



Notice of Exercise of Conversion Rights over US\$2 million Convertible Loan

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, announces that Fratelli Investments Limited ("Fratelli"), the Company's major shareholder, has exercised its right to convert its outstanding US\$2 million convertible loan (the "Loan") into ordinary shares of 0.5 pence each in the Company ("Ordinary Shares").

Under the terms of the Loan (as announced on 31 December 2015) Fratelli had the right to convert the Loan into new Ordinary Shares of Serabi (the "New Ordinary Shares") at a price of 3.6 pence per New Ordinary Share. Accordingly, the Board has resolved to issue to Fratelli 42,312,568 New Ordinary Shares which will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares. Application will be made to AIM and to the TSX for the New Ordinary Shares to be admitted to trading, which is expected to occur on AIM on or about 19 August 2016.

Immediately following the exercise of these conversion rights, Fratelli will be interested in 386,375,734 Ordinary Shares, representing 55.30% of the enlarged issued share capital.

Mike Hodgson, CEO said:

"Fratelli continues to be a very strong supporter of the Company. Fratelli made this loan available at the end of last year when in common with all gold producers, the Company was being faced with a sustained period of a falling gold price, and continuing commitments to increase the throughput capacity of the process plant as well as development expenditure to bring the Sao Chico Mine into full production."

"Whilst we have always planned our cash flow to ensure we had funds available to repay this loan in 2017, with our existing loan from Sprott Resource Lending expected to be repaid by the end of 2016 and with this convertible loan obligation now also settled, we will be entering 2017 as a Company free of any long term borrowing and able to apply our cash flow to growth and building value."

Concert Party Interests

Immediately following the issue of New Ordinary Shares, Fratelli's, and the other members of the Concert Party (as defined in the circular to shareholders dated 28 January 2014), interest in the Company (and assuming full conversion of all existing options held by members of the Concert Party) will be as follows:

Concert Party Member	Interest in Enlarged Ordinary Share Capital	Percentage of Enlarged Ordinary Share Capital (Note 1)	Exercise of existing options	Interest in the Diluted Enlarged Ordinary Share Capital	Percentage of the Diluted Enlarged Ordinary Share Capital (Note 2)
Fratelli Investments Limited	386,375,734	55.30%	-	386,375,734	55.06%
Piero Solari Donaggio	-	-	-	-	-
Sandro Solari Donaggio	-	-	-	-	-
Carlo Solari Donaggio	-	-	-	-	-
Nicolas Bañados	22,443,947	3.21%	3,200,000	25,643,947	3.65%
Jorge Arancibia Pascal	767,370	0.11%	-	767,370	0.11%
Total	409,587,051	58.62%	3,200,000	412,787,051	58.83%

Note 1 The Enlarged Ordinary Share Capital comprises the existing Ordinary Shares and the New Ordinary Shares.

Note 2 The Diluted Enlarged Ordinary Share Capital comprises the Enlarged Ordinary Share Capital and the new Ordinary Shares to be issued assuming the exercise by the Concert Party of its entire holding of options.



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



Total Voting Rights

Following the issue of the New Ordinary Shares, the Company's issued share capital will consist of 698,701,772 Ordinary Shares, with voting rights. This figure may be used by shareholders in the Company as the denominator for the calculation by which they will determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the Financial Conduct Authority's Disclosure and Transparency Rules.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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

Forward-looking statements

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

contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

Qualified Persons Statement

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

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

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