

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice from your stockbroker or other independent adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in Serabi Gold plc, please forward this document, together with the accompanying documents, as soon as possible either to the purchaser or transferee or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.



SERABI GOLD PLC
NOTICE OF ANNUAL GENERAL MEETING AND
SPECIAL MEETING OF SHAREHOLDERS
AND
MANAGEMENT INFORMATION CIRCULAR

Annual General Meeting and Special Meeting to be held on
18 June at 11.00 a.m. (London time)
at the offices of
Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH, England

9 MAY 2012

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CHAIRMAN'S LETTER

SERABI GOLD PLC (“COMPANY”)

(Incorporated and registered in England and Wales with registered number 5131528)

Directors:

T Sean Harvey (*non-executive Chairman*)
Michael Hodgson (*Chief Executive*)
Clive Line (*Finance Director*)
Dr Doug Jones (*non-executive*)
Mr Christopher Kingsman (*non-executive*)
Mr Melvyn Williams (*non-executive*)

Registered Office:

66 Lincoln's Inn Fields
London
WC2A 3LH
England

9 May 2012

To the Ordinary Shareholders, and for information only, to the holders of Options and Warrants over Ordinary Shares

Dear Shareholder

This document provides the formal notice of the 2012 Annual General Meeting and Special Meeting of the Company to be held at the offices of Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH, England on 18 June 2012 at 11.00 am (London time) (the “**Meeting**”). It also includes additional information that the Company as a “reporting issuer” in Canada is required to make available pursuant to the requirements of National Instrument 51-102 – Continuous Disclosure Obligations (“**NI 51-102**”) of the Canadian Securities Administrators.

Background

The Company has appointed NCL Ingenieria y Construccion SA (“**NCL**”) to undertake an independent Preliminary Economic Assessment (the “**PEA**”) into the viability of re-establishing mining operations at the Palito mine. NCL's personnel visited Palito during March 2012 to undertake their field evaluation and gather the required data for their study. We anticipate that NCL's report will be provided to us at the end of May 2012.

As I noted in my statement in the Company's Annual Report issued on 29 March 2012, I am optimistic for the Company's future. We are confident that NCL will reach a conclusion that given current gold prices and notwithstanding the relatively low forecast production rates, a viable and robust project can be established at the Palito mine, which will provide cash flow for continued exploration and development activities.

If NCL's report does support this expectation, additional finance will be required to bring the Palito mine back into operation. A significant portion of this additional finance will be used as working capital to, amongst other things, establish the required mine development (deepening access ramps and establishment of production faces) and building an initial production stockpile ahead of starting up the process plant and generating revenue.

For regulatory reasons, it is not possible to delay convening the Company's annual general meeting until after the PEA has been completed. Timing is critical and if the outcome of the PEA is as we hope we would like to embark immediately on raising the necessary funding in order that initial works, and in particular mine dewatering and surface infrastructure improvements can be put in place and targeted for completion ahead of the wet season in Brazil which starts towards the end of the year. In addition, with markets still very much in a state of flux the Board is keen to have the flexibility to move quickly to take advantage of the windows that present themselves. As such, it is not, in the Board's view, practical to call a further general meeting of the Shareholders after the PEA has been completed to seek the relevant approvals to raise funding by way of an issue of shares.

Accordingly, we are taking the step of requesting Shareholders to give the Board the requisite authority to allow the expected financing requirements to be raised without the necessity for a further shareholder meeting to be called once the results of the PEA are available. The current authorised share capital of the Company is £30,000,000 of which 91,268,529 Ordinary Shares and 140,139,065 Deferred Shares have been issued. If the relevant resolutions are passed, the effect will be to increase the authorised share capital of the Company to £50,000,000 and to give the Board the authority, without the need for any additional Shareholder consent, to issue shares up to that value (less the value of the current shares in issue). The actual number of shares required to be issued depends, *inter alia*, on the price at which the shares are offered. The Board will not be obliged to offer these shares to all the existing Shareholders.

At the end of March I noted that the continued support of the Company's Shareholders was more important than ever. The Board respects the trust that is placed in its members to ensure that the Company is run in a fit and proper manner and to this end we will ensure that if the resolutions giving the Board the authority to issue new Ordinary Shares for cash are approved that this authority will be used only to the levels that are necessary to ensure the project develops in the manner that the Board expects.

Recommendation

The Directors consider that the resolutions being put to the Annual General Meeting and Special Meeting are in the best interests of the Company and its Shareholders and are most likely to promote the success of the Company for the benefit of the Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the proposed resolutions as they intend to do in respect of their own holdings, where relevant, amounting to an aggregate of 20,103,973 Ordinary Shares, representing approximately 21.94 per cent. of the Company's Ordinary Shares.

Yours faithfully

(Signed) "*T Sean Harvey*"

T Sean Harvey
Non-executive Chairman

SERABI GOLD PLC

NOTICE OF ANNUAL GENERAL MEETING⁽¹⁾ AND SPECIAL MEETING OF SHAREHOLDERS

Notice is hereby given that the annual general meeting and special meeting of the Company (the “**Meeting**”) will be held at the offices of Farrer & Co LLP, 66 Lincoln’s Inn Fields, London WC2A 3LH, England on 18 June 2012 at 11.00 am (London time) for the following purposes:

Ordinary business

To consider and if thought fit, to pass the following resolutions which will be proposed as ordinary resolutions:

1. That the Directors’ Report and financial statements of the Company for the year ended 31 December 2011 be received and adopted.
2. To re-elect Mr. Michael Hodgson as a Director of the Company. Michael Hodgson retires by rotation in accordance with the Company’s Articles of Association and being eligible offers himself for re-election.
3. To re-elect Dr. Doug Jones as a Director of the Company. Doug Jones retires by rotation in accordance with the Company’s Articles of Association and being eligible offers himself for re-election.
4. To re-elect Mr. Christopher Kingsman as a Director of the Company. Christopher Kingsman having been appointed to the board of directors of the Company (the “**Board**”) in the period since the last Annual General Meeting is required in accordance with the Company’s Articles of Association to offer himself for re-election.
5. To re-appoint PKF (UK) LLP as auditors of the Company to hold office from the conclusion of the Meeting to the conclusion of the next Annual General Meeting at which accounts are laid before the Company and to authorise the Directors of the Company to fix the auditors’ remuneration and the terms of their engagement.
6. That the authorised share capital of the Company be and is hereby increased from £30,000,000 to £50,000,000 by the creation of 400,000,000 ordinary shares of 5 pence each ranking *pari passu* in all respects with the existing ordinary shares of 5 pence each in the capital of the Company and having the rights and privileges and being subject to the restrictions contained in the Articles of Association of the Company.

Special business

To consider and, if thought fit, pass the following resolutions, of which resolution 7 will be proposed as an ordinary resolution and resolution 8 and 9 will be proposed as special resolutions.

7. That the Directors of the Company be and they are generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “**2006 Act**”) to exercise all the powers of the Company to allot shares, grant rights to subscribe for or convert any security into shares (the “**Rights**”) and deal with or dispose of any equity securities (as defined by Section 560 of the 2006 Act) of the Company up to an aggregate amount of £32,123,362 provided that this authority is for a period expiring at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of the authority make an offer or agreement which would or might require the Rights to be allotted after the expiry of such period and the Directors of the Company may allot the Rights in pursuance of such offer or agreement as if the authority conferred by this resolution

(1) Certain resolutions to be proposed at the Meeting will be special resolutions requiring approval of at least 75% of the votes cast at the Meeting. Under Canadian National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer – the Meeting therefore also constitutes a Special Meeting for Canadian regulatory purposes.

had not expired and provided further that this authority shall be in substitution for all previous authorities conferred upon the Directors of the Company pursuant to Section 551 of the 2006 Act or under section 80 of the Companies Act 1985 (the “1985 Act”).

8. That subject to the passing of the previous resolution, the Directors of the Company be and they are generally empowered pursuant to Section 570(1) and 573 of the 2006 Act and in accordance with the Articles of Association of the Company, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution up to an aggregate nominal value equal to £32,123,362 as if Section 561 of the 2006 Act did not apply to any such allotment provided that this power shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution. The Company may before the expiry of the authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorisations conferred upon the Directors of the Company pursuant to Sections 570 and 573 of the 2006 Act or under section 95 of the 1985 Act.

9. That conditional upon resolution 6 above being passed, the Company’s Articles of Association be and are hereby altered by the deletion of existing Article 3 and the insertion of a new Article 3 as follows:

“The authorised share capital of the Company is £50,000,000 divided into 733,735,776 Ordinary Shares of 5 pence each and 140,139,065 Deferred Shares of 9.5 pence each.”

DATED the 9th day of May, 2012.

By order of the Board

(Signed) “*Clive Line*”

Clive Line

Company Secretary

Serabi Gold plc

Registered office: 66 Lincoln’s Inn Fields, London WC2A 3LH, England

Notes:

1. A management information circular, form of proxy and the financial statements for the year ended 31 December 2011 accompany this Notice of Meeting. The management information circular contains additional information in relation to the Meeting, including on the appointment of proxies and voting by beneficial owners of Ordinary Shares.
2. Your vote is important to us. If you are a registered holder of Ordinary Shares and are unable to be present at the Meeting, please specify on the accompanying form of proxy the manner in which the Ordinary Shares represented thereby are to be voted, and sign, date and return same in accordance with the instructions set out in the form of proxy and management information circular.
3. If you are a beneficial shareholder of Ordinary Shares in Canada and receive these materials through your broker or another intermediary, please complete and return the materials in accordance with the instructions, set out in the management information circular and provided to you by your broker or intermediary.

SERABI GOLD PLC

MANAGEMENT INFORMATION CIRCULAR

Unless otherwise stated, the information herein is as of 9 May 2012.

PROXY INSTRUCTIONS

This management information circular (the “Circular”) is furnished in connection with the solicitation of proxies by the Board of Serabi Gold plc (the “Company”) for use at the annual general meeting and special meeting of Ordinary Shareholders of the Company (the “Meeting”) to be held at the offices of Farrer & Co LLP, 66 Lincoln’s Inn Fields, London WC2A 3LH, England on 18 June 2012 at 11.00 am (London time) and at any adjournment or adjournments thereof, for the purposes set out in the foregoing Notice of Meeting (the “Notice”).

Certain resolutions to be proposed at the Meeting will be special resolutions requiring approval of at least 75 per cent. of the votes cast. Under Canadian National Instrument 54-101 – Communication with Beneficial Owners of Securities of a Reporting Issuer – the meeting therefore also constitutes a Special Meeting for Canadian regulatory purposes.

Holders (“Shareholders”) of ordinary shares in the Company (the “Ordinary Shares”) may vote on all matters to come before the Meeting. The holders of Deferred Shares in the Company do not have the right to attend or to vote at the Meeting.

The form of proxy enclosed with the Notice affords each Shareholder the opportunity to specify the manner in which that Shareholder’s proxy is to vote with respect to any specific item by checking the appropriate space on the form of proxy in order to indicate whether the Ordinary Shares registered in the Shareholder’s name shall be: (i) voted for, voted against or withheld from voting for the election of the directors named in this Circular; (ii) voted for, voted against or withheld from voting for the re-appointment of auditors and authorizing the directors to fix their remuneration and terms of engagement; and (iii) voted for, voted against or withheld from voting for the disapplication of pre-emption rights and the authorisation of the Board to issue new shares. A vote withheld will not be counted in the calculation of votes for or against the resolution.

The proxy must be signed by the holder of Ordinary Shares or each such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees or in any other representative capacity should so indicate and give their full title as such. A partnership should sign in the partnership’s name and by an authorized person(s).

A Shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to a different Ordinary Share or Ordinary Shares held by that Shareholder. You may not appoint more than one proxy to exercise rights attached to one Ordinary Share. Should you wish to appoint more than one proxy please contact the relevant registrar and transfer agent in good time before the Meeting in order that the proxy forms are received in accordance with the times set out below. Please see the form of proxy which has more information in relation to the manner in which a proxy may be appointed.

Unless otherwise indicated any proxy will be granted in favour of the Chairman of the Meeting who will be an officer of the Company. **Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting.** A Shareholder wishing to appoint some other person as a representative at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of proxy and delivering the completed form of proxy to the Company’s relevant registrar and transfer agent.

The registrar and transfer agent in Canada for the Ordinary Shares is Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Canada.

The registrar and transfer agent in the United Kingdom for the Ordinary Shares is Computershare Investor Services PLC, PO Box 82, The Pavilions, Bridgwater Road Bristol BS99 7NH, England.

A form of proxy is enclosed with the Notice. To be effective, the form of proxy and the original authority (if any) under which it is made must be deposited at the appropriate office (Canada or UK) of the Company's registrars and transfer agents and not at the offices of the Company so as to be received not later than 48 hours before the time appointed for holding the Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.

A proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use. In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing, and deposited either at the registered office of the Company or at the Company's registrar and transfer agents at least one hour before the commencement of the Meeting (or any adjournment thereof) or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of the Company is located at 66 Lincoln's Inn Fields, London WC2A 3LH, England.

Completion of the proxy does not preclude a Shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes. In this circumstance, the proxy appointment will be automatically terminated.

If you are a person who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") you may, under an agreement between you and the member by whom you were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Meeting. If you, as a Nominated Person have no such proxy appointment right or do not wish to exercise it, you may, under any such agreement, have a right to give instructions to the member as to the exercise of voting rights. The rights of Shareholders in relation to the appointment of proxies does not apply to Nominated Persons. These rights can only be exercised by Shareholders of the Company.

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Ordinary Share.

The register of interests of the directors and their families in the share capital of the Company and copies of contracts of services of directors with the Company or with any of its subsidiary undertakings will be available for inspection at the registered office of the Company during normal business hours (Saturdays, Sundays and public holidays excepted) from the date of this Circular until the conclusion of the Meeting.

In accordance with the Articles of Association of the Company (the "**Articles**") and Regulation 41 of the *Uncertificated Securities Regulations 2001*, only those Shareholders entered on the Company's register of shareholders 48 hours before the start of the Meeting, or, if the meeting is adjourned, Shareholders entered on the Company's register of Shareholders 48 hours before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting.

Beneficial holders in Canada will receive a Voting Instruction Form ("**VIF**") which will be issued by Broadridge Financial Solutions Inc. ("**Broadridge**") on behalf of the Company. VIFs should be returned directly to Broadridge in accordance with the instructions set out on the VIF.

MANNER IN WHICH PROXIES WILL BE VOTED

The Chairman of the Meeting will vote or withhold from voting the Ordinary Shares in respect of which he is appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly.

In the absence of such direction, such Ordinary Shares will be voted by the Chairman of the Meeting in favour of the passing of the matters set out in the Notice. The accompanying form of proxy confers

discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the Meeting or any adjournment thereof. At the date hereof, the Directors know of no such amendments, variations or other matters. **However, if any other matters should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxy.**

VOTING BY BENEFICIAL SHAREHOLDERS

The information in this section is of significant importance to Shareholders who do not hold their Ordinary Shares in their own name and whose holdings are held through the Company's Canadian share register. Most Canadian Shareholders are "non-registered" shareholders because the Ordinary Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered Shareholders or their duly appointed proxyholders are entitled to vote at the Meeting. If Ordinary Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Ordinary Shares will not be registered in such Shareholder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which company acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. **Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Ordinary Shares are voted at the Meeting. Often the form supplied to a Beneficial Shareholder by its broker is almost identical to the form of proxy provided by the Company to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Ordinary Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Ordinary Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Ordinary Shares voted.**

This Circular and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBO's**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBO's**"). Subject to the provision of the Canadian Securities Administrators' National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers ("**NI 54-101**"), issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Ordinary Shares have

been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Ordinary Shares on your behalf.

The Company's OBO's can expect to be contacted by Broadridge or their broker or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Ordinary Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the proxy or voting instruction card provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has an authorised capital of £30,000,000 comprised of 333,735,776 Ordinary Shares of 5 pence each and 140,139,065 Deferred Shares of 9.5 pence each, of which 91,268,529 Ordinary Shares and 140,139,065 Deferred Shares were issued and outstanding as at the close of business on 8 May 2012 (the "Record Date").

Each Ordinary Share carries one vote in respect of each matter to be voted upon at the Meeting. Only holders of Ordinary Shares on record at the close of business on the Record Date will receive notice of the Meeting. Two members present in person or by proxy and entitled to vote shall represent a quorum for the Meeting.

As of the date of this Circular, the only persons or companies known by the Company to own beneficially, or control or direct, directly or indirectly, more than 10 per cent. of the Ordinary Shares are as follows (based on information filed on the System for Electronic Disclosure by Insiders ("SEDI") at www.sedi.ca):

<i>Name</i>	<i>Number of Ordinary Shares Beneficially Owned or Controlled or Directed</i>	<i>Type of Ownership</i>	<i>Percentage of Outstanding Ordinary Shares</i>
Eldorado Gold Corporation	21,340,000	Direct	23.38%
Anker Holding AG ⁽¹⁾	18,851,000	Direct	20.65%
Fratelli Investments Limited	17,616,000	Direct	19.30%

Notes:

(1) The beneficial owner of Anker Holding AG is the spouse of Mr. Christopher Kingsman a director of the Company.

PARTICULARS OF MATTERS TO BE ACTED UPON

1. Financial Statements

The audited financial statements of the Company for the year ended 31 December 2011, together with the report of the auditors thereon will be presented to the Shareholders at the Meeting for their review and approval.

2. Election of Directors

The Board is currently comprised of six directors. In accordance with the Articles one third of the directors are required by rotation to offer themselves for re-election at each annual general meeting. The maximum term that each director may serve prior to offering themselves for re-election by the Shareholders is therefore three years unless he resigns, is removed or becomes disqualified in accordance with the Company's memorandum of association, the Articles or governing legislation. Of the six current directors Mr. Hodgson and Dr. Jones are required to retire by rotation and are each submitting themselves for re-election. Mr. Kingsman, who was appointed as the designated Board nominee for Greenwood Investments Limited

(“**Greenwood**”) and now Anker Holding AG, having been appointed to the Board since the last annual general meeting of the Company, is required to submit himself for reappointment by the Shareholders. Messrs. Harvey, Line and Williams, having been re-elected as directors of the Company at the annual general meeting held on 27 June 2011, are not required to submit themselves for re-election to the Board at the Meeting. The Board has put forward the names of the six current directors listed below. If all of the proposed nominees for election are elected at the Meeting, the directors of the Company will be comprised of the following six individuals: Mr. Hodgson, Mr. Line, Mr. Harvey, Mr. Williams, Mr. Kingsman and Dr. Jones.

The Chairman of the Meeting intends to vote for the election of each of the below-named nominees unless otherwise instructed on a properly executed and validly deposited proxy. The officers of the Company do not contemplate that any nominees named below will be unable to serve as a director but, if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion.

The following table sets out the name of each person proposed to be nominated by the officers of the Company for election as a director at the Meeting, all offices of the Company now held by such person, their principal occupation for the past five years, the period of time for which they have been a director of the Company and the number of Ordinary Shares of the Company beneficially owned, controlled or directed, directly or indirectly, by each them.

<i>Name, Province and Country of Residence</i>	<i>Position with the Company</i>	<i>Principal Occupation (for the past five years)</i>	<i>Service as Director</i>	<i>Ordinary Shares beneficially owned, controlled or directed, directly or indirectly⁽⁴⁾</i>
MICHAEL JONATHAN HODGSON CORNWALL, UK	Chief Executive Officer and Director	Technical Director, Chief Executive Officer and Director of the Company	February 2007 to present	441,320
DOUGLAS JONES ⁽¹⁾⁽²⁾⁽³⁾ PERTH, WESTERN AUSTRALIA	Director	Managing Director, Chalice Gold Mines Limited (a mining exploration and development company)	March 2011 to present	100,000
CHRISTOPHER DAVID KINGSMAN ⁽³⁾ MUNICH, GERMANY	Director	Investment Manager	December 2011 to present	18,851,000 ⁽⁵⁾

Notes:

- (1) Member of the audit committee of the Board (the “**Audit Committee**”).
- (2) Member of the remuneration committee of the Board (the “**Remuneration Committee**”).
- (3) Independent director of the Company.
- (4) The information as to Ordinary Shares beneficially owned, not being within the knowledge of the Company, has been obtained from SEDI or furnished by the proposed directors individually.
- (5) These shares are held by Anker Holding AG. The beneficial owner of Anker Holding AG is the spouse of Mr. Christopher Kingsman.

Details relating to the remaining Directors, who are not required under the Company's Articles to submit themselves for re-election at the Meeting, are as follows:

<i>Name, Province and Country of Residence</i>	<i>Position with the Company</i>	<i>Principal Occupation (for the past five years)</i>	<i>Service as Director</i>	<i>Ordinary Shares beneficially owned, controlled or directed, directly or indirectly⁽⁴⁾</i>
CLIVE M LINE ACA SURREY, UK	Chief Financial Officer, Secretary and Director	Chief Financial Officer and Director of the Company	March 2005 to present	466,653
T. SEAN HARVEY ⁽¹⁾⁽²⁾⁽³⁾ ONTARIO, CANADA	Director	Businessman in mineral exploration and development	March 2011 to present	200,000
MELVYN WILLIAMS ⁽¹⁾⁽²⁾⁽³⁾ CHESHIRE, UK	Director	Chief Financial Officer, Brigus Gold Corp. (a Canadian based mining company) – retired June 2011	March 2011 to present	45,000

Notes:

- (1) Member of the audit committee of the Board (the “**Audit Committee**”).
- (2) Member of the remuneration committee of the Board (the “**Remuneration Committee**”).
- (3) Independent director of the Company.
- (4) The information as to Ordinary Shares beneficially owned, not being within the knowledge of the Company, has been obtained from SEDI or furnished by the proposed directors individually.

IF ANY OF THE ABOVE NOMINEES IS FOR ANY REASON UNAVAILABLE TO SERVE AS A DIRECTOR OF THE COMPANY, PROXY INSTRUMENTS IN FAVOUR OF THE OFFICERS OF THE COMPANY WILL BE VOTED FOR BY ANOTHER NOMINEE IN THEIR DISCRETION UNLESS THE SHAREHOLDER HAS SPECIFIED IN THE PROXY INSTRUMENT THAT HIS, HER OR ITS ORDINARY SHARES ARE TO BE WITHHELD FROM VOTING IN RESPECT OF THE ELECTION OF DIRECTORS.

Shareholders can vote, object or withhold from voting on the election of each director on an individual basis. The Board has adopted a policy which requires voting with respect to the election of directors at any meeting of Shareholders to be by individual nominee as opposed to by slate of directors, i.e. Shareholders will be asked to vote in favour of, or withhold from voting, separately for each director. If any particular director is not re-elected at the Meeting, that director shall forthwith cease to be a director. The Board may appoint a new director to fill the vacancy.

Biographies of each of the Directors are as follows:

T Sean Harvey, Non-executive Chairman

Sean has over 10 years investment banking and merchant banking experience, primarily focused on the basic industry (mining) sector and for the last 10 years has held senior executive and board positions with various mining companies. Mr. Harvey was President and CEO of Orvana Minerals Corp. from 2005 to 2006. Previously, he was President and CEO of TVX Gold at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and CEO of Atlantico Gold, a private company involved in the development of the Amapari Project in Brazil that was sold to Wheaton River Minerals Ltd. (presently Goldcorp Inc.). Mr. Harvey also currently sits on the board of directors of several other mining companies.

Sean has an Honours B.A. in economics and geography and an M.A. in economics, both from Carleton University. He also has an L.L.B from the University of Western Ontario and an M.B.A. from the University of Toronto. He is a member of the Law Society of Upper Canada.

Mike J Hodgson, Chief Executive

Mike has worked in the mining industry for over 20 years and has extensive international experience. Most recently he worked as chief operating officer and vice president technical services for Canadian-based Orvana Minerals Corporation. Prior to that, he provided consulting services to a number of mining companies in Europe and South America. Previous appointments include manager of technical services and operations for TVX Gold Inc., mining technical consultant at ACA Howe International Ltd and similar roles at Rio Tinto plc and Zambia Consolidated Copper Mines Ltd. He has, during his career, acquired extensive experience in narrow vein underground mining operations.

Originally qualified in mining geology, Mike is a Fellow of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a “Qualified Person” in accordance with Canadian National Instrument 43-101 – Standards of Mineral Disclosure for Mineral Projects.

Clive M Line, Finance Director and Company Secretary

Clive is a Chartered Accountant and has been involved in mining and natural resources companies since 1987, overseeing financial and legal issues for exploration and development projects in Africa, Europe and the former Soviet Union. Having worked with Price Waterhouse in both the UK and Australia, he joined Cluff Resources plc in 1987, where he was finance director prior to joining the privately owned Quest Petroleum Group in a similar position in 1993. Following the successful sale of this group he became involved with both Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to AIM in 1996. He has also worked within one of the world’s largest marketing services groups operating as a divisional finance director.

He has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.

Melvyn Williams, Non-executive

Mel Williams was until June 2011 the Chief Financial Officer (CFO) and Senior Vice President of Finance and Corporate Development of Brigus Gold. Mr. Williams has over 30 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium, (both of which are Rio Tinto subsidiaries).

Mr. Williams is a Chartered Certified Accountant and received an MBA from Cranfield in the United Kingdom. Mr Williams is also a director of Andina Minerals Inc. and Western Troy Capital Resources.

Douglas Jones, Non-executive

Doug is a geologist with 36 years’ experience in international mineral exploration, having worked extensively in Australia, Africa, the Americas and Europe. His career has covered exploration for gold in a wide range of geological settings, volcanic and sediment-hosted zinc-copper-lead and IOCG style copper-gold deposits. As Vice President, Exploration for Golden Star Resources Limited from 2003 to 2007, he had oversight of that company’s exploration activities in Brazil and has reviewed opportunities in the Tapajos region of Brazil. He is currently the Managing Director of Chalice Gold Mines Limited a gold exploration company listed on the Australian Stock Exchange (“ASX”) and the TSX and is also a non-executive director of ASX-listed Liontown Resources Limited and TSX and AIM-listed Minera IRL Limited.

Doug has a BSc in Geology from the University of New England and received his Doctorate from the same university in 1987.

Christopher D Kingsman, Non-executive

Christopher Kingsman has worked in investment management since graduating from Cambridge University in 1998. He began his career at Fidelity Investments in London and worked during 1998 and 2005 for both fundamentally and macro focused investment firms. Since 2005 he has managed a private family office, including significant stakes and directorships in private companies, as well as managing a non-profit company. His current directorships are in the areas of investment management, business research (aranca.com), real estate and the charitable sector.

Christopher has an MA Cantab, having read Social & Political Studies at St. John's College, Cambridge. He also holds the IIMR investment management certificate.

Corporate Cease Trade Orders or Bankruptcies

To the knowledge of the Company, no proposed director is, or within the ten years prior to the date hereof has been, a director, Chief Executive Officer or Chief Financial Officer of any company (including the Company) that was the subject of a cease trade order or similar order or an order that denied the company access to any statutory exemptions that was in effect for a period of more than 30 consecutive days that was issued while that person was acting in such capacity or issued thereafter but resulted from an event that occurred while that person was acting in such capacity. To the knowledge of the Company, no proposed director is, or within the ten years prior to the date hereof, has been a director or executive officer of any company (including the Company) while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions and Personal Bankruptcies

To the knowledge of the Company, no proposed director has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory: or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

To the knowledge of the Company, no proposed director has, during the ten years prior to the date hereof, been bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or has been subject to or instituted any proceedings, arrangement, or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

3. Appointment of Auditors

The Board proposes the re-appointment of PKF (UK) LLP of 20 Farringdon Road, London EC1M 3AP England, as auditors of the Company and to authorize the directors to fix the auditors' remuneration and terms of engagement. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the appointment of PKF (UK) LLP, as auditors of the Company and to authorize the Board to fix their remuneration and terms of engagement.**

4. Increase in the Authorised Share Capital

The Board proposes an increase in the authorised capital of the Company, such resolution being necessary to permit the Company to have available for issue such number of new Ordinary Shares as the Board at this time considers may be required prior to the next Annual General Meeting. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the increase in the authorised share capital of the Company.**

5. Special Business

The Board requests that Shareholders make available to and at the discretion of the Board, a fixed maximum amount of the unissued share capital which will permit the Board the flexibility to use the

Company's shares for certain purposes or business transactions, including acquisitions, the raising of additional capital and the issue of share options or other share related incentives, without the requirement to call a separate meeting of Shareholders for the purpose of approving such transactions. The maximum amount that the Shareholders are requested to approve at the Meeting significantly exceeds the maximum amount that is usually requested by the Board at the Company's annual general meeting. The reasons for this are set out in more detail in the Chairman's letter above.

Resolution 7 – authority to allot shares

Under the Companies Act 2006, the Board may only allot unissued shares if authorised to do so by the Shareholders in general meeting. Resolution 7 repeats the Board's existing authority granted at the Annual General Meeting held 27 June 2011 save that it authorises the Directors to allot shares up to an aggregate value of £32,123,362. The authority will expire at the next Annual General Meeting of the Company. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the authorisation and empowerment of the Directors to allot equity securities.**

The full text of the proposed resolution is:

“That the Directors of the Company be and they are generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “2006 Act”) to exercise all the powers of the Company to allot shares, grant rights to subscribe for or convert any security into shares (the “Rights”) and deal with or dispose of any equity securities (as defined by Section 560 of the 2006 Act) of the Company up to an aggregate amount of £32,123,362 provided that this authority is for a period expiring at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of the authority make an offer or agreement which would or might require the Rights to be allotted after the expiry of such period and the Directors of the Company may allot the Rights in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorities conferred upon the Directors of the Company pursuant to Section 551 of the 2006 Act or under section 80 of the Companies Act 1985 (the “1985 Act”).”

Resolution 8 – authority to allot shares for cash

The Directors may only allot shares for cash on a non-pre-emptive basis to existing shareholders in the Company if authorised to do so by the Shareholders in general meeting. This resolution repeats the general authority granted to the Directors at the Annual General Meeting held on 27 June 2011 to allot shares for cash and dis-applies the pre-emption rights of shareholders save that the authority is in respect of a number of shares equivalent to an aggregate value of £32,123,362. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the authorisation and empowerment of the Directors to allot equity securities for cash.**

The full text of the proposed resolution is:

“That subject to the passing of the previous resolution, the Directors of the Company be and they are generally empowered pursuant to Section 570(1) and 573 of the 2006 Act and in accordance with the Articles of Association of the Company, to allot equity securities (as defined in Section 560 of the 2006 Act) for cash pursuant to the authority conferred by the previous resolution up to an aggregate nominal value equal to £32,123,362 as if Section 561 of the 2006 Act did not apply to any such allotment provided that this power shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution. The Company may before the expiry of the authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors of the Company may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this resolution had not expired and provided further that this authority shall be in substitution for all previous authorisations conferred upon the Directors of the Company pursuant to Sections 570 and 573 of the 2006 Act or under section 95 of the 1985 Act.”

Resolution 9 – to amend the Company’s Articles of Association to reflect the approval of resolution 6. **In the absence of a contrary specification made in the form of proxy, the Chairman of the Meeting intends to vote for the amendment of the Company’s Articles of Association.**

The full text of the proposed resolution is:

That conditional upon resolution 6 above being passed, the Company's Articles of Association be and are hereby altered by the deletion of existing Article 3 and the insertion of a new Article 3 as follows:

“The authorised share capital of the Company is £50,000,000 divided into 733,735,776 Ordinary Shares of 5 pence each and 140,139,065 Deferred Shares of 9.5 pence each.”

6. Other Business

While the Board is not aware of any other matter to be acted upon at the Meeting other than as set out in the Notice, if any other matter properly comes before the Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matter or proposal in accordance with the discretion of the persons authorized to act thereunder.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

No individual who is or, at any time since the beginning of the most recently completed financial year, was a director, senior officer or employee of the Company, and no person who is a proposed nominee for election as a director of the Company, and no associate of any such director, senior officer, employee or proposed nominee is or, at any time since the beginning of the last completed financial year, was indebted to the Company.

CORPORATE GOVERNANCE

Board of Directors

The Board is currently comprised of six directors. Four of the directors are independent directors, namely Messrs. Harvey (non-executive Chairman), Jones, Kingsman and Williams. The following are not independent by virtue of their offices with Company: Mr. Hodgson, who is the Chief Executive Officer of the Company and Mr. Line, who is the Chief Financial Officer of the Company.

Mr. Kingsman is the beneficial owner of Greenwood, the entire share capital of which is beneficially owned by Mr. Kingsman. As at 26 January 2012 Greenwood was interested in 18,616,000 Ordinary Shares representing at that time 20.65 per cent. of the issued Ordinary Share capital of the Company, together with 1,437,500 warrants to subscribe for additional Ordinary Shares and a £300,000 convertible loan agreement. On 26 January 2012, Greenwood disposed of all of its interests in these Ordinary Shares, warrants and convertible loan agreement to Anker Holding AG, a company beneficially owned by Mr Kingsman's spouse. Greenwood, under an agreement with the Company, had the option to appoint a director to the Board and Mr Kingsman was so appointed by Greenwood on 19 December 2011.

Assuming that the nominees proposed by the Board are elected as directors of the Company at the Meeting, the Board will be comprised of six directors, of whom four will be independent (Messrs. Harvey (non-executive Chairman), Jones, Kingsman and Williams) and two will not be independent directors (Messrs. Hodgson and Line).

The Board is responsible for the stewardship of the Company through consultation with management of the Company. Any responsibility that is not delegated to management or to the committees of the Board remains with the Board, subject to the rights of the Shareholders. The frequency of Board meetings, as well as the nature of agenda items, varies depending on the state of the Company's affairs and in light of opportunities or risks which the Company faces. Members of the Board are in frequent contact with one another and meetings of the Board are held as deemed necessary.

Director Attendance

During 2011, the Board held seven Board meetings. Attendance by each of the Directors at these meetings is as set out in the table below.

<i>Director</i>	<i>Board Meetings (Attended/Held)</i>	<i>Audit Committee Meetings (Attended/Held)</i>	<i>Remuneration Committee Meetings (Attended/Held)</i>
T Sean Harvey ⁽¹⁾	8/8	2/2	4/4
Michael Hodgson	10/10	n/a	2*/4
Clive Line	10/10	2*/2	n/a
Mel Williams ⁽¹⁾	7/8	2/2	4/4
Doug Jones ⁽¹⁾	7/8	2/2	4/4
Graham Roberts ⁽²⁾	5/5	0/0	0/0
Christopher Kingsman ⁽¹⁾	1/1	n/a	n/a
William Clough ⁽²⁾	0/1	0/0	0/0

Notes:

- (1) Messrs. Harvey, Williams and Jones were appointed to the Board on 30 March 2011 and Mr. Kingsman was appointed on 15 December 2011. The number of meetings held relates to that number held since the date of their appointments.
 - (2) Mr. Clough resigned from the Board on 23 March 2011 and Mr. Roberts resigned from the Board on 27 June 2011. The number of meetings held relates to that number held up to the dates of the resignations.
- * by invitation.

Meetings of the Independent Directors

The Board of the Company may meet without management when any Board meetings are held. The composition of the Board is such that since the establishment of the current Board on 30 March 2011, the members of the Audit Committee and the Remuneration Committee had also, until the appointment of Mr Kingsman on 15 December 2011, comprised all of the independent directors of the company. Therefore any meeting of the Audit Committee or the Remuneration Committee up until that date at which no member of management was present also constituted a meeting of the independent directors. Although no formal change to the composition of either the Audit Committee or the Remuneration Committee has been made, following a meeting of the Board on 20 March 2012, it was agreed that Mr Kingsman would be invited to attend all future meetings of the Audit Committee and the Remuneration Committee which allows future meetings of these committees at which no member of management is present to also constitute a meeting of the independent directors.

Furthermore the Chairman seeks to maintain contact with the independent directors on at least one occasion between each Board meeting at which the Company's performance and individual members of management may be discussed. In the event that the Board determines during any Board meeting, that only independent directors should be present for the discussion time is set aside at the conclusion of each Board meeting for any such discussion to be held. Any Director who is also a member of management shall be excused from the Board meeting. Since the establishment of the current Board on 30 March 2011 there have been no such meetings at the conclusion of duly organized Board meetings. A telephone meeting of the independent directors took place during the first quarter of 2012.

Certain of the directors are also directors of other reporting issuers as set forth below:

<i>Director</i>	<i>Other Reporting Issuer(s)</i>
T. Sean Harvey	Allied Gold Limited Perseus Mining Limited Andina Minerals Inc. Victoria Gold Corp. Sarama Resources Limited Azimuth Resources Limited
Melvyn Williams	Andina Minerals Inc. Western Troy Capital Resources Inc.
Doug Jones	Chalice Gold Mines Limited Liontown Resources Limited Minera IRL Limited

Board Mandate

The Board has adopted a written mandate that acknowledges its responsibility for the stewardship of the business and affairs of the Company. The Board shall review and assess the adequacy of the Board mandate at least annually or otherwise, as it deems appropriate, and make any necessary changes. A copy of this mandate is attached to this Circular as Schedule "A".

Position Descriptions

The Board has established position descriptions for the Chairman of the Board, the Chair of each committee of the Board and the Chief Executive Officer of the Company. The Board will review these descriptions as appropriate and in particular to reflect any changing circumstances of the Company.

The Board delegates authority for the preparation of position descriptions to the Remuneration Committee who, in setting the terms of reference, will consider the current plans and circumstances of the Company, the norms that are established in the industry for those positions and the specific strengths and weaknesses of the individual.

Orientation and Continuing Education

The Board is responsible for: (a) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Company's business; and (b) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current. Given the size of the Company and the in-depth experience of its directors, the Company has not deemed it necessary to develop a formal process of orientation for new directors but encourages all its Directors to visit the Company's operations to ensure familiarity and proper understanding. The directors conduct a discussion of the business of the Company at its meetings to ensure that new directors are provided with an overview of the Company's operations. From time to time, corporate officers and legal, financial and other experts are invited to attend Board meetings to describe matters in their areas of expertise. The Board ensures that any new Board member receives a written memorandum (the "**Memorandum**") prepared by the Company's lawyers setting out their responsibilities as a director and ensures that each director is conversant with the regulations relating to any stock exchange on which the Company's shares are traded.

Directors are entitled to attend seminars that they determine necessary to keep themselves up-to-date with current issues relevant to their services as directors of the Company.

Ethical Business Conduct

All new directors are provided with a copy of the Memorandum setting out their responsibilities and duties, including matters relating to behaviour and business ethics. The Board relies on its executive directors to oversee the implementation of ethical business practices on a day-to-day basis and considers that given the size of the Company and the relatively small number of employees, that the executive directors are well placed to ensure that all staff act in a professional and ethical manner.

The Memorandum provides guidance to all directors in the event of a conflict of interest. In accordance with AIM rules, the Company's nominated adviser is required to provide a formal opinion on any transactions where a director or related party has an interest. Directors are required to disclose their interests to other Board members and are not permitted to participate or vote on any matter in which a director has an interest. A copy of the Memorandum may be obtained by request marked for the attention of the Company Secretary at 30-32 Ludgate Hill, London EC4M 7DR, England.

In fulfilling its mandate and approving various decisions put forth by management, the Board ensures that the measures management take comply with Canadian securities regulations and other applicable legislation. Members of the Board are also keenly aware of their fiduciary role with the Company as well as their individual statutory and fiduciary duties in their role as directors. In exercising their powers and discharging their duties, the Board is required to act honestly and in good faith with a view to the best interests of the Company, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Nomination of Directors

The Company does not currently have a nomination committee. The Board as a whole is responsible for identifying and recommending candidates for the Board of the Company. The Board reviews and makes determination with respect to: (i) the size and composition of the Board; (ii) the organization and responsibilities of the appropriate committees of the Board; (iii) the evaluation process for the Board and committees of the Board and the Chairpersons of the Board and such committees; and (iv) creating a desirable balance of expertise and qualifications among Board members. In the nomination process, the Board assesses its current composition and requirements going forward in light of the stage of the Company and the skills required to ensure proper oversight of the Company and its operations.

Remuneration Committee

The Remuneration Committee comprises Messrs. Williams (Chair), Jones and Harvey. Each member is an independent director. The Remuneration Committee is responsible for determining the compensation of the management and executive, including that of the Chief Executive Officer. The Remuneration Committee determines the level of compensation the Chief Executive Officer is to receive on an annual basis and relies on the Company's economic performance and the responsibilities and risks involved in being an effective Chief Executive Officer of an exploration and development resource company. The Remuneration Committee considers the Chief Executive Officer's current compensation to adequately cover such responsibilities and risks.

Audit Committee

Information regarding the Audit Committee is disclosed in the Company's annual information form for the year ended 31 December 2011, (the "AIF"). The AIF is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. Upon request, the Company will provide a copy of the AIF free of charge to any securityholder of the Company.

Assessments

The Board has determined that it shall itself be responsible for assessing the effectiveness and contributions of the Board as a whole, its committees (which currently comprise the Audit Committee and the Remuneration Committee) and individual directors. The current Board was established on 30 March 2011. The relatively small size of the Board allows for open discussion. The Chairman has regular dialogue with the Chief Executive whereby the Board's role and effectiveness can be considered. The Finance Director also has regular dialogue with the Head of the Audit Committee whereby that Committee's effectiveness can be considered.

No formal assessments have been prepared however the Board will keep this matter under review and especially if either the size of the Board or the number of committees increases which in turn may require and more formalised assessment and evaluation process to be established to ensure continued effectiveness.

EXECUTIVE COMPENSATION

During the most recently completed financial year ended 31 December 2011, the following individuals were the Named Executive Officers of the Company:

- Michael Hodgson was President and Chief Executive Officer; and
- Clive Line was Chief Financial Officer.
- Ulisses Melo was the General Manager Brazil

Named Executive Officer means each of the following individuals: (a) a Chief Executive Officer; (b) a Chief Financial Officer; (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose compensation was, individually, more than \$150,000 for that financial year; and (d) each individual who would have been a Named Executive Officer under (c) but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, at the end of that financial year.

The Company aims to ensure that each individual's remuneration package is reasonable for the sector in which the Company operates and appropriate to attract, motivate and retain executives of a calibre necessary to ensure achievement of the Company's objectives and enhancement of shareholder value.

The Board is responsible for determining the total remuneration package for each executive officer and reviewing this on an annual basis.

The Board proposes remuneration packages for each executive officer which will comprise some or all of the following elements:

- (i) basic annual salary;
- (ii) health cover and life assurance;
- (iii) pension contribution; and
- (iv) bonus schemes comprising a combination of cash, shares, deferred shares and share options.

Basic salaries are reviewed annually. The Board takes into consideration the remuneration paid by comparable companies in terms of asset size, market capitalisation and complexity of the Company's operations when considering appropriate salary levels but has not established a specific peer group for the purpose of making comparison.

Any reward of bonuses and share options is linked to the overall performance of the Company and the individual concerned. For 2011 the Board established specific performance targets or goals for each individual of its senior management including its Named Executive Officers and this policy of establishing annual performance targets and/or goals will be continued. At this time however the Company has no specific peer group that it utilises for the purposes of bench-marking.

The setting of performance targets is an iterative process. Management, which includes the Named Executive Officers, develop preliminary recommendations for the review of the Remuneration Committee based on a review of the annual plans and objectives for the Company. Such recommendations include the targets and the weightings that such targets should be assigned given consideration to the complexity of the target and its relative importance in the Company's overall plans. The Remuneration Committee will review management's preliminary recommendations and establish the final targets and goals. In establishing final goals, the Remuneration Committee strives to ensure that the incentives provided pursuant to the bonus plan are consistent with the strategic goals set by the Board, that the goals set are sufficiently ambitious so as to provide a meaningful incentive and that bonus payments, assuming target levels of performance are attained, will be consistent with the overall Named Executive Officer compensation program established by the

Committee. The Committee reserves the discretion to reduce or not pay bonuses under the bonus plan even if the relevant performance targets are met.

For the fiscal year ended 31 December 2011 the bonus targets upon which cash bonuses were based included the following:

- 1) Corporate Goals
 - a) Completion of IPO on the TSX and the concurrent equity raising;
 - b) Completion of a secondary equity financing for Phase 2 exploration;
 - c) Increasing share liquidity in the Canadian market; and
 - d) Introducing funding sources other than direct equity.
- 2) Exploration Goals
 - a) Completion of Phase 1 exploration programme within budget;
 - b) Completion of an environmental audit
 - c) Undertake independent assessment of structural geological setting; and
 - d) Evaluate new exploration and development opportunities.
- 3) Corporate Administration Goals
 - a) Seek continuous improvement in internal reporting and cost control;
 - b) Increase third party research coverage of the Company; and
 - c) On-time filing of the quarterly and annual financial and other corporate reports.

For the year ended 31 December 2011 it was considered that the Company achieved the majority of its targets and certainly those that were key to the company's development, though objectives of introducing alternative sources of financing, increasing share liquidity and improving research were not met.

Award payments made to the Named Executive Officers ranged from 0 per cent. to 20 per cent. of their base salary.

The Company has no formal policy on the level of cash bonuses that might be paid, however as the Company has no current operational cash flow, it endeavours to restrict cash bonuses and instead seek to reward performance through the award of options or where permitted, Ordinary Shares, which the Company considers can improve staff retention and will more closely align the reward of the individual to the interests of stakeholders.

The Company grants stock options to its directors and officers and these are intended to provide an incentive to work towards long term corporate performance. In determining the number of options to be granted to any individuals the Board will take into account an individual's existing remuneration arrangements as well as the number of options, if any, granted to each individual and the exercise price of such options, to ensure that awards are in accordance with the policies of any stock exchange on which the Ordinary Shares are listed and closely align the interests of the individuals with the interests of shareholders. The Board considers that if the Company is successful in achieving or exceeding its goals, that the value of option awards can represent a significant element of an individual's overall remuneration.

To aid staff retention options vest over a period of two years from the date of grant and the Board would hope to be able to make regular awards to further incentivise option-holders to maintain their employment with the Company.

Option-based Awards

Option-based awards are issued pursuant to the 2011 Option Plan (as defined below). The 2011 Option Plan is intended to aid in attracting, retaining and motivating the Company's key directors, officers, employees and service providers. The Board, through the recommendation of the Remuneration Committee, administers the 2011 Option Plan and determines, among other things, optionees, vesting periods, exercise price and other attributes of the options, in each case pursuant to the 2011 Option Plan, applicable securities legislation and the rules of the TSX and AIM. The Chair of the Remuneration Committee also has the authority to award routine option grants in reasonable amounts to new employees, subject to confirmation by the Board. The Remuneration Committee and the Board also consider previous grants of options and the overall number of options that are outstanding relative to the number of Ordinary Shares in determining whether to make any new grants of options and the size and terms of any such grants, as well as the level of effort, time, responsibility, ability, experience and level of commitment of the officer or director in determining the level of incentive stock option compensation. See "*Securities Authorized for Issuance under Equity Compensation Plans – Stock Option Plans*".

Summary Compensation Table

The following table discloses compensation paid to or awarded to the Named Executive Officers for the financial years ended 31 December 2011, 31 December 2010 and 31 December 2009. Securities legislation provides that the Named Executive Officers are determined on the basis of total compensation earned in the 2010 fiscal year. All amounts in the table below are in US dollars.

Name and Principal Position	Year	Salary (US\$)	Share based awards (US\$)	Option based awards (US\$) ⁽³⁾	Non-equity incentive plan compensation		Pension value (US\$)	All other compen- sation (US\$)	Total compen- sation (US\$)
					Annual incentive plans (US\$)	Long- term incentive plans (US\$)			
Michael J Hodgson CEO	2011	211,484	31,921 ⁽¹⁾	71,944	–	–	–	9,926	325,275
	2010	143,035	–	31,355	–	–	–	8,151	182,541
	2009	111,301	93,363 ⁽¹⁾	62,880	–	–	–	12,353	279,897
Clive M Line CFO and Secretary	2011	208,277	31,921 ⁽¹⁾	71,944	–	–	–	4,086	316,228
	2010	132,151	–	31,355	–	–	–	2,774	166,280
	2009	100,024	95,338 ⁽¹⁾	19,954	–	–	–	(2,189) ⁽²⁾	213,127
Ulisses M Melo General Manager Brazil	2011	242,677	–	22,693	–	–	–	12,948	278,318
	2010	279,943	–	10,974	–	–	–	10,280	301,197
	2009	155,538	–	13,900	–	–	–	7,617	177,055

Notes:

- (1) The share awards were made in lieu of unpaid contractual obligations. The share awards were paid directly by the Company to private pension plans in favour of these individuals.
- (2) Negative amounts reflect entitlements accrued at the end of the preceding financial year that were not settled in cash.
- (3) Amount is based on the grant date fair value of the award for a financial year using the Black-Scholes option pricing model with the following assumptions (i) expected volatility 50%, (ii) risk free interest rate 1.0%; expected life (in years) 3 to 5; and (iv) expected dividend yield – 0%. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Incentive Plan Awards – Outstanding share-based awards and option-based awards

The following table sets forth, for each Named Executive Officer, all awards outstanding as at 31 December 2010 under option-based and share-based incentive plans of the Company.

Name	Number of Securities Underlying Unexercised Options ⁽¹⁾	Option Based Award		Value of Unexercised in-the-money options (US\$) ⁽²⁾	Share Based Award	
		Option Exercise Price	Option Expiration Date		Number of Shares or Units of Shares that Have Not Vested (#)	Market or Payout Value of Share-Based Awards that have Not Vested (US\$)
MICHAEL HODGSON	500,000	£0.15	19 Dec. 2019	–	–	–
Chief Executive Officer and Director	600,000	£0.41	28 Jan. 2021	–	–	–
	250,000	C\$0.60	20 May 2014	–	–	–
CLIVE LINE	500,000	£0.15	19 Dec. 2019	–	–	–
Chief Financial Officer and Director	600,000	£0.41	28 Jan. 2021	–	–	–
	250,000	C\$0.60	20 May 2014	–	–	–
ULISSES MELO						
General Manager Brazil	175,000	£0.15	19 Dec. 2019	–	–	–
	150,000	£0.37	28 Jan. 2021	–	–	–
	100,000	C\$0.60	20 May 2014	–	–	–

Notes:

- (1) Each option entitles the holder to subscribe for one Ordinary share.
- (2) Based on the closing price of Ordinary Shares on AIM on 31 December 2011 of £0.075 per Ordinary Share and US\$ to £ exchange rate of 1.55362.

In each case, all options granted have vested to the individual except for 166,666 options exercisable at C\$0.60 of which for each named individual 83,333 options will vest on 20 May 2012 and 83,333 options will vest on 20 May 2013. Should the individual leave the employment of the Company prior to that date it is at the discretion of the Board and dependent on the circumstances of the departure to permit the remaining options to vest as if the individual had not left the employment of the Company. Further, should any individual leave the employment of the Company it is at the discretion of the Board to permit the individual to retain any options that have already vested and the Board may as its discretion require that the period for the exercise of the options be reduced as they deem appropriate.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth, for each Named Executive Officer, the value of all incentive plan awards issued during the financial year ended 31 December 2011.

Name	Option-Based Awards – Value Vested During the Year (US\$)	Share-Based Awards – Value Vested During the Year (US\$)	Non-Equity Incentive Plan Compensation – Value Earned During the Year (US\$)
MICHAEL HODGSON	71,944	–	–
Chief Executive Officer and Director			
CLIVE LINE	71,944	–	–
Chief Financial Officer and Director			
ULISSES MELO	22,693	–	–
General Manager Brazil			

TERMINATION AND CHANGE OF CONTROL BENEFITS

Michael J Hodgson

The Company may terminate the employment contract with Mr. Hodgson by giving him no less than twelve months notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr. Hodgson not to attend his normal place of work and/or not to perform normal duties. Mr. Hodgson's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Hodgson's employment with the Company was terminated for any such reason as at 31 December 2011, Mr Hodgson would have received approximately US\$ 195,000 in total compensation (excluding benefits and any accrued holiday entitlements).

Clive M Line

The Company may terminate the employment contract with Mr Line by giving him no less than twelve months notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr Line not to attend his normal place of work and/or not to perform normal duties. Mr Line's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Line's employment with the Company was terminated for any such reason as at 31 December 2011, Mr Line would have received approximately US\$187,000 in total compensation (excluding benefits and any accrued holiday entitlements).

Ulisses M Melo

The Company may terminate the employment contract with Mr Melo by giving him no less than one months' notice in writing. During the notice period time he shall be entitled to continue to receive his annual base salary, accrue entitlements to bonuses and receive other fringe benefits. However during all or part of his notice period the Company may require Mr Melo not to attend his normal place of work and/or not to perform normal duties. Mr Melo's service contract with the Company contains no special provisions and grants no additional entitlements, beyond those set out above, or in the event of a change of control. If Mr Melo's employment with the Company was terminated for any such reason as at 31 December 2011, Mr Melo would have received approximately US\$68,873 in total compensation (excluding benefits and any accrued holiday entitlements).

DIRECTOR COMPENSATION

The director compensation programme is designed to enable the Company to attract and retain highly qualified individuals to serve as directors. With effect from 30 March 2011, directors' compensation, which is paid only to non-employee directors, consisted of (expressed in Canadian dollars):

- An annual retainer of C\$25,000 (C\$35,000 for the Chairman),
- An annual retainer for the Audit Committee chairman of C\$7,500 and additional annual retainer for other committee chairman of C\$5,000, and
- An annual fee of C\$5,000 to members (other than the Chairman) of the Audit Committee and an annual fee of C\$3,000 to members (other than the Chairman) of the Remuneration Committee.

Prior to this date the Chairman received a retainer of £25,000 per annum and other non-executive directors an annual retainer of £12,000.

Directors' compensation table

The following table provides a summary of all amounts of compensation provided to the directors of the Corporation during the fiscal year ended 31 December 2011.

DIRECTOR COMPENSATION TABLE FOR FISCAL YEAR 2011

Name	Fee Earned (US\$)	Option based awards (US\$) ⁽⁵⁾	Non equity		Total (US\$)
			incentive plan compensation (US\$)	All other compensation (US\$)	
T Sean Harvey ⁽¹⁾	32,409	12,334	–	–	44,743
Melvyn Williams ⁽¹⁾	28,205	12,334	–	–	40,539
Dr. Doug Jones ⁽¹⁾	24,292	12,334	–	–	36,626
Graham Roberts ⁽²⁾	30,007	31,105	–	5,970	67,082
William Clough ⁽³⁾	4,757	13,754	–	–	18,511
Christopher Kingsman ⁽⁴⁾	–	–	–	–	–

Notes:

- (1) Messrs. Harvey, Jones and Williams joined the Board on 30 March 2011.
- (2) Mr Roberts resigned from the Board on 27 June 2011.
- (3) Mr Clough resigned from the Board on 23 March 2011.
- (4) Mr Kingsman joined the Board on 15 December 2011.
- (5) Amount is based on the grant date fair value of the award for a financial year using the Black-Scholes option pricing model with the following assumptions (i) expected volatility 50%, (ii) risk free interest rate 1.0%; expected life (in years) 3; and (iv) expected dividend yield – 0%. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimated, and therefore, the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options.

Directors' outstanding option based awards

The table below reflects all option based awards for each serving director of the Company as at 31 December 2011

DIRECTOR OPTION-BASED AWARDS OUTSTANDING AS AT 31 DECEMBER 2011

Name of Director	Number of Securities		Option Exercise Price	Option Expiration Date	Value of Unexercised in- the-money options (US\$) ⁽²⁾
	Underlying Unexercised Options ⁽¹⁾				
T Sean Harvey	200,000		C\$0.60	20 May 2014	–
Melvyn Williams	200,000		C\$0.60	20 May 2014	–
Dr. Doug Jones	200,000		C\$0.60	20 May 2014	–
Christopher Kingsman	–		–	–	–

Notes:

- (1) Each option entitles the holder to subscribe for one Ordinary share.
- (2) Based on the closing price of Ordinary Shares on AIM on 31 December 2011 of £0.075 per Ordinary Share and US\$ to £ exchange rate of 1.55362.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets out information as at 31 December 2011 with respect to option plans operated by the Company up to that date. No new options are being issued under these plans. The Company's 2011

Option Plan (as hereinafter defined) adopted on 28 January 2011, is the only compensation plan under which equity securities of the Company are currently authorized for issuance to employees or non-employees such as directors and consultants.

<i>Plan Category</i>	<i>Number of Securities to be issued upon the exercise of outstanding options, warrants and rights</i> (a)	<i>Weighted-average exercise price of outstanding options, warrants and rights</i> (b)	<i>Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i> (c)
Equity compensation plans approved by security holders ⁽¹⁾	32,500	£2.92	Nil
Equity compensation plans not approved by security holders ⁽²⁾	4,358,285 1,630,000	£0.52 C\$0.60	961,852 –
Total	6,020,785	£0.49 ⁽³⁾	961,852

Notes:

- (1) Issued under the 2005 Option Plan (as hereinafter defined).
- (2) Issued under the 2011 Option Plan (as hereinafter defined), the 2009 Option Awards (as hereinafter defined) and the Pre IPO Option Awards (as hereinafter defined).
- (3) Based on a £:C\$ exchange rate of 1.58667 as of 31 December 2011.

As of the date of this Circular a total of 6,020,785 options are in issue representing 6.6 per cent. of the Ordinary Shares in issue.

Stock Option Plans

The 2011 Option Plan

On 28 January 2011, the Company adopted the Serabi Mining 2011 Share Option Plan (the “**2011 Option Plan**”) that reserves for issuance, pursuant to its terms, up to 10 per cent. of the number of Ordinary Shares issued or issuable and outstanding from time to time. Under the terms of the 2011 Option Plan all the options issued under the 2009 Option Awards are aggregated with all options issued under the 2011 Option Plan for the purpose of computing the 10 per cent. limit on the options that may be issued pursuant to the 2011 Option Plan.

The purpose of the 2011 Option Plan is to attract, retain and motivate directors, officers, employees and other service providers by providing them with the opportunity, through share options, to acquire a proprietary interest in the Company and to benefit from its growth. Pursuant to the terms of the 2011 Option Plan, options may be granted based upon recommendations of the Board or a committee appointed thereby to administer the 2011 Option Plan. Options may not be transferred or charged (and any purported transfer or charge will cause the option to lapse forthwith) except, and subject also to applicable securities laws and the policies of any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time: (i) on death where the personal representatives of an option holder shall be entitled to exercise the options to the extent that they had vested at the date of death prior to the first anniversary of the death of the holder, or (ii) where, subject to the approval of the Board which shall not be unreasonably withheld, such assignment is to their spouse or their children or to a trust or settlement set up for the benefit of the holder or their spouse or children. Options may be granted for a term not exceeding ten years. No person may be granted Options that under or pursuant to the 2011 Option Plan shall exceed 4 per cent. of the Ordinary Shares in issue at the date of grant. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise and the 2011 Option Plan makes no provision for the Company to provide any financial assistance to the grantee to facilitate such exercise Unless otherwise directed by the Board at the date of the grant, each award shall vest as to one third on the date of grant, one third on the first

anniversary of grant and the balance vesting on the second anniversary of the date of grant. The Board shall also be entitled to establish performance criteria, which may affect the vesting of the options or the rights of the holder to exercise the options.

Options may be granted under the 2011 Option Plan only to directors, officers, employees and consultants of the Company or to their permitted assigns, subject to the rules and regulations of applicable regulatory authorities and any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time.

Options whether vested or not, will otherwise lapse on the tenth anniversary of the date of grant, or if the option holder is a bad leaver (as determined by the Board) on the date that the option holder becomes a bad leaver. If an option holder who is not a bad leaver is no longer a director, officer, employee and other service provider prior to the vesting of any option, such option shall also lapse save that, at the sole discretion of the Board, the Board may determine that such options have not lapsed and shall vest and be exercised within such period as the Board may determine. Any option that has already vested as of the date that an option holder who is not a bad leaver ceases to be a director, officer, employee and other service provider shall remain exercisable within the terms of the agreement, for a period of 120 days (or such longer period as the Board at its discretion may determine) from the date that the option holder ceases to be a director, officer, employee and other service provider.

The exercise price of options issued is to be determined by the Board but shall not be lower than the volume weighted average market price in the five day period preceding the date of grant. Upon exercise in accordance with the terms thereof, each option entitles the holder thereof to acquire one Ordinary Share. No option may be exercised unless the Company has sufficient authorized but unissued share capital and the directors have the relevant authority to allot shares free of any pre-emption rights.

Subject to the approval of any regulatory authority, if required, the Board may terminate, suspend or discontinue the 2011 Option Plan at any time and may make the following amendments or revisions to the terms of the 2011 Option Plan or an option without the approval of the Company's Shareholders:

- (a) amendments of a "housekeeping" nature;
- (b) a change to the vesting provisions of an option or the 2011 Option Plan;
- (c) a change to the termination provisions of an option or the 2011 Option Plan that does not entail an extension beyond the dates on which an option shall lapse;
- (d) the addition of, and any subsequent amendment to, a conditional exercise;
- (e) a modification of the requirements as to eligibility for participation in the 2011 Option Plan;
- (f) the addition of, and any subsequent amendment to, a financial assistance provision; and
- (g) amendments to the terms and conditions of the 2011 Option Plan necessary to ensure that the 2011 Option Plan complies with the applicable laws and regulatory requirements, including the rules of the exchange(s) on which the Ordinary Shares are listed and the rules of any applicable taxation authority, in place from time to time.

No option that has already been granted shall be amended in a manner that might be prejudicial to the option holder without the express written approval of the option holder.

The Board must seek the approval by the Company's Shareholders at a meeting duly held in accordance with applicable corporate laws before making any increase in the maximum percentage of options which may be granted under the 2011 Option Plan, or effecting any amendments that may lead to a significant or unreasonable dilution in the issued Shares or may provide additional benefits to participants, especially insiders of the Company, at the expense of the Company and/or its Shareholders.

2009 Share Option Awards

In December 2009, the Company issued options to directors and employees of the Company to acquire up to 1,900,000 Ordinary Shares representing 2.97 per cent. of the Ordinary Shares in issue at the date of this Circular exercisable at 15 pence per Ordinary Share (the “**2009 Option Awards**”). Such awards were made under individual share option agreements. All of the agreements were identical with respect to the terms and conditions of the awards.

Options may not be transferred or charged (and any purported transfer or charge will cause the option to lapse forthwith) except, and subject also to applicable securities laws and the policies of any stock exchange upon which the Ordinary Shares may be listed or may trade from time to time, (i) on death where the personal representatives of an option holder shall be entitled to exercise the options to the extent that they had vested at the date of death prior to the first anniversary of the death of the holder; or (ii) to any person nominated by him on written notification of the same to the Company Secretary. Options were granted for a term not exceeding 10 years. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. Each award shall vest as to one third on the date of grant, one third on the first anniversary of grant and the balance vesting on the second anniversary of the date of grant.

Options whether vested or not, will otherwise lapse on the tenth anniversary of the date of grant, or if the option holder is a bad leaver (as determined by the Board) on the date that the option holder becomes a bad leaver. If an option holder who is not a bad leaver is no longer a director, officer, employee and other service provider prior to the vesting of any option, such option shall also lapse save that, at the sole discretion of the Board, the Board may determine that such options have not lapsed and shall vest and be exercised within such period as the Board may determine. Any option that has already vested as of the date that an option holder who is not a bad leaver ceases to be a director, officer, employee and other service provider shall remain exercisable within the terms of the agreement.

Pre IPO Option Awards

Prior to the Company’s shares being admitted to trading in AIM in May 2005, the Company had granted options to various directors and employees at that time (the “**Pre IPO Option Awards**”). As of the date of this Circular, a total of 278,360 options exercisable at a price of £1.50 on or before 1 April 2016 and a total of 274,925 options exercisable at a price of £3.00 on or before 1 April 2016 remain outstanding under these arrangements representing 0.86 per cent. of the Ordinary Shares in issue at the date of this Circular. These awards were made under individual share option agreements and all of the agreements were identical with respect to the terms and conditions of the awards.

All of the options have vested to the holders none of whom are current employees or directors of the Company and may now be exercised at any time up to their expiry.

2005 Serabi Share Option Plan

In February 2006, the Board adopted a share option plan (the “**2005 Option Plan**”) and made certain awards to employees and directors. As of the date of this Circular, 7,500 options exercisable at a price of £3.84 on or before 17 January 2017 and 25,000 options exercisable at a price of £26.40 on or before 14 November 2017 remain outstanding under these arrangements representing 0.05 per cent. of the Ordinary Shares in issue at the date of this Circular.

All of the options have vested to the holders none of whom are current employees or directors of the Company and may now be exercised at any time up to their expiry.

The Company has determined that certain terms of the 2005 Option Plan were no longer appropriate and would not assist in attracting, retaining and motivating future option holders. The Company has terminated the 2005 Option Plan and no further awards will be made under the 2005 Option Plan.

DIRECTORS' AND OFFICERS LIABILITY INSURANCE

The Company has directors' and officers' liability insurance for directors and officers of the Corporation and its subsidiaries. The annual premium for the current policy which runs from 15 May 2011 to 14 May 2012 is £11,200. The annual insurance coverage under the policy is limited to £5,000,000 per policy year. There is a US\$25,000 deductible provision for all claims made by the Company relating to matters arising in the United States. The Company has a further Prospectus and Offering of Securities insurance policy for which the premium was C\$25,000. The policy is for a term of six years commencing 23 March 2011. There is no deductible provision for any claims made by the Company and the coverage is up to C\$10,000,000 in any one claim and in aggregate over the policy life.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Board is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities of the Company or otherwise, of any director or executive officer, or anyone who held office as such since the beginning of the Company's last financial year, each proposed nominee for election as a director of the Company, or of any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting, other than the election of directors and the appointment of auditors.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Company, no director, officer or insider of the Company, or any associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction or in any proposed transaction since 1 January 2010 that has materially affected or would materially affect the Company or any of its subsidiaries.

ADDITIONAL INFORMATION

Financial information about the Company is provided in its financial statements for the year ended 31 December 2011 and related management's discussion and analysis. You may also obtain a copy of the Company's annual report for fiscal 2011, containing the Company's financial statements and management's discussion and analysis for fiscal 2011, as well as a copy of the Company's most recent financial statements and its AIF, by contacting the Company Secretary (Mr Clive Line) or through e-mail to contact@serabigold.com.

All of these above mentioned documents as well as additional information relating to the Company are all available on the SEDAR website at www.sedar.com.

BOARD APPROVAL

The contents and the distribution of this Circular have been approved by the Board.

Dated at London, England on the 9th day of May, 2012

BY ORDER OF THE BOARD

(Signed) "T Sean Harvey"

T Sean Harvey
Chairman of the Board

SCHEDULE “A”

SERABI GOLD PLC

MANDATE OF THE BOARD

Introduction

The term “**Company**” herein shall refer to Serabi Gold plc and the term “**Board**” shall refer to the board of directors of the Company. The Board is elected by the Shareholders and is responsible for the stewardship of the business and affairs of the Company. The Board seeks to discharge such responsibility by reviewing, discussing and approving the Company’s strategic planning and organizational structure and supervising management to ensure that the foregoing enhance and preserve the underlying value of the Company.

Although directors may be elected by the Shareholders to bring special expertise or a point of view to Board deliberations, they are not chosen to represent a particular constituency. The best interests of the Company as a whole must be paramount at all times.

Chairman and Composition and Quorum

1. The Board will be comprised of a minimum of one member and a maximum of ten members, the majority of which shall be, in the determination of the Board, “independent” for the purposes of National Instrument 58-101 Disclosure of Corporate Governance Practices. Each Board member shall satisfy the independence and experience requirements, if any, imposed by applicable securities laws, rules or guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.
2. The chairman of the Board will be elected by vote of a majority of the full Board membership, on the recommendation of the Corporate Governance and Nominating Committee. The chairman of the Board with the assistance of the lead director (who shall be an independent director), if any, will chair Board meetings and shall be responsible for overseeing the performance by the Board of its duties, for setting the agenda of each Board meeting (in consultation with the Chief Executive Officer (the “CEO”)), for communicating periodically with committee chairs regarding the activities of their respective committees, for assessing the effectiveness of the Board as a whole as well as individual Board members and for ensuring the Board works as a cohesive team and providing the leadership essential to achieve this.

Meetings

3. Meetings will be scheduled to facilitate the Board carrying out its responsibilities. Additional meetings will be held as deemed necessary by the Chairman of the Board. The independent directors of the Board shall hold regularly scheduled meetings at which non-independent directors and management are not in attendance. Any director of the Company may request the Chairman of the Board to call a meeting of the Board.
4. Meetings of the Board shall be validly constituted if a majority of the members of the Board is present in person or by telephone conference. A resolution in writing signed by all the members of the Board entitled to vote on that resolution at a meeting of the Board is as valid as if it had been passed at a meeting of the Board.

Board Charter and Performance

5. The Board shall have a written charter that sets out its mandate and responsibilities and the Board shall review and assess the adequacy of such charter and the effectiveness of the Board at least annually or otherwise, as it deems appropriate, and make any necessary changes. Unless and until replaced or amended, this mandate constitutes that charter. The Board will ensure that this mandate or a summary that has been approved by the Board is disclosed in accordance with all applicable

securities laws or regulatory requirements in the Company's annual management information circular or such other annual filing as may be permitted or required by applicable securities regulatory authorities.

Duties of Directors

6. The Board discharges its responsibility for overseeing the management of the Company's business by delegating to the Company's senior officers the responsibility for day-to-day management of the Company. The Board discharges its responsibilities both directly and through its committees. In addition to these regular committees, the Board may appoint *ad hoc* committees periodically to address certain issues of a more short-term nature. In addition to the Board's primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet the Company's strategic objectives, principal duties include the following:

Appointment of Management

- (a) The Board has the responsibility for approving the appointment of the CEO and all other senior management, and approving their compensation, following a review of the recommendations of the Compensation Committee. To the extent feasible, the Board shall satisfy itself as to the integrity of the CEO and other executive officers and that the CEO and other executive officers create a culture of integrity throughout the Company.
- (b) The Board from time to time delegates to senior management the authority to enter into certain types of transactions, including financial transactions, subject to specified limits. Investments and other expenditures above the specified limits and material transactions outside the ordinary course of business are reviewed by and subject to the prior approval of the Board.
- (c) The Board oversees that succession planning programs are in place, including programs to appoint, train, develop and monitor management.

Board Organization

- (d) The Board will respond to recommendations received from the Corporate Governance and Nominating Committee and the Compensation Committee, but retains the responsibility for managing its own affairs by giving its approval for its composition and size, the selection of the Chair of the Board, candidates nominated for election to the Board, committee and committee chair appointments, committee charters and director compensation.
- (e) The Board may delegate to Board committees matters it is responsible for, including the approval of compensation of the Board and management, the conduct of performance evaluations and oversight of internal controls systems and health, safety and environmental policies, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities.

Strategic Planning

- (f) The Board has oversight responsibility to participate directly, and through its committees, in reviewing, questioning and approving the mission of the business and its objectives and goals.
- (g) The Board is responsible for adopting a strategic planning process and approving and reviewing, on at least an annual basis, the business, financial and strategic plans by which it is proposed that the Company may reach those goals, and such strategic plans will take into account, among other things, the opportunities and risk of the business.
- (h) The Board has the responsibility to provide input to management on emerging trends and issues and on strategic plans, objectives and goals that management develops.

Monitoring of Financial Performance and Other Financial Reporting Matters

- (i) The Board is responsible for enhancing congruence between shareholder expectations, corporate plans and management performance.
- (j) The Board is responsible for:
 - (i) adopting processes for monitoring the Company's progress toward its strategic and operational goals, and to revise and alter its direction to management in light of changing circumstances affecting the Company; and
 - (ii) taking action when Company performance falls short of its goals or other special circumstances warrant.
- (k) The Board is responsible for approving the audited financial statements, interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements.
- (l) The Board is responsible for reviewing and approving the Company's annual budget, if any, presented by management.
- (m) The Board is responsible for reviewing and approving material transactions outside the ordinary course of business and those matters which the Board is required to approve under the Company's governing statute, including the payment of dividends, issuance, purchase and redemptions of securities, acquisitions and dispositions of material capital assets and material capital expenditures.

Environmental Matters

- (n) The Board is responsible for overseeing, with the assistance of relevant board committees, if any, the establishment of health, safety and environmental policies for its operations that are consistent with accepted industry practice and comply with applicable laws and regulatory requirements.

Risk Management

- (o) The Board has responsibility for the identification of the principal risks of the Company's business and ensuring the implementation of appropriate systems to effectively monitor and manage such risks with a view to the long-term viability of the Company and achieving a proper balance between the risks incurred and the potential return to the Company's shareholders.
- (p) The Board is responsible for the Company's internal control and management information systems.

Policies and Procedures

- (q) The Board is responsible for:
 - (i) developing the Company's approach to corporate governance, including developing a set of corporate governance principles and guidelines for the Company and approving and monitoring compliance with all significant policies and procedures related to corporate governance; and
 - (ii) approving policies and procedures designed to ensure that the Company operates at all times within applicable laws and regulations and to the highest ethical and moral standards and, in particular, adopting a written code of business conduct and ethics which is applicable to directors, officers and employees of the Company and which constitutes written standards that are reasonably designed to promote integrity and to deter wrongdoing.

- (r) The Board enforces its policy respecting confidential treatment of the Company's proprietary information and Board deliberations.

Communications and Reporting

- (s) The Board is responsible for approving and revising from time to time as circumstances warrant a disclosure policy to address communications with shareholders, employees, financial analysts, the media and such other outside parties as may be appropriate.
- (t) The Board is responsible for:
 - (i) overseeing the accurate reporting of the financial performance of the Company to shareholders, other security holders and regulators on a timely and regular basis;
 - (ii) overseeing that the financial results are reported fairly and in accordance with generally accepted accounting standards and related legal disclosure requirements;
 - (iii) (taking steps to enhance the timely disclosure of any other developments that have a significant and material impact on the Company;
 - (iv) reporting annually to shareholders on its stewardship for the preceding year; and
 - (v) overseeing the Company's implementation of systems which accommodate feedback from stakeholders.

Position Descriptions

- (u) The Board is responsible for:
 - (i) developing position descriptions for the Chairman of the Board, the lead director, if applicable, the chair of each Board committee and, together with the CEO, the CEO (which will include delineating management's responsibilities);
 - (ii) developing and approving the corporate goals and objectives that the CEO is responsible for meeting; and
 - (iii) developing a description of the expectations and responsibilities of directors, including basic duties and responsibilities with respect to attendance at Board meetings and advance review of meeting materials.

Orientation and Continuing Education

- (v) The Board is responsible for:
 - (i) ensuring that all new directors receive a comprehensive orientation, that they fully understand the role of the Board and its committees, as well as the contribution individual directors are expected to make (including the commitment of time and resources that the Company expects from its directors) and that they understand the nature and operation of the Company's business; and
 - (ii) providing continuing education opportunities for all directors, so that individuals may maintain or enhance their skills and abilities as directors, as well as to ensure that their knowledge and understanding of the Company's business remains current.

Nomination of Directors

- (w) In connection with the nomination or appointment of individuals as directors, the Board is responsible for:
 - (i) considering what competencies and skills the Board, as a whole, should possess;
 - (ii) assessing what competencies and skills each existing director possesses; and

- (iii) considering the appropriate size of the Board, with a view to facilitating effective decision making.

In carrying out each of these responsibilities, the Board will consider the advice and input of with the assistance of the relevant board committee, if any.

- (x) Director nominees shall be selected by a majority of the independent directors.

Board Evaluation

- (y) The Board is responsible for ensuring that the Board, its committees and each individual director are regularly assessed regarding his, her or its effectiveness and contribution. An assessment will consider, in the case of the Board or a Board committee, its mandate or charter and in the case of an individual director, any applicable position description, as well as the competencies and skills each individual director is expected to bring to the Board.

Authority to engage outside advisors

7. The Board has the authority to engage independent counsel and other outside advisors as it determines necessary to carry out its duties including, but not limited to, identifying and reviewing candidates to serve as directors or officers, and to set and pay the compensation for any such advisors employed by the Board.
8. The Company shall provide appropriate funding, as determined by the Board, for payment (a) of compensation to any advisors engaged by the Board, and (b) of ordinary administrative expenses of the Board that are necessary or appropriate in carrying out its duties.

