

28 April 2016

**Keras Resources plc (“Keras” or “the Company”)  
Share Appreciation Right Scheme and Notice of General Meeting**

Keras Resources Plc, the Australian gold mining company, is pleased to announce that it has established a Share Appreciation Right Scheme (the “Scheme”) to incentivise Directors and senior executives through the grant of “share appreciation rights” (“SARs”).

The Company will grant SARs to Keras’ Directors (the “Directors”) under the Scheme, subject to the receipt of shareholder approval, which is to be sought at a general meeting of the Company (“General Meeting”).

As such, a circular containing information about the background to and the rationale for the implementation of the Scheme will be posted to shareholders today (the “Circular”). The Circular contains a Notice of General Meeting which will be held at Craven House, West Street, Farnham, Surrey GU9 7EN on Monday 16 May 2016 at 11:00 am.

The key points which are set out in the Circular are presented below and a copy of the Circular is also available on the Company’s website: <http://www.kerasplc.com/>

**Share Appreciation Right Scheme**

Keras has established the Scheme to incentivise Directors and senior executives through the grant of 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 the General Meeting, 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:

	<b>Aggregate SARs awarded</b>	<b>Grant Price (p)</b>	<b>Vesting Dates</b>	<b>Vesting Quantities</b>
David Reeves	30,000,000	1.0674	31/12/2016	20,000,000
		1.0674	31/12/2017	10,000,000
James Carter	22,500,000	1.0674	31/12/2016	15,000,000
		1.0674	31/12/2017	7,500,000
Peter Hepburn-Brown	15,000,000	1.0674	31/12/2016	10,000,000
		1.0674	31/12/2017	5,000,000
Russell Lamming	15,000,000	1.0674	31/12/2016	10,000,000
		1.0674	31/12/2017	5,000,000
Brian Moritz	10,000,000	1.0674	31/12/2016	6,500,000
		1.0674	31/12/2017	3,500,000
Roy Pitchford	5,000,000	1.0674	31/12/2016	3,000,000
		1.0674	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 approximately £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.

### **Notice of General Meeting**

The General Meeting will be held for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions:

- 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

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

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

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