

5 October 2016

Keras Resources plc ('Keras' or the 'Company')
Completion of Acquisition of the Klondyke Gold Project

Keras Resources plc, the Australian gold mining company, is pleased to announce that, further to the announcement of 12 September 2016, it has completed the acquisition of the Klondyke Gold Project ('Klondyke' or 'the Project') and the Haoma Mining NL ("HML") Right to Mine and Option to Purchase Agreement in the Pilbara region of Western Australia. These transactions are part of the Company's strategy to become a significant gold producer in Western Australia.

Overview

- Klondyke acquisition is the first step in consolidating the Warrawoona Greenstone Belt, a prospective gold region in the Pilbara region in Western Australia;
- Main shear strike of 7.5km with demonstrated resource potential;
- Scalable JORC compliant resource of 5.6Mt @ 2.08g/t for 374,000 ounces – only covers 2km of the 7.5km strike, and is also open at depth;
- Drill programme to commence immediately to gain a better understanding of the geology and confirm historic results in parallel with detailed mapping and review of the entire area;
- Complements agreement with HML for a Right to Mine and Option to Purchase Agreement on tenements contiguous and near to Klondyke – excellent discovery potential as demonstrated by high grade drill results included in the announcement on 12 September 2016; and
- Consideration for the Klondyke acquisition will be settled via the payment of A\$1.42m (£0.8m) in cash, with the balance via the issue of 100,000,000 ordinary shares of 0.1p each ("Ordinary Shares") in the Company, at a price of 0.62p being the closing price on 4 October 2016 (the "Consideration Shares"). The Consideration Shares are subject to standard lockup and orderly trading terms.

Keras Managing Director Dave Reeves said, *"The completion of the Klondyke transaction is a significant milestone for the Company. The consolidation of the Warrawoona Greenstone Belt, through this transaction and the Haoma Right to Mine and Option to Purchase Agreement, has created the critical mass of mineralised lease area to underpin our intention to be to a stand-alone, owner-operated gold miner. We are making good progress with mapping and a small confirmatory drill programme and look forward to keeping shareholders updated with the progress at the Company's first 100% owned gold project."*

Acquisition Funding

In order to fund the above acquisitions the Company has 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 before fees to the Company is US\$2m (£1.5m) ('Principal Amount') with a maturity date 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. During the period before the maturity the Investors may elect to convert such principal amount of the loan outstanding at a 20% premium to the Keras closing share price on the date of drawdown.

The first draw down will now take place and the Company has granted £389,350 worth of warrants to subscribe for new Ordinary Shares. The warrants are exercisable at a strike price of 0.8501GBp and are valid for two years from the date of issue.

Admission and Total Voting Rights

Application has been made for admission of the Consideration Shares to trading on the AIM Market of the London Stock Exchange ("Admission"). It is anticipated that Admission will occur and dealings will commence in the Consideration Shares on 7 October 2016. The Consideration Shares will rank pari passu with the existing Ordinary Shares which are currently traded on AIM.

Following Admission, there will be 1,447,969,623 Ordinary Shares in issue with each share carrying the right to one vote. There are no shares currently held in treasury. The total number of voting rights in the Company therefore will be 1,447,969,623 and this figure may be used by shareholders as the denominator for the calculations by which they determine if they are required to notify their interest in, or a change to their interest in, the Company under the Financial Conduct Authority's Disclosure Rules and Transparency Rules.

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

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