

KERAS RESOURCES PLC

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

Directors

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

Registered Office

Coveham House
Downside Bridge Road
Cobham, Surrey
KT11 3EP

30 June 2022

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

Dear Shareholder,

Share Consolidation and Notice of General Meeting

1. Introduction

I am writing to you with details of a General Meeting ("General Meeting") of Keras Resources plc (the "Company"), which is being convened for Monday 25 July 2022 at 11:15 a.m. (or as soon as the Annual General Meeting convened for 11.00 a.m. is concluded) at Coveham House, Downside Bridge Road, Cobham, Surrey, KT11 3EP. The purpose of this document is to provide you with information about the background to and reasons for the proposed consolidation of the Company's share capital ("Consolidation"). A timetable and statistics relating to the Consolidation are included in the appendix to this letter.

The Directors believe that the Company's existing share capital structure is no longer appropriate, as the high number of shares in issue combined with the relatively low price per share is thought to result in excess volatility, reduced liquidity and a widening in the market bid and ask share price spread in the Company's shares. They are therefore proposing consolidating the Company's ordinary shares of 0.01p each in issue ("Existing Ordinary Shares") so that every 100 Existing Ordinary Shares will be consolidated into 1 ordinary share of 1p ("Consolidated Ordinary Share"). The Consolidation will reduce the 7,973,573,068 Existing Ordinary Shares currently in issue to 79,735,731 Consolidated Ordinary Shares and is expected to:

- increase the Company's share price proportionately and in doing so help improve the market liquidity of, and trading activity in, the Company's shares;
- provide the basis for a narrowing in the market bid and ask share price spread in the Company's shares; and
- overall, further enhance the perception of the Company and its prospects and help improve the marketability of the Company's shares to a wider group of potential investors.

The Company's predominantly retail investor shareholder base has been an essential part of the Company's growth since its admission to AIM and remains the case. Their ongoing support has been important to the Company building its portfolio of projects.

As all of the Existing Ordinary Shares are proposed to be consolidated, the proportion of Consolidated Ordinary Shares held by each Shareholder immediately before and immediately after the Consolidation will, save for Fractional Entitlements (which are described below), remain unchanged.

The Consolidation requires the approval of the Company's shareholders ("Shareholders") by way of an ordinary resolution at the General Meeting ("Resolution"). The Board considers the Consolidation to be in the best interests of the Company and its Shareholders and all the Directors are unanimous in their support.

2. Share Consolidation

In anticipation of the Resolution being passed by the Shareholders, the Company will prior to the General Meeting, issue and apply for admission to trading on AIM, such number of additional Ordinary Shares as will result in the total number of Ordinary Shares in issue being exactly divisible by 100. On the assumption that no Existing Ordinary Shares are issued between the date of this document and immediately before the General Meeting, this will result in 32 additional Existing Ordinary Shares being issued and admitted to trading on AIM. These additional 32 Existing Ordinary Shares will be issued to the Registrar and will only represent a fraction of a Consolidated Ordinary Share. This fraction will be combined with other fractional entitlements and sold pursuant to the arrangements for fractional entitlements detailed below.

No Shareholder will, pursuant to the Consolidation, be entitled to receive a fraction of a Consolidated Ordinary Share. In the event that the number of Existing Ordinary Shares attributed to a Shareholder is not exactly divisible by 100, the Consolidation will generate an entitlement to a fraction of a Consolidated Ordinary Share. Such fractional entitlements will be aggregated and sold on the open market (see further explanation regarding fractional entitlements below).

Accordingly, following the implementation of the Consolidation, any Shareholder who as a result of the Consolidation has a fractional entitlement to any Consolidated Ordinary Share, will not have a resultant proportionate shareholding of Consolidated Ordinary Shares exactly equal to their proportionate holding of Existing Ordinary Shares.

Furthermore, any Shareholder who holds fewer than 100 Existing Ordinary Shares as at the Record Date (being 6.00p.m. on 25 July 2022) ("Record Date") will, by virtue of holding a fractional entitlement on a post-Consolidation basis, cease to be a Shareholder. The minimum threshold to receive Consolidated Ordinary Shares will be 100 Existing Ordinary Shares.

As set out above, the Consolidation will give rise to fractional entitlements to a Consolidated Ordinary Share where any holding is not precisely divisible by 100. As regards the Consolidated Ordinary Shares, no certificates regarding fractional entitlements will be issued. Any Consolidated Ordinary Shares in respect of which there are fractional entitlements will be aggregated and sold in the market for the best price reasonably obtainable on behalf of Shareholders entitled to fractions ('Fractional Shareholders').

As the net proceeds of sale due to a Fractional Shareholder are expected to amount in aggregate to only a trivial sum, the Directors are of the view that, as a result of the disproportionate costs, it would not be in the best interests of the Company to consolidate and distribute all such proceeds of sale, which instead shall be retained by the Company in accordance with the Articles of Association of the Company.

For the avoidance of doubt, the Company is only responsible for dealing with fractions arising on registered holdings. For Shareholders whose shares are held in the nominee accounts of UK stockbrokers, the effect of the Consolidation on their individual shareholdings will be administered by the stockbroker or nominee in whose account the relevant shares are held. The effect is expected to be the same as for shareholdings registered in beneficial names, however it is the stockbroker's or nominee's responsibility to deal with fractions arising within their customer accounts, and not the Company's responsibility.

Subject to the adjustments required for fractional entitlements described above, the number of Consolidated Shares to be issued to each shareholder will be based upon the number of Existing Ordinary Shares registered to each shareholder on the Company's share register at the Record Date.

It is expected that the Consolidated Ordinary Shares held in uncertificated form will be credited to Shareholders' CREST accounts at 8:00 a.m. on 26 July 2022.

It is expected that definitive share certificates in respect of the Consolidated Ordinary Shares held in certificated form will be despatched to relevant Shareholders by 1st class post, at the risk of the Shareholder, within seven days of the admission of the Consolidated Ordinary Shares to trading on AIM (which is expected to occur at 8:00 a.m. on 26 July 2022). No temporary documents of title will be issued. Share certificates in respect of Existing Ordinary Shares will cease to be valid on 25 July 2022 and, pending delivery of share certificates in respect of Consolidated Ordinary Shares, dealings will be certified against the register.

3. Resulting share capital

If approved by Shareholders, the issued share capital of the Company immediately following the Consolidation is expected to comprise 79,735,731 Consolidated Ordinary Shares (assuming that no other shares are allotted and issued by the Company between the date of this letter and the General Meeting, excluding the issue of the additional Existing Ordinary Shares noted above).

4. Rights attaching to Consolidated Ordinary Shares

The Consolidated Ordinary Shares arising upon implementation of the Consolidation will have the same rights as the Existing Ordinary Shares including voting, dividend, return of capital and other rights.

5. Admission of the Consolidated Ordinary Shares

Application will be made for the Consolidated Ordinary Shares to be admitted to trading on AIM in place of the Existing Ordinary Shares (“Admission”). Subject to the Resolution being passed, dealings in the Existing Ordinary Shares will cease on the Record Date. It is expected that Admission will become effective and that dealings in the Consolidated Ordinary Shares will commence at 8:00 am on 26 July 2022.

Following the Consolidation, the Company’s new ISIN Code will be GB00BMY2T534 and its new SEDOL Code will be BMY2T53.

6. Action to be Taken

A Form of Proxy for use at the General Meeting accompanies this document. The Form of Proxy should be completed and signed in accordance with the notes in the Notice of General Meeting and the instructions contained in the Form of Proxy and returned to Share Registrars Limited at 3 The Millennium Centre, Crosby Way, Farnham, Surrey, GU9 7XX, by no later than 11:15 a.m. on 21 July 2022.

7. Recommendation

The Directors consider the Consolidation to be in the best interests of the Company and its Shareholders as a whole and unanimously recommend Shareholders to vote in favour of the Resolution to be proposed at the General Meeting as they intend to do so in respect of their beneficial holdings amounting, in aggregate, to 1,699,448,231 Existing Ordinary Shares, representing approximately 21.31% of the existing ordinary share capital of the Company.

Yours sincerely

Brian Moritz

(Non-Executive Chairman)

Appendix

Expected Timetable of Principal Events¹

Publication and posting of Notice of GM	30 June 2022
Latest time and date for return of Form of Proxy for GM	11:15 a.m. on 21 July 2022
General Meeting	11:15 a.m. on 25 July 2022
Announcement of the result of the General Meeting	25 July 2022
Record Date and final date for trading in Existing Ordinary Shares	6.00 p.m. on 25 July 2022
Expected Admission to trading on AIM of the Consolidated Ordinary Shares arising from the Consolidation	8.00 a.m. on 26 July 2022

Share certificates in relation to the Consolidated Ordinary Shares to be despatched by no later than 2 August 2022

¹ The above times and/or dates are indicative only and may change. If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement through a Regulatory Information Service.

Statistics relating to the Consolidation

Number of Existing Ordinary Shares in issue at the date of this GM Notice	7,973,573,068
Number of Existing Ordinary Shares expected to be in issue on the Record Date	7,973,573,100
Conversion ratio of Existing Ordinary Shares to Consolidated Ordinary Shares	100:1
Total number of Consolidated Ordinary Shares in issue following the GM	79,735,731
Nominal share value pre-consolidation	0.01 p.
Nominal share value post-consolidation	1 p.
ISIN code for Consolidated Ordinary Shares	GB00BMY2T534
SEDOL code for the Consolidated Ordinary Shares	BMY2T53

