



PRESS RELEASE 13 APRIL 2018
SERABI GOLD plc ("Serabi" or "the Company")



Notice of General Meeting and Special Meeting⁽¹⁾

The Company announces that a General Meeting will be held on Friday 11 May 2018, at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL England at 10.00 am (BST). The Company has published the formal notice of the meeting (the "Notice") on its website which can be accessed using the following link <https://bit.ly/2JyNOSS>. Proxy voting forms are being posted to all shareholders providing details of how to access the Notice and instructions for voting. A copy of the Notice together with proxy voting forms is being posted to all shareholders who are required to receive or have formally requested to receive these documents.

The Notice contains a letter from the Chairman of the Company, Mr Melvyn Williams, which is set out below in the Appendix.

(1) Certain resolutions to be proposed at the meeting will be special resolutions requiring approval of more than 75% of the votes cast. Under Canadian National Instrument 54-101, the meeting therefore also constitutes a Special Meeting.

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

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

Appendix

The letter from the Chairman of the Company included in the Notice is reproduced below (without material adjustment):

Dear Shareholder

Introduction

On 29 March 2018, the Company announced it had raised £6.36 million (approximately US\$9.0 million) (before expenses) by way of a Placing to institutional and other investors at a price of 3.6 pence per Ordinary Share (the "**Placing**").

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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



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The Placing will raise a total of c£5.94 million (after expenses) for the Group and result in the issue of 176,678,445 Ordinary Shares. The Placing is conditional upon, among other things, approval of the Resolutions to authorise the Directors to issue the Placing Shares at the General Meeting.

The purpose of this document is to explain the background to and reasons for the Placing and to provide the formal notice (the "**Notice**") of the General Meeting to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL, England on 11 May 2018 at 10 a.m. (London time) at which the Resolutions to approve the Placing will be proposed. This document 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 to and reasons for the Placing

On 23 March 2018, the Company announced that Greenstone, a leading mining focussed private equity group, had agreed to invest US\$15.0 million in the Company by way of a subscription for 297,759,419 shares at a price of 3.6 pence per share (the "**Greenstone Subscription**").

As announced on 23 March 2018, the Greenstone Subscription was in response to the Company's view that whilst it can be cash generative and profitable at current levels of production, it needs to grow in order to attract a wider investor base and generate long term value for shareholders. Under the terms of the Subscription Agreement, 297,759,419 Ordinary Shares were issued to Greenstone at the 3.6 pence per Ordinary Share pursuant to the Subscription on 12 April 2018.

The Greenstone Subscription is considered to be an endorsement of Serabi, its management, its projects and its strategy for achieving growth and building value as Greenstone is a respected and experienced private equity fund focussed solely on mining.

Following positive feedback from the Greenstone Subscription, the Company decided to pursue a placing to give access to further capital and to widen its shareholder base through the introduction of new institutional investors who are also supportive of the Company's plans and ambitions. The further funds raised pursuant to the Placing will allow the Company to accelerate further exploration and evaluation work at Palito, Sao Chico and Coringa and develop additional growth opportunities as the Company moves towards its targeted production of 100,000 ounces of gold per annum.

As announced on 23 March 2018, as well as providing working capital for the Company's recently acquired Coringa Gold Project, the Greenstone Subscription will allow the Company to expand its current 8,000 metre drill programme. This current programme is focusing on step-out drilling on the current Palito mineral resources, and the Greenstone Subscription allows the Company to continue this programme at Palito beyond the current 8,000 metres, as well as commence drilling at Sao Chico, where drilling will focus on step-out drilling within the mining tenement as well as drilling the geophysical anomalies identified in 2016. The Company intends to use part of the Placing proceeds to complete a Phase 2 drilling programme, which comprises drilling the 2011 discoveries at Palito which do not currently form part of the Group's mineral resources, whilst at Sao Chico step out drilling will be undertaken along strike and beyond the limits of the current mining tenement.

The Placing proceeds will also enable Serabi to accelerate its regional exploration programme and enable the early repayment of US\$3 million of the Company's total US\$8 million loan with Sprott Resource Lending Partnership.

With a clear pathway to achieving growth, a strong balance sheet and a supportive shareholder base, the Company considers the Subscription and the Placing collectively represent a transformative event, that



will allow it to accelerate its growth plans, place it in a strong position when considering further acquisitions and create the critical mass that is important when looking to maximise the financing options available to the Company to advance, develop and grow its gold projects.

The Placing

As announced on 29 March 2018, the Placing has been conducted through an accelerated bookbuilding process undertaken by Peel Hunt acting as sole bookrunner. The Placing is not underwritten and is subject to the conditions and termination rights set out in the Placing Agreement.

The Placing is conditional upon, among other things, the approval of the Resolutions at the General Meeting, Placing Admission becoming effective and the Placing Agreement becoming unconditional and not being terminated in accordance with its terms.

The Ordinary Shares to be issued pursuant to the Placing will rank pari passu with the Existing Ordinary Shares.

Subject to shareholder approval at the General Meeting and the satisfaction or waiver of the other conditions, application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("**Placing Admission**"). It is expected that Placing Admission will take place at 8 a.m. on or around 14 May 2018 and in any event no later than 14 June 2018. Concurrently the Placing Shares will be listed for trading on the TSX.

At the General Meeting, the Company will be seeking to pass both an ordinary and special resolution (which will require votes in favour from at least 75% of the Ordinary Shares present and voting at the General Meeting) in order to give the Directors authority to allot the Placing Shares on a non-pre-emptive basis.

Use of proceeds

The Directors intend to use the proceeds from the Placing as follows:

Use of Placing proceeds	
Coringa Drilling	US\$2m
Regional Exploration (airborne geophysics)	US\$1m
Drilling programme Palito and Sao Chico – Phase 2	US\$2m
Retirement of Sprott Loan	US\$3m
Corporate Working Capital	US\$1m
Total	US\$9m

As announced on 23 March 2018, the proceeds of the Greenstone Subscription will be used as follows:

Use of proceeds	



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Second Installment of acquisition payment for Coringa project which following agreement with the vendors is now due on 16 April 2018	US\$5m
2018 Working Capital for Coringa	US\$4m
Expansion of Drilling programme Palito and Sao Chico – Phase 1	US\$4m
Corporate Working Capital	US\$2m
Total	US\$15m

Relationship Agreements

Following completion of the Placing, Fratelli will hold a 32.88% interest and Greenstone will hold a 25.34% interest in the Enlarged Issued Share Capital. Accordingly, both will remain bound by their relationship agreements, the terms of which were announced on 23 March 2018 ("**Relationship Agreements**").

These agreements include protections to ensure Serabi is able to continue to operate independently of these two major shareholders and ensure that the Company always has two independent non-executive directors but also provides Greenstone and Fratelli with certain rights with respect to the Company.

Under the terms of the Relationship Agreements:

- Each of Fratelli and Greenstone shall have, for as long as it holds an interest of 23% or more in the share capital of the Company, the right to appoint two directors to the Board and, for so long as it holds an interest of 15% or more but less than 23% of the share capital of the Company, the right to appoint one director to the Board.
- Each of Fratelli and Greenstone shall have, for as long as it holds an interest of 15% or more in the share capital of the Company:
 - certain information rights regarding the Company's business; and
 - anti-dilution rights such that they will have the right, but not the obligation, to participate in new placings of Ordinary Shares (including placings in connection with an acquisition or for non-cash consideration) in order to retain their ownership percentage. Where Greenstone and/or Fratelli elect to exercise this anti-dilution right:
 - (i) if the new placing is for cash, each of Fratelli and Greenstone will participate on substantially the same terms as any other participant in the new placing; or
 - (ii) if the new placing is for non-cash consideration, Fratelli and Greenstone will each have the right to subscribe for such number of shares as are required to maintain their current percentage holdings at a price per Ordinary Share equal to the VWAP of the Company's Ordinary Shares for the 5-day period ending on the date ending two business days prior to the announcement of that new placing.
- Unless otherwise approved by Greenstone and Fratelli, the Company has agreed not to undertake, for a period of six months commencing on the completion of the Subscription, any



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further issue of Ordinary Shares (other than exercise of share options to employees) unless such further issue is undertaken at a price greater than the Placing Price.

As a further undertaking and subject to certain customary exemptions, Greenstone has undertaken that it will not, for a period of six months from admission of the Greenstone Subscription Shares, offer, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue any interest in any Ordinary Shares held by it.

The General Meeting

The Placing is conditional upon the approval of the Resolutions by Shareholders at the General Meeting to be held at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL, England, on 11 May 2018 at 10 a.m. The notice convening the General Meeting is incorporated in this document.

At the 2017 Annual General Meeting, the Directors were authorised to allot 350 million Ordinary Shares on a non-pre-emptive basis. Since the 2017 Annual General Meeting, the Company has allotted 299,901,217 Ordinary Shares (including the Greenstone Subscription Shares) and, as a consequence, the Directors do not have sufficient authority to allot all of the Placing Shares for cash on a non-pre-emptive basis. The Company is therefore proposing to seek specific authorities to allot the Placing Shares at the General Meeting. The Directors intend to propose resolutions to renew the general authorities at the 2018 Annual General Meeting.

Resolution 1 provides the Company with authority to allot the Placing Shares and Resolution 2 disapplies the statutory pre-emption rights applicable to those Placing Shares.

Resolution 1 will be proposed as an ordinary resolution requiring a majority of votes cast at the General Meeting to be in favour of it in order for it to be passed. Resolution 2 will be proposed as a special resolution requiring 75% of the votes cast at the General Meeting to be in favour of it for it to be passed.

Shareholders should note that the Resolutions in relation to the Placing to be proposed at the General Meeting are inter-conditional and if any one of them is not passed the Placing will not proceed.

Fratelli Investments Limited, which holds shares representing approximately 38.69% of the Existing Ordinary Shares has irrevocably undertaken to vote in favour of the Resolutions.

Greenstone Resources II LP, which holds shares representing approximately 29.82% of Existing Ordinary Shares has irrevocably undertaken to vote in favour of the Resolutions.

Action to be taken by Shareholders

A Form of Proxy for use by Shareholders at the General Meeting accompanies this document. To be valid, Forms of Proxy must be completed and returned so as to be received at either the offices of the Company's UK Registrar, Computershare Investor Services Plc, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ or the offices of the Company's Canadian Registrar, Computershare Investor Services Inc., 100 University Avenue, 8th Floor, Toronto, Ontario M5J 2Y1 by not later than 10 a.m. (BST) (5 am Eastern time) on 9 May 2018. Alternatively, holders of Shares can submit their Proxy to Computershare UK through CREST by not later than not later than 10 a.m. (BST) on 9 May 2018 in accordance with the procedures set out in the Form of Proxy.



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Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting in person at the General Meeting should they so wish.

Beneficial Shareholders should note that only registered Shareholders or their duly authorised proxy holders are entitled to vote at the General Meeting. Each Beneficial Shareholder should ensure that their voting instructions are communicated to the appropriate person well in advance of the General Meeting.

Further details of the restrictions and steps to be taken with respect to voting are set out in the Notice and Management Information Circular accompanying this document.

Admission, settlement and CREST

Application will be made to the London Stock Exchange for each of the Placing Shares to be admitted to trading on AIM on or around 14 May 2018.

The Placing Shares have been conditionally approved for listing on the TSX, subject to satisfaction of certain customary conditions.

It is expected that Placing Admission will become effective on or around 14 May 2018 and that dealings in the Placing Shares will commence at 8 a.m. (BST) on that date.

Recommendation and importance of vote

Shareholders should be aware that, if the Resolutions are not approved at the General Meeting, the net proceeds of the Placing will not be received by the Company.

The Directors consider that the Resolutions set out in the Notice and being put to the General 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 25,246,920 Ordinary Shares, representing approximately 2.53% of the Company's Existing Ordinary Shares.

Yours faithfully

(Signed) "Melvyn Williams"

Melvyn Williams
Non-executive Chairman

ENDS



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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 30 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.