) £'000
Trade payables	633	114	98
Accruals	256	273	347
Other payables	465	26	40
	<u>1,354</u>	<u>413</u>	<u>485</u>

There is no material difference between the fair value of trade and other payables and their book value.

Trade payables and accruals includes £473,000 of accrued and unpaid fees due to executive management and non-executive directors. These payments have been deferred to assist with the Company's working capital requirements.

Other payables at the interim date represent the contingent consideration of £465,000 payable in shares in respect of the acquisition of Chaffers Mining Pty Limited as detailed in note 8. This amount becomes payable when 10,000 oz gold have been extracted from the assets acquired.

14. Related parties

Parent and ultimate controlling party

The Directors do not consider there to be an ultimate controlling party.

Transactions with key management personnel

D Reeves advanced £114,000 via loan notes and converted £175,000 of his original loan plus the coupon payable to loan notes with 8% redemption. P Hepburn Brown advanced £50,000 to the Group in the period via loan notes, as detailed in note 12 these loan notes carry an 8% redemption premium and are repayable on demand.

15. Subsequent events

On 6 April 2016, 20 April 2016 and 27 April 2016 17,752,933, 3,000,000 and 1,422,300 warrants were exercised respectively.

On 15 April 2016 the Company raised £1,250,000 before expenses through the placing of 113,636,364 new ordinary shares 0.1p each at a price of 1.1p per share.