

7 July 2016

**Keras Resources plc ('Keras' or 'the Company')**  
**Gold Production Update**

Keras Resources Ltd, the Australian gold mining company, is pleased to announce that it has completed mining at the Anomaly 22 and Accord projects, located in the Grants Patch Gold Tribute lease area ('Grants Patch'). The Company is now moving the mining fleet to the nearby higher-grade Wycheproof project, which is located 20km north-east of Grants Patch.

**Highlights**

- Open pit mining will commence shortly at the higher grade Wycheproof project; and
- Permitting at the Prince of Wales ('PoW') and Lindsay's projects are currently on schedule and within budget, which should allow for works to commence in Q3 2016.

Keras Managing Director Mr. Dave Reeves said, "The completion of mining at Anomaly 22 and Accord is a significant milestone in our mining history. In addition to cash flow generated, the open pit operations have also allowed us to fine tune the logistics associated with tribute mining and toll processing ahead of moving into the higher-grade Wycheproof, deposit located close to Grants Patch. This experience coupled with the appreciation in the gold price bodes well for the future of the Company. A more detailed quarterly production report on the gold operations will be issued once all costs and production estimates are reconciled.

"Permitting and pre-development work at the PoW and Lindsay's project is ongoing in order to enable us to commence work in Q3 2016, which should allow us to hit our steady state production target of 30,000 ounces of gold (Au) per year by mid-2017."

At the high grade PoW underground mine, the Company will adopt a staged approach with initial mining occurring under a bulk sample permit to check on the grade and geometry of the mineralisation. To facilitate this, the following permits are required:

- The Infrastructure Programme of Works: this has been approved which allows the Company to move the required personnel on-site to commence construction of the mine offices, roads and associated infrastructure.
- A Programme of Works to mine an initial bulk sample of 10,000t has been submitted and is expected to be awarded later this month.
- A Project Management Plan ('PMP') which details the safety and operating commitments for the refurbishment of the decline and initial investigation of the geotechnical and geological conditions has been submitted and approval is expected next month.

- Once the bulk sample area has been accessed, the PMP will be updated to allow for the mining operations once conditions are assessed. It is expected that on submission, this will take approximately one month to approve based on previous submissions.
- In parallel, a Mining Proposal ('MP'), which covers all environmental issues will be submitted. This MP is not required for the bulk sample but must be in place for the main mining operations and is expected to be approved in Q4 2016. This will be the final permit required to move from the bulk sample area into the main mining area.

At Lindsay's, the Company wishes to similarly adopt a staged approach to the development of the Parrot Feathers underground mine with initial mining occurring under a bulk sample permit to check on grade and geometry of the orebody. To facilitate this, given the existing mining approvals, only the following permits are required:

- A Programme of Works to extract an initial bulk sample of 10,000t, is intended to be submitted this month.
- A PMP that details the safety and operating commitments for the bulk sample will be submitted and approval is expected this quarter.
- Once the bulk sample area has been accessed, the PMP will be supplemented to allow for the mining operations once conditions are assessed. It is expected that on submission, this will take approximately one month to approve based on previous submissions.
- In parallel, a MP which covers all environmental issues will be submitted. Due to the MP for the open pits being already approved and due to the fact no further environmental disturbance will occur, this approval once submitted should be quickly forthcoming.

In addition to this, the Company is finalising formal documentation with KalNorth that covers both the open pit and underground operations and is looking at the optimal milling alternatives for Lindsay's and Wycheproof. These agreements are required to be in place before any works can commence.

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

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

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

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