



Corporate Presentation and update

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold exploration and mining company is pleased to announce that, in advance of the forthcoming BMO Global Metals and Mining Conference being held between 23 February and 26 February and the Prospectors & Developers Association of Canada (“PDAC”) Conference being held between 1 March and 4 March, the Company has updated its corporate presentation and this is available to view on its website at www.serabigold.com/wp-content/uploads/2020/02/PDAC-Presentation-v6-14-Feb-2020.pdf

Representatives from Serabi will be attending both conferences and the Company’s management will be available at booth IE2533 for the Prospectors & Developers Association of Canada Convention in Toronto.

The Company takes this opportunity to remind shareholders of its forthcoming General Meeting being held at 2:00 pm (UK time) on 26 February 2020 at the offices of Travers Smith LLP, 10 Snow Hill, London EC1A 2AL. The meeting is being held *inter alia* to approve the Conditional Subscription by Greenstone Resources II LP (“Greenstone”) for US\$12 million Convertible Loan Notes and the Approval of a Waiver of Rule 9 of the City Code on Takeovers and Mergers (“the Waiver”).

As the Company is a reporting issuer in the provinces of British Columbia, Alberta and Ontario, it is subject to applicable Canadian securities laws including Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“MI 61-101”). MI 61-101 regulates insider bids, issuer bids, business combinations and related party transaction to ensure equality of treatment among securityholders and requires minority shareholder’s approval for such transactions.

For the purposes of MI 61-101, and as set out in the circular to shareholders dated 22 January 2020 (the “Circular”), the independent directors of Serabi (which excludes appointees of Greenstone) consider that the issue of the Convertible Loan Notes and Waiver are fair and reasonable and in the best interests of the independent shareholders and the Company as a whole. In the course of evaluating the transaction, the independent directors and the Company’s senior management, reviewed relevant information and considered a number of factors, including, among others, the following:

- the funds raised by the issue of the Convertible Loan Notes will significantly strengthen the Company’s financial position and allow it, together with existing cash holdings and projected cash generation, the flexibility to part fund the development of Coringa and in particular, the commencement of the initial underground development to access the Coringa ore-body during 2020, to settle the final US\$12 million payment for the Coringa gold project (the “Coringa Deferred Consideration”) and the outstanding debt owed to Sprott, whilst simultaneously being able to continue exploration and development of its Palito Complex, which is important to the longer term growth strategy of the Company;
- the independent directors of Serabi had explored and evaluated the availability and terms of alternative sources of capital for the Company to settle the Coringa Deferred Consideration during the course of 2019 and, in particular, in the four-month period prior to the negotiation and agreement of the proposed transaction with Greenstone;
- the independent directors of Serabi had taken account of prevailing market conditions in the minerals and mining sector in 2019, the possible discount of any placing issue price to the then share price and the Convertible Loan Notes agreed conversion price of £0.76 per Ordinary Share, being equal to the closing mid-market price on 21 January 2020;
- the independent directors considered the arrangement fee and interest rate proposed and determined that this overall structure proposed by Greenstone was within the normal range for a transaction for this nature.
- the near-term requirement to settle the Coringa Deferred Consideration, due on or before 31 March 2020.



In addition, the independent directors of Serabi took account of the following:

- the potential dilution to existing shareholders that could arise on the conversion rights being exercised and the continuing protections provided to minority shareholders by the City Code on Takeovers and Mergers;
- the relationship agreement between the Company and Greenstone, the terms of which were announced on 23 March 2018, and which includes protections to ensure the Company is able to continue to operate independently of Greenstone;
- the support of the Company's major shareholder, Fratelli Investments Limited, which has irrevocably undertaken to vote in favour of the resolutions to be proposed at the General Meeting in respect of its entire holding, in aggregate, 19,318,786 Ordinary Shares representing approximately 32.79 per cent. of the Existing Ordinary Shares of the Company;
- the agreement of the Takeover Panel to waive the obligation on Greenstone to make a general offer that would otherwise arise as a result of the issue of the Maximum Conversion Shares to Greenstone, is subject to the approval, on a poll, of the independent shareholders and that neither Greenstone, nor anyone acting in concert with it, is permitted vote on the relevant Waiver resolution; and
- all other matters deemed relevant by the Board and set out in detail in the Circular, including the risks specifically relating to the proposals set out in Part I, and more generally, in Part IV of the Circular.

The independent directors considered and approved an initial Term Sheet and appointed the executive directors to negotiate detailed documentation with Greenstone and received, reviewed and provided feedback on each of the key documents during the course of the negotiation process.

As Greenstone is currently interested in 14,887,971 shares representing more than 10 per cent. of the issued ordinary share capital of the Company, the subscription for the Convertible Loan Notes is also a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies. As previously announced, pursuant to the AIM Rules, the independent directors of the Company also consulted with the Company's Nominated Adviser, and concluded that the terms of the Subscription Deed, and the Convertible Loan Notes Instrument were fair and reasonable insofar as Shareholders are concerned, in particular taking into account the matters set out above and more fully described in the Circular. In giving its advice, the Company's Nominated Adviser had taken account of the commercial assessments of the independent directors.

For the purposes of MI 61-101 there has not been in the 24 months preceding the Circular any valuation in respect of the issuer that relates to the subject matter of or is otherwise relevant to the transaction.

A total of 14,487,971 shares will be excluded from voting on the resolution to approve the Waiver and also on the resolution to approve the proposed Subscription Deed for US\$12 million Convertible Loan Notes to be entered into by Greenstone and the Company in accordance with M I61-101.

Enquiries

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

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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



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