

20 December 2016

**Keras Resources plc ('Keras' or 'the Company')**  
**Final Results**

Keras Resources plc, the Australian gold mining company, is pleased to announce its final results for the year ended 30 September 2016.

**HIGHLIGHTS:**

- Established portfolio of gold mining operations in areas with proven resource potential in Western Australia:
  - Low cost acquisition of 100% of Klondyke Gold Project in Western Australia ('Klondyke')
  - Agreement with Haoma Mining NL ('Haoma') for a Right to Mine and Option to Purchase Agreement on tenements contiguous and near to Klondyke
  - Establishment of joint venture / tribute mining portfolio, following initial acquisition of Chaffers Mining in November 2015
- Primary focus on Klondyke, located in a prospective gold region with 15km of strike, which has a scalable JORC compliant resource of 5.6Mt @ 2.08g/t for 374,000 ounces with significant further upside:
  - Resource covers just 2km of the 7.5km main strike identified, and is also open at depth
  - Right to mine adjacent Haoma tenements, which have excellent discovery potential, highlighted by high-grade drill results, including 3m at 17.58g/t Au from 20m, 4m at 59.48g/t Au from 64m and 11m at 7.23g/t Au from 30m on adjacent shear zones
- Active growth strategy – Klondyke and Haoma transactions provide Keras with control over the Warrawoona Greenstone Belt and the Group continues to assess additional growth opportunities within this prospective area
- Additional upside available through established joint venture / tribute mining portfolio

**CHAIRMAN'S STATEMENT**

During the year under review the Company has changed its area of operation to become an Australian focussed gold company. Having identified the significant potential of the Australian gold market, we have made substantial progress within a short space of time. We established a portfolio of tribute mining operations, which have served as a stepping stone to the transformational acquisition of Klondyke.

With an established resource of 5.6Mt at 2.08g/t gold ('Au') for 374,000oz, and further upside opportunity already identified, we believe Klondyke offers significant value uplift potential. Furthermore, at the same time as we acquired Klondyke the Company also reached an agreement with Haoma for a

Right to Mine and Option to Purchase Agreement on tenements contiguous and near to Klondyke covering 650 hectares. We believe these tenements have excellent potential due to the high grade drill results that have been returned to date, including 3m @ 17.58g/t Au from 20m, 4m @ 59.48 g/t Au from 64m and 11m @ 7.23 g/t Au from 30m.

Crucially, as we will be the operator of Klondyke and the Haoma tenements, with a 100% interest, we believe there are stronger operating margins available for us here compared to our tribute operations. It is therefore our intention that this will be our primary development focus. With this in mind, our strategy going forward is centred on advancing Klondyke towards production whilst concurrently identifying, assessing and developing low risk, high-margin mining operations, which are intended to provide cash flow to support the development of Klondyke.

Despite not having been profitable in the year to 30 September 2016, our tribute mining operations have served to give us a foothold in the gold mining sector in Australia. In order to ensure that these operations are a profitable investment for the Company, both in terms of capital investment and management time, Keras has implemented rigorous internal screening protocols for assessing new projects.

Aside from our operational activity in Australia, we have an 85% interest in the Nayega Manganese Project in Togo, West Africa, which we believe offers significant upside due to its low capex, open pit, near-term production 250,000 tonne per annum manganese export potential. Whilst we continue to await the award of a mining licence, we remain optimistic about the future development potential of this project, especially given the positive price performance of manganese in 2016.

### **Corporate Update**

To reflect our increasing operational presence in Australia, we are currently working to finance the development of Klondyke through a proposed listing on the Australian Stock Exchange ('ASX'). We will continue to keep shareholders updated with developments relating to a potential listing of either the Company or its subsidiary on the ASX.

With the change in focus of the Company to Australia, we have commenced restructuring our Board. Mr. Roy Pitchford resigned from his role as a non-executive director of the Company in September 2016, when we acquired the Klondyke and Haoma tenements. At the same time, Mr. James Carter, the Finance Director, also resigned from the Board, but he will continue to provide services to the Company in the role of Chief Financial Officer. I would like to take this opportunity to thank both Roy and James for the long-term support and guidance they have given Keras and I look forward to continuing to work with James.

### **Financial Review**

In order to fund the acquisition of Klondyke, Keras entered into an Acquisition Finance Facility Agreement ('Finance Agreement') with a consortium of investors arranged by Riverfort Global Capital Ltd (the 'Investors'). The Finance Agreement has been entered into as a bridge funding facility to secure the acquisition of a significant long-term asset for the Company.

The total drawdown available to the Company was US\$2m (£1.5m) ('Principal Amount') and is repayable six months after the initial drawdown at an interest rate of 10% per semi-annum, with a Commitment Fee and an Implementation Fee of 5% each. Draw down of the total facility took place on completion of the project acquisition in October 2016 and the Company granted £389,350 worth of warrants to subscribe for new ordinary shares of 0.01p each ("Ordinary Shares"). The warrants are exercisable at a strike price of 0.8501GBP and are valid for two years from the date of issue.

## **Outlook**

This has been a transformational year for Keras, with the change of focus from iron and manganese in Africa to gold in Australia. I believe we now have the necessary foundations in place to build an exciting mining business and increase shareholder value. The acquisition of Klondyke and the Haoma tenements gives us the opportunity to operate our own 100% owned gold mine, and our focus is now on advancing Klondyke into production. The first step is to gain a better understanding of the geology and to expand the resource prior to completing development plans for the project. In line with this, we commenced an initial 600m drill programme in November 2016. We expect the results of this to confirm priority targets for the resource drill programme planned for early 2017, which we believe should extend the current JORC compliant mineral resource estimate.

In addition to advancing Klondyke and the Haoma tenements, we will continue to investigate profitable gold mining operations.

Finally, I would like to take this opportunity, in what could be my final statement as Chairman, to thank the rest of the Board and our management team for their hard work, and shareholders for their support through a difficult period of transition. We look forward to keeping shareholders updated with our progress over the coming year, which is set to be an extremely active one.

Brian Moritz

Chairman

19 December 2016

## **OPERATING REVIEW**

### **Australian Owner Operator Gold Projects**

#### ***Klondyke Gold Project (100% owned)***

In October 2016 Keras completed the acquisition of Arcadia Minerals Pty Ltd ('Arcadia'), which at the time was the 100% owner of the Klondyke Gold Project ('Klondyke') in the Pilbara region of Western Australia. At the same time, the Company also acquired the Haoma Mining NL ("Haoma") Right to Mine and Option to Purchase Agreement, which gives Keras the right to mine a number of tenements prospective for gold, covering 650 hectares contiguous and near to Klondyke. These transactions are part of the Company's strategy to become a significant gold producer in Western Australia.

Klondyke is located in the prospective Warrawoona Goldfield in the East Pilbara District of the Pilbara Goldfield of Western Australia. The Project comprises four mining licences covering 490 hectares,

which includes numerous historic gold mines with very high gold grades, such as the Klondyke Block and the Kopcke's Reward, which have historical mined grades of 574g/t and 90 g/t of gold respectively. Klondyke itself has an established 2012 JORC compliant Inferred Resource of 5.6Mt at 2.08g/t for 374,000oz Au. Crucially, this resource is confined to two separate 1km portions of a 7.5km of mineralised strike length identified, meaning there is significant potential for a large increase in resource along the untested strike length.

Initial optimisation work on the resource suggests, due to its large tonnage, near surface nature, that the deposit could be best exploited via open pit mining, with favourable operating metrics projected. Aside from the open-pit resource, there is also the potential for underground mining on high grade lodes, which would further extend the resource potential of the deposit.

In addition to the upside potential identified within the Klondyke licence area, Keras also has the right to mine the Haoma tenements, which comprise seven tenements covering an area of 650 hectares. These are contiguous and near to the Klondyke deposit, and include historic deposits such as the previously producing Fieldings Gully mine, and the Coronation and Copenhagen deposits.

The Fieldings Gully mine is located approximately 15km from the centre of the Klondyke area and is an old operating mine. Fieldings Gully has a historic non-compliant resource of 315,000t @ 1.8 g/t Au for 18,266oz at a 0.5g/t Au cut-off and the resource remains open at depth and along strike. Significant intersections returned from the deposit include 14m @ 3.09g/t from 53m, 4m @ 5.29 g/t from 12m and 3m @ 17.58g/t from 20m.

Copenhagen is located 10km from Klondyke and is situated on an old mine. No resource has been calculated, but significant intercepts have been returned from the deposit, including 4m @ 59.48 g/t Au from 64m, 6m @ 15.47g/t Au from 26m and 10m @ 6.82 g/t Au from 18m. These intercepts are extremely positive, but I would like to advise shareholders that a small open pit was developed in the 1980s at Copenhagen and consequently some of these areas may have been mined. We look forward assessing this deposit in more detail.

Coronation is located 12.5km from Klondyke and is situated on an old mine. Like Copenhagen, no resource has been calculated but significant intercepts underpin the prospectivity of this asset, including 8m @ 7.64g/t Au from 64m, 3m @ 16.67g/t Au from 16m and 2m @ 31.5g/t Au from 30m.

In line with our active growth strategy, work has already commenced at Klondyke and the wider Haoma tenement area. Detailed mapping of the greater Klondyke area commenced in early November 2016 and an initial 600m drill programme commenced in mid-November. The intention of this first phase of drilling is to confirm historical intercepts and finalise assay techniques for the main 12,000m drill programme which is targeted to upgrade the current resource in the Klondyke main shear and to in-fill drill the adjacent Haoma tenements located along strike of the resource.

Following this drill programme, we will look to follow-up significant drill intercepts at Copenhagen and review data from the Fieldings Gully and Coronation deposits in order to ascertain the likelihood that

further drilling could add to the current resource. We also intend to complete further metallurgical testwork.

Phase three of our development programme will look to undertake further extensional drilling in order to define the westerly strike potential of the main Klondyke shear and as part of this we hope to complete a scoping study. This would then potentially pave the way for a pre-feasibility study, which covers phase four of our development strategy.

In addition to advancing Klondyke and the Haoma tenements we will continue to assess additional opportunities in the project area that we believe offer prospective upside opportunity, complement our current land holding and further consolidate our presence within the region.

### **Australian Tribute Gold Projects**

The Company continues to identify and assess low-risk, tribute operations to enable continuing cash flows while the flagship, 100% owned Klondyke Project is being advanced to a development decision. To support this, Keras has implemented rigorous internal screening protocols for assessing new projects to determine maximum cash costs and profit per month to ensure the Company only invests in low-risk projects that provide an adequate reward for the time spent on the project.

The Company's tribute portfolio is focussed on the Western Australian goldfields meaning that infrastructure can be shared across the projects in order to maximise profitability.

#### ***Grants Patch Gold Project***

##### ***Status: Anomaly 22 and Accord – Complete | Prince of Wales Mine – Ongoing***

On 17 November 2015 Keras secured its first tribute contract via the acquisition of a 100% interest of Australian private company Chaffers Mining ('Chaffers'). This gave Keras ownership of a five year tribute mining agreement with Paddington Goldfields, a subsidiary of Norton Goldfields ('Norton'), to mine certain defined gold deposits located on the Norton Grants Patch lease area, situated 30km north of Kalgoorlie in the heart of the Western Australian goldfields ('Grants Patch'). The agreement covers historic resources of 5,741,155t at 2 g/t of gold for 363,599 ounces, with multiple deposits comprised of remnant resources below historic pits and previously unmined near-surface deposits. Ore recovered is treated at Norton's Paddington processing plant located 25km away ('Paddington Mill'). Keras is contracted to pay mining and processing costs, plus 22% royalty on gold recovered to Norton.

Following an initial investigation of the licence area, Keras identified two shallow laterite and oxide gold deposits, Anomaly 22 and Accord, which were recognised as providing potential for rapid targeting in order to generate revenue in the short term. The Company also identified an opportunity for high grade underground mining from the Price of Wales mine, which has a historic resource of 154,000t @ 8g/t gold and an exploration target of 500Kt at 10g/t for 160Koz.

Ore mining commenced at Anomaly 22 in March 2016 and the first batch of ore, totalling 7,548t at a grade of 1.53 g/t containing around 372 ounces of gold, was hauled in early April 2016 to be processed at the Paddington Mill. Following delivery, ore mining commenced at Accord and operations continued

to move between the Anomaly 22 and Accord deposits, with a second batch of ore, estimated to total 17,000t of ore at a grade of 1.93 g/t Au containing an estimated 1,055 ounces of gold, delivered to the Paddington Mill in late April 2016.

In total, 63,346 tonnes of ore were mined from Anomaly 22 and Accord, which was toll processed at a provisional grade of 1.36 g/t Au for a total of 2,763 ounces Au. However, lower than expected productivity in the small pits resulted in higher operating costs, with a total operating cost per ounce excluding joint venture costs of A\$1,407/oz and total operating cost including payments to due joint ventures partners of A\$1,736/oz achieved, set against the then average gold price of A\$1,687/oz. This accordingly led us to re-evaluate our joint venture mining protocols for the mining of future deposits, including increasing excavator and trucking capacity, optimising grade control drilling and re-negotiating contracts in order to significantly reduce costs and increase operating margins.

The underground Prince of Wales mine remains a prospective target for Keras, where higher operating margins are modelled. Keras has completed extensive design and costing work in order to help finalise development plans for the mine and a Bulk Sample permit to mine an initial 10,000t was received in July 2016, which will allow the Company to target the shallow, higher-grade ore that can be easily accessed from the existing decline. Further updates relating to this will be provided in due course.

### ***Wycheproof Gold Deposit***

#### ***Status: Complete***

Keras secured a 50:50 profit share agreement with Kalgoorlie Mining Associates on 23 February 2016 to mine the Wycheproof deposit, which is located 50km north-east of the city of Kalgoorlie in the Western Australian goldfields. With an established resource of 75,600t at 2.87 g/t Au for 6,974 ounces, Wycheproof is a high-grade, shallow deposit, which Keras targeted due to its ability to be brought into production in a short space of time.

To support the exploitation of this asset, Keras concluded a toll milling agreement with Golden Mile Milling (Pty) Ltd ('Golden Mile') on 31 August 2016 to treat ore from Wycheproof at Golden Mile's Lakewood mill, which is located on the outskirts of Kalgoorlie. Following this, in September 2016, the Company commenced milling of the first 10,000t batch of gold ore from Wycheproof and during the quarter ended 30 September 2016 mined 19,522 tonnes of ore at an estimated average grade of 1.80g/t Au. The final batch is currently being processed with total recovered gold estimated to be approximately 1,000 ounces Au.

### ***Lindsay's Gold Project***

#### ***Status: Ongoing***

On 14 March 2016 Keras signed a binding profit share agreement with KalNorth Gold Mines Limited ('KalNorth') over the Lindsay's Project in the Western Australian goldfields. Under the terms of the Agreement, Keras has been granted an exclusive and irrevocable option to mine the Lindsay's Project in consideration for a share of the net revenues derived from the Lindsay's Project.

The Lindsay's Project is located 65km NNE of Kalgoorlie and about 60km NE of the Grants Patch Gold Tribute Project. It 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. It also includes the high-grade Parrot Feathers deposit, which comprises a resource of 401,000t at a grade of 4.2g/t Au containing 54,000 ounces Au with further upside potential. This deposit is likely to be targeted via an underground operation. Keras is currently assessing development plans for this project with a decision to proceed or not to be made in the near future.

On 14 December 2016, the Group entered into a Dead of Release with KalNorth Gold Mines Limited in relation to the binding profit share agreement.

## **African Portfolio**

### ***Togo – Nayega Manganese Project (85% owned)***

Keras holds an 85% interest in the Nayega manganese project, which covers 92,390 hectares 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 deep-water port of Lome 600km away that has >800,000t per annum back loading capabilities.

Having defined a JORC Code compliant Indicated and Measured Resource of 11.0Mt @ 13.1% manganese, the Company has completed the majority of the Phase 1 Definitive Feasibility Study to develop an initial open-pit, 250,000tpa manganese operation. To support this proposed development, we have applied for a Mining Permit. The Company continues to await the award of this, and consequently we have not undertaken any significant activities during the year. However, we would like to assure shareholders that we have all the relevant documents, government assurances and local support in place so that we are well positioned to deliver first production within approximately nine months from a development decision, subject to the availability of mining finance.

With the manganese price performing well this year we remain unchanged in our view that Nayega offers significant value for Keras and we are currently assessing the best ways in which to realise this.

### ***Gabon – Mebaga Iron Ore (78% owned)***

The Mebaga licence has had an application for renewal lodged, the Company is considering the best course of action for this project.

### ***South Africa – Leinster Manganese (74% owned)***

The Company is considering disposal options with regards to this project.

David Reeves  
Managing Director  
19 December 2016.

For further information please visit [www.kerasplc.com](http://www.kerasplc.com), follow us on Twitter @kerasplc or contact the following:

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**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Revenue</b>	1,936	-
Cost of sales	<u>(2,242)</u>	<u>-</u>
<b>Gross loss</b>	(306)	-
Administrative and exploration expenses	(1,320)	(1,180)
<b>Loss from operating activities</b>	<u>(1,626)</u>	<u>(1,180)</u>
Finance costs	<u>(486)</u>	<u>(78)</u>
<b>Net finance costs</b>	<u>(486)</u>	<u>(78)</u>
<b>Results from operating activities after finance costs</b>	<u>(2,112)</u>	<u>(1,258)</u>
Impairment of assets	<u>(10)</u>	<u>(4,458)</u>
<b>Loss before tax</b>	<u>(2,122)</u>	<u>(5,716)</u>
Tax	<u>(117)</u>	<u>-</u>
<b>Loss for the year</b>	<u>(2,239)</u>	<u>(5,716)</u>
<b>Other comprehensive income</b>		
Exchange translation on foreign operations	<u>95</u>	<u>19</u>
<b>Total comprehensive loss for the year</b>	<u>(2,144)</u>	<u>(5,697)</u>
<b>Loss attributable to:</b>		
Owners of the Company	<u>(2,211)</u>	<u>(5,450)</u>
Non-controlling interests	<u>(28)</u>	<u>(266)</u>
<b>Loss for the year</b>	<u>(2,239)</u>	<u>(5,716)</u>

**Total comprehensive loss attributable to:**

Owners of the Company	(2,075)	(5,373)
Non-controlling interests	(69)	(324)
<b>Total comprehensive loss for the year</b>	<u>(2,144)</u>	<u>(5,697)</u>
<b>Loss per share</b>		
Basic and diluted loss per share (pence)	<u>(0.176)</u>	<u>(0.528)</u>

All activities are classed as continuing

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Assets</b>		
Property, plant and equipment	51	35
Intangible assets	2,041	1,171
Trade and other receivables	29	-
<b>Non-current assets</b>	<u>2,121</u>	<u>1,206</u>
Inventory	604	-
Trade and other receivables	200	52
Cash and cash equivalents	134	64
<b>Current assets</b>	<u>938</u>	<u>116</u>
<b>Total assets</b>	<u>3,059</u>	<u>1,322</u>
<b>Equity</b>		
Share capital	6,123	5,504
Share premium	7,666	6,371
Other reserves	(339)	523
Retained deficit	(12,387)	(11,275)
<b>Equity attributable to owners of the Company</b>	<u>1,063</u>	<u>1,123</u>
Non-controlling interests	(730)	(661)
<b>Total equity</b>	<u>333</u>	<u>462</u>
<b>Liabilities</b>		
Loans and borrowings	1,136	375
Trade and other payables	1,590	485
<b>Current liabilities</b>	<u>2,726</u>	<u>860</u>
<b>Total liabilities</b>	<u>2,726</u>	<u>860</u>
<b>Total equity and liabilities</b>	<u>3,059</u>	<u>1,322</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 December 2016. They were signed on its behalf by:

Brian Moritz,  
Director

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	Share capital	Attributable to owners of the Company			Retained deficit	Total	Non-controlling interests	Total equity
		Share premium	Share option /warrant reserve	Exchange reserve				
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 October 2015	5,504	6,371	250	273	(11,275)	1,123	(661)	462
Loss for the year	-	-	-	(839)	(1,372)	(2,211)	(28)	(2,239)
Other comprehensive income	-	-	-	161	(25)	136	(41)	95
<b>Total comprehensive loss for the year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(678)</u>	<u>(1,397)</u>	<u>(2,075)</u>	<u>(69)</u>	<u>(2,144)</u>
Issue of ordinary shares	619	1,306	-	-	-	1,925	-	1,925
Costs of share issue	-	(11)	-	-	-	(11)	-	(11)
Transfer reserve on cancellation of options	-	-	(250)	-	250	-	-	-
Warrants issued in lieu of finance costs	-	-	101	-	-	101	-	101
Transfer in respect of warrants exercised	-	-	(35)	-	35	-	-	-
	<u>619</u>	<u>1,295</u>	<u>(184)</u>	<u>-</u>	<u>285</u>	<u>2,015</u>	<u>-</u>	<u>2,015</u>
<b>Balance at 30 September 2016</b>	<u><u>6,123</u></u>	<u><u>7,666</u></u>	<u><u>66</u></u>	<u><u>(405)</u></u>	<u><u>(12,387)</u></u>	<u><u>1,063</u></u>	<u><u>(730)</u></u>	<u><u>333</u></u>

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 SEPTEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flows from operating activities</b>		
Loss from operating activities	(1,626)	(1,180)
Adjustments for:		
Depreciation and amortisation	107	15
Profit on disposal of property, plant and equipment	-	(1)
Foreign exchange differences	(90)	139
Equity-settled share-based payments	-	21
	<u>(1,609)</u>	<u>(1,006)</u>
Changes in:		
- inventories	(604)	-
- trade and other receivables	(177)	12
- trade and other payables	942	177
<b>Cash used in operating activities</b>	<u>(1,448)</u>	<u>(817)</u>
Finance costs	(344)	(15)
<b>Net cash used in operating activities</b>	<u>(1,792)</u>	<u>(832)</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of property, plant and equipment	-	13
Acquisition of property, plant and equipment	(21)	-
Exploration and licence expenditure	(286)	(224)
<b>Net cash used in investing activities</b>	<u>(307)</u>	<u>(211)</u>
<b>Cash flows from financing activities</b>		
Net proceeds from issue of share capital	1,434	655
Proceeds from short term borrowings	735	345
<b>Net cash flows from financing activities</b>	<u>2,169</u>	<u>1,000</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	70	(43)
Cash and cash equivalents at beginning of year	64	107
<b>Cash and cash equivalents at 30 September</b>	<u>134</u>	<u>64</u>

**NOTES**

1. The financial information contained in this announcement does not comprise full statutory accounts.
2. The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU. The financial statements have been prepared on the historical cost basis.
3. No dividend is proposed in respect of the period.
4. A formal notice of AGM along with the Annual Report and Accounts will be sent to shareholders in the coming weeks and will be uploaded to the Company's website in due course - [www.kerasplc.com](http://www.kerasplc.com).

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

**\*\*ENDS\*\***