



## Issue of 270,000,000 Ordinary Shares at 6 pence each and Dealings by the Directors

Serabi (AIM: SRB, TSX:SBI), the Brazilian focused gold exploration and development company, announces that the conditional subscription by Fratelli Investments Limited and parties acting in concert with it (the "**Concert Party**") has been completed, conditional upon admission of the new Ordinary Shares to AIM and the TSX.

On 1 October 2012, the Company entered into a conditional subscription agreement with Fratelli Investments to subscribe for and underwrite a placement of new Ordinary Shares to raise £16.2 million to finance the development and start-up of underground mining operations at its Palito gold mine. The investment by Fratelli Investments took the form of:

- (a) A subscription for 90,403,000 new Ordinary Shares at the Subscription Price of 6 pence per new Ordinary Share; and
- (b) A conditional subscription for up to a further 179,597,000 new Ordinary Shares at a subscription price of 6 pence per new Ordinary Share, such number to be reduced by any subscriptions for new Ordinary Shares from third party investors.

Of the 270,000,000 shares that have been issued pursuant to the subscription arrangements raising gross proceeds of UK£16.2 million, the Company has procured third party subscribers for 81,350,353 new Ordinary Shares and accordingly, the total subscription by the Concert Party amounted to 188,649,647 new Ordinary Shares, as detailed below in this announcement.

Mr Michael Hodgson commenting on the announcement of the completion of the Subscription said: "I would like to record the thanks of myself and the rest of the Board to Fratelli Investments. Their support will allow the management of the Company to continue the development of the Palito Gold Mine and ensures an exciting future for the Company. Their willingness to underwrite the share placement is, I believe, a demonstration of their belief in the Palito project and the opportunity that we have to develop a robust and bigger gold company around this."

Following completion of the issue of 270,000,000 Ordinary Shares the Company is aware of the following notifiable interests in the Enlarged Ordinary Share Capital:

Shareholder	Shares held in the Company	Percentage interest in the Enlarged Ordinary Share Capital
Fratelli Investments Limited	184,695,647	51.1%
The Concert Party	207,906,964	57.5%
Anker Holding AG	40,000,000	11.1%
Drake PIPE Fund	31,119,686	8.6%
Fondo de Inversion Privado Santa Monica	22,443,947	6.2%
Eldorado Gold Corporation	21,340,000	5.9%

Mr TS Harvey, Mr CM Line and Mr M Williams, directors of the Company, all subscribed for Subscription Shares. In addition, Anker Holding AG, a company beneficially owned by the spouse of Mr C Kingsman, who is a director of the Company, also subscribed for Subscription Shares. The subscriptions by the Directors and parties related to the Directors and their interest in the Ordinary Shares of the Company following completion of the Subscription are as follows:



PRESS RELEASE 17 JANUARY 2013  
SERABI GOLD plc ("Serabi" or "the Company")



Director and/or related party	Shares held in the Company prior to the Subscription	Subscription Shares subscribed	Shares held in the Company following completion of the Subscription	Percentage interest in the Enlarged Ordinary Share Capital
Anker Holding AG (Note 1)	18,851,000	21,149,000	40,000,000	11.1%
Mr TS Harvey	200,000	1,000,000	1,200,000	0.3%
Mr CM Line	417,653	300,000	717,653	0.2%
Mr M Williams	45,000	250,000	295,000	0.1%

Note 1 Anker Holding AG is beneficially owned by the spouse of Mr C Kingsman who is a director of the Company

As Anker Holding AG is interested in more than 10 per cent. of the Existing Ordinary Share Capital and Mr TS Harvey, Mr CM Line, Mr M Williams and Mr C Kingsman are all directors of the Company (the "**Subscribing Directors**"), the subscription by Anker and the Subscribing Directors is a related party transaction for the purposes of Rule 13 of the AIM Rules. For the purposes of the AIM Rules, the independent Directors of Serabi, (being Mr M Hodgson, Mr D Jones and Mr E Rosselot), having consulted with the Company's nominated adviser, consider that the subscription by Anker and the Subscribing Directors pursuant to the Subscription is fair and reasonable insofar as the Shareholders are concerned. The independent Directors have taken into account in particular that Anker and the Subscribing Directors are each subscribing on the same terms and conditions as the Concert Party and the other subscribers for new Ordinary Shares procured by the Company from unconnected third parties, and which has been approved by Independent Shareholders on a poll.

The Subscriptions of the Concert Party are as follows:

Concert Party Member	Minimum Subscription Shares subscribed for	Additional Shares subscribed for pursuant to the Conditional Subscription	Total Subscription Shares	New Warrants issued on Completion (Note 5)
Fratelli Investments Limited (Note 1)	90,403,000	76,676,647	167,079,647	8,135,035
Piero Solari Donaggio (Note 2)	-	-	-	-
Sandro Solari Donaggio (Note 2)	-	-	-	-
Carlo Solari Donaggio (Note 2)	-	-	-	-
Nicolas Bañados (Note 3)	-	20,840,000	20,840,000	-
Jorge Arancibia Pascal (Note 4)	-	730,000	730,000	-
<b>Total</b>	<b>90,403,000</b>	<b>98,246,647</b>	<b>188,649,647</b>	<b>8,135,035</b>

Note 1 Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada which is itself a 99.97 per cent. owned subsidiary of Inversiones Menevado Limitada which is itself a 96.92 per cent. owned subsidiary of Inversiones Megeve Capital Limitada. The shareholders of Inversiones Megeve Capital Limitada comprise Asesorias e Inversiones Barolo Limitada, which is controlled by Piero Solari Donaggio and his dependants, Asesorias e Inversiones Brunello Limitada, which is controlled by Sandro Solari Donaggio and his dependants and Asesorias e Inversiones Sangiovese Limitada, which is controlled by Carlo Solari Donaggio and his dependants. Further details are set out below in Part II of the Document.

Note 2 Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio are the sole directors and the ultimate beneficial shareholders of Fratelli Investments.

Note 3 Nicolas Banados, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica, which subscribed for 20,840,000 Subscription Shares.



## PRESS RELEASE 17 JANUARY 2013

SERABI GOLD plc ("Serabi" or "the Company")



*Note 4* Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Asesorias e Inversiones Hipa Limitada, which subscribed for 730,000 Subscription Shares.

*Note 5* Fratelli Investments has been issued with one New Warrant for every ten Third Party Share subscribed for by third parties as an underwriting fee pursuant to the Subscription Agreement.

Immediately following completion of the Subscription, the Concert Party's interest in the Company (and assuming full conversion of all warrants held at completion by the Concert Party), will therefore be as follows:

Concert Party Member	Interest in Enlarged Ordinary Share Capital on Completion	Interest in Enlarged Ordinary Share Capital on Completion (Note 1)	Existing Warrants on Completion	New Warrants issued on Completion	Interest in Diluted Enlarged Ordinary Share Capital on Completion	Percentage of Diluted Enlarged Ordinary Share Capital on Completion (Note 2)
Fratelli Investments Limited	184,695,647	51.12%	2,270,833	8,135,035	195,101,515	52.46%
Piero Solari Donaggio	-	-	-	-	-	-
Sandro Solari Donaggio	-	-	-	-	-	-
Carlo Solari Donaggio	-	-	-	-	-	-
Nicolas Bañados	22,443,947	6.21%	216,666	-	22,660,613	6.09%
Jorge Arancibia Pascal	767,370	0.21%	-	-	767,370	0.21%
<b>Total</b>	<b>207,906,964</b>	<b>57.55%</b>	<b>2,487,499</b>	<b>8,135,035</b>	<b>218,529,498</b>	<b>58.76%</b>

*Note 1* The Enlarged Ordinary Share Capital comprises the Existing Ordinary Shares and the Subscription Shares.

*Note 2* The Diluted Enlarged Ordinary Share Capital comprises the Existing Ordinary Shares, the Subscription Shares, the new Ordinary Shares issued on exercise of the Existing Warrants and the new Ordinary Shares issued on exercise of the New Warrants.

**On Completion of the Subscription Fratelli Investments Limited and the Concert Party will hold more than 50 per cent. of the Company's voting share capital, and accordingly, Fratelli Investments Limited and the Concert Party may be able to increase its aggregate shareholding in the Company without incurring any obligation under Rule 9 to make a general offer to the Company's other Shareholders. Under the Takeover Code, whilst each member of the Concert Party continues to be treated as acting in concert, each member will be able to increase further his respective percentage shareholding in the voting rights of the Company without incurring an obligation under Rule 9 to make a general offer to Shareholders to acquire the entire issued share capital of the Company. However, individual members of the Concert Party will not be able to increase their percentage shareholding through or between a Rule 9 threshold, without the consent of the Panel.**

Application will be made for the Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Subscription Shares will commence on 23 January 2013. The new Ordinary Shares will when issued and fully paid, rank in all other respects *pari passu* with the Existing Ordinary Shares in issue including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

Fratelli Investments also provided on 1 October 2012 an interim secured short term loan facility of US\$6 million (equivalent to approximately £3.8 million at the exchange rate of £1:US\$1.59 as at 2 October 2012) to the



## PRESS RELEASE 17 JANUARY 2013

SERABI GOLD plc ("Serabi" or "the Company")



Company to provide additional working capital to the Company and to enable the Company to commence the necessary mine development and plant refurbishment works immediately. As at 16 January 2013, the last practicable date prior to the publication of this announcement, US\$4.5 million had been drawn down under the short term loan facility. The Company will repay the Loan Agreement from the proceeds of the Subscription. Interest charges that will have accrued under the Loan Agreement, assuming that the loan facility is re-paid on 18 January 2013 from the proceeds of the Subscription, have been calculated as US\$107,375. Fratelli have confirmed to the Company that they will not seek penalty interest charges in the early repayment of the loan that could have applied under the original terms of the Loan Agreement.

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Copies of this release are available from the Company's website at [www.serabigold.com](http://www.serabigold.com)

## APPENDIX 1 DEFINITIONS

The following words and expressions apply throughout this announcement unless the context requires otherwise:

"Admission"	admission of the Subscription Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
"AIM"	AIM, a market of that name operated by the London Stock Exchange
"City Code" or "Takeover Code"	the City Code on Takeovers and Mergers, as updated from time to time
"Company" or "Serabi"	Serabi Gold plc
"Completion"	the Subscription being completed and Admission taking place
"Concert Party"	Fratelli Investments Limited, its Connected Persons and other persons acting in concert with it, as described in Part II of the Document
"Diluted Enlarged Ordinary Share Capital"	371,891,063,728 Ordinary Shares comprising the Existing Ordinary Shares, the Subscription Shares, 2,487,499 new Ordinary Shares to be issued on full exercise of the Existing Warrants and 8,135,035 new Ordinary Shares to be issued on full exercise of the New Warrants
"Document"	the circular to Shareholders dated 11 December 2012 in relation to the proposals including the notice of General Meeting
"Enlarged Ordinary Share Capital"	the issued equity share capital of the Company immediately following Admission comprising the Existing Ordinary Share and the Subscription Shares
"Existing Ordinary Shares"	the existing 91,268,529 issued Ordinary Shares as at the date of this announcement and the Document
"Existing Ordinary Share Capital"	the issued equity share capital of the Company as at the date of this announcement and the Document
"Existing Warrants"	the existing 2,487,499 warrants to subscribe for new Ordinary Shares owned by Fratelli Investments and Fondo de Inversion Privado Santa Monica as at the date of the Document
"Fratelli Investments"	Fratelli Investments Limited, a company registered in the Bahamas with

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This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



## PRESS RELEASE 17 JANUARY 2013

SERABI GOLD plc ("Serabi" or "the Company")



"General Meeting"	registered number 136,354 B the general meeting of the Company convened for 10.00 a.m. on 16 January 2013, the notice convening which was set out at the end of the Document
"Loan Agreement"	the US\$6 million loan facility dated 1 October 2012 provided to the Company by Fratelli Investments, details of which are set out in Part IV of the Document
"New Warrants"	8,135,035 new Warrants to subscribe for new Ordinary Shares at a price of 10 pence per Ordinary Shares to be issued to Fratelli Investments pursuant to the Subscription Agreement
"Ordinary Shares"	the ordinary shares of 5 pence each in the capital of the Company
"Panel"	Panel on Takeover and Mergers
"Rule 9"	Rule 9 of the Takeover Code
"Rule 9 Offer"	the requirement for a general offer to be made in accordance with Rule 9
"Shareholders"	Person(s) who is/are registered holder(s) of Ordinary Shares from time to time
"Subscription"	the conditional subscription by Fratelli Investments to subscribe for and underwrite a placement of up to 270,000,000 new Ordinary Shares, further details of which are set out in Part I of the Document
"Subscription Agreement"	the agreement dated 1 October 2012 between (1) the Company and (2) Fratelli Investments, further details of which are contained in Part IV of the Document
"Subscription Price"	6 pence per Subscription Share
"Subscription Shares"	270,000,000 new Ordinary Shares to be issued pursuant to the Subscription Agreement
"Third Party Shares"	up to 179,597,000 Subscription Shares available for subscription by third party investors
"Waiver"	the waiver granted by the Panel (subject to the passing of the Whitewash Resolution) in respect of the obligation of the Concert Party to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the Takeover Code as a result of the issue of Subscription Shares under the Subscription, as more particularly described in paragraph 7 of Part I of the Document
"Warrants"	the warrants to subscribe for new Ordinary Shares further details of which are set out in paragraph 2.5 of Part IV of the Document

### Forward-looking statements

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

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

### Qualified Persons Statement

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

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

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