



PRESS RELEASE 29 SEPTEMBER 2014
SERABI GOLD plc ("Serabi" or "the Company")



US\$8 million secured loan facility with Sprott Resource Lending

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to announce that it has entered into a US\$8 million secured loan facility arrangement (the "Facility") with the Sprott Resource Lending Partnership ("Sprott"), part of the Sprott Inc. group of companies, one of Canada's largest, resource focused, investment management businesses.

Mike Hodgson CEO, in announcing the completion of the transaction, said

"I view the decision by Sprott to provide a loan facility to Serabi, as a significant endorsement of the achievements we have made and will continue to make at Palito, and our ability to continue to increase production during the rest of 2014. With the on-going development of the Sao Chico project, this production growth can be expected to continue through 2015. The additional working capital that this facility provides will give the Group additional flexibility in executing its development plans."

The Facility is for a term expiring on 31 December 2015 and carries interest at a rate of 10% per annum. The Facility will be used to provide additional funding for the continued development of the Palito Mine and the Sao Chico gold project, to finance an additional drilling programme at Sao Chico and for general corporate purposes.

The Facility is subject to a number of conditions precedent, including execution of security documentation in favour of Sprott over the assets of the Group, and may be drawn down in up to three tranches with the first Tranche of US\$3 million having been released on 26 September 2014 concurrent with the closing of the transaction. The second and third tranches will be available until 31 December 2014 and drawdown will be subject to Serabi's on-going compliance with the terms of the Facility and the completion of the registration of all the security arrangements subjects to Sprott's right to waive in whole or part any such requirement at any time.

Serabi has provided to Sprott certain covenants and undertakings, consistent with normal bank lending arrangements, including an undertaking to maintain at all times working capital in excess of US\$4 million and a minimum of US\$1 million in unrestricted cash and cash equivalents. The Facility is subject to standard events of default.

Serabi has agreed to pay Sprott a structuring fee of US\$80,000 and Serabi has granted to Sprott a call option over 4,812 ounces of gold at a strike price US\$1,285. Sprott has the right to exercise its call option, subject to a minimum of 500 ounces, at any time up to 31 December 2015. The call options when exercised will be settled in cash and at the option of the Borrower may be added to the Facility provided that in so doing this does not cause a breach of the Facility and that the principal balance of the Facility does not exceed US\$8 million.

Serabi may prepay in whole or part any amount of the Facility prior to 31 December 2015 without penalty provided that not less than six months of interest on the amount prepaid, has been paid to Sprott.

Serabi has been assisted in securing the Facility and in its negotiations with Sprott, by Medalist Capital Ltd, a Toronto based investment advisory group.



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Copies of this release are available from the Company's website at www.serabigold.com

Forward-looking statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be

reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 25 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

Neither the Toronto Stock Exchange, nor any other securities regulatory authority, has approved or disapproved of the contents of this news release.

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