



Result of General Meeting, Completion of Subscription and Capital Reorganisation

Serabi (AIM: SRB, TSX:SBI), the Brazilian focused gold exploration and development company, is pleased to announce that all resolutions were passed at the General Meeting today. The resolution to approve a waiver of an obligation under Rule 9 of the City Code on Takeovers and Mergers (the "Waiver") in respect of the conditional subscription by Fratelli Investments limited ("Fratelli Investments") and parties acting in concert with it (the "Concert Party") was duly approved by Independent Shareholders on a poll.

The Company has therefore issued today 200,000,000 Units at the Subscription Price of 5 pence per Unit to raise £10.0 million (before expenses), to provide funding for the further development and evaluation of the Sao Chico gold project, the ongoing start-up of the Palito gold mine and for general working capital for the Company. Each Unit comprises one new Ordinary Share and one-half of one new warrant. Each new warrant entitles the new warrant holder to subscribe for one new Ordinary Share at a subscription price of 6 pence per new Ordinary Share on or before the second anniversary of Completion (the "New Warrant").

Mike Hodgson, CEO, said:

"We had very strong support from our existing shareholder base for this share placement of new shares and the money raised will allow us to drive forward with our initial development and further evaluation of the Sao Chico project and work at the site has started in the last few days.

"Meanwhile the ramping up of production and plant throughput continues at Palito. The first shipments of Copper/Gold concentrate have left the mine and are en-route to our appointed smelter. Milling rates for the month of February have been in line with our plans as we continue to increase throughput rates over the first quarter with the expectation that we can achieve our monthly planned rates of 7,500 tonnes per month for the start of the second quarter of 2014."

Fratelli Investments conditionally subscribed for 152,500,000 Units (comprising 152,500,000 Subscription Shares and 76,250,000 New Warrants) at the Subscription Price. The Company also procured conditional subscriptions from institutional and other investors (other than the Concert Party) for a further 47,500,000 Units at the Subscription Price.

The Capital Reorganisation was also approved at the General Meeting. Accordingly, each issued Existing Ordinary Share has been sub-divided and reclassified into one new Ordinary Share of 0.5 pence and one New Deferred Share of 4.5 pence.

Following completion of the Subscription and the Capital Reorganisation the Company is aware of the following notifiable interests in the Enlarged Ordinary Share Capital:

Shareholder	Ordinary Shares held in the Company	Percentage interest in the Enlarged Ordinary Share Capital
Fratelli Investments Limited	337,195,647	51.37%
Anker Holding AG	50,000,000	7.62%
Drake PIPE Fund	45,979,686	7.00%
Eldorado Gold Corporation	34,090,000	5.19%
Fondo de Inversion Privado Santa Monica	22,140,000	3.37%
The Concert Party (which includes Fratelli Investments and FIP Santa Monica)	360,406,964	54.91%



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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), is as follows:

Concert Party Member	Interest in Enlarged Ordinary Share Capital	Percentage of Enlarged Ordinary Share Capital (Note 1)	Exercise of Existing Warrants	Exercise of New Warrants	Interest in the Diluted Enlarged Ordinary Share Capital	Percentage of the Diluted Enlarged Ordinary Share Capital (Note 2)
Fratelli Investments Limited	337,195,647	51.37%	10,405,868	76,250,000	423,851,515	57.03%
Piero Solari Donaggio	-	-	-	-	-	-
Sandro Solari Donaggio	-	-	-	-	-	-
Carlo Solari Donaggio	-	-	-	-	-	-
Nicolas Bañados	22,443,947	3.42%	216,666	-	22,660,613	3.03%
Jorge Arancibia Pascal	767,370	0.12%	-	-	767,370	0.10%
Total	360,406,964	54.91%	10,622,534	76,250,000	447,279,498	60.18%

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

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

On Completion of the Subscription Fratelli Investments and the Concert Party will hold more than 50 per cent. of the Company’s voting share capital, and accordingly, Fratelli Investments 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.

Capital Reorganisation

The Capital Reorganisation was also approved at the General Meeting. Accordingly, each issued Existing Ordinary Share has been sub-divided and reclassified into one new Ordinary Share of 0.5 pence and one New Deferred Share of 4.5 pence.

The rights attaching to the new Ordinary Shares will, save for the change in nominal value and the entitlement of Shareholders in respect of a return of capital or other distributions arising therefrom, be identical in all respects to those of the Existing Ordinary Shares.

The New Deferred Shares created on the Capital Reorganisation have no voting or dividend rights and, on a return of capital, the right only to receive the amount paid up thereon after the holders of Ordinary Shares have received the aggregate amount paid up thereon plus £100 per Ordinary Share. The New Deferred Shares are in effect valueless.

No share certificates will be issued in respect of the New Deferred Shares, nor will CREST accounts of Shareholders be credited in respect of any entitlement to New Deferred Shares, nor will they be admitted to trading on AIM or any other investment exchange. It is the Board’s intention, at the appropriate time, to make application to the High Court for the New Deferred Shares to be cancelled.

The effect of the Capital Reorganisation means that each Ordinary Share held by Shareholders will have a nominal value of 0.5 pence each and the number of shares held by the Shareholders shall remain the same. Consequently, the market price of an Ordinary Share immediately after the completion of the Capital Reorganisation should, *ceteris paribus*, be the same as the



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market price of an Existing Ordinary Share immediately prior to the completion of the Capital Reorganisation. Existing share certificates will remain valid following the Capital Reorganisation. No share certificates will be issued in respect of the New Deferred Shares.

Repayment of Fratelli Loan

Fratelli Investments provided on 20 December 2013 an interim secured short term loan facility of US\$7.5 million (equivalent to approximately £4.5 million at the current exchange rate of £1:US\$1.66) to the Company to provide additional working capital to the Company and to enable the Company to continue with the development of Sao Chico and the initial start-up of the Palito mine. As at 28 February 2014, the last practicable date prior to the publication of this announcement, US\$5.5 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 4 March 2014 from the proceeds of the subscription has been calculated as US\$105,000.

Other

Application has been made for the new Ordinary Shares issued pursuant to the Capital Reorganisation and the Subscription to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the new Ordinary Shares will commence on 4 March 2014. The Subscription Shares will when issued and fully paid, rank in all other respects *pari passu* with the Ordinary Shares in issue including the right to receive all dividends and other distributions declared, made or paid after the date of their issue.

The Company's issued share capital consists of 656,389,204 Ordinary Shares with a nominal value of 0.5p each, with voting rights. The Company does not hold any Ordinary Shares in Treasury. Therefore the total number of Ordinary Shares in the Company with voting rights is 656,389,204.

The above figure of 656,389,204 Ordinary Shares may be used by shareholders in the Company as the denominator for the calculations 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 Service Authority's Disclosure and Transparency Rules.

Unless otherwise stated all defined terms used in this press release have the same definitions as set out in the circular published on 28 January 2014, a copy of which is available (together with this announcement) from the Company's website at www.serabigold.com.



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Enquiries

SERABI GOLD plc

Michael Hodgson t +44 (0)20 7246 6830
Chief Executive m +44 (0)7799 473621

Clive Line t +44 (0)20 7246 6830
Finance Director m +44 (0)7710 151692

e contact@serabigold.com

www.serabigold.com

BEAUMONT CORNISH Limited

Nominated Adviser
Roland Cornish t +44 (0)20 7628 3396
Michael Cornish t +44 (0)20 7628 3396

PEEL HUNT LLP

UK Broker
Matthew Armitt t +44 (0)20 7418 9000
Ross Allister t +44 (0)20 7418 9000

BLYTH WEIGH COMMUNICATIONS LTD

UK Public Relations
Tim Blyth t +44 (0)20 7138 3204
m +44 (0)7816 924626
Halimah Hussain t +44 (0)20 7138 3203
m +44 (0)7725 978141
Camilla Horsfall t +44 (0) 20 7138 3224
m +44 (0)7817 841793

Copies of this release 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.

Important Information

Neither the content of the Company's website (or any other website) nor any website accessible by hyperlinks on the Company's website (or any other website) is incorporated in, or forms part of, this announcement.

Any person receiving this announcement is advised to exercise caution in relation to the contents. If in any doubt about any of the contents of this announcement, independent professional advice should be obtained.

This announcement does not comprise an offer to sell or the solicitation of an offer to buy a security.

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Responsibility Statement

The Directors of Serabi accept responsibility for the information contained in this announcement including individual and collective responsibility for compliance with the AIM Rules, save for the information concerning the Concert Party (for which each member of the Concert Party and the directors of Fratelli Investments are responsible) and the recommendation set out in paragraph 12 (for which the Independent Directors are solely responsible). To the best of the knowledge and belief of the Directors (who have taken reasonable care to ensure that such is the case) the information contained in this announcement for which they are responsible (as above) is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

Each member of the Concert Party along with the directors of Fratelli Investments accepts responsibility for the information contained in this announcement relating to the Concert Party or otherwise expressly referable to the Concert Party. To the best of the knowledge and belief of each member of the Concert Party along with the directors of Fratelli Investments (who have taken all reasonable care to ensure such is the case) the information contained in this announcement for which they are responsible is in accordance with the facts and there are no other facts the omission of which is likely to affect the import of such information.

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 26 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.

Overseas Shareholders

The Ordinary Shares will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, or Japan. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in or into the United States, the Republic of South Africa, Australia, or Japan or to or for the account or benefit of any national, resident or citizen of the Republic of South Africa, Australia, or Japan or any person located in the United States. This announcement does not constitute an offer to issue or sell, or the solicitation of an offer to subscribe for or buy, any of the Ordinary Shares to any person in any jurisdiction to whom it is unlawful to make such offer or solicitation in such jurisdiction. The distribution of this announcement in certain jurisdictions may be restricted by law. In particular, this announcement should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, and in particular, should not be distributed, subject to certain exceptions, to persons with addresses in the United States of America, the Republic of South Africa, Australia, or Japan. No action has been taken by the Company or by Beaumont Cornish that would permit a public offer of any of the Ordinary Shares or possession or distribution of this announcement where action for that purpose is required. Persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdictions.

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.

SERABI GOLD PLC

2nd Floor, 30-32 Ludgate Hill, London EC4M 7DR
t +44 (0)20 7246 6830 f +44 (0)20 7246 6831 e contact@serabimining.com www.serabigold.com
Registered Office 66 Lincoln's Inn Fields, London, WC2A 3LH Company Number 5131528

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