



Sao Chico upside enhanced with completion of Induced Polarization Survey

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to announce the completion of terrestrial induced polarisation (“IP”) geophysical survey covering the strike extent of the Sao Chico structural corridor with a number of significant chargeability anomalies identified.

Highlights

- Encouraging results from IP survey, identifying a number of anomalies to the south, east and west of the Sao Chico deposit.
- The Cinderella Anomaly, a chargeability and conductive high over seven kilometres long, trending north east to south west is coincident with a strong magnetic anomaly as well as sporadic electromagnetic anomalies. This triumvirate of geophysical signatures makes this a compelling target.
- A two kilometre long, east-northeast to west-southwest trending, robust chargeability anomaly, coincident with a subtle magnetic high, situated only two kilometres west of the Sao Chico.
- An elongate chargeability anomaly lying on the western edge of the survey area.
- A cluster of chargeability anomalies located in the northwest of the survey area and lying within the Sao Chico strike corridor.
- A chargeability/conductivity anomaly on the flanks of the Cinderella Anomaly, also hosted within a magnetic high.
- Extensive surface geochemistry programme to be undertaken to identify and refine drilling targets for 2019.

Mike Hodgson, CEO of Serabi, commented:

“As the images demonstrate, the results from this survey have been excellent, and better than we would have expected at the outset. The survey has shown abundant, high quality chargeability anomalies to the south, east and west of the Sao Chico Deposit.

“As I noted following our news release of 20 November 2018, the multiple anomalies that the airborne survey has generated are very exciting, but I feel that this cluster of IP anomalies all located in our exploration tenements, and all within seven kilometres of the Sao Chico deposit, is very significant. I have always considered that Sao Chico had very good potential and these results open up the possibility for the discovery of a number of new orebodies which, though needing further evaluation, could provide rapid and significant resource growth.

“The Cinderella Shear is a very prominent anomaly that we first reported in our news release of 20 September 2018 when we reported the first results from this IP survey. It has also been highlighted in the results obtained from the airborne survey and we have also now extended its strike in this second part of the IP survey. A coincidental linear anomaly which now extends for seven kilometres and where there has been historical artisanal mining activity around the areas that drain from the anomaly, make it an extremely significant anomaly.



"In addition, we have the excellent A, B and C anomalies along strike and to the west of the Sao Chico orebody, which have excellent chargeability properties indicative of sulphide mineralisation. We hope that, following further evaluation, these will evolve to be gold hosting bodies much like the adjacent Sao Chico orebody.

"This survey has provided us with some real potential. The next steps will be an extensive surface geochemistry programme, which we anticipate will further refine the anomalies and provide better target drilling definition for programmes to be undertaken later during 2019."

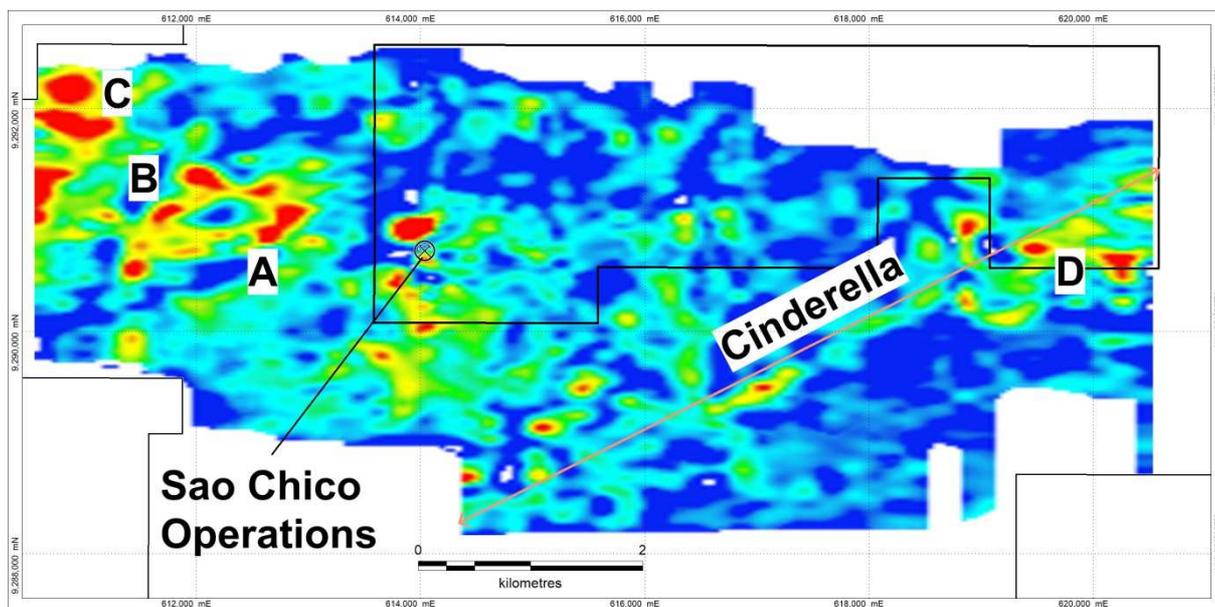


Figure 1 :- 115m depth slice through chargeability model. Red highs indicate high chargeable features which may reflect sulphide bearing mineralised zones.

Key to zones marked on images

FEATURE A - A two kilometre long, east-northeast to west-southwest trending, robust chargeability anomaly coincident with a subtle magnetic high, situated only two kilometres west of the Sao Chico mine and one kilometre west of the recently reported high grade intersections from West Vein drilling (see news release of 20 September 2018). This anomalous area lies within the Sao Chico structural corridor at the intersection of several interpreted fault sets, similar to the setting of the current Sao Chico operations.

FEATURE B - An elongate chargeability anomaly, parallel to Feature A and lying on the western edge of the survey area.

FEATURE C - A cluster of chargeability anomalies located in the northwest of the survey area and lying within the Sao Chico strike corridor.

FEATURE D - A chargeability/conductivity anomaly on the flanks of the Cinderella anomaly, also hosted within a magnetic high.

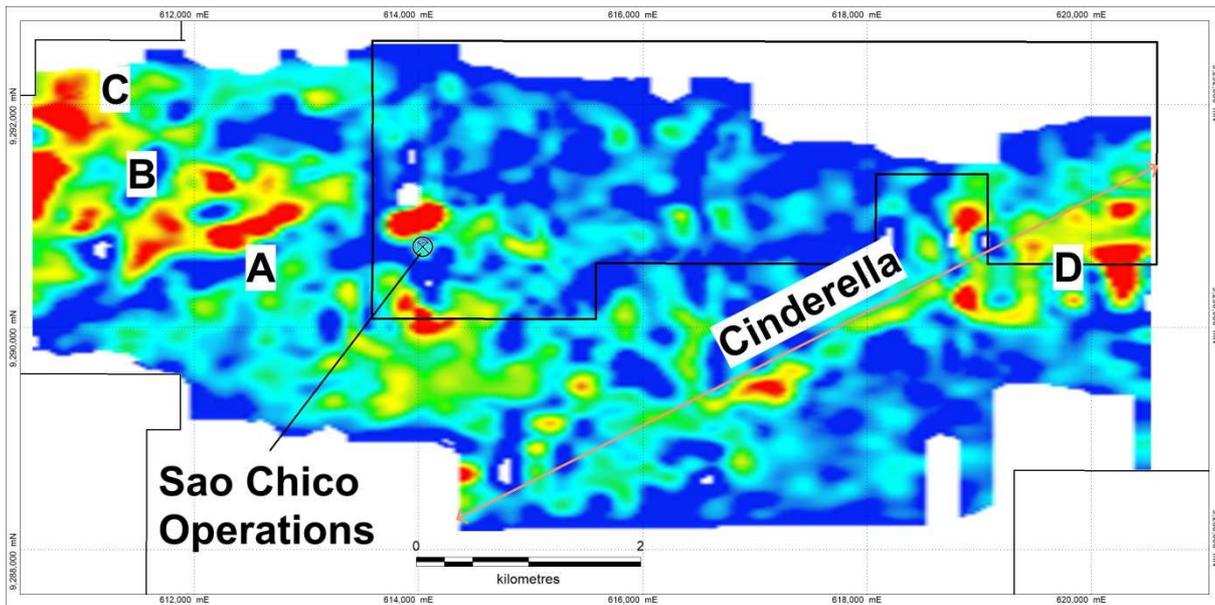


Figure 2 : - 175m depth slice through chargeability model. Red highs indicate high chargeable features which may reflect sulphide bearing mineralised zones.

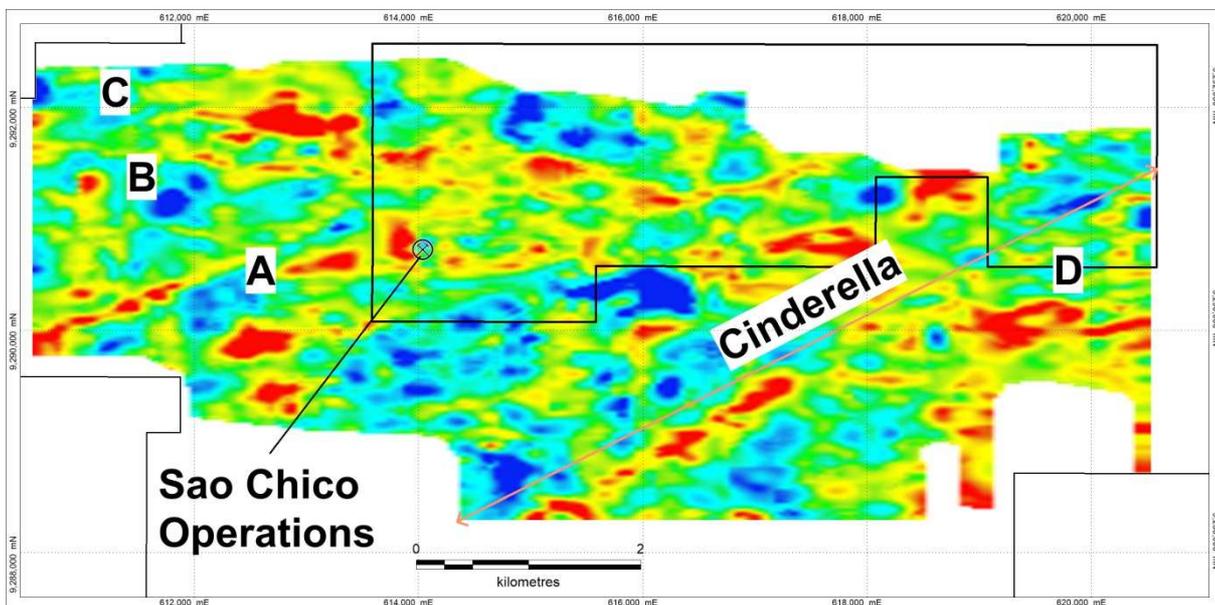


Figure 3 : - 85m depth slice through resistivity model. Red highs indicate low resistivity (high conductivity) within the hard rock. This image highlights a number of NE-SW and WNW-ESE lineaments (structures).

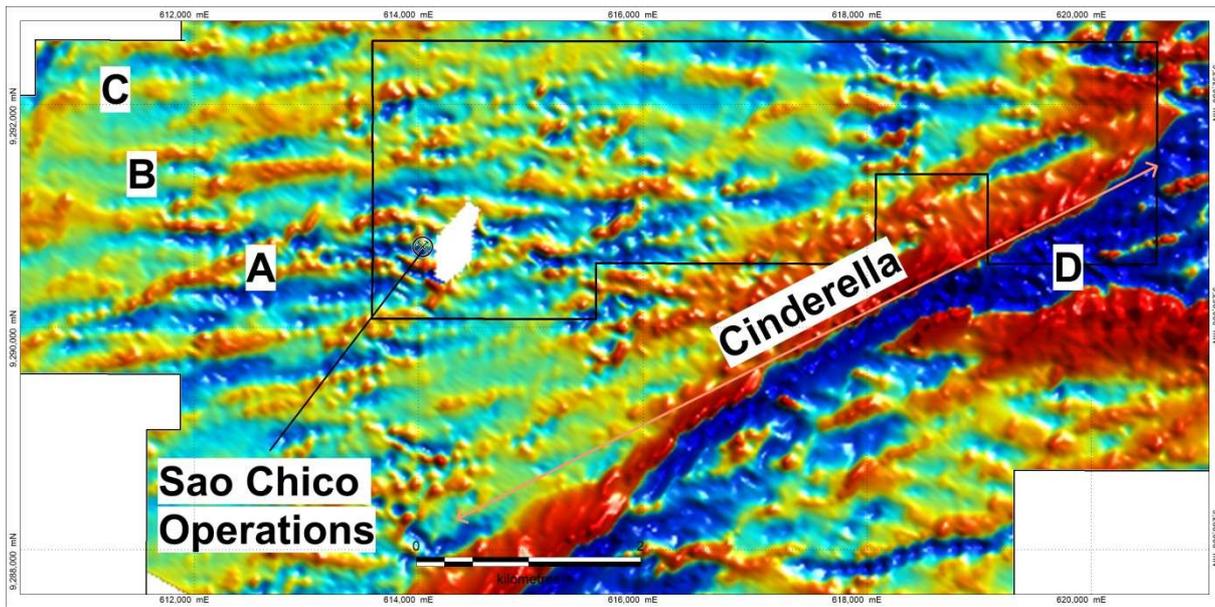


Figure 4: Calculated Vertical Magnetic Gradient Image of the IP survey area. This image displays as red high areas where the magnetic signature changes abruptly. Interpreted as changes in lithology or faults, the image highlights a number of NE-SW and WNW-ESE lineaments (structures) which are coincident with the IP conductivity highs in the figures above. This provides greater confidence for the targets within the chargeability and conductivity highs lying within structures.

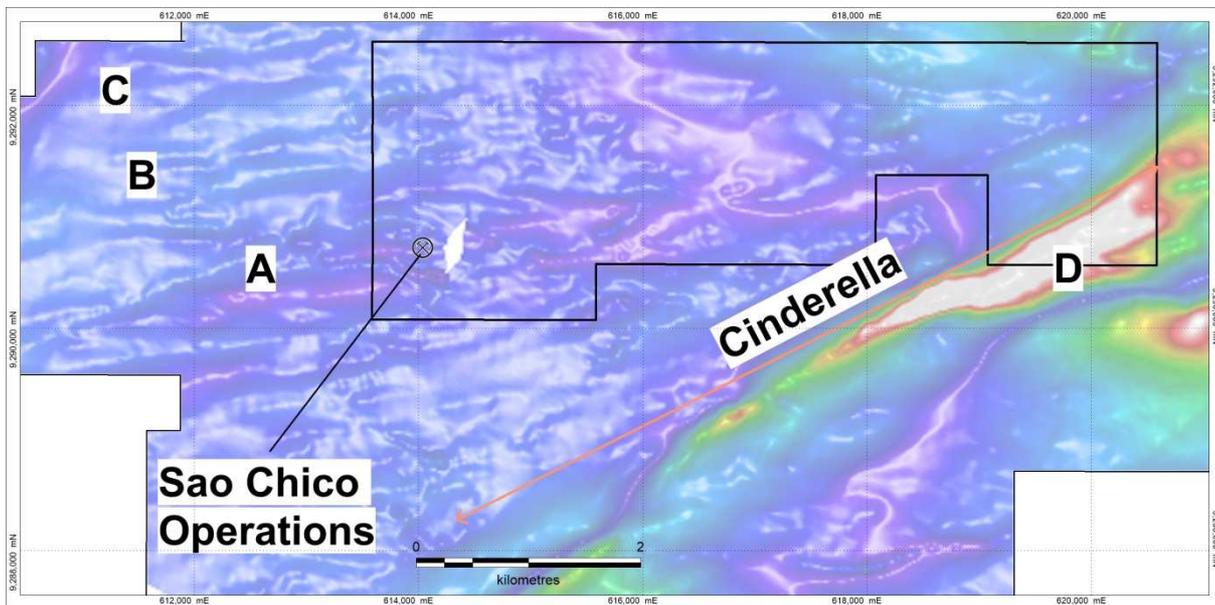


Figure 5: VRMI Magnetic Image of the IP survey area with the magnetic high associated with the Cinderella Anomaly being very prominent (Feature D).



Results

Geomag S/A Prospecções Geofísicas were contracted by Serabi to complete the data acquisition over approximately four months between 28 June 2018 and 12 November 2018 employing a mixed dipole/dipole configuration. The IP survey covered a 10 kilometre strike, capturing the structural trend which hosts the Sao Chico ore body and numerous historical artisanal gold occurrences. The purpose of the survey was to delineate both electrically resistive/conductive and chargeable features, which would indicate quartz veins and sulphide bearing mineralisation.

The survey totalled 107 line kilometres, with survey lines (traverses) spaced 200 metres apart. This survey now complements the 30 line kilometre IP survey that was completed in 2016.

Raw data files and inversions were provided by Geomag to Serabi Gold and data processing was completed by Mr David McInnes, an independent consulting geophysicist, at Montana GIS.

The surveyed area provides a comprehensive electrical resistivity and chargeability map of the Sao Chico district and, together with the detail airborne electromagnetic and magnetic surveying recently completed and reported in the Company's news release of 20 November 2018, provides an excellent foundation for the Company's exploration activities in 2019.

Currently Serabi is undertaking further evaluation of the data in conjunction with its consultant independent geophysicist, in addition to follow-up structural interpretation, ground inspection, geochemical and geological sampling of the anomalous areas derived from this survey.

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

The person who arranged for the release of this announcement on behalf of the Company was Clive Line, Director.

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

GLOSSARY OF TERMS

The following is a glossary of technical terms:

"Au" means gold.

"assay" in economic geology, means to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"development" - excavations used to establish access to the mineralised rock and other workings

"DNPM" is the Departamento Nacional de Produção Mineral.

"elongate"- long in relation to width.

"grade" is the concentration of mineral within the host rock typically quoted as grammes per tonne (g/t), parts per million (ppm) or parts per billion (ppb).

"g/t" means grams per tonne.

"granodiorite" is an igneous intrusive rock similar to granite.

"igneous" is a rock that has solidified from molten material or magma.

"Intrusive" is a body of igneous rock that invades older rocks.

"on-lode development" - Development that is undertaken in and following the direction of the Vein

"mRL" – depth in metres measured relative to a fixed point – in the case of Palito and Sao Chico this is sea-level. The mine entrance at Palito is at 250mRL.

"saprolite" is a weathered or decomposed clay-rich rock.

"stopping blocks" – a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stopping methods.

"vein" is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.

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.

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