

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document, or the action you should take, you should seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other independent financial adviser who specialises in advising on the acquisition of shares and other securities and is duly authorised under the Financial Services and Markets Act 2000 (“FSMA”) if you are in the United Kingdom or, if not, from another appropriately authorised independent adviser who specialises in advising on the acquisition of shares and other securities.**

The Directors whose names appear on page 6 of this Document accept responsibility for the information contained in this Document including individual and collective responsibility for compliance with the AIM Rules for Companies, 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 18 of Part I of this Document (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 Document 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 Document 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 Document 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.

If you have sold or otherwise transferred all of your Ordinary Shares, please immediately forward this Document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in, into or from the United States, Japan, Australia or the Republic of South Africa or any other jurisdiction if to do so would constitute a violation of the relevant laws of such jurisdiction. The distribution of this Document in jurisdictions other than the UK may be restricted by law and therefore persons into whose possession this Document comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdictions. Any person (for example but without limitation a custodian or a nominee) who has or may have a contractual obligation or some other legal obligation, or otherwise intends, to forward this Document to any jurisdiction outside the UK should seek appropriate advice before taking any action.

If you have sold only part of your holding of Ordinary Shares, please contact your stockbroker, bank or other agent through whom the sale or transfer was effected immediately.

**This Document does not comprise an offer to sell or the solicitation of an offer to buy a security. The whole of this Document should be read. Your attention is drawn in particular to Part I, “Letter from the Chairman of Serabi Gold plc”.**

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# **SERABI GOLD PLC**

*(Incorporated and registered in England and Wales with registered number 5131528)*

## **Proposed Capital Reorganisation**

### **Conditional Subscription for up to 200,000,000 Units**

#### **Approval of waiver of Rule 9 of the City Code on Takeovers and Mergers**

**and**

#### **Notice of General Meeting**

*Financial Adviser and Nominated Adviser*

**Beaumont Cornish Limited**

*Broker*

**Peel Hunt LLP**

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Application will be made to London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings will commence at 8.00 a.m. on 4 March 2014. The TSX has conditionally approved the listing of the New Ordinary Shares on the TSX, subject to an exemption pursuant to section 602(g) of the TSX Company Manual from shareholder approval requirements. As a result of the Company’s principal trading market being AIM, TSX will not be applying its standards in regards to security holder approval (Section 604) and private placements (Section 607) in regards to the proposed transaction, as provided under Section 602 (g) of the TSX Company Manual.

Beaumont Cornish, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and no one else in connection with the Proposals and will not be responsible to any person other than the

Company for providing the regulatory and legal protections afforded to clients of Beaumont Cornish nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to in it. Beaumont Cornish has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by Beaumont Cornish for the accuracy of any information or opinion contained in this Document or for the omission of any information.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting for the Company and no one else in connection with the Proposals and will not be responsible to any person other than the Company for providing the regulatory and legal protections afforded to clients of Peel Hunt nor for providing advice in relation to the contents of this Document or any matter, transaction or arrangement referred to in it. Peel Hunt has not authorised the contents of, or any part of, this Document and no liability whatsoever is accepted by Peel Hunt for the accuracy of any information or opinion contained in this Document or for the omission of any information.

Notice of a General Meeting of the Company to be held at the offices of Farrer & Co LLP at 66 Lincoln's Inn Fields, London, WC2A 3LH at 11.00 a.m. on 3 March 2014 is set out at the end of this Document. Shareholders will find enclosed a Form of Proxy for use at the General Meeting which, to be valid, must be completed and returned so as to be received by the Company's registrars, Computershare Investor Services PLC, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and in any event not later than 11.00 a.m. on 27 February 2014. Completion and return of the Form of Proxy will not preclude Shareholders from attending the meeting and voting in person should they subsequently wish to do so. The Independent Directors' recommendation is set out on page 24 of this Document.

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 Document 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 an offer or solicitation in such jurisdiction. The distribution of this Document in certain jurisdictions may be restricted by law. In particular, this Document 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 Document where action for that purpose is required. Persons into whose possession this Document 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.

Copies of this Document will be available free of charge during normal business hours on any Business Day at the offices of Farrer & Co LLP at 66 Lincoln's Inn Fields, London, WC2A 3LH from the date of this Document and shall remain available for a period of one month from Admission. Additionally, an electronic version of this Document will be available at the Company's website, [www.serabigold.com](http://www.serabigold.com).

Information in this Document is as of 24 January 2014 unless otherwise stated.

## **FORWARD LOOKING STATEMENTS**

Certain statements in this Document 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 Document 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.

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## SUBSCRIPTION STATISTICS

Number of Existing Ordinary Shares in issue at the date of this Document	456,389,204
Number of Ordinary Shares in issue on completion of the Capital Reorganisation	456,389,204
Issue Price per Unit	5 pence
<b><i>Minimum Subscription</i></b>	
Minimum number of new Ordinary Shares to be issued pursuant to the Subscription	125,000,000
Gross proceeds of the Minimum Subscription	£6.25 million
Estimated net proceeds of the Minimum Subscription (excluding any broker commissions)	£6.10 million
Enlarged Ordinary Share Capital following Completion based on the Minimum Subscription	581,389,204
Number of new Ordinary Shares to be issued pursuant to the Minimum Subscription as a percentage of the Enlarged Ordinary Share Capital	21.5 per cent.
Market capitalisation of the Company at the Subscription Price following Completion	£29.1 million
<b><i>Maximum Subscription</i></b>	
Maximum number of new Ordinary Shares to be issued pursuant to the Subscription	200,000,000
Gross proceeds of the Maximum Subscription	£10.0 million
Estimated net proceeds of the Maximum Subscription (excluding any broker commissions)	£9.85 million
Enlarged Ordinary Share Capital following Completion based on the Maximum Subscription	656,389,204
Number of new Ordinary Shares to be issued pursuant to the Maximum Subscription as a percentage of the Enlarged Ordinary Share Capital	30.5 per cent.
Market capitalisation of the Company at the Subscription Price following Completion	£32.8 million

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

<i>Event</i>	<i>Date</i>
Publication of this Document	28 January 2014
Record Date for Canadian shareholders	27 January 2014
Latest time and date for receipt of Proxy Forms in respect of the General Meeting	11.00 a.m. on 27 February 2014
Time and date of General Meeting	11.00 a.m. on 3 March 2014
Record Date for the Capital Reorganisation	5.00 p.m. on 3 March 2014
Admission effective and commencement of dealings in the New Ordinary Shares on AIM	8.00 a.m. on 4 March 2014
CREST accounts credited for the New Ordinary Shares in uncertificated form	4 March 2014
Despatch of definitive share certificates for the New Ordinary Shares in certificated form by no later than	14 March 2014

- (1) All times shown in this Document are London GMT times unless otherwise stated. The dates and times given are indicative only and are based on the Company's current expectations and may be subject to change. If any of the times and/or dates above change the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.
- (2) If the General Meeting is adjourned, the latest time and date for receipt of Forms of Proxy for the adjourned meeting will be notified to Shareholders by announcement through the Regulatory News Service of the London Stock Exchange.

## DIRECTORS, SECRETARY AND ADVISERS

<b>Directors</b>	<b>Terence Sean Harvey</b> , <i>Non-Executive Chairman</i> <b>Michael Hodgson</b> , <i>Chief Executive</i> <b>Clive Line</b> , <i>Finance Director</i> <b>Nicolas Banados</b> , <i>Non-Executive Director</i> <b>Dr Doug Jones</b> , <i>Non-Executive Director</i> <b>Daniel Kunz</b> , <i>Non-Executive Director</i> <b>Eduardo Rosselot</b> , <i>Non-Executive Director</i> <b>Melvyn Williams</b> , <i>Non-Executive Director</i>
<b>Company Secretary</b>	Clive Line
<b>Registered Office</b>	66 Lincoln's Inn Fields London WC2A 3LH
<b>Nominated Adviser</b>	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
<b>Broker</b>	Peel Hunt LLP Moor House 120 London Wall London EC2Y 5ET
<b>UK Solicitors to the Company</b>	Farrer & Co LLP 66 Lincoln's Inn Fields London WC2A 3LH
<b>Canadian Legal Counsel to the Company</b>	Heenan Blaikie LLP 333 Bay Street, Suite 2900 Bay Adelaide Centre Toronto Ontario M5H 2T4
<b>UK Registrars</b>	Computershare Investor Services PLC Bridgwater Road, Bristol, BS99 6ZY
<b>Canadian Registrar and Transfer Agent</b>	Computershare Investor Services Inc 100 University Avenue, 8th Floor Toronto Ontario M5J 2Y1
<b>Principal Bankers</b>	HSBC Bank plc 60 Pall Mall London SW1 5EZ
<b>Company Website</b>	<a href="http://www.serabigold.com">www.serabigold.com</a>

## DEFINITIONS

The following words and expressions apply throughout this Document unless the context requires otherwise:

<b>“2010 Annual Report”</b>	the Company’s annual report and accounts for the financial year ended 31 December 2010
<b>“2011 Annual Report”</b>	the Company’s annual report and accounts for the financial year ended 31 December 2011
<b>“2012 Annual Report”</b>	the Company’s annual report and accounts for the financial year ended 31 December 2012
<b>“2012 Loan Agreement”</b>	the US\$6 million loan facility dated 1 October 2012 provided to the Company by Fratelli Investments, details of which are set out in Part IV of this Document
<b>“2012 Lock-in and Relationship Agreement”</b>	the agreement dated 10 December 2012 between (1) the Company (2) Beaumont Cornish and (3) Fratelli Investments, further details of which are set out in Part IV of this Document
<b>“Act”</b>	Companies Act 2006 (as amended)
<b>“Admission”</b>	admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules for Companies
<b>“AIM”</b>	AIM, a market of that name operated by the London Stock Exchange
<b>“AIM Rules for Companies”</b>	the rules which set out the obligations and responsibilities in relation to companies whose shares are admitted to AIM as published by the London Stock Exchange from time to time
<b>“AIM Rules for Nominated Advisers”</b>	the rules which set out the eligibility, obligations and certain disciplinary matters in relation to nominated advisers as published by the London Stock Exchange from time to time
<b>“Announcement”</b>	the announcement of the Proposals issued on 23 December 2013
<b>“Beaumont Cornish”</b>	Beaumont Cornish Limited whose registered office is at Cedar House, Sandbrook Business Park, Sandbrook Way, Rochdale, OL11 1LQ
<b>“Board” or “Directors”</b>	the existing directors of the Company whose names appear on page 6 of this Document
<b>“Business Day”</b>	any day (other than a Saturday, Sunday or a public holiday) on which banks are generally open in the City of London for the transaction of normal banking business
<b>“Capital Reorganisation”</b>	The proposed share capital reorganisation, details of which are set out in this Document, to be effected by the passing of the Resolutions
<b>“certificated” or “in certificated form”</b>	a share or other security recorded on the relevant register of the relevant company as being held in certificated form and title to which may be transferred by means of a stock transfer form
<b>“City Code” or “Takeover Code”</b>	the City Code on Takeovers and Mergers, as updated from time to time

<b>“Company” or “Serabi”</b>	Serabi Gold plc
<b>“Completion”</b>	the Capital Reorganisation and the Subscription being completed and Admission taking place
<b>“Concert Party”</b>	Fratelli Investments Limited, its Connected Persons and other persons acting in concert with it, as described in Part II of this Document
<b>“Connected Persons”</b>	has the meaning set out in section 252 and section 254 of the Act and includes a spouse, children under 18 and any company in which the relevant person is interested in shares comprising at least one-fifth of the share capital of that company
<b>“CREST”</b>	the relevant system, as defined in the CREST Regulations, and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations)
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) (as amended)
<b>“C\$”</b>	the legal currency of Canada
<b>“Diluted Enlarged Ordinary Share Capital”</b>	the issued equity share capital of the Company immediately following Admission and completion of the Minimum Subscription comprising the Ordinary Shares, 125,000,000 Subscription Shares, 10,622,534 new Ordinary Shares to be issued on full exercise by the Concert Party of its holding of the Existing Warrants and 62,500,000 New Warrants
<b>“Disclosure Date”</b>	24 January 2014, being the last practicable date prior to the publication of this Document
<b>“Document”</b>	this document
<b>“Enlarged Ordinary Share Capital”</b>	the issued equity share capital of the Company immediately following Admission comprising the Ordinary Shares and the Subscription Shares
<b>“Euroclear”</b>	Euroclear UK & Ireland Limited, a company incorporated in England and Wales with registration number 2878738, whose registered address is at 33 Cannon Street, London EC4M 5SB
<b>“Existing Deferred Shares”</b>	the existing deferred shares of 9.5 pence each in the capital of the Company as at the date of this Document
<b>“Existing Ordinary Shares”</b>	the existing 456,389,204 ordinary shares of 5 pence each in the capital of the Company as at the date of this Document
<b>“Existing Ordinary Share Capital”</b>	the issued equity share capital of the Company as at the date of this Document
<b>“Existing Warrants”</b>	the 12,685,033 warrants to subscribe for new ordinary shares in the Company, being the whole of the existing warrants outstanding as at the date of the Document
<b>“Form of Proxy”</b>	the form of proxy to be used by Shareholders in respect of the General Meeting
<b>“Fratelli Investments”</b>	Fratelli Investments Limited, a company registered in Bermuda with registered number 136,354 B



<b>“FSA”</b>	the United Kingdom Financial Services Authority
<b>“FSMA”</b>	the Financial Services and Markets Act 2000 of the United Kingdom (as amended)
<b>“General Meeting”</b>	the general meeting of the Company convened for 11.00 a.m. on 3 March 2014, the notice convening which is set out at the end of this Document
<b>“Greenwood”</b>	Greenwood Investments Limited
<b>“Group”</b>	the Company and/or its subsidiaries as the context requires
<b>“IFRS”</b>	the International Financial Reporting Standards as adopted by the International Accounting Standards Board
<b>“Independent Directors”</b>	the Directors, other than Eduardo Rosselot and Nicolas Banados
<b>“Independent Shareholders”</b>	all Shareholders other than members of the Concert Party
<b>“Kenai”</b>	Kenai Resources Limited
<b>“Loan Agreement”</b>	the US\$7.5 million loan facility dated 20 December 2013 provided to the Company by Fratelli Investments, details of which are set out in Part IV of this Document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Maximum Diluted Enlarged Ordinary Share Capital”</b>	the issued equity share capital of the Company immediately following Admission and completion of the Maximum Subscription comprising the Ordinary Shares, 200,000,000 Subscription Shares, and 10,622,534 new Ordinary Shares to be issued on full exercise by the Concert Party of its holding of the Existing Warrants and 81,250,000 New Warrants
<b>“Maximum Subscription”</b>	the conditional subscription by Fratelli Investments to subscribe for a maximum of 162,500,000 new Ordinary Shares pursuant to the Subscription, further details of which are set out in Part I of this Document
<b>“Minimum Subscription”</b>	the conditional subscription by Fratelli Investments to subscribe for a minimum of 125,000,000 new Ordinary Shares pursuant to the Subscription, further details of which are set out in Part I of this Document
<b>“NCL”</b>	NCL Ingenieria y Construccion SA
<b>“New Deferred Shares”</b>	the deferred shares of 4.5 pence each in the capital of the Company to be created pursuant to the Capital Reorganisation
<b>“New Lock-in and Relationship Agreement”</b>	the agreement dated 27 January 2014 between (1) the Company (2) Beaumont Cornish and (3) Fratelli Investments, further details of which are set out in Part IV of this Document
<b>“New Ordinary Shares”</b>	the Ordinary Shares and the Subscription Shares
<b>“New Warrants”</b>	up to 100,000,000 new warrants to subscribe for new Ordinary Shares at a price of 6 pence per new Ordinary Share to be issued pursuant to the Subscription

<b>“Notice of General Meeting”</b>	the notice of the General Meeting set out at the end of this Document
<b>“Official List”</b>	the list maintained by the United Kingdom Listing Authority in accordance with section 74(1) of FSMA for the purposes of Part VI of FSMA
<b>“Options”</b>	the existing options to subscribe for new Ordinary Shares, further details of which are set out in paragraph 2.6 of Part IV of this Document
<b>“Ordinary Shares”</b>	the new ordinary shares of 0.5 pence each in the capital of the Company to be created pursuant to the Capital Reorganisation
<b>“Panel”</b>	Panel on Takeover and Mergers
<b>“PEA”</b>	the preliminary economic assessment of re-starting mining operations at Palito prepared by NCL in June 2012 in accordance with the Canadian Securities Administrators’ National Instrument 43-101 - Standards of Disclosure for Mineral Projects
<b>“PEA Announcement”</b>	the regulatory announcement released by the Company on 13 June 2012 setting out, <i>inter alia</i> , details of the PEA
<b>“Proposals”</b>	the Capital Reorganisation, the Subscription, the Waiver and Admission
<b>“QCA Code”</b>	the Corporate Governance Guidelines for Smaller Quoted Companies published by the Quoted Companies Alliance
<b>“Resolution(s)”</b>	the resolutions set out in the Notice of General Meeting at the end of this Document
<b>“Rule 9”</b>	Rule 9 of the Takeover Code
<b>“Rule 9 Offer”</b>	the requirement for a general offer to be made in accordance with Rule 9
<b>“Shareholders”</b>	Person(s) who is/are registered holder(s) of Ordinary Shares from time to time
<b>“Subscription”</b>	the conditional subscription for the Subscription Shares and New Warrants, further details of which are set out in Part I of this Document
<b>“Subscription Agreement”</b>	the agreement dated 20 December 2013 between (1) the Company and (2) Fratelli Investments, further details of which are contained in Part IV of this Document
<b>“Subscription Price”</b>	5 pence per Subscription Share
<b>“Subscription Shares”</b>	up to 200,000,000 new Ordinary Shares to be issued pursuant to the Subscription
<b>“Third Party Shares”</b>	up to 37,500,000 Subscription Shares available for subscription by third party investors pursuant to the Subscription
<b>“TSX”</b>	Toronto Stock Exchange
<b>“UK Listing Authority”</b>	the FSA acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

<b>“UK” or “United Kingdom”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“uncertificated” or “in uncertificated form”</b>	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>“Unit”</b>	One Subscription Share and half of one New Warrant
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any State of America and the District of Columbia
<b>“US\$” or “US Dollars”</b>	the legal currency of the United States
<b>“VAT”</b>	value added tax
<b>“Waiver”</b>	the waiver granted by the Panel (subject to the passing of the Whitewash Resolution) in respect of the obligation of the Concert Party to make a mandatory offer for the entire issued share capital of the Company not already held by the Concert Party which might otherwise be imposed on the Concert Party under Rule 9 of the Takeover Code as a result of the issue of Subscription Shares under the Subscription Agreement and the grant to the Concert Party of New Warrants and the exercise thereof, as more particularly described in paragraph 7 of Part I of this document
<b>“Whitewash Resolution”</b>	the ordinary resolution of the Independent Shareholders to be taken on a poll concerning the Waiver to be proposed at the General Meeting and set out in the Notice of General Meeting

## GLOSSARY OF MINING TERMS

<b>“CIM”</b>	Canadian Institute of Mining, Metallurgy and Petroleum
<b>“cut-off grade”</b>	the lowest grade of mineralized material that qualifies as ore in a given deposit; rock of the lowest assay included in an ore estimate
<b>“deposit”</b>	a mineralized body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved
<b>“gold equivalent”</b>	quantities of materials other than gold stated in units of gold by reference to relative product values at prevailing market prices
<b>“grade”</b>	the concentration of mineral within the host rock typically quoted as grams per tonne (g/t), parts per million (ppm) or parts per billion (ppb)
<b>“g/t”</b>	grams per tonne
<b>“indicated mineral resource”</b>	that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed
<b>“inferred mineral resource”</b>	that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes
<b>“measured mineral resource”</b>	that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity
<b>“mineral resource”</b>	a concentration or occurrence of diamonds, natural solid inorganic material or natural fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s

crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge

**“NI 43-101”**

Canadian Securities Administrators’ National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

**“open stoping”**

the mining of ore where the host rock is sufficiently strong that the remaining material will not collapse (cave) into the open space created and the open space requires little by way of external support

**“stope”**

the open space created through the process of open stoping

## PART I

### LETTER FROM THE CHAIRMAN

## SERABI GOLD PLC

*(Incorporated and registered in England and Wales with registered number 5131528)*

*Directors:*

Terence Sean Harvey, *Non-Executive Chairman*  
Michael Hodgson, *Chief Executive*  
Clive Line, *Finance Director*  
Nicolas Banados, *Non-Executive Director*  
Dr Doug Jones, *Non-Executive Director*  
Daniel Kunz, *Non-Executive Director*  
Eduardo Rosselot, *Non-Executive Director*  
Melvyn Williams, *Non-Executive Director*

*Registered Office:*

66 Lincoln's Inn Fields  
London WC2A 3LH  
England

28 January 2014

*To the Shareholders, and for information only, to the holders of Options over Ordinary Shares and Existing Warrant holders*

Dear Shareholder,

#### **Proposed Capital Reorganisation**

#### **Conditional subscription of up to 200,000,000 Units at 5 pence per Unit**

#### **Approval of a waiver of an obligation under Rule 9 of the City Code on Takeovers and Mergers Notice of General Meeting**

### **1. INTRODUCTION**

The Board intends to issue up to 200,000,000 Units at a Subscription Price of 5 pence per Unit to raise up to £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 will comprise one new Ordinary Share and one-half of one New Warrant. Each New Warrant will entitle 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 Company has entered into a conditional subscription agreement with Fratelli Investments (which together with parties acting in concert with it is currently interested in 45.55 per cent. of the Existing Issued Share Capital) which has agreed, pursuant to the Subscription, to subscribe for:

- (a) 125,000,000 Units (comprising 125,000,000 Subscription Shares and 62,500,000 New Warrants) at the Subscription Price ("Minimum Subscription"); and
- (b) Additional Units, equal in number to the aggregate subscription for Units from third party investors (if any), up to a maximum of 37,500,000 Units (comprising 37,500,000 Subscription Shares and 18,750,000 New Warrants), at the Subscription Price.

The Company anticipates that it may enter into conditional agreements with brokers to use their reasonable endeavours to procure subscriptions from institutional and other investors (other than the Concert Party) at the Subscription Price. If such agreements are entered into the Company expects to pay commissions and / or fees in line with market rates for similar fundraisings.

In addition, the Company announced on 23 December 2013 that Fratelli Investments had provided an interim secured short term loan facility of US\$7.5 million (equivalent to approximately £4.5 million) to the Company to enable the Company to commence the next stage of the exploration and evaluation of the Sao

Chico gold project and to provide additional working capital. Drawdown under the Loan Agreement was subject to a number of conditions precedent, including the execution of security agreements. The Company intends that the Loan Agreement will be repaid from the proceeds of the Subscription. As at 24 January 2014, the last practicable date prior to the publication of this Document, US\$5.5 million had been drawn down under the Loan Agreement.

Fratelli Investments and parties acting in concert with it, currently owns 207,906,964 Existing Ordinary Shares which represents 45.55 per cent. of the Existing Ordinary Share Capital. **On Completion of the Proposals, the Concert Party's maximum interest in the Diluted Enlarged Ordinary Share Capital will be 62.04 per cent. assuming that the Concert Party subscribes for the Minimum Subscription of 125,000,000 Subscription Shares and exercises in full its holding of 10,622,534 Existing Warrants and 62,500,000 New Warrants.** Without a waiver of the obligations under Rule 9 of the City Code, the Subscription for the Subscription Shares and New Warrants (and the exercise of the New Warrants) could require the Concert Party to make a general offer for the entire issued and to be issued share capital of the Company not already held by the Concert Party. The Panel has agreed with the Company to grant such a waiver, subject to the passing at the General Meeting by Independent Shareholders (being Shareholders other than the members of the Concert Party) of the Whitewash Resolution, to be taken on a poll.

Further details of the Subscription Agreement and Loan Agreement are contained in paragraphs 4 and 5 of this Part I and paragraphs 6.1.6 and 6.1.8 of Part IV of this Document.

The purpose of this Document is to explain the background to, and reasons for, the Proposals and why the Independent Directors believe that the Proposals are in the best interests of the Company and its Shareholders as a whole and to recommend that you vote in favour of the Resolution.

Your attention is drawn to the information set out in Parts II to IV of this Document, which contain important information in relation to the Proposals. The attention of Shareholders is also drawn to the section entitled "Forward Looking Statements" on page 2 of this Document.

## **2. BACKGROUND TO AND REASONS FOR THE PROPOSALS**

On 2 October 2012, the Company announced plans to raise capital for the development of the Palito gold mine, including the acquisition of specialised underground mining equipment and mobile fleet, other plant and equipment and the remediation and refurbishment of an existing processing plant. At that time the Company anticipated that the works would be completed towards the end of 2013 and that gold production would commence at the start of 2014. The first stage of work was the de-watering of the mine which commenced in the fourth quarter of 2012 and the share placing to finance the entire development plan was completed on 17 January 2013. Mine de-watering was finished in the first quarter of 2013 and since that time mining has continued focussing on the installation of mine services, underground development and production of ore from remnant stoping blocks. As at the end of December 2013, the Company had produced a stock pile of approximately 25,000 tonnes of ore at an average gold grade of 7.55 g/t. Refurbishment of the processing plant has been ongoing and on 13 December 2013 the Company commenced initial testing of the processing plant with the expectation that full scale processing will start during January 2014 with a steady increase in ore throughput during the first quarter of 2014 with full process rates reached by April 2014.

In May 2013 the Company announced the acquisition of Kenai which owned the Sao Chico gold project located some 25 kilometres from Palito. The Company considers that the Sao Chico gold project will be able to augment gold production from the Palito gold mine with further high grade ore utilising surplus capacity within the processing plant at Palito. The acquisition was completed on 18 July 2013. The Company has during 2013 undertaken a successful 6,400 metre diamond drilling programme at Sao Chico and in the process has more than doubled the strike length of the Main Vein at Sao Chico. The Main Vein remains open in all directions and the strike may be continuous for a further 200 metres to the West where further exploration drilling has been undertaken.

Sao Chico will now go through a nine month period of development where an access ramp will be driven, followed by initial on-lode development of the principal Main Vein to the currently defined resource limits.

A follow-up underground diamond drill programme will then be undertaken. The results of this drilling and development will allow the Company to refine the resource estimation and enable the preparation of a detailed and robust mine plan in advance of the start of mine production.

At Palito the Company will, during the first half of 2014, and concurrent with the ramp-up of processing of ore, complete the rehabilitation of the CIP plant which will enable gold recoveries to be increased from an initial estimate of 82 per cent. to a projected 93 per cent.

The proceeds of the Subscription will be used:

- (a) to finance the development programme at Sao Chico;
- (b) to replenish the working capital that was consumed during 2013 by the acquisition, integration and on-going costs of Kenai and its subsidiaries, and the exploration programmes undertaken at the Sao Chico gold project;
- (c) to provide additional working capital for the company during the ongoing start-up of ore processing operations and the completion of the CIP plant remediation at Palito; and
- (d) to repay the Loan Agreement.

### **3. CURRENT TRADING, STRATEGY AND PROSPECTS**

The Company, between the end of 2009 until the end of 2011, was involved primarily in exploration activity and since that time has been planning for and carrying out the rehabilitation, development and refurbishment of the Palito gold mine and the associated gold process plant and site infrastructure. The Company has therefore not generated any significant revenues during this period.

The underground mine has been in development since midway through 2013 and mining activities to the end of December 2013 had generated an ore stockpile of some 25,000 tonnes averaging 7.55 g/t. Within the process plant, the remediation of the primary crushing plant was completed during the third quarter of 2013, the milling circuit has undergone initial testing, the gravity concentration plant was calibrated and commissioned during the second week of December 2013 and the electrical work to complete the flotation recovery section completed in this same time-frame. Initial testing of the process plant commenced in mid-December 2013.

The Company plans a long-term processing rate for ore from the Palito gold mine of 7,500 tonnes per month but will undertake a steady “ramp-up” to this production level over a three month period starting in January 2014. The initial processing of the ore will produce gold in the form of gold concentrate produced from the gravity process and also as a copper/gold concentrate that will be produced from the flotation part of the process circuit. The Company estimates gold recovery from these two processing methods will be in the region of 82 per cent. During the first half of 2014 the Company will complete the remediation of the existing CIP plant and upon completion of this, the tailings from the flotation process will be processed through the CIP plant increasing overall recoveries to a projected 93 per cent. Whilst the CIP plant is being remediated, the tailings from initial processing will be stockpiled and the Company will try to reprocess these tailings during the second half of 2014 as and when processing capacity is available.

Underground mining activity at Palito is progressing well and planned rates of development are being achieved. The mine plan over the first six months of 2014 will remain biased towards mine development whilst the optimum number of production faces and stopes are exposed and made available for stoping. Thereafter the ratio of mine development with stope production should be in balance to allow the mine to maintain a steady 250 tonnes per day of ore. The size of the current stockpile ensures that during this first six months there will be adequate ore available to meet targeted ore processing levels.

At Sao Chico, the exploration drilling undertaken during 2013 was very successful with the strike of the principal Main Vein of the deposit being more than doubled in length and further veins being identified. The deposit remains open in all directions particularly to the West and management is optimistic for further discoveries within the Sao Chico licence area. The Company now wants to embark on the next stage of evaluation of this deposit which will comprise construction of a mine portal, followed by the development



of a decline and an initial mine development drive to the currently defined resource limits. An underground diamond drilling programme will be undertaken from within this development drive. The results from this work, which is expected to take up to nine months, will allow the Company to refine its resource estimation and develop a robust mine plan. During this time it will continue its current discussions with a variety of banks in order that, shortly following completion of this evaluation, the development debt finance to progress the project can be made available quickly and allow commercial production activities to get underway at Sao Chico.

The Company plans to truck ore from Sao Chico to Palito, where it will be processed, along the Trans-Garimpeiro Highway, an existing road that is maintained by the state and municipal authorities on a year round basis. The ore from Palito and Sao Chico will be kept separate during processing and test-work indicates that gold recoveries in excess of 95 per cent. can be achieved from the Sao Chico ore through gravity and cyanidation processes. The Sao Chico deposit is similar to Palito in that it comprises sub-vertical veins of approximately one metre in width. However at Palito the gold mineralization is associated with copper which necessitates using flotation to extract the copper prior to cyanidation and thus the production of a copper/gold concentrate. The gold mineralization at Sao Chico is not associated with the presence of copper and thus current test-work results indicate a simpler processing route is viable.

Whilst the Company does not at this time have any independent study to support the potential Sao Chico mine production rates, management consider that the assumption of a nominal initial processing rate of 100 tonnes per day is reasonable and has used this as the basis of its current submissions to the Departamento Nacional de Produção Mineral in support of its application to convert the current exploration licence to a full mining licence. The Company is currently completing the Final Exploration Report which is the first required report and will then be following this in the early part of the first quarter of 2014 with the Plano Approviemento Economica, which will include both economic and environmental impact studies.

A preliminary economic assessment (“PEA”) which was completed in June 2012 by NCL, Serabi’s independent engineering consultants, included an economic assessment of Palito which projected an annual average production rate of 90,000 tonnes per annum from the existing known resource.

The Board has always intended that whilst the initial production levels from Palito will be relatively modest it can use the cash flow generated from gold production at Palito to help fund the next stage of the Company’s growth. Prior to the acquisition of Kenai during 2013 it had already made three near mine site gold discoveries being the Palito South, Currutela and Piaui prospects. Sao Chico has allowed the Board to accelerate its plans to increase the Group’s gold production as it represents a technically more advanced project and also has additional potential for further discoveries.

The Board’s objective is to develop the Company through organic growth, expanding its gold production through the development of further high grade, low capital opportunities in the Tapajos region of Brazil and building on the technical mining skills that are deployed at Palito. Sao Chico should be the first satellite deposit to augment the Company’s gold production and the Company is confident that in time the Palito South, Currutela and Piaui prospects can be better defined and developed to provide further ore feed for the central gold processing plant at Palito. The Board will however continue to look at other opportunities and will make strategic acquisitions where it believes that these can be accretive and contribute to the longer term objective of establishing the Company as a successful junior gold production company.

The scientific and technical information contained within this Document 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.

#### 4. THE SUBSCRIPTION

The Board intends to issue up to 200,000,000 Units at a Subscription Price of 5p per Unit to raise up to £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 will comprise one new Ordinary Share and one-half of one New Warrant. Each New Warrant will entitle the New Warrant holder to subscribe for one new Ordinary Share at a subscription price of 6p per new Ordinary Share on or before the second anniversary of Completion.

The Company has entered into a conditional subscription agreement with Fratelli Investments (which together with parties acting in concert with it is currently interested in 45.55 per cent. of the Existing Issued Share Capital) which has agreed, pursuant to the Subscription, to subscribe for:

- (a) 125,000,000 Units (comprising 125,000,000 Subscription Shares and 62,500,000 New Warrants) at the Subscription Price (“Minimum Subscription”); and
- (b) Additional Units, equal in number to the aggregate subscription, if any, for Units from third party investors, up to a maximum of 37,500,000 Units (comprising 37,500,000 Subscription Shares and 18,750,000 New Warrants), at the Subscription Price.

The Company anticipates that it may enter into conditional agreements with brokers to use their reasonable endeavours to procure subscriptions from institutional and other investors (other than the Concert Party) at the Subscription Price. If such agreements are entered into the Company expects to pay commissions and / or fees in line with market rates for similar fundraisings

The Subscription Price of 5 pence per Unit (ascribing no value to the half New Warrant) represents a 2.1 per cent. discount to the 30 day volume weighted average closing mid-market price of an Ordinary Share of 5.109 pence as at 19 December 2013 (the last practicable date prior to announcement of the Subscription). 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.

Completion of the Subscription is conditional *inter alia* upon:

- (a) Approval of the Independent Shareholders of the Company on a poll at a general meeting of the waiver of any obligations of Fratelli Investments and parties acting on concert with it to make a general offer to Shareholders pursuant to Rule 9 of the City Code; and
- (b) Admission of the Subscription Shares to AIM and the TSX.

Under the Subscription Agreement, Fratelli Investments may notify Serabi that it wishes to terminate the Subscription Agreement with immediate effect in the event that:

- (a) Serabi notifies Fratelli Investments that there is a material adverse change in the financial condition of the Company and/or any of its subsidiaries; or
- (b) If an event of default occurs under the Loan Agreement.

The Company has additionally undertaken to Fratelli Investments under the Subscription Agreement to procure that each member of the Serabi Group shall not, prior to completion of the Subscription, except with the prior written consent of Fratelli Investments (such consent not to be unreasonably withheld or delayed):

- (a) Until the earlier of:
  - (i) the completion of the Subscription; and
  - (ii) the voting down of the Whitewash Resolution and/or any of the other Resolutions

create, allot or issue (or enter into any negotiations or reach any agreement (legally or otherwise) to create, allot or issue) any shares or securities (save in respect of the issuance of shares or securities either (a) to any member of the Serabi Group; or (b) in respect of those shares subject to the exercise

of options, warrants or other rights to subscribe for shares in the Company in existence at the date of the Subscription Agreement) or grant any option, warrant or right to subscribe or convert any securities into shares, or require the allotment or issue of any such shares or securities whether conditional or otherwise;

- (b) dispose of the whole or part of its undertaking or enter into any negotiations, or reach any agreement, with regard to any such disposal (whether conditional or otherwise). For the avoidance of doubt, this shall include not entering into or agreeing to enter into any off-take or other agreement relating to any future production of the Group; and
- (c) enter into any contract or arrangement that is not on an arm's length basis.

As described above, the Company anticipates that it may enter into conditional agreements with brokers to use their reasonable endeavours to procure subscriptions from institutional and other investors (other than the Concert Party) at the Subscription Price. If such agreements are entered into the Company expects to pay commissions and / or fees in line with market rates for similar fundraisings.

## **5. THE LOAN AGREEMENT**

Fratelli Investments also 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. Drawdown under the Loan Agreement was subject to a number of conditions precedent including the execution of the security agreements. As at 24 January 2014, the last practicable date prior to the publication of this Document, US\$5.5 million had been drawn down under the short term loan facility. The Company intends that the Loan Agreement will be repaid from the proceeds of the Subscription. The Loan Agreement is repayable on 30 April 2014 and is for a maximum of US\$7.5 million and will be drawn-down in up to 3 separate instalments. Interest is chargeable at the rate of 12 per cent. per annum and the facility will attract a 3 per cent. arrangement fee. In the event that the funds advanced under the Loan Agreement are repaid prior to the end of the loan period, there will be no prepayment penalty. The Loan Agreement is secured against:

- (i) the entire share capital of Serabi Mining Limited, a subsidiary of Serabi and the 99 per cent. shareholder of Serabi Mineração SA, which is the licence holder for the Palito mine;
- (ii) the entire issued share capital of Kenai, a subsidiary of Serabi and the 100 per cent. shareholder of Gold Aura do Brasil Mineração Ltda, the licence holder of Sao Chico;
- (iii) all current and future sums owed by Serabi Mineração SA to Serabi;
- (iv) all current and future sums owned by Gold Aura do Brasil Mineração Ltda to Serabi or Kenai;
- (v) all current and future sums owned by Kenai to Serabi; and
- (vi) a charge over Serabi's bank account.

## **6. INFORMATION ON THE CONCERT PARTY**

A description of the Concert Party is set out in Part II of this Document.

## **7. RULE 9 OF THE TAKEOVER CODE**

The Subscription gives rise to certain considerations under the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are set out below. The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company with its registered office and its place of central management and control in the United Kingdom. The Company is such a company and its Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which he is already interested and in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, that person is normally required by the Panel to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, when any person individually or a group of persons acting in concert, already holds interests in securities which in aggregate carry not less than 30 per cent. of the voting rights of such a company but does not hold shares carrying more than 50 per cent. of such voting rights, that person may not normally acquire further securities without making a general offer to the shareholders of that company to acquire their shares. An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares of the company during the 12 months prior to the announcement of the offer.

For the purposes of the Takeover Code, Fratelli Investments together with its Connected Persons and other persons acting in concert with it, full details of whom are set out in Part B of Part II of this Document, form the Concert Party. The Concert Party is currently beneficially interested in 207,906,964 Ordinary Shares, representing approximately 45.55 per cent. of the Existing Ordinary Share Capital. **On Completion of the Proposals, the Concert Party's maximum interest in the Diluted Enlarged Ordinary Share Capital will be 62.04 per cent. assuming that the Concert Party subscribes for the Minimum Subscription of 125,000,000 Subscription Shares and exercises in full its holding of 10,622,534 Existing Warrants and 62,500,000 New Warrants (assuming that only the Concert Party exercises its Existing Warrants and New Warrants in full) as set out below:**

<i>Concert Party Member</i>	<i>Interest in the Diluted Enlarged Ordinary Share Capital on Completion (Notes 3,4)</i>
Fratelli Investments Limited (Note 1)	58.46 per cent.
Piero Solari Donaggio (Note 2)	–
Sandro Solari Donaggio (Note 2)	–
Carlo Solari Donaggio (Note 2)	–
Nicolas Bañados (Note 5)	3.46 per cent.
Jorge Arancibia Pascal (Note 6)	0.12 per cent.
<b>Total</b>	<b>62.04 per cent.</b>

Note 1 Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada which is itself owned by Inversiones Megeve Capital Limitada (61.7236 per cent.) and Inversiones Menevado Limitada (38.265 per cent.). The shareholders of Inversiones Megeve Capital Limitada comprise: (i) Inversiones Barolo Dos Limitada, which is controlled by Asesorias e Inversiones Barolo Limitada, which is controlled by Piero Solari Donaggio and his dependants; (ii) Inversiones Brunello Dos Limitada, which is controlled by Asesorias e Inversiones Brunello Limitada, which is controlled by Sandro Solari Donaggio and his dependants; and (iii) Inversiones Sangiovese Dos Limitada, which is controlled by Asesorias e Inversiones Sangiovese Limitada, which is controlled by Carlo Solari Donaggio and his dependants. Inversiones Menevado Limitada is also controlled by Inversiones Megeve Capital Limitada (96.2 per cent.) and by each of Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio directly (3.8 per cent. in aggregate).

Further details are set out below in paragraph 3 of Part B of this Part II of this Document.

Note 2 Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio are the sole directors and the ultimate beneficial shareholders of Fratelli Investments.

Note 3 The Diluted Enlarged Ordinary Share Capital comprises the Ordinary Shares, 125,000,000 Subscription Shares, 10,622,534 new Ordinary Shares issued on exercise of the Concert Party's Existing Warrants and 62,500,000 new Ordinary Shares issued on exercise of the Concert Party's New Warrants.

Note 4 Assumes that Fratelli Investments subscribes for the Minimum Subscription of 125,000,000 Subscription Shares.

Note 5 Nicolas Banados, an attorney-in-fact of Fratelli Investments, directly owns 144,282 Existing Ordinary Shares. In addition, Nicolas Banados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica. Asesorias e Inversiones Asturias Limitada is interested in 159,665 Existing Ordinary Shares and Fondo de Inversion Privado Santa Monica is interested in 22,140,000 Existing Ordinary Shares and 216,666 Existing Warrants. Accordingly, Nicolas Banados is interested in aggregate, directly and indirectly, in 22,443,947 Existing Ordinary Shares and 216,666 Existing Warrants.

Note 6 Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Aesorias e Inversiones Hipa Limitada which is interested in 767,370 Existing Ordinary Shares.

Full details of the Concert Party's interest are set out in Part A of Part II of this Document.

The Takeover Panel has agreed to waive the obligation of the Concert Party to make a general offer that would otherwise arise as a result of its participation in the Subscription and the grant and exercise of the New Warrants, subject to the approval of Independent Shareholders, taken on a poll. Accordingly, Resolution 1 is being proposed at the General Meeting to approve the Waiver and will be taken on a poll. No member of the Concert Party will be entitled to vote on that Resolution and accordingly no member of the Concert Party will do so.

**On Completion of the Subscription the Concert Party will hold more than 50 per cent. of the Company's voting share capital and 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.**

## **8. INTENTIONS OF THE CONCERT PARTY**

The Concert Party is not intending to seek any changes to the Board and has confirmed that it is its intention that, following the increase in its shareholding as a result of its participation in the Subscription, the business of the Company will be continued in the same manner as it is at present, with no changes. With this in mind, there will be no repercussions on the continued employment of the employees and management of the Company and of its subsidiaries or the location of the Company's places of business and no redeployment of the Company's fixed assets. The Concert Party is also not intending to prejudice the existing employment rights, including pension rights, of any of the employees or management of the Group nor to procure any material change in the conditions of employment of any such employees or management nor to take any steps to amend the Company's share trading facilities in force at the date of this Document.

The Company, Beaumont Cornish and Fratelli Investments have entered into the New Lock-in and Relationship Agreement dated 28 January 2014 which governs the relationship between the Company and Fratelli Investments and the acquisition and disposal and dealings in Ordinary Shares following Admission by members of Fratelli Investments. Details of the New Lock-in and Relationship Agreement are set out in paragraph 6.1.9 of Part IV of this Document.

## **9. FINANCIAL INFORMATION**

Financial information on the Company and the Concert Party is set out in Parts III and II respectively of this Document.

## **10. RELATED PARTY TRANSACTIONS**

### *AIM*

As Fratelli Investments is currently interested in more than 10 per cent. of the issued ordinary share capital of the Company, the Subscription Agreement, the Loan Agreement and the New Lock-in and Relationship Agreement are related party transactions for the purposes of Rule 13 of the AIM Rules. For the purposes of the AIM Rules, the Independent Directors of Serabi consider, having consulted with the Company's nominated adviser, Beaumont Cornish, that the terms of the Subscription Agreement, the Loan Agreement and the New Lock-in and Relationship Agreement are fair and reasonable insofar as Shareholders are concerned. The Directors have taken into account in particular that the Loan Agreement will enable the Company to progress rapidly the further development of Sao Chico and provide additional working capital to the Group. The Independent Directors have further noted that the proceeds from the Subscription Agreement will enable the Company to repay amounts drawn down under the Loan Agreement.

### *Canadian Securities Laws*

As a result of Fratelli Investments' shareholding in Serabi, the Subscription Agreement and the Loan Agreement are related party transactions for Serabi under Canadian securities laws pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Serabi will be obtaining minority shareholder approval of the Subscription. However, in accordance with MI 61-101, Serabi is relying on the exemption from the requirement to obtain minority shareholder approval of the Loan Agreement and the requirement to obtain a formal valuation in connection with the Subscription available for transactions on the basis that:

- (a) The Loan Agreement for US\$7.5 million, is a loan or credit facility being obtained by the Company on reasonable commercial terms that are not less advantageous to the Company than if it were obtained from a person dealing at arm's length with the issuer and it is not convertible, directly or indirectly into equity or voting securities of the Company or a subsidiary entity of the Company nor is any of the principal or interest directly or indirectly repayable in equity or voting securities of the Company or a subsidiary of the Company; and
- (b) The Subscription is a distribution of securities for cash and neither the issuer nor to the knowledge of the issuer after reasonable enquiry, the related party has knowledge of any material information concerning the issuer or its securities that has not been generally disclosed and this transaction document includes a description of the effect of the distribution on the direct and indirect voting interest of the related party.

### **11. ADMISSION TO AIM**

Application will be made for the Ordinary Shares and the Subscription Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Subscription Shares will commence on 4 March 2014.

### **12. AUTHORISED SHARE CAPITAL**

The Act abolishes the requirement for a company to have an authorised share capital and the Board proposes to adopt new articles of association to reflect this. Enclosed with this Document is a copy of the proposed new articles of association highlighting changes from the articles of association adopted by special resolution on 18 June 2012. For ease of reference, the enclosed copy also includes amendments to the articles of association adopted on 19 June 2013.

Furthermore, the existing articles of association include an authorised share capital divided into ordinary shares of 5 pence each and deferred shares of 9.5 pence each. If Resolutions 2 to 4 are approved then these authorised share capital provisions must be rectified to avoid being inconsistent with the ordinary shares of 0.5 pence each and deferred shares of 4.5 pence each being created as a result of the Capital Reorganisation. The new articles of association are drafted to exclude all authorised share capital provisions and Resolution 5 adopting the new articles of association has been made interdependent on Resolutions 2 to 4 inclusive to ensure that if the Capital Reorganisation is approved then such inconsistencies in nominal value of shares in the Company are rectified.

The Directors will still be limited as to the number of shares they can at any time allot because allotment authorities continue to be required under the Act.

### **13. ELECTRONIC COMMUNICATIONS**

The relevant communication provisions have been updated in the articles of association of the Company to bring them into line with the Act so that the Company is able to use electronic communications. This includes being able to supply documents and information electronically and via the Company's website.

Before the Company can communicate with a Shareholder in this way, Shareholders must be asked individually by the Company to agree that they may be sent or supplied with documents or information by means of a website. Enclosed with this Document is a shareholder consent letter in respect of this (**Consent Letter**).

The Company must either have received a positive response or have received no response within the period of 28 days beginning with the date on which the Consent Letter was sent. The Company will notify the Shareholder (either in writing, or by other permitted means) when a relevant document or information is placed on the website.

Alternatively, to receive electronic communications you can register online at [www.investorcentre.co.uk/ecomms](http://www.investorcentre.co.uk/ecomms). You will then be asked to enter your Shareholder Reference Number and to agree to our UK Registrars' Terms and Conditions for receiving electronic communications.

If you register to receive documents electronically, we will send you an e-mail alert each time documents are available. These e-mails will contain a hyperlink to our website [www.serabigold.com](http://www.serabigold.com) where you can access the documents. They will be sent to you on the same day that the printed documents are mailed to other shareholders.

I encourage you to take advantage of this facility as I believe it is a more convenient and prompt method of communication for many shareholders.

If you register for electronic communications, you will be able to revoke your registration or request a printed copy of any shareholder communication from the UK Registrars at any time. Shareholders are always able to request a hard copy version of any document or information.

#### **14. CAPITAL REORGANISATION**

The Subscription Price of 5 pence per Unit (comprising one new Ordinary Share and one-half of one New Warrant) compares to the nominal value of an Existing Ordinary Share of 5 pence. In order to comply with the Act, the Ordinary Shares can only be issued at a price at or above the nominal value. Accordingly, the Board propose to reduce the nominal value of the Existing Ordinary Shares from the present level of 5 pence per Existing Ordinary Share such that each issued Existing Ordinary Share will be 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 becoming effective will 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 will in effect be 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 will mean 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 be the same as the 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.

#### **15. GENERAL MEETING**

You will find at the end of this Document the Notice of General Meeting. The General Meeting is to be held at Farrer & Co LLP at 66 Lincoln's Inn Fields, London, WC2A 3LH at 11.00 a.m. on 3 March 2014. At the General Meeting Resolutions will be proposed as follows:

- (a) Resolution 1, which will be proposed as an ordinary resolution and which will be taken on a poll of Independent Shareholders voting in person or by proxy, to approve the Waiver;

- (b) Resolution 2, which will be proposed as an ordinary resolution to approve the Capital Reorganisation;
- (c) Resolution 3, which will be proposed as an ordinary resolution, to authorise the Directors to allot new shares up to an aggregate amount of £2,000,000;
- (d) Resolution 4, which will be proposed as a special resolution, to authorise that the Directors to allot equity securities as if Sections 570(1) and 573 of the Act did not apply to any such allotment; and
- (e) Resolution 5, which will be proposed as a special resolution, to adopt new articles of association of the Company which provide for the revocation and deletion of the authorised share capital maximum threshold of the Company and the insertion of new electronic communication provisions in accordance with the Act.

Resolution 1 will be taken in accordance with the City Code on Takeovers and Mergers, and be taken on a poll of Independent Shareholders present and by proxy voting at the Meeting. Shareholders should note that members of the Concert Party will not be permitted to vote on Resolution 1. Resolutions 2 to 5 (inclusive) are interdependent such that they must either all be passed together or not at all but they are not dependent on the passing of Resolution 1.

## **16. FURTHER INFORMATION**

Shareholders should read the whole of this Document, which provides additional information on the Company, the Subscription and the Concert Party and should not rely on summaries of, or individual parts only of, this Document.

## **17. ACTION TO BE TAKEN**

A Form of Proxy is enclosed for use by Shareholders at the General Meeting. Whether or not Shareholders intend to be present at the General Meeting, they are asked to complete, sign and return the Form of Proxy by post or by hand to the Company's Registrars, Computershare Investor Services PLC, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible and in any event not later than 11.00 am on 27 February 2014. The completion and return of a Form of Proxy will not preclude a Shareholder from attending the General Meeting and voting in person should he or she wish to do so.

As an alternative to completing the Form of Proxy, Shareholders can vote and appoint a proxy electronically by going to the following website [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your proxy card and agree to certain terms and conditions. For an electronic proxy to be valid, your appointment must be received by the UK Registrars no later than 11.00am on 27 February 2014.

You may not use any electronic address provided within this notice or any related documents (including the Form of Proxy) to communicate with the Company other than as expressly stated.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## **18. RECOMMENDATION**

As Eduardo Rosselot and Nicolas Banados, non-executive directors of the Company, are both the nominated Board appointees of Fratelli Investments, they are not independent for the purposes of the recommendation. The Independent Directors therefore, comprising the Board other than Eduardo Rosselot and Nicolas Banados, having been so advised by Beaumont Cornish, consider that the Proposals, including the Waiver, are fair and reasonable and in the best interests of the Independent Shareholders and the Company as a whole. In giving its advice, Beaumont Cornish has taken account of the commercial assessments of the



Independent Directors. Accordingly, the Independent Directors unanimously recommend Independent Shareholders to vote in favour of the Proposals and the Whitewash Resolution to be proposed on a poll at the General Meeting as the Independent Directors have undertaken to do in respect of their own beneficial holdings which amount, in aggregate, to 8,367,699 Existing Ordinary Shares, representing approximately 1.83 per cent. of the Existing Ordinary Share capital.

Yours faithfully

**Terence Sean Harvey**  
*Chairman*

## PART II

### INFORMATION ON THE CONCERT PARTY

#### PART A: The Concert Party

The Concert Party comprises the parties described below. They comprise a concert party under the rules of the City Code. As a result of the Proposals, the Concert Party will be interested in the Ordinary Shares from Admission, further details of which are set out below.

The Concert Party currently owns 207,906,964 Existing Ordinary Shares, which represent 45.55 per cent. of the Existing Ordinary Share Capital, and 10,622,534 Existing Warrants.

**On Completion of the Proposals, the Concert Party's maximum interest in the Diluted Enlarged Ordinary Share Capital will be 62.04 per cent. assuming that the Concert Party subscribes for the Minimum Subscription of 125,000,000 Subscription Shares and exercises in full its holding of 10,622,534 Existing Warrants and 62,500,000 New Warrants (as set out in detail in Table 2 on page 27 below).**

The minimum and maximum shareholdings of the Concert Party immediately following Completion are also set out in Tables 1, 2 and 3 below as follows:

**Table 1** Sets out the Concert Party's interest in the Enlarged Ordinary Share Capital but before the exercise by the Concert Party of its entire holding of Existing Warrants and New Warrants;

**Table 2** Sets out the Concert Party's interest in the Diluted Enlarged Ordinary Share Capital assuming that there are no third party investors, so the Concert Party subscribes for the Minimum Subscription, and after the exercise by the Concert Party of its entire holding of Existing Warrants and New Warrants; and

**Table 3** Sets out the Concert Party's interest in the Maximum Diluted Enlarged Share Capital assuming that there are third party investors, so the Concert Party subscribes for the Maximum Subscription, and after the exercise by the Concert Party of its entire holding of Existing Warrants and New Warrants.

**Table 1: Interests of the Concert Party before exercise of its Existing Warrants or New Warrants**

	Interest in Existing Ordinary Share Capital		Interest in Enlarged Ordinary Share Capital on Completion		Percentage of Enlarged Ordinary Share Capital on Completion		
	Minimum Subscription Shares		Share	Maximum Subscription Shares	Share		
<i>Concert Party Member</i>							
Fratelli Investments Limited <i>(Note 1)</i>	184,695,647	125,000,000	309,695,647	53.27%	162,500,000	347,195,647	52.89%
Piero Solari Donaggio <i>(Note 2)</i>	–	–	–	–	–	–	–
Sandro Solari Donaggio <i>(Note 2)</i>	–	–	–	–	–	–	–
Carlo Solari Donaggio <i>(Note 2)</i>	–	–	–	–	–	–	–
Nicolas Bañados <i>(Note 5)</i>	22,443,947	–	22,443,947	3.86%	–	22,443,947	3.42%
Jorge Arancibia Pascal <i>(Note 6)</i>	767,370	–	767,370	0.13%	–	767,370	0.12%
<b>Total</b>	<b>207,906,964</b>	<b>125,000,000</b>	<b>332,906,964</b>	<b>57.26%</b>	<b>162,500,000</b>	<b>370,406,964</b>	<b>56.43%</b>

Note 1 Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada which is itself owned by Inversiones Megeve Capital Limitada (61.7236 per cent.) and Inversiones Menevado Limitada (38.265 per cent.). The shareholders of Inversiones Megeve Capital Limitada comprise: (i) Inversiones Barolo Dos Limitada, which is controlled by Asesorias e Inversiones Barolo Limitada, which is controlled by Piero Solari Donaggio and his dependants; (ii) Inversiones Brunello Dos Limitada, which is controlled by Asesorias e Inversiones Brunello Limitada, which is controlled by Sandro Solari Donaggio and his dependants; and (iii) Inversiones Sangiovese Dos Limitada, which is controlled by Asesorias e Inversiones Sangiovese Limitada, which is controlled by Carlo Solari Donaggio and his dependants. Inversiones Menevado Limitada is also controlled by Inversiones Megeve Capital Limitada (96.2 per cent.) and by each of Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio directly (3.8 per cent. in aggregate). Further details are set out below in paragraph 3 of Part B of this Part II of the Document.

Note 2 Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio are the sole directors and the ultimate beneficial shareholders of Fratelli Investments.

Note 3 The Enlarged Ordinary Share Capital comprises the Ordinary Shares and the Subscription Shares.

Note 4 Assumes that Fratelli Investments subscribes for the Maximum Subscription of 162,500,000 Subscription Shares.

Note 5 Nicolas Banados, an attorney-in-fact of Fratelli Investments, directly owns 144,282 Existing Ordinary Shares. In addition, Nicolas Banados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica. Asesorias e Inversiones Asturias Limitada is interested in 159,665 Existing Ordinary Shares and Fondo de Inversion Privado Santa Monica is interested in 22,140,000 Existing Ordinary Shares and 216,666 Existing Warrants. Accordingly, Nicolas Banados is interested in aggregate, directly and indirectly, in 22,443,947 Existing Ordinary Shares and 216,666 Existing Warrants.

Note 6 Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Asesorias e Inversiones Hipa Limitada which is interested in 767,370 Existing Ordinary Shares.

Fratelli Investments and connected parties currently own 10,622,534 Existing Warrants. As described in Part I of this Document, pursuant to the Subscription, Fratelli Investments will receive 1 New Warrant for every 2 Subscription Shares. The New Warrants will be exercisable at a subscription price of 6 pence per new Ordinary Share for a period of two years from the date of completion of the Subscription.

**62,500,000 New Warrants would be issued to Fratelli Investments on the assumption that Fratelli Investments subscribes for the Minimum Subscription.**

**The fully diluted interest of the Concert Party therefore, on the basis of the Minimum Subscription by Fratelli Investments, full conversion by the Concert Party of their Existing Warrants and the New Warrants, will amount to 406,029,498 Ordinary Shares in aggregate, representing 62.04 per cent. of the Minimum Diluted Enlarged Issued Share Capital, and is set out in Table 2 below:**

**Table 2: Diluted Interests of the Concert Party on the basis of the Minimum Subscription**

<i>Concert Party Member</i>	<i>Interest in Existing Ordinary Share Capital</i>	<i>Minimum Subscription Shares (Note 3)</i>	<i>Exercise of Existing Warrants</i>	<i>Exercise of New Warrants (Note 3)</i>	<i>Interest in Diluted Enlarged Ordinary Share Capital on Completion</i>	<i>Percentage of Diluted Enlarged Ordinary Share Capital on Completion (Note 4)</i>
Fratelli Investments Limited (Note 1)	184,695,647	125,000,000	10,405,868	62,500,000	382,601,515	58.46%
Piero Solari Donaggio (Note 2)	–	–	–	–	–	–
Sandro Solari Donaggio (Note 2)	–	–	–	–	–	–
Carlo Solari Donaggio (Note 2)	–	–	–	–	–	–
Nicolas Bañados (Note 5)	22,443,947	–	216,666	–	22,660,613	3.46%
Jorge Arancibia Pascal (Note 6)	767,370	–	–	–	767,370	0.12%
<b>Total</b>	<b>207,906,964</b>	<b>125,000,000</b>	<b>10,622,534</b>	<b>62,500,000</b>	<b>406,029,498</b>	<b>62.04%</b>

Note 1 Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada which is itself owned by Inversiones Megeve Capital Limitada (61.7236 per cent.) and Inversiones Menevado Limitada (38.265 per cent.). The shareholders of Inversiones Megeve Capital Limitada comprise: (i) Inversiones Barolo Dos Limitada, which is controlled by Asesorias e Inversiones Barolo Limitada, which is controlled by Piero Solari Donaggio and his dependants; (ii) Inversiones Brunello Dos Limitada, which is controlled by Asesorias e Inversiones Brunello Limitada, which is controlled by Sandro Solari Donaggio and his dependants; and (iii) Inversiones Sangiovese Dos Limitada, which is controlled by Asesorias e

*Inversiones Sangiovese Limitada, which is controlled by Carlo Solari Donaggio and his dependants. Inversiones Menevado Limitada is also controlled by Inversiones Megeve Capital Limitada (96.2 per cent.) and by each of Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio directly (3.8 per cent. in aggregate). Further details are set out below in paragraph 3 of Part B of this Part II of the Document.*

*Note 2 Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio are the sole directors and the ultimate beneficial shareholders of Fratelli Investments.*

*Note 3 Assumes that Fratelli Investments subscribes for the Minimum Subscription of 125,000,000 Subscription Shares.*

*Note 4 The Diluted Enlarged Ordinary Share Capital comprises the Ordinary Shares, 125,000,000 Subscription Shares, 10,622,534 new Ordinary Shares issued on exercise of the Concert Party's Existing Warrants and 62,500,000 new Ordinary Shares issued on exercise of the Concert Party's New Warrants.*

*Note 5 Nicolas Banados, an attorney-in-fact of Fratelli Investments, directly owns 144,282 Existing Ordinary Shares. In addition, Nicolas Banados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica. Asesorias e Inversiones Asturias Limitada is interested in 159,665 Existing Ordinary Shares and Fondo de Inversion Privado Santa Monica is interested in 22,140,000 Existing Ordinary Shares and 216,666 Existing Warrants. Accordingly, Nicolas Banados is interested in aggregate, directly and indirectly, in 22,443,947 Existing Ordinary Shares and 216,666 Existing Warrants.*

*Note 6 Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Asesorias e Inversiones Hipa Limitada which is interested in 767,370 Existing Ordinary Shares.*

**162,500,000 Subscription Shares and 81,250,000 New Warrants would be issued to Fratelli Investments on the assumption that Fratelli Investments subscribes for the Maximum Subscription.**

**The fully diluted interest of the Concert Party therefore, on the basis of the Maximum Subscription by Fratelli Investments, full conversion by the Concert Party of their Existing Warrants and their maximum number of New Warrants, will amount to 462,279,498 Ordinary Shares in aggregate, representing 61.78 per cent. of the Maximum Diluted Enlarged Issued Share Capital, and is set out in Table 3 below:**

**Table 3: Diluted Interests of the Concert Party on the basis of the Maximum Subscription**

<i>Concert Party Member</i>	<i>Interest in Existing Ordinary Share Capital</i>	<i>Minimum Subscription Shares (Note 3)</i>	<i>Exercise of Existing Warrants</i>	<i>Exercise of New Warrants (Note 3)</i>	<i>Interest in Diluted Enlarged Ordinary Share Capital on Completion</i>	<i>Percentage of Diluted Enlarged Ordinary Share Capital on Completion (Note 4)</i>
<b>Fratelli Investments Limited (Note 1)</b>	184,695,647	162,500,000	10,405,868	81,250,000	438,851,515	58.65%
Piero Solari Donaggio (Note 2)	–	–	–	–	–	–
Sandro Solari Donaggio (Note 2)	–	–	–	–	–	–
Carlo Solari Donaggio (Note 2)	–	–	–	–	–	–
Nicolas Bañados (Note 5)	22,443,947	–	216,666	–	22,660,613	3.03%
Jorge Arancibia Pascal (Note 6)	767,370	–	–	–	767,370	0.10%
<b>Total</b>	<b>207,906,964</b>	<b>162,500,000</b>	<b>10,622,534</b>	<b>81,250,000</b>	<b>462,279,498</b>	<b>61.78%</b>

*Note 1 Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada which is itself owned by Inversiones Megeve Capital Limitada (61.7236 per cent.) and Inversiones Menevado Limitada (38.265 per cent.). The shareholders of Inversiones Megeve Capital Limitada comprise: (i) Inversiones Barolo Dos Limitada, which is controlled by Asesorias e Inversiones Barolo Limitada, which is controlled by Piero Solari Donaggio and his dependants; (ii) Inversiones Brunello Dos Limitada, which is controlled by Asesorias e Inversiones Brunello Limitada, which is controlled by Sandro Solari Donaggio and his dependants; and (iii) Inversiones Sangiovese Dos Limitada, which is controlled by Asesorias e Inversiones Sangiovese Limitada, which is controlled by Carlo Solari Donaggio and his dependants. Inversiones Menevado Limitada is also controlled by Inversiones Megeve Capital Limitada (96.2 per cent.) and by each of Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio directly (3.8 per cent. in aggregate).*

*Further details are set out below in paragraph 3 of Part B of this Part II of the Document.*

*Note 2 Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio are the sole directors and the ultimate beneficial shareholders of Fratelli Investments.*

- Note 3 Assumes that Fratelli Investments subscribes for the Maximum Subscription of 162,500,000 Subscription Shares.*
- Note 4 The Diluted Enlarged Ordinary Share Capital comprises the Ordinary Shares, 200,000,000 Subscription Shares, 10,622,534 new Ordinary Shares issued on exercise of the Concert Party's Existing Warrants and 81,250,000 new Ordinary Shares issued on exercise of the Concert Party's New Warrants.*
- Note 5 Nicolas Banados, an attorney-in-fact of Fratelli Investments, directly owns 144,282 Existing Ordinary Shares. In addition, Nicolas Banados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica. Asesorias e Inversiones Asturias Limitada is interested in 159,665 Existing Ordinary Shares and Fondo de Inversion Privado Santa Monica is interested in 22,140,000 Existing Ordinary Shares and 216,666 Existing Warrants. Accordingly, Nicolas Banados is interested in aggregate, directly and indirectly, in 22,443,947 Existing Ordinary Shares and 216,666 Existing Warrants.*
- Note 6 Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Asesorias e Inversiones Hipa Limitada which is interested in 767,370 Existing Ordinary Shares.*

## **PART B: THE CITY CODE**

1. For the purposes of this Part B and Part IV of this Document:

“acting in concert” has the meaning attributed to it in the Takeover Code.

“arrangement” includes any indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.

“Connected Person” has the meaning attributed to it in section 252 of the Act.

“control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether such interest or interests give *de facto* control.

“dealing” or “dealt” includes the following:

- (a) the acquisition or disposal of relevant securities, or the right (whether conditional or absolute) to exercise or direct the exercise of voting rights attached to relevant securities, or of general control of relevant securities;
- (b) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
- (c) subscribing or agreeing to subscribe for relevant securities;
- (d) the exercise or conversion of any relevant securities carrying conversion or subscription rights;
- (e) the acquisition of, disposal of, entering into, closing out, exercising (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities; or
- (f) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position.

“derivative” includes any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying security.

“disclosure date” means 24 January 2014, being the latest practicable date prior to the posting of this Document.

“disclosure period” means the period commencing on 22 December 2012, being the date 12 months prior to the date of the Announcement and ending on the disclosure date.

being “interested” in relevant securities includes where a person:

- (a) owns relevant securities;
- (b) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to relevant securities or has general control of them;
- (c) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire relevant securities or call for their delivery or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise; or

- (d) is party to any derivative whose value is determined by reference to its price and which results, or may result, in his having a long position in it.

**“relevant securities” means shares in the Company (or derivatives referenced thereto) and securities convertible into, rights to subscribe for and options (including traded options) in respect thereof, or as the context requires, the ordinary shares of Fratelli Investments Limited, Inversiones Menevado Dos Limitada, Inversiones Menevado Limitada, Inversiones Megeve Capital Limitada, Inversiones Megeve Capital Limitada, Inversiones Barolo Dos Limitada, Asesorias e Inversiones Barolo Limitada, Inversiones Brunello Dos Limitada, Asesorias e Inversiones Brunello Limitada, Inversiones Sangiovese Dos Limitada, Asesorias e Inversiones Sangiovese Limitada and other securities convertible into, or exchangeable for, rights to subscribe for the options (including traded options) in respect of, or derivatives referenced to, any of the foregoing.**

“short position” means any short position (whether conditional or absolute and whether in the money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

2. Save as disclosed in Parts A and D of this Part II and paragraph 4 of Part IV of this Document, as at the close of business on the disclosure date:
- (a) No member of the Concert Party nor any director of any member of the Concert Party nor any person acting in concert with any member of the Concert Party had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to, any relevant securities, nor had any of them dealt in any relevant securities during the disclosure period;
  - (b) There are no relevant securities in respect of which any member of the Concert Party or any director of any member of the Concert Party or any person acting in concert with any member of the Concert Party has borrowed or lent at any time during the disclosure period;
  - (c) Neither the Company nor any of the Directors (including any members of such Directors’ respective immediate families, related trusts or Connected Persons) nor any person acting in concert with the Company had any interest in or right to subscribe for, or had any short position, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery, in relation to any relevant securities nor had any of them dealt in any relevant securities during the disclosure period;
  - (d) There are no relevant securities in respect of which the Company or any of the Directors (including any members of such Directors’ respective immediate families, related trusts or Connected Persons) or any person acting in concert with the Company has borrowed or lent (save for any borrowed relevant securities which have either been on-lent or sold) at any time during the disclosure period;
  - (e) The Company has not redeemed or purchased any relevant securities in the Company during the disclosure period;
  - (f) No agreement, arrangement or understanding exists by which any of the Existing Ordinary Shares, the Ordinary Shares, the Subscription Shares or any new Ordinary Shares to be issued on exercise of the Existing Warrants or the New Warrants will be transferred by any member of the Concert Party to any other person.
  - (g) Save for the Subscription Agreement and Lock-in and Relationship Agreement, further details of which are set out in paragraphs 6.1.6 and 6.1.8 of Part IV of this Document, there are no agreements, arrangements or understandings between any member of the Concert Party and anyone in concert with it and any of the Directors, recent Directors, Shareholders or recent

Shareholders of the Company, or any person interested or recently interested in shares of the Company or any of them, or any other person, having any connection with or dependence upon the Proposals set out this Document.

- (h) Save for the New Lock-in and Relationship Agreement (further details on which are set out in paragraph 6.1.9 of Part IV of this Document) there are no relationships (personal, financial or commercial), arrangements or understandings between the Concert Party, any member of the Concert Party and Beaumont Cornish Limited or any person who is, or presumed to be, acting in concert with Beaumont Cornish.

### 3. Further Concert Party information:

- 3.1. The addresses and biographies for members of the Concert Party are as follows:

- 3.1.1. **Piero Solari Donaggio** of Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Piero Solari Donaggio, aged 44, is a director of Fratelli Investments.** He qualified as a Civil Engineer from the Catholic University of Chile and completed an MBA at MIT, Boston, USA in 1998. He worked in retailing at S.A.C.I Falabella (1993-2003) and in 2004 was appointed as Chairman of Aguas Nuevas S.A., a water company based in Chile, until 2008. In addition, Piero Solari Donaggio is a director of Haldeman Mining Company S.A., a Chilean copper mine, and Aquachile S.A., the largest salmon fish products company in Chile which is quoted on the Santiago Stock Exchange with a market capitalisation of approximately US\$548 million. Currently he is Chief Executive of Megeve Investments, the Family office of the Solari Donaggio family which focuses on private equity and financial investments through an absolute-return hedge fund solely on behalf of the Solari Donaggio family.

- 3.1.2. **Sandro Solari Donaggio** of Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Sandro Solari Donaggio, aged 43, is a director of Fratelli Investments.** He qualified as a Civil Engineer from the Catholic University of Chile and completed an MBA at MIT, Boston, USA in 1999. Following completion of his MBA, he worked in retailing at S.A.C.I Falabella (1999-2003) and its main affiliate Sodimac S.A (a South American home improvement retailer) as Chief Executive Officer from 2006 until 2012. Falabella is one of South America's largest multi-retailers with operations in Chile, Peru, Argentina and Colombia, which is quoted on the Santiago Stock Exchange with a market capitalisation of approximately US\$21 billion. In September 2012, he was appointed as Chief Executive Officer of S.A.C.I. Falabella.

- 3.1.3 **Carlo Solari Donaggio** of Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Carlo Solari Donaggio, aged 41, is a director of Fratelli Investments.** He qualified as a Civil Engineer from the Catholic University of Chile and completed an MBA from The Wharton School of the University of Pennsylvania in the year 2000. Following completion of his MBA, he was the managing director of the Family office of the Solari Donaggio which focuses on private equity and financial investments through an absolute-return hedge fund until 2010, when he was appointed as Vice-Chairman of S.A.C.I Falabella (1999-2003). He is currently director of the following affiliates of S.A.C.I. Falabella: Banco Falabella (also as Chairman), Mall Plaza, Sodimac, Tottus, Promotora CMR Falabella S.A..

- 3.1.4 **Dieter Hauser Laclaustra** of Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Dieter Hauser Laclaustra, aged 41, is an attorney-in-fact of Fratelli Investments.** Dieter Hauser graduated from the Catholic University of Chile in 1995 and from 1996 until 2000 he was an investment analyst and then Chief of Research Department at Penta Vida Life Insurance Company. Between 2000 and 2002 he completed an MBA at Wharton School, University of Pennsylvania, United States. Following completion of his MBA, Dieter Hauser re-joined Penta



Vida Life Insurance Company as Chief Investment Officer. In 2005 Dieter Hauser joined Fratelli Investments, and its non-discretionary fund manager, Megeve Investments, as Chief Investment Officer. In 2008, Dieter Hauser was made Chief Executive Officer of Fratelli Investments and Megeve Investments.

- 3.1.5 **Nicolas Banados** of Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Nicolas Banados, aged 37, is an attorney-in-fact of Fratelli Investments.** Nicolas Bañados graduated from the Catholic University of Chile in 2000 and from 2001 until 2003 he was an investment analyst of the Research Department at Consorcio Vida Life Insurance Company. In 2003 Nicolas Bañados joined Fratelli Investments, and its non-discretionary fund manager, Megeve Investments, as Portfolio Manager. Between 2005 and 2007 he completed an MBA at The Wharton School, University of Pennsylvania, United States. Following completion of his MBA, Nicolas Bañados re-joined Fratelli Investments and Megeve Investments, as Vice President and subsequently as Managing Director of Private Equity.

- 3.1.6 **Jorge Arancibia Pascal**, Asturias 280, 7th Floor, Las Condes, Santiago, Chile, a Chilean national and resident in Chile.

**Jorge Arancibia Pascal, aged 43, is an attorney-in-fact of Fratelli Investments.** Jorge Arancibia, a lawyer, graduated from Catholic University of Chile and has been the legal counsel to the Family Solari Donaggio for the last 8 years. He is specialised in Financial, Banking, Corporate Law, Tax law, and Water legislation. He is member of the International Fiscal Association, The Chilean Institute of Tax Law and the Association of Chilean Lawyers of the Water Sector. He is also a Tax Law professor at the Catholic University of Chile and has actively participated in several reorganisations, mergers, disposals, acquisitions and privatisations of companies in Chile and cross-border transactions. He is also a legal adviser to the Chilean Government (Corfo) in respect of the privatization of water companies and in the implementation of financial system of Transantiago and a legal advisor in regulated services companies such as energy, gas, water and sewerage.

- 3.2. In addition, the Concert Party comprises Fratelli Investments Limited, Inversiones Menevado Dos Limitada, Inversiones Menevado Limitada, Inversiones Megeve Capital Limitada, Inversiones Barolo Dos Limitada, Asesorias e Inversiones Barolo Limitada, Inversiones Brunello Dos Limitada, Asesorias e Inversiones Brunello Limitada, Inversiones Sangiovese Dos Limitada, Asesorias e Inversiones Sangiovese Limitada, Asesorias e Inversiones Asturias Limitada, Fondo de Inversion Privado Santa Monica, Asesorias e Inversiones Hipa Limitada and Alberto Gary, further information on which is set out in paragraphs 3.2.1 to 3.2.14 below.

### 3.2.1. **Fratelli Investments Limited**

*Place and date of incorporation:* Incorporated as a limited international business company in the Commonwealth of the Bahamas on 24 March 2005 and subsequently re-domiciled to Bermuda).

*Directors:* Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio are directors of the company. In addition, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company. Carlo Solari Donaggio is the temporary company secretary.

*Activity:* Fratelli Investments is a private financial investment company with a portfolio of investments in mutual funds, bonds and publicly traded and private equities.

Fratelli Investments' prospects are linked to the future performance of world-wide capital markets. Custody of funds is managed by Brown Brothers Harriman and JP Morgan. The subsidiaries of Fratelli Investments have financial investments in South America and energy and timber interests in Colombia. Fratelli Investments does not have any employees and its assets are managed day-to-day on a non-discretionary basis, by Megeve Investments, part of the family office of the Chilean family Solari Donaggio. All investment decisions are taken by the directors of Fratelli Investments.

*Registered Office:* c/o Victoria Corporate Services Limited, Victoria Place, 31 Victoria Street, Hamilton, HM10 Bermuda

*Trading Office:* c/o Victoria Corporate Services Limited, Victoria Place, 31 Victoria Street, Hamilton, HM10 Bermuda

*Shareholders:* Fratelli Investments Limited is a 99.9 per cent. owned subsidiary of Inversiones Menevado Dos Limitada, further information on which is set out in paragraph 3.2.2 below.

*Website:* Fratelli Investments' Report and Accounts for the three years ended 31 December 2012, which have been incorporated by reference into this Document, may be accessed if you are reading this Document in hard copy, by entering the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document:

<http://www.megeve.cl/Fratelli/>

The Company will provide within two Business Days, without charge, to each person to whom a copy of this Document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this Document. Further details are set out in Part III of this Document.

*Summary Financials:* In the financial year ended 31 December 2011, Fratelli Investments made an audited loss before taxation of US\$35,134,765 (2010: Profit US\$63,485,725). As at 31 December 2011 audited share capital and reserves amounted to US\$405,283,389 (2010: US\$341,241,097). As at the same date Fratelli Investments had gross assets of US\$441,740,441 (2010: US\$446,772,103) and net assets of US\$370,148,624 (2010: US\$404,726,822). As at 31 December 2012 audited (qualified as set out on pages 2 and 3 of the 2012 Fratelli Investments accounts for 2012) share capital and reserves amounted to US\$404,965,908, gross assets of US\$508,429,130 and net assets of US\$468,095,086.

### 3.2.2. **Inversiones Menevado Dos Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 6 November 2008.

*Directors:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

*Activity:* Inversiones Menevado Dos Limitada is an intermediate holding company and has no activity or interests other than its shareholding in Fratelli Investments.

*Registered Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Trading Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Shareholders:* The Company is a 99.97 per cent. owned subsidiary of Inversiones Menevado Limitada, further information on which is set out in paragraph 3.2.3 below.

### 3.2.3. **Inversiones Menevado Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 7 March 2005.

*Directors:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

*Activity:* Inversiones Menevado Limitada is an intermediate holding company and has no activity or interests other than its shareholding in Inversiones Menevado Dos Limitada.

*Registered Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Trading Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Shareholders:* The Company is a 96.92 per cent. owned subsidiary of Inversiones Megeve Capital Limitada, further information on which is set out in paragraph 3.2.4 below.

### 3.2.4. **Inversiones Megeve Capital Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 7 September 2009.

*Directors and Company Secretary:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

<i>Activity:</i>	Inversiones Megeve Capital Limitada is the holding company and has no activity or interests other than its shareholding in Inversiones Menevado Limitada.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Shareholders:</i>	Inversiones Megeve Capital Limitada is owned in equal shares by Inversiones Barolo Dos Limitada, which is ultimately controlled by Piero Solari Donaggio and his dependants, Inversiones Brunello Dos Limitada, which is ultimately controlled by Sandro Solari Donaggio and his dependants and Inversiones Sangiovese Dos Limitada, which is ultimately controlled by Carlo Solari Donaggio and his dependants, further information on which is set out in paragraphs 3.2.5 to 3.2.10 below.

### 3.2.5. Inversiones Barolo Dos Limitada

<i>Place and date of incorporation:</i>	Incorporated as a limited liability company in Santiago, Chile on 31 December 2012.
<i>Directors:</i>	There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.
<i>Activity:</i>	Inversiones Barolo Dos Limitada has no activity or interests other than its shareholding in Inversiones Megeve Capital Limitada.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Shareholders:</i>	Asesorias e Inversiones Barolo Limitada (99.999879 per cent.) and Piero Solari Donaggio (0.00121 per cent.).

### 3.2.6. Asesorias e Inversiones Barolo Limitada

<i>Place and date of incorporation:</i>	Incorporated as a limited liability company in Santiago, Chile on 30 August 1996.
<i>Directors:</i>	There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.
<i>Activity:</i>	Asesorias e Inversiones Barolo Limitada has no activity or interests other than its shareholding in Inversiones Barolo Dos Limitada.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Shareholders:* Asesorias e Inversiones Barolo Limitada is controlled by Piero Solari Donaggio on his own behalf and his children (all of whom are under the age of 18).

### 3.2.7 **Inversiones Brunello Dos Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 27 December 2012.

*Directors:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

*Activity:* Inversiones Brunello Dos Limitada has no activity or interests other than its shareholding in Inversiones Megeve Capital Limitada.

*Registered Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Trading Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Shareholders:* Asesorias e Inversiones Brunello Limitada (99.999879 per cent.) and Sandro Solari Donaggio (0.00121 per cent.)

### 3.2.8 **Asesorias e Inversiones Brunello Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 30 August 1996.

*Directors:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

*Activity:* Asesorias e Inversiones Brunello Limitada has no activity or interests other than its shareholding in Inversiones Brunello Dos Limitada.

*Registered Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Trading Office:* Asturias 280, 7th Floor, Las Condes, Santiago, Chile.

*Shareholders:* Asesorias e Inversiones Brunello Limitada is controlled by Sandro Solari Donaggio on his own behalf and his children (all of whom are under the age of 18).

### 3.2.9 **Inversiones Sangiovese Dos Limitada**

*Place and date of incorporation:* Incorporated as a limited liability company in Santiago, Chile on 27 December 2012.

*Directors:* There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia

Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.

<i>Activity:</i>	Inversiones Sangiovese Dos Limitada has no activity or interests other than its shareholding in Inversiones Megeve Capital Limitada.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Shareholders:</i>	Asesorias e Inversiones Sangiovese Limitada (99.999879 per cent.) and Carlo Solari Donaggio (0.00121 per cent.).

### 3.2.10 Asesorias e Inversiones Sangiovese Limitada

<i>Place and date of incorporation:</i>	Incorporated as a limited liability company in Santiago, Chile on 30 August 1996.
<i>Directors:</i>	There are no directors. Piero Solari Donaggio, Sandro Solari Donaggio, Carlo Solari Donaggio, Dieter Hauser Laclaustra, Alberto Gary, Jorge Arancibia Pascal and Nicolas Banados have been appointed as attorneys-in-fact of the company.
<i>Activity:</i>	Asesorias e Inversiones Sangiovese Limitada has no activity or interests other than its shareholding in Inversiones Sangiovese Dos Limitada.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Shareholders:</i>	Asesorias e Inversiones Sangiovese Limitada is controlled by Carlo Solari Donaggio on his own behalf and his children (all of whom are under the age of 18).

### 3.2.11 Asesorias e Inversiones Asturias Limitada

<i>Place and date of incorporation:</i>	Incorporated as a limited liability company in Santiago, Chile on 26 December 2007.
<i>Directors:</i>	There are no directors. Nicolas Banados has been appointed as attorney-in-fact of the company.
<i>Activity:</i>	A private financial investment company with a portfolio of investments in mutual funds and publicly-traded and private equity securities.
<i>Registered Office:</i>	Avenida Isidora Goyenchea 3162, Of. 1002, Santiago, Chile.
<i>Trading Office:</i>	Avenida Isidora Goyenchea 3162, Of. 1002, Santiago, Chile.
<i>Shareholders:</i>	Nicolas Banados is beneficially interested in 50 per cent. of the share capital of the company. The balance of the share capital is owned by his wife.

### 3.2.12 Fondo de Inversion Privado Santa Monica

<i>Place and date of incorporation:</i>	Incorporated as a private investment fund in Santiago, Chile on 13 October 2008.
<i>Directors:</i>	There are no directors. The fund is administered by Administradora Isidora S.A., a Chilean entity.
<i>Activity:</i>	A private financial investment fund with a portfolio of investments in mutual funds and publicly-traded and private equity securities.
<i>Registered Office:</i>	Avenida Isidora Goyenchea 3162, Of. 1002, Santiago, Chile.
<i>Trading Office:</i>	Avenida Isidora Goyenchea 3162, Of. 1002, Santiago, Chile.
<i>Shareholders:</i>	Asesorias e Inversiones Asturias Limitada is beneficially interested in 25 per cent. of the issued units of Fondo de Inversion Privado Santa Monica. The balance of the issued units is beneficially owned by members of Nicolas Banados' immediate family.

### 3.2.13 Asesorias e Inversiones Hipa Limitada

<i>Place and date of incorporation:</i>	Incorporated as a limited liability company in Santiago, Chile on 29 July 2002.
<i>Directors:</i>	Jorge Arancibia Pascal is an attorney-in-fact of the company.
<i>Activity:</i>	A private financial investment fund with a portfolio of investments in mutual funds and publicly-traded and private equity securities.
<i>Registered Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Trading Office:</i>	Asturias 280, 7th Floor, Las Condes, Santiago, Chile.
<i>Shareholders:</i>	Jorge Arancibia Pascal is beneficially interested in 85 per cent. of the share capital of the company. The balance of the share capital is beneficially owned in equal 5 per cent. interests by Jorge Arancibia's father and two brothers.

3.2.14 **Alberto Gary**, aged 67, of Bascañan Guerrero 888, Santiago, Chile is an attorney-in-fact of Fratelli Investments under a broadly drafted power of attorney which allows him, when acting jointly with one of the directors of Fratelli Investments mentioned above, to carry out any acts as may be done by a director. Alberto Gary has been an accountant to the Family Solari Donaggio for the last 31 years.

4. The Concert Party is not intending to seek any changes to the Board and has confirmed that it is its intention that, following the increase in its shareholding as a result of its participation in the Subscription, the business of the Company will be continued in the same manner as it is at present, with no changes. With this in mind, there will be no repercussions on the continued employment of the employees and management of the Company and of its subsidiaries or the location of the Company's places of business and no redeployment of the Company's fixed assets. The Concert Party is also not intending to prejudice the existing employment rights, including pension rights, of any of the employees or management of the Group nor to procure any material change in the conditions of

employment of any such employees or management nor to take any steps to amend the Company's share trading facilities in force at the date of this Document.

5. On Completion of the Subscription, no changes will be introduced to any member of the Concert Party's business as a result of completion of the Proposals and there will be no repercussions on the location of any member of the Concert Party's places of business. No member of the Concert Party has any employees.
6. No member of the Concert Party intends that the payment of interest on, repayment of or security for any liability of theirs will depend to any significant extent on the business of the Company.
7. The Independent Directors have in respect of their holdings of Ordinary Shares committed to the Company to vote in favour of the Resolutions to be proposed at the General Meeting set out in the notice of General Meeting contained at the end of this Document. The Independent Directors have an aggregate holding of 8,367,699 Existing Ordinary Shares representing 1.83 per cent. of the Existing Ordinary Shares. Further details are set out in paragraph 6.1.12 of Part IV of this Document.
8. As far as the Directors are aware, save than as described in paragraphs 3 and 4 of Part I of this Document, there have been no known significant changes in the financial or trading position of the Company subsequent to 30 September 2013, the date to which the last published interim accounts were prepared.
9. Fratelli Investments is funding the full amount of the Subscription from the existing cash resources available to it. Such participation will not have a material effect on the earnings or asset or liabilities of Fratelli Investments.



### **PART C: Market Quotations**

The following table shows the closing middle market quotations for Existing Ordinary Shares as derived from the AIM Appendix to the Daily Official List of the London Stock Exchange on the first dealing day of each month for the six months immediately preceding the date of this Document and on 24 January 2014 (the last practicable day before posting of this Document):

<i>Date</i>	<i>Price</i>
1 August 2013	5.5p
2 September 2013	5.625p
1 October 2013	5.375p
1 November 2013	5.5p
2 December 2013	4.875p
2 January 2014	5.625p
24 January 2014	5.25p

## PART D: Concert Party Dealings

On 1 October 2012, the Company entered into a conditional subscription agreement with Fratelli Investments to subscribe for and underwrite a placement of Existing Ordinary Shares to raise £16.2 million to finance the development and start-up of underground mining operations at its Palito gold mine. The investment by Fratelli Investments was approved by independent shareholders on a poll at a general meeting of the Company on 16 January 2013 and on completion on 17 January 2013, Fratelli Investments, its connected persons and other persons acting in concert with it subscribed for in aggregate 188,649,647 Existing Ordinary Shares and received 8,135,035 Existing Warrants as an underwriting fee (all such dealings having occurred prior to the commencement of discussions relating to the Proposals and are not therefore disqualifying transactions) as set out below:

<i>Date</i>	<i>Party</i>	<i>Transaction</i>	<i>Number of Existing Ordinary Shares</i>	<i>Price per Existing Ordinary Share</i>
17 January 2013	Fratelli Investments	Subscription	167,079,647	£0.06
17 January 2013	Asesorias e Inversiones Asturias Limitada	Subscription ( <i>Note 1</i> )	20,840,000	£0.06
17 January 2013	Asesorias e Inversiones Hipa Limitada	Subscription ( <i>Note 2</i> )	730,000	£0.06

  

<i>Date</i>	<i>Party</i>	<i>Transaction</i>	<i>Number of Existing Warrants</i>	<i>Price per Existing Warrant</i>
17 January 2013	Fratelli Investments	Underwriting fee	8,135,035	n.a.

*Note 1* Nicolas Banados, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns 25 per cent. of the units in Fondo de Inversion Privado Santa Monica, which subscribed for 20,840,000 Existing Ordinary Shares.

*Note 2* Jorge Arancibia Pascal, an attorney-in-fact of Fratelli Investments, is the beneficial owner of 85 per cent. of the share capital of Asesorias e Inversiones Hipa Limitada, which subscribed for 730,000 Existing Ordinary Shares.

*Note 3* Fratelli Investments was issued with one Existing Warrant for every ten shares subscribed for by third parties as an underwriting fee pursuant to the subscription agreement entered into with the Company in October 2012.

Save as disclosed above, during the Disclosure Period, Fratelli Investments, its connected persons and persons acting in concert with it have not dealt for value in Relevant Securities.

## PART III

### FINANCIAL INFORMATION ON SERABI GOLD PLC

<i>Information</i>	<i>Source of information</i>
1. Turnover, net profit or loss before and after taxation and the charge for tax, for the Group for the three financial years ended 31 December 2012.	(i) Serabi Annual Report 2012, Statement of Comprehensive Income on page 28.  If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  <a href="http://www.serabigold.com/userfiles/pdf/Serabi_per_cent.20Annual_per_cent.20Report_per_cent.202012.pdf">http://www.serabigold.com/userfiles/pdf/Serabi_per_cent.20Annual_per_cent.20Report_per_cent.202012.pdf</a>
	(ii) Serabi Annual Report 2011, Statement of Comprehensive Income on page 26.  If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  <a href="http://www.serabigold.com/userfiles/pdf/Annual_Report_and_Accounts_2011.pdf">http://www.serabigold.com/userfiles/pdf/Annual_Report_and_Accounts_2011.pdf</a>
	(iii) Serabi Annual Report 2010, Statement of Comprehensive Income on page 20.  If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  <a href="http://www.serabigold.com/userfiles/pdf/489.pdf">http://www.serabigold.com/userfiles/pdf/489.pdf</a>
2. A statement on the assets and liabilities shown in the audited accounts for the Group for the three financial years ended 31 December 2012	(i) Serabi Annual Report 2012, Balance Sheets on page 29.  If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  <a href="http://www.serabigold.com/userfiles/pdf/Serabi_per_cent.20Annual_per_cent.20Report_per_cent.202012.pdf">http://www.serabigold.com/userfiles/pdf/Serabi_per_cent.20Annual_per_cent.20Report_per_cent.202012.pdf</a>
	(ii) Serabi Annual Report 2011, Balance Sheets on page 27.  If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  <a href="http://www.serabigold.com/userfiles/pdf/Annual_Report_and_Accounts_2011.pdf">http://www.serabigold.com/userfiles/pdf/Annual_Report_and_Accounts_2011.pdf</a>

*Information*

*Source of information*

- (iii) Serabi Annual Report 2010, Balance Sheets on page 21.  
If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  
<http://www.serabigold.com/userfiles/pdf/489.pdf>
3. A cash flow statement as provided in the audited accounts for the Group for the three financial years ended 31 December 2012
- (i) Serabi Annual Report 2012, Cash Flow Statements on page 31.  
If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  
[http://www.serabigold.com/userfiles/pdf/Serabi\\_per\\_cent.20Annual\\_per\\_cent.20Report\\_per\\_cent.202012.pdf](http://www.serabigold.com/userfiles/pdf/Serabi_per_cent.20Annual_per_cent.20Report_per_cent.202012.pdf)
- (ii) Serabi Annual Report 2011, Cash Flow Statements on page 29.  
If you are reading this Document in hard copy, please enter the below web address in your web browser to be brought to the relevant document. If you are reading this Document in soft copy please click on the web address below to be brought to the relevant document  
[http://www.serabigold.com/userfiles/pdf/Annual\\_Report\\_and\\_Accounts\\_2011.pdf](http://www.serabigold.com/userfiles/pdf/Annual_Report_and_Accounts_2011.pdf)
- (iii) Serabi Annual Report 2010, Cash Flow Statements on page 23.  
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<http://www.serabigold.com/userfiles/pdf/489.pdf>
4. Significant accounting policies together with any points from the notes to the accounts which are of major relevance to an appreciation of the figures for the three financial years ended 31 December 2012
- (i) Serabi Annual Report 2012, Notes to the Financial Statements on pages 32 to 57.  
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- (ii) Serabi Annual Report 2011, Notes to the Financial Statements on pages 30 to 53.  
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*Information*

*Source of information*

- (iii) Serabi Annual Report 2010, Notes to the Financial Statements on pages 24 to 49.
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- <http://www.serabigold.com/userfiles/pdf/489.pdf>
5. Changes in equity and total recognised gains and losses for the three financial years ended 31 December 2012
- (i) Serabi Annual Report 2012, Statement of Changes in Shareholders Equity on page 30 and Statement of Comprehensive Income on page 28
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6. Independent audit report in respect of each Annual Report for the three financial years ended 31 December 2012
- (i) Serabi Annual Report 2012, Independent Auditor's Report on pages 26 to 27.
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- (ii) Serabi Annual Report 2011, Independent Auditor's Report on pages 24 to 25.
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- (iii) Serabi Annual Report 2010, Independent Auditor's Report on page 18
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The financial statements for the Company for the three financial periods ended 31 December 2012, 2011 and 2008 and the half year ended 30 June 2013 and the nine months ended 30 September 2013 are available free of charge on the Company's website:

<http://www.serabigold.com/AnnualReports.cfm> and  
<http://www.serabigold.com/InterimFinancialReportsMDA.cfm>

Information in relation to 1,2,3 and 4 has not been published in an inflation adjusted form. The annual reports and interim results are available in a “read-only” format and can be printed from the Company’s website. The Company will provide within two Business Days, without charge, to each person to whom a copy of this Document has been delivered, upon their written or verbal request, a copy of any documents incorporated by reference in this Document. In addition each person to whom a copy of this Document has been delivered may request that all future documents, announcements and information sent to them in relation to the Waiver should be sent in hard copy form. Copies of any documents incorporated by reference in this Document will not be provided unless such a request is made. Requests for copies of any such document should be directed to the Company Secretary, Clive Line, Serabi Gold plc, 2nd Floor, 30-32 Ludgate Hill, London EC4M 7DR or by telephone to +44 (0) 20 7246 6830.

## PART IV

### ADDITIONAL INFORMATION

#### 1. RESPONSIBILITY STATEMENT AND DIRECTORS

- 1.1 The Directors whose names appear in paragraph 1.3 below accept responsibility for the information contained in this Document including individual and collective responsibility for compliance with the AIM Rules for Companies, save for the information concerning the Concert Party (for which each member of the Concert Party is responsible) and the recommendation set out in paragraph 18 of Part I of this Document (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 Document 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.
- 1.2 Each member of the Concert Party along with the directors of Fratelli Investments accepts responsibility for the information contained in this Document 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 Document 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.
- 1.3 The names of the Directors are as follows:  
Terence Sean Harvey, *Non-Executive Chairman*  
Michael Hodgson, *Chief Executive*  
Clive Line, *Finance Director*  
Nicolas Banados, *Non-Executive Director*  
Dr Doug Jones, *Non-Executive Director*  
Daniel Kunz, *Non-Executive Director*  
Eduardo Rosselot, *Non-Executive Director*  
Melvyn Williams, *Non-Executive Director*

#### 2. THE COMPANY AND ITS SHARE CAPITAL

- 2.1 The Company was incorporated in England and Wales as a private limited company named Serabi Mining Limited on 18 May 2004 under the Companies Act 1985 and with registered number 5131528. The Company re-registered as a public company under the name Serabi Mining plc on 17 March 2005. The Company subsequently changed its name to Serabi Gold plc on 14 October 2011.
- 2.2 The liability of the members of the Company is limited.
- 2.3 As at the date of this Document, the Company had the following outstanding Existing Ordinary Shares, Options and Existing Warrants (excluding 2,100,123 new Ordinary Shares being the maximum number of new Ordinary Shares that the Company calculates it would be obliged to issue in satisfaction of the convertible loan stock agreement dated 9 November 2009, as further described at paragraph 2.7 of this Part IV):

<i>Security</i>	<i>Number</i>
Existing Ordinary Shares	456,389,204
Options	23,396,825
Existing Warrants	12,685,033
<b>Fully diluted ordinary shares outstanding</b>	<b>492,471,062</b>

- 2.4 The authorised and issued share capital of the Company at the date of this Document and upon Admission (assuming the Minimum Subscription by Fratelli Investments pursuant to the Subscription Agreement) is as follows:

	<i>Authorised</i>		<i>Issued</i>	
	<i>Number</i>	<i>£</i>	<i>Number</i>	<i>£</i>
<b>As at the date of this Document</b>				
Existing Ordinary Shares of 5p each	733,735,776	36,686,788.800	456,389,204	22,819,460.000
Existing Deferred Shares of 9.5p each	140,139,065	13,313,211.175	140,139,065	13,313,211.175
<b>On Admission</b>				
Ordinary Shares of 0.5p each	n.a.	n.a.	581,389,204	2,906,946.02
New Deferred Shares of 4.5p each	n.a.	n.a.	456,389,204	20,537,514.180
Existing Deferred Shares of 9.5p each	n.a.	n.a.	140,139,065	13,313,211.175

- 2.5 As at the date of this Document, the following Existing Warrants were outstanding:

	<i>Number</i>	<i>Exercise Price</i>	<i>Expires on</i>
Non-tradable warrants	4,549,998	£0.15	23 January 2014
Underwriting warrants	8,135,035	£0.10	17 January 2015

- 2.6 As at the date of this Document, there are the following Options in issue under the various plans that have been operated by the Company:

<i>Issue date</i>	<i>Options outstanding</i>	<i>Options vested</i>	<i>Exercise price</i>	<i>Expires on</i>
18 July 2013	960,500	960,500	C\$0.31176	1 October 2015
18 July 2013	1,572,000	1,572,000	C\$0.29411	7 June 2016
26 January 2013	13,800,000	4,600,003	£0.061	25 January 2017
26 January 2013	950,000	950,000	£0.0813	25 January 2017
21 May 2012	500,000	333,334	£0.10	20 May 2015
31 May 2011	1,600,000	1,600,000	C\$0.60	30 May 2014
28 January 2011	1,285,000	1,285,000	£0.41	27 January 2021
28 January 2011	450,000	300,001	£0.37	27 January 2021
21 December 2009	1,700,000	1,700,000	£0.15	20 December 2019
15 November 2007	25,000	25,000	£2.64	14 November 2017
01 April 2006	278,360	278,360	£1.50	01 April 2016
01 April 2006	274,925	274,925	£3.00	01 April 2016
<b>Total</b>	<u>23,396,285</u>	<u>13,396,289</u>	n.a.	n.a.

- 2.7 On 9 November 2009 (as further detailed in note 16(b) of the Company's 2012 Annual Report) the Company entered into a convertible loan stock agreement with Greenwood whereby Greenwood made available to the Company a loan of £300,000 repayable on 31 October 2014. Greenwood has the right at any time, on one or more occasions, on or before the repayment date to convert any of the outstanding amounts owed by the Company to Ordinary Shares at a price of 15 pence per new Ordinary Share. The loan was drawn down on 14 December 2009 and interest accrues at the rate of 1 per cent. per annum and is compounded. In January 2012, Greenwood assigned its interest in the convertible loan stock to Anker Holding AG.

### 3. SUBSTANTIAL SHAREHOLDERS

- 3.1 The Directors are aware of the following holdings of Existing Ordinary Shares and Existing Warrants which, as at 24 January 2014 (being the last practicable date prior to the publication of this Document), represented three per cent. or more of the issued ordinary share capital of the Company or which will, on Admission, represent three per cent. or more of the Enlarged Ordinary Share Capital, assuming the Minimum Subscription by Fratelli Investments pursuant to the Subscription Agreement:



<i>Name</i>	<i>As at the date of this Document</i>			<i>On Admission</i>		
	<i>Number of Existing Ordinary Shares</i>	<i>Per cent. of issued share capital</i>	<i>Number of Existing Warrants held</i>	<i>Number of Existing Ordinary Shares</i>	<i>Per cent. of issued share capital</i>	<i>Number of Existing Warrants held</i>
Fratelli Investments Limited (note 1)	184,695,647	40.47 per cent.	10,405,868	309,695,647	53.27 per cent.	72,905,868
Eldorado Gold Corporation	34,090,000	7.47 per cent.	750,000	34,090,000	5.86 per cent.	750,000
Anker Holding AG	40,000,000	8.76 per cent.	937,500	40,000,000	6.88 per cent.	937,500
Drake PIPE Fund	31,969,686	7.00 per cent.	Nil	31,969,686	5.50 per cent.	Nil
Fondo do Inversiones Privado Santa Monica	22,140,000	4.85 per cent.	216,666	22,443,947	3.86 per cent.	216,666

Note 1: Assumes that there are no subscribers for Third Party Shares and Fratelli Investments therefore subscribes for the Minimum Subscription

#### 4. DIRECTORS' INTERESTS

4.1 At the date of this Document and immediately following Admission the interests of the Directors (including any Connected Persons) in the issued share capital of the Company are as follows:

<i>Name</i>	<i>As at the date of this Document</i>		<i>On Admission</i>	
	<i>Number of Existing Ordinary Shares beneficially owned, controlled or directed, directly or indirectly</i>	<i>Per cent. of issued share capital</i>	<i>Number of Ordinary Shares beneficially owned, controlled or directed, directly or indirectly</i>	<i>Per cent. of the Enlarged Ordinary Share Capital</i>
<b>Existing Directors</b>				
Terence Sean Harvey	1,200,000	0.26 per cent.	1,200,000	0.21 per cent.
Michael Hodgson	441,320	0.10 per cent.	441,320	0.08 per cent.
Clive Line	766,653	0.17 per cent.	766,653	0.13 per cent.
Melvyn Williams	295,000	0.06 per cent.	295,000	0.05 per cent.
Doug Jones	100,000	0.02 per cent.	100,000	0.02 per cent.
Eduardo Rosselot	Nil	Nil	Nil	Nil
Nicolas Bañados (Note 1)	22,443,947	4.92 per cent.	22,443,947	3.86 per cent.
Daniel Kunz	5,564,726	1.22 per cent.	5,564,726	0.96 per cent.

Note 1: Mr. Bañados has a direct interest in 144,282 Existing Ordinary Shares. Mr Bañados is the beneficial owner of 50 per cent. of the share capital of Asesorias e Inversiones Asturias Limitada which beneficially owns: (1) directly 159,665 Existing Ordinary Shares; and (2) 25 per cent. of the units in Fondo de Inversion Privado Santa Monica, a private financial investment fund, which is interested in 22,140,000 Existing Ordinary Shares

- 4.2 At the date of this Document and immediately following Admission the interests of the Directors (including any Connected Persons) in all option based awards are as follows (share-based awards and option-based awards have not been separated):

<i>Name of Director</i>	<i>Issue Date</i>	<i>Options</i>		<i>Exercise Price</i>	<i>Expires on</i>
		<i>Outstanding (Note 1)</i>	<i>Options Vested</i>		
Terence Sean Harvey	31 May 2011	200,000	200,000	C\$0.60	30 May 2014
	25 January 2013	1,900,000	633,334	£0.061	25 January 2016
Melvyn Williams	31 May 2011	200,000	200,000	C\$0.60	30 May 2014
	25 January 2013	950,000	316,667	£0.061	25 January 2016
Doug Jones	31 May 2011	200,000	66,666	C\$0.60	30 May 2014
	25 January 2013	950,000	950,000	£0.0813	25 January 2016
Michael Hodgson	21 Dec 2009	500,000	500,000	£0.15	20 Dec 2019
	28 Jan 2011	600,000	600,000	£0.41	27 May 2021
	31 May 2011	250,000	250,000	C\$0.60	30 May 2014
	21 May 2012	275,000	183,334	£0.10	20 May 2015
Clive Line	25 January 2013	4,200,000	1,400,000	£0.061	25 January 2016
	21 Dec 2009	500,000	500,000	£0.15	20 Dec 2019
	28 Jan 2011	600,000	600,000	£0.41	27 May 2021
	31 May 2011	250,000	250,000	C\$0.60	30 May 2014
	21 May 2012	225,000	150,000	£0.10	20 May 2015
Nicolas Banados	–	–	–	–	–
Eduardo Rosselot	25 January 2013	1,900,000	633,334	£0.061	25 January 2016
Daniel Kunz	18 July 2013	127,500	127,500	C\$0.2941	7 June 2016

Note 1: Each option entitles the holder to subscribe for one new Ordinary Share

- 4.3 Save as disclosed in this Document, none of the Directors holds any Options and/or Existing Warrants to subscribe for Ordinary Shares.
- 4.5 Except as disclosed in this paragraph 4, none of the Directors, nor any member of their respective immediate families, nor any Connected Persons, are interested in any share capital of the Company.

## 5. DIRECTORS SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

- 5.1 The executive Directors' services agreements are summarised below and, other than as described have not been amended in the six months preceding the publication of this Document:

### 5.1.1 *Michael Hodgson (Chief Executive)*

Mr Hodgson entered into a service agreement with the Company on 2 February 2007. He is currently entitled to a base salary of £148,000 per annum (increased from £140,000 per annum with effect from 1 April 2013) an annual pension contribution of £12,000 and the potential, subject to approval of the Board, of an annual cash performance bonus and other fringe benefits, such as health, disability and life insurance equal in value to approximately £5,000. His service agreement is terminable on 12 months' notice by the Company. Mr Hodgson is required to devote himself to no less than four days per week to the performance of his duties.

### 5.1.2 *Clive Line (Finance Director)*

Mr Line entered into a service agreement with the Company on 13 April 2005. He is currently entitled to a base salary of £140,000 per annum (increased from £133,000 per annum with effect from 1 April 2013) and the potential, subject to approval of the Board, of an annual cash performance bonus and other fringe benefits, such as health, disability and life insurance equal in value to approximately £4,000. His service agreement is terminable on 12 months' notice by

the Company. Mr Line is required to devote himself to no less than four days per week to the performance of his duties.

- 5.2 The terms of the non-executive Directors' appointments are summarised below and have not been amended in the six months preceding the publication of this Document:

Each of the non-executive Directors is compensated in accordance with the following table of fees:

	<i>Chairman</i>	<i>Other</i>
Fee as Board Member (C\$ per annum)	30,000	20,000
Fee as member of the Audit Committee (C\$ per annum)	7,500	5,000
Fee as member of the Remuneration Committee (C\$ per annum)	5,000	3,000
Attendance fees - payable only in respect of Board meetings (C\$ per meeting)	500	500

5.2.1 ***Terence Sean Harvey (Non-Executive Chairman)***

Mr Harvey joined the Board on 30 March 2011. Mr Harvey serves as Chairman of the Board and is a member of the Audit Committee and the Remuneration Committee.

5.2.2 ***Melvyn Williams (Non-Executive Director)***

Mr Williams joined the Board on 30 March 2011. Mr Williams serves as a member of the Board and is the Chairman of the Audit Committee and the Chairman the Remuneration Committee.

5.2.3 ***Doug Jones (Non-Executive Director)***

Dr Jones joined the Board on 30 March 2011. Mr Jones serves as a member of the Board and is a member of the Audit Committee and the Remuneration Committee.

5.2.4 ***Eduardo Rosselot (Non-Executive Director)***

Mr Rosselot joined the Board on 2 October 2012. He serves as a member of the Board as a nominated representative of Fratelli Investments. Mr Rosselot has no beneficial interest in Fratelli Investments. Mr Rosselot, in addition to the fees he will receive as a member of the Board, provides other consultancy services to the Company in his capacity as a professional mining engineer for which he currently receives a fee of US\$5,000 per month. All fees are subject to the approval of the Company's Remuneration Committee.

5.2.5 ***Nicolas Banados (Non-Executive Director)***

Mr Banados joined the Board on 13 May 2013. He serves as a member of the Board as a nominated representative of Fratelli Investments and he does not receive any fees in respect of his appointment. Mr Banados has no beneficial interest in Fratelli Investments but is an attorney in fact of Fratelli Investments and serves as Managing Director of Private Equity for Fratelli Investments and its non-discretionary fund manager Megeve Investments.

5.2.6 ***Daniel Kunz (Non-Executive Director)***

Mr Kunz joined the Board on 29 July 2013. He previously served as Chairman of Kenai Resources Limited, which was acquired by the Company on 18 July 2013.

- 5.3 Save as disclosed in paragraphs 5.1 or 5.2 above, neither the executive Directors' services agreement nor the non-executive Directors' appointments include any commission, profit sharing arrangements nor any provision for compensation payable upon early termination of the service agreement or appointment.

## **6. MATERIAL CONTRACTS**

### *The Company and its subsidiaries*

6.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company within the period from 2 years before the date of this Document and are, or may be, material:

#### **6.1.1 Warrants**

A warrant instrument entered into by the Company on 24 January 2012, whereby 4,549,998 warrants in the Company were issued with each warrant exercisable for one ordinary share at an exercise price of £0.15 until 23 January 2014 (these warrants being personal to the holders and not to be transferred).

#### **6.1.2 Letter of Variation**

A letter of variation dated 24 January 2012 between the Company and Eldorado Gold Corporation, whereby the Company agreed that at the time of the next instance that the Company issues ordinary shares for cash (or cash equivalent), Eldorado Gold Corporation would have the right to subscribe for such number of ordinary shares as would enable Eldorado Gold Corporation to revert to a 26.33 per cent. interest in the share capital of the Company, being its percentage interest prior to the private placement undertaken by the Company on 24 January 2012. This right expired in January 2013.

#### **6.1.3 Orderly Marketing Agreement**

An orderly marketing agreement dated 24 January 2012 between the Company, Beaumont Cornish and Fratelli Investments pursuant to which Fratelli Investments made an undertaking not to dispose of any of the ordinary shares it held in the Company for a period of 12 months.

#### **6.1.4 Option Agreement**

An option agreement dated 24 January 2012 between the Company and Fratelli Investments pursuant to which the Company agreed that, while Fratelli Investments holds 15 per cent. or more of the issued share capital of the Company, Fratelli Investments has the option to subscribe for such number of ordinary shares as would enable Fratelli Investments to maintain its percentage interest in the share capital of the Company in the event that the Company issues ordinary shares for cash (or cash equivalent). Fratelli Investments shall, whilst it holds 15 per cent. or more of the issued share capital of the Company, have the right but not the obligation to nominate a Director to the board of directors of the Company.

#### **6.1.5 Short Term Loan Agreement 2012**

The interim secured short term 2012 loan agreement dated 1 October 2012 for a maximum of US\$6 million for a period of six months provided by Fratelli Investments to the Company to provide additional working capital to the Company and enable it to commence initial works at its Palito gold mine with interest chargeable at the rate of 12 per cent. per annum and with a 3 per cent. arrangement fee.

#### **6.1.6 Short Term Loan Agreement 2013**

The interim secured short term 2013 Loan Agreement dated 20 December 2013 for a maximum of US\$7.5 million for a period expiring on 30 April 2014 or, if earlier, 7 days following the receipt by the Company of the Subscription Price in respect of the Subscription Shares, provided by Fratelli Investments to the Company to provide additional working capital to the Company, allow the completion of works at its Palito gold mine and to commence the initial development and further evaluation of the Sao Chico gold project with interest chargeable at the rate of 12 per cent. per annum and with a 3 per cent. arrangement fee.

#### 6.1.7 *Conditional Subscription Agreement 2012*

The conditional Subscription Agreement dated 1 October 2012 between the Company and Fratelli Investments, whereby Fratelli Investments agreed to subscribe for and underwrite a placement of new ordinary shares in the Company to raise £16.2 million to finance the development and start-up of underground mining operations at the Company's Palito gold mine.

#### 6.1.8 *Conditional Subscription Agreement 2013*

The conditional subscription agreement dated 20 December 2013 between the Company and Fratelli Investments, whereby Fratelli Investments agreed to subscribe for 125,000,000 Units at the Subscription Price ("Minimum Subscription") and additional Units, equal in number to the aggregate subscription, if any, for Units from third party investors, up to a maximum of 37,500,000 Units, at the Subscription Price and whereby the Company agrees to use the Subscription proceeds to repay any money advanced to the Company under the Loan Agreement, provide additional working capital to the Company, allow the completion of works at its Palito gold mine and to commence the initial development and further evaluation of the Sao Chico gold project.

#### 6.1.9 *New Lock-in and Relationship Agreement*

A Lock-in and Relationship Agreement dated 28 January 2014 pursuant to which the Company and Fratelli Investments have agreed certain arrangements in order to regulate their relationship and avoid potential conflicts of interests. Pursuant to the Lock-in and Relationship Agreement, the Company and Fratelli Investments have agreed conditional on Admission, *inter alia*, that:

- (a) The lock-in period will be for 12 months from Admission, save in limited circumstances, with thereafter a 12 month orderly market agreement with Beaumont Cornish.
- (b) If Fratelli Investments owns more than 30 per cent. of the Enlarged Ordinary Share Capital, Fratelli Investments will use its reasonable endeavours to procure that:
  - (i) The Group is capable of carrying on its business independently of Fratelli Investments;
  - (ii) The articles of association or any other constitutional documents are not amended to restrict the Company's ability to carry out its business independently of Fratelli Investments;
  - (iii) Transactions between any member of the Group and any member of Fratelli Investments are made at arm's length on a normal commercial basis and approved by Directors independent of Fratelli Investments;
  - (iv) Any disputes between Fratelli Investments and any member of the Group shall be dealt with by a committee of the independent Directors;
  - (v) The selection, approval and removal of senior management and executive Directors shall continue to be subject to the approval of a majority of the non-executive Directors of the Company;
  - (vi) Not take any action as a result of which there would be fewer than three Directors independent of Fratelli Investments;
  - (vii) Not to solicit any director or key personnel of the Group;
  - (viii) To vote their shares to ensure that the Company shall operate and make decisions for the benefit of shareholders of the Company as a whole and not solely for the benefit of Fratelli Investments.

- (c) If Fratelli Investments owns more than 75 per cent. of the Enlarged Ordinary Share Capital, Fratelli Investments will use its reasonable endeavours to procure that:
  - (i) Any related property transaction in respect of which the AIM Rules for Companies class tests exceed 25 per cent. is to be subject to independent shareholder approval at a general meeting of the Company; and
  - (ii) They will not seek to de-list the Company from AIM without, where practicable in accordance with the Act, using reasonable endeavours to procure that a tender offer is made to purchase the shares of public minority shareholders.
- (d) Fratelli Investments are free to pursue minority investments in gold projects in Brazil.
- (e) The number of Directors that Fratelli Investments will be entitled to nominate to the Board will be:
  - (i) One non-executive Director if Fratelli Investments holds 15 per cent. or more of the Enlarged Ordinary Share Capital and has appointed Eduardo Rosselot to the Board; and
  - (ii) One additional non-executive Director if Fratelli Investments holds between 20 per cent. and 50 per cent. of the Enlarged Ordinary Share Capital and has appointed Nicolas Bañados to the Board; and
  - (ii) Notwithstanding its rights in accordance with the Articles and Companies Act 2006, one additional non-executive Director to the Board (three in total) if Fratelli Investments holds more than 50 per cent. of the Enlarged Ordinary Share Capital.

#### 6.1.10 **Beaumont Cornish Instruction Letter 2012**

An agreement dated 1 October 2012 together with the letter of addendum dated 16 October 2012 between Beaumont Cornish and the Company pursuant to which Beaumont Cornish agreed to act as the Company's financial adviser in respect of a waiver of Rule 9 of the City Code and a conditional subscription for up to 270,000,000 ordinary shares in the Company at 6 pence per share (the "**2013 Subscription**"). The Company agreed to pay Beaumont Cornish an initial advisory fee of £10,000, plus a monthly work fee of £12,500 commencing immediately from the announcements of the 2013 Subscription, subject to a maximum of £25,000. In addition the Company agrees to pay Beaumont Cornish a further fee of £20,000 immediately on publication of the 2013 Subscription circular and a completion fee of £20,000 immediately on the approval by the Company's shareholders of the arrangements described in the 2013 Subscription circular. The agreement contains certain undertakings and indemnities from the Company in respect of, *inter alia*, compliance with all applicable laws and regulations.

#### 6.1.11 **Beaumont Cornish Instruction Letter 2013**

An agreement dated 20 December 2013 between Beaumont Cornish and the Company pursuant to which Beaumont Cornish agreed to act as the Company's financial adviser in respect of the Proposals. The Company agreed to pay Beaumont Cornish an initial advisory fee of £10,000, plus a monthly work fee of £12,500 commencing from 9 December 2013, subject to a maximum of £25,000. In addition the Company agrees to pay Beaumont Cornish a further fee of £12,500 immediately on publication of the Document and a completion fee of £12,500 immediately on the approval by the Company's shareholders of the arrangements described in the Document. The agreement contains certain undertakings and indemnities from the Company in respect of, *inter alia*, compliance with all applicable laws and regulations.

### 6.1.12 *Undertakings*

The Company has received the following undertakings to vote in favour of the Whitewash Resolution at the General Meeting from the Independent Directors, which in aggregate amount to 8,367,699 Ordinary Shares representing 1.83 per cent. of the Existing Ordinary Shares, are as follows:

<i>Director</i>	<i>Number of Ordinary Shares</i>	<i>Percentage of the Company's issued share capital</i>
Terence Sean Harvey	1,200,000	0.26 per cent.
Michael Hodgson	441,320	0.10 per cent.
Clive Line	766,653	0.17 per cent.
Melvyn Williams	295,000	0.06 per cent.
Doug Jones	100,000	0.02 per cent.
Daniel Kunz	5,564,726	1.22 per cent.
<b>Total</b>	<b>8,367,699</b>	<b>1.83 per cent.</b>

### 6.1.13 *Agency/Broker Agreements*

- (i) An engagement letter between ASSET Chile and the Company dated 8 October 2012 whereby ASSET Chile agreed to assist the Company with sourcing subscribers for ordinary shares in the Company. In consideration, the Company is to pay a success fee equivalent to 4 per cent. of the proceeds raised on those subscriptions (“**Compensation Amount**”) introduced either directly or indirectly by ASSET Chile. On request of the subscribers, this success fee may be made payable in the form of ordinary shares in the Company for up to 25 per cent. of the Compensation Amount. The engagement is to terminate on 7 October 2013 or earlier on written notice from either party. In case of early termination by ASSET Chile, no success fee or termination fee of any kind is payable.
- (ii) A broker agreement between Fox Davies Capital Limited (“**Fox Davies**”) and the Company dated 16 November 2012, whereby Fox Davies agreed to assist the Company with sourcing subscribers for ordinary shares in the Company. In consideration, the Company agreed to pay a success fee equivalent to 5.5 per cent. of the proceeds raised on those subscriptions by UK-based subscribers secured by Fox Davies (“**Fox Davies Subscriptions**”) together with warrants over 2 per cent. of Fox Davies Subscriptions. In the event that Fox Davies did not secure subscribers for a majority of the ordinary shares in the Company, the Company could determine not to proceed with using the services of Fox Davies to source subscribers and instead elect to pursue an alternative transaction, and the Company would pay a fixed sum of £75,000 to Fox Davies.

### 6.1.14 *Kenai Acquisition*

The Company, pursuant to a plan of arrangement (the “**Arrangement**”), acquired the entire share capital of Kenai on 18 July 2013. Under the Arrangement a total of 95,120,675 new ordinary shares in the Company were issued to the shareholders of Kenai including 5,100,000 ordinary shares in the Company in exchange for 6,000,000 Kenai shares that had been issued to Gold Anomaly Limited (“**GOA**”) in satisfaction of obligations under a share purchase agreement between GOA and Kenai relating to the acquisition by Kenai of the shares of Gold Aura do Brasil Mineracao Ltda, the owner of the Sao Chico gold project. These new ordinary shares in the Company were admitted to trading on AIM on 24 July 2013. These new ordinary shares rank *pari passu* in all respects with the ordinary shares in the Company existing at the time of the acquisition of Kenai.

## 6.2 *Concert Party*

There are no contracts, not being contracts entered into in the ordinary course of business, that have been entered into by any member of the Concert Party during the two years immediately preceding the date of this Document and which are, or may be, material.

## 7. **OTHER INFORMATION**

- 7.1 The financial information in this Document does not comprise statutory accounts for the purpose of Section 434 of the Companies Act 2006.
- 7.2 Beaumont Cornish has given and not withdrawn its written consent to the inclusion in this Document of references to its name in the form and context in which it appears.
- 7.3 Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

## 8. **DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during usual business hours on any Business Day at the offices of Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH and from the Company's website at [www.serabigold.com](http://www.serabigold.com) until 4 March 2014, being the day following the General Meeting:

- (i) Memorandum and Articles of Association of the Company;
- (ii) Proposed new Articles of Association of the Company highlighting changes from the Articles of Association adopted by special resolution on 18 June 2012;
- (iii) Memorandum and Articles of Association of Fratelli Investments;
- (iv) The audited accounts of the Company for the three year period ended 31 December 2012 and the unaudited interim results for the Company for the six months ended 30 June 2013 and the nine months ended 30 September 2013 as announced to the London Stock Exchange;
- (v) Directors' service contracts referred to in paragraph 5 above;
- (vi) Letter of consent referred to in paragraph 7 above;
- (vii) Material contracts referred to in paragraph 6 above;
- (viii) Undertakings referred to in paragraph 6 above;
- (ix) Documents relating to the financing of the transaction comprising the Subscription Agreement and the Loan Agreement; and
- (x) This Document.

Copies of Fratelli Investments' Report and Accounts for the three years ended 31 December 2012 can be accessed from Fratelli Investments' website at [www.megeve.cl/Fratelli/](http://www.megeve.cl/Fratelli/) until 4 March 2014, being the day following the General Meeting.

28 January 2014



## PART V

### PROXY INSTRUCTIONS

**This Document is furnished in connection with the solicitation of proxies by the Board of Serabi for use at the general meeting of Ordinary Shareholders of the Company (the “Meeting”) to be held at the offices of Farrer & Co LLP, 66 Lincoln’s Inn Fields, London WC2A 3LH on 11.00 a.m. (London time) on 3 March 2014 and at any adjournment or adjournments thereof, for the purposes set out in the Notice of Meeting (the “Notice”) in this Document.**

The Company has applied to the TSX for an exemption from the shareholder approval requirement pursuant to section 602(g) of the TSX Company Manual.

Resolutions 1-3 to be proposed at the Meeting will be ordinary resolutions requiring approval of more than 50 per cent. of the votes cast. Resolutions 4-5 to be proposed at the Meeting will be special resolutions requiring approval of 75 per cent. or more of the votes cast.

Holders (“Shareholders”) of ordinary shares in the Company (the “Ordinary Shares”) may vote on all matters to come before the Meeting. The holders of Deferred Shares in the Company do not have the right to attend or to vote at the Meeting.

The form of proxy enclosed with the Notice affords each Shareholder the opportunity to specify the manner in which that Shareholder’s proxy is to vote with respect to any specific item by checking the appropriate space on the form of proxy in order to indicate whether the Ordinary Shares registered in the Shareholder’s name shall be voted for, voted against or withheld from voting. A vote withheld will not be counted in the calculation of votes for or against the resolution to approve the Waiver.

The proxy must be signed by the holder of Ordinary Shares or each such Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. Persons signing as executors, administrators, trustees or in any other representative capacity should so indicate and give their full title as such. A partnership should sign in the partnership’s name and by an authorized person(s).

A Shareholder may appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attaching to a different Ordinary Share or Ordinary Shares held by that Shareholder. You may not appoint more than one proxy to exercise rights attached to one Ordinary Share. Should you wish to appoint more than one proxy please contact the relevant registrar and transfer agent in good time before the Meeting in order that the proxy forms are received in accordance with the times set out below. Please see the form of proxy which has more information in relation to the manner in which a proxy may be appointed.

Unless otherwise indicated any proxy will be granted in favour of the Chairman of the Meeting who will be an officer of the Company. **Each Shareholder has the right to appoint a person other than the persons named in the accompanying form of proxy, who need not be a Shareholder, to attend and act for him and on his behalf at the Meeting.** A Shareholder wishing to appoint some other person as a representative at the Meeting may do so either by inserting such person’s name in the blank space provided in the form of proxy and delivering the completed form of proxy to the Company’s relevant registrar and transfer agent.

The registrar and transfer agent in Canada for the Ordinary Shares is Computershare Investor Services Inc., 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, Canada.

The registrar and transfer agent in the United Kingdom for the Ordinary Shares is Computershare Investor Services PLC, Bridgwater Road, Bristol, BS99 6ZY England.

A form of proxy is enclosed with the Notice. To be effective, the form of proxy and the original authority (if any) under which it is made must be deposited at the appropriate office (Canada or UK) of the Company’s registrars and transfer agents and not at the offices of the Company so as to be received not later than 48

hours before the time appointed for holding the Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.

As an alternative to completing the form of proxy, Shareholders can vote and appoint a proxy electronically by going to the following website [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your proxy card and agree to certain terms and conditions. For an electronic proxy to be valid, your appointment must be received by the UK Registrars no later than 48 hours before the time appointed for the holding of the Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.

You may not use any electronic address provided within this Notice or any related documents (including the form of proxy) to communicate with the Company other than as expressly stated.

To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the Meeting.

For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

**A proxy given by a Shareholder for use at the Meeting may be revoked at any time prior to its use.** In addition to revocation in any other manner permitted by law, a proxy may be revoked by an instrument in writing executed by the Shareholder or by the Shareholder's attorney authorized in writing or, if the Shareholder is a corporation, by an officer or attorney thereof duly authorized in writing, and deposited either at the registered office of the Company or at the Company's registrar and transfer agents at least one hour before the commencement of the Meeting (or any adjournment thereof) or with the Chairman of the Meeting on the day of the Meeting, or any adjournment thereof. The registered office of the Company is located at 66 Lincoln's Inn Fields, London WC2A 3LH, England.

Completion of the proxy does not preclude a Shareholder from subsequently attending and voting at the Meeting in person if he or she so wishes. In this circumstance, the proxy appointment will be automatically terminated.

A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same Ordinary Share.

In accordance with the Articles of Association of the Company (the "**Articles**") and Regulation 41 of the Uncertificated *Securities Regulations 2001*, only those Shareholders entered on the Company's register of shareholders 48 hours before the start of the Meeting, or, if the meeting is adjourned, Shareholders entered on the Company's register of Shareholders 48 hours before the time fixed for the adjourned Meeting shall be entitled to attend and vote at the Meeting.

Beneficial holders in Canada will receive a Voting Instruction Form ("**VIF**") which will be issued by Broadridge Financial Solutions Inc. ("**Broadridge**") on behalf of the Company. VIFs should be returned directly to Broadridge in accordance with the instructions set out on the VIF.

#### **MANNER IN WHICH PROXIES WILL BE VOTED**

The Chairman of the Meeting will vote or withhold from voting the Ordinary Shares in respect of which he is appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted upon, the Ordinary Shares will be voted accordingly.

**In the absence of such direction, such Ordinary Shares will be voted by the Chairman of the Meeting in favour of the passing of the matters set out in the Notice.** The accompanying form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice, and with respect to other matters which may properly come before the Meeting or

any adjournment thereof. At the date hereof, the Directors know of no such amendments, variations or other matters. **However, if any other matters should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the proxy.**

#### VOTING BY BENEFICIAL SHAREHOLDERS

**The information in this section is of significant importance to Shareholders who do not hold their Ordinary Shares in their own name and whose holdings are held through the Company's Canadian share register. Most Canadian Shareholders are "non-registered" shareholders because the Ordinary Shares they own are not registered in their names but are instead registered in the name of a brokerage firm, bank or other intermediary or in the name of a clearing agency. Shareholders who do not hold their shares in their own name (referred to herein as "Beneficial Shareholders") should note that only registered Shareholders or their duly appointed proxyholders are entitled to vote at the Meeting. If Ordinary Shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those Ordinary Shares will not be registered in such Shareholder's name on the records of the Company. Such Ordinary Shares will more likely be registered under the name of the Shareholder's broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for CDS Clearing and Depositary Services Inc., which company acts as nominee for many Canadian brokerage firms). Ordinary Shares held by brokers (or their agents or nominees) on behalf of a broker's client can only be voted (for or against resolutions) at the direction of the Beneficial Shareholder. Without specific instructions, brokers and their agents and nominees are prohibited from voting shares for the brokers' clients. Therefore, each Beneficial Shareholder should ensure that voting instructions are communicated to the appropriate person well in advance of the Meeting.**

Existing regulatory policy in Canada requires brokers and other intermediaries to seek voting instructions from Beneficial Shareholders in advance of Shareholders' meetings. The various brokers and other intermediaries have their own mailing procedures and provide their own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their Ordinary Shares are voted at the Meeting. Often the form supplied to a Beneficial Shareholder by its broker is almost identical to the form of proxy provided by the Company to the registered Shareholders. However, its purpose is limited to instructing the registered Shareholder (i.e. the broker or agent of the broker) how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions Inc. ("**Broadridge**"). Broadridge typically prepares a machine-readable voting instruction form, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the forms to Broadridge, or otherwise communicate voting instructions to Broadridge (by way of the internet or telephone, for example). Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Ordinary Shares to be represented at the Meeting. **A Beneficial Shareholder who receives a Broadridge voting instruction form cannot use that form to vote Ordinary Shares directly at the Meeting. The voting instruction form must be returned to Broadridge (or instructions respecting the voting of Ordinary Shares must be communicated to Broadridge well in advance of the Meeting) in order to have the Ordinary Shares voted.**

This Document and accompanying materials are being sent to both registered Shareholders and Beneficial Shareholders. Beneficial Shareholders fall into two categories – those who object to their identity being known to the issuers of securities which they own ("**Objecting Beneficial Owners**", or "**OBO's**") and those who do not object to their identity being made known to the issuers of the securities they own ("**Non-Objecting Beneficial Owners**", or "**NOBO's**"). Subject to the provision of the Canadian Securities Administrators' National Instrument 54-101 – Communication with Beneficial Owners of Securities of Reporting Issuers ("**NI 54-101**"), issuers may request and obtain a list of their NOBO's from intermediaries via their transfer agents. If you are a Beneficial Shareholder, and the Company or its agent has sent these materials directly to you, your name, address and information about your holdings of Ordinary Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding the Ordinary Shares on your behalf.

The Company's OBO's can expect to be contacted by Broadridge or their broker or their broker's agents as set out above.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purposes of voting Ordinary Shares registered in the name of their broker, a Beneficial Shareholder may attend the Meeting as proxyholder for the registered Shareholder and vote the Ordinary Shares in that capacity. **Beneficial Shareholders who wish to attend the Meeting and indirectly vote their Ordinary Shares as proxyholder for the registered Shareholder should enter their own names in the blank space on the proxy or voting instruction card provided to them and return the same to their broker (or the broker's agent) in accordance with the instructions provided by such broker.**

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

Save as disclosed in this Document, the Board is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities of the Company or otherwise, of any director or executive officer, or anyone who held office as such since the beginning of the Company's last financial year or of any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

Save as disclosed in this Document, to the knowledge of the Company, no director, officer or insider of the Company, or any associate or affiliate of any of these persons, has any material interest, direct or indirect, in any transaction or in any proposed transaction since January 1, 2010 that has materially affected or would materially affect the Company or any of its subsidiaries.

# Serabi Gold plc

(Registered in England and Wales with company number 5131528)

## NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting (the “**Meeting**”) of Serabi Gold plc (the “**Company**”) will be held at the offices of Farrer & Co LLP, 66 Lincoln’s Inn Fields, London WC2A 3LH on 3 March 2014 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as ordinary or special resolutions as specified below (“**Resolutions**”).

Resolution 1 will be taken in accordance with the City Code on Takeovers and Mergers on a poll of Independent Shareholders present and by proxy voting at the Meeting.

Resolutions 2 to 5 (inclusive) are interdependent such that they must either all be passed together or not at all but they are not dependent on the passing of Resolution 1.

As a result of the Company’s principal trading market being AIM, TSX will not be applying its standards in regards to security holder approval (Section 604) and private placements (Section 607) in regards to the proposed transaction, as provided under Section 602 (g) of the TSX Company Manual.

### ORDINARY RESOLUTIONS

1. THAT, the waiver granted by the Panel on Takeovers and Mergers of the obligation that would otherwise arise on the Concert Party (or any member of it) (as defined in the Circular to the Company’s shareholders (the “**Shareholders**”) dated 28 January 2014 (the “**Circular**”)) to make a general offer to the Shareholders pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the allotment of a maximum of 162,500,000 Subscription Shares and the grant of a maximum of 81,250,000 New Warrants (and the exercise thereto) pursuant to the Subscription (as defined in the Circular) to the Concert Party representing in aggregate, together with the other interests of the Concert Party, up to 62.04 per cent. of the Diluted Enlarged Ordinary Share Capital (as defined in the Circular) be and is hereby approved.
2. THAT each of the issued existing ordinary shares of 5 pence each in the Company be and is hereby subdivided and reclassified into one ordinary share of 0.5 pence and one deferred share of 4.5 pence each credited as fully paid up and having the rights and privileges and being subject to the restrictions contained in the articles of association of the Company.
3. THAT the directors of the Company (the “**Directors**”) be and they are generally and unconditionally authorised for the purposes of Section 551 of the Companies Act 2006 (the “**Act**”) to exercise all the powers of the Company to allot shares, grant rights to subscribe for or convert any security into shares (the “**Rights**”) and deal with or dispose of any equity securities (as defined by Section 560 of the Act) of the Company up to an aggregate amount of £2,000,000 provided that this authority is for a period expiring at the conclusion of the next Annual General Meeting of the Company, except that the Company may before the expiry of the authority make an offer or agreement which would or might require the Rights to be allotted after the expiry of such period and the Directors may allot the Rights in pursuance of such offer or agreement as if the authority conferred by this Resolution had not expired and provided further that this authority shall be in substitution for all previous authorities conferred upon the Directors pursuant to Section 551 of the Act or under Section 80 of the Companies Act 1985 (the “**1985 Act**”).

### SPECIAL RESOLUTIONS

4. THAT the Directors be and are generally empowered pursuant to Sections 570(1) and 573 of the Act and in accordance with the articles of association of the Company, to allot equity securities (as defined in Sections 560 of the Act) for cash pursuant to the authority conferred by the previous Resolution up to an aggregate nominal value of £2,000,000 as if Section 561 of the Act did not apply to any such

allotment provided that this power shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution. The Company may before the expiry of this authority make an offer or agreement which would or might require equity securities to be allotted after the expiry of such period and the Directors may allot equity securities in pursuance of such offer or agreement as if the authority conferred by this Resolution had not expired and provided further that this authority shall be in substitution for all previous authorisations conferred upon the Directors pursuant to Sections 570 and 573 of the Act or under section 95 of the 1985 Act.

5. THAT the new articles of association produced to the Meeting and initialled by the Chairman for the purposes of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing articles of association.

DATED the 28 day of January 2014

By order of the Board

**Clive Line**  
*Company Secretary*

**Serabi Gold plc**

Registered office: 66 Lincoln's Inn Fields, London WC2A 3LH, England

**Notes:**

1. As a member of the Company, you are entitled to appoint another person as proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
2. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. To appoint the Chairman of the Meeting or another person as your proxy insert their full name into the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company's Registrars, Computershare Investor Services PLC at Bridgwater Road, Bristol BS99 6ZY.
4. If you do not give your proxy an indication of how to vote on any resolution, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting as he or she thinks fit) in relation to any other matter which is put before the Meeting.
5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- (i) completed and signed (with any alteration or deletion signed and initialled);
- (ii) sent or delivered to the Company's Registrars, Computershare Investor Services PLC at Bridgwater Road, Bristol BS99 6ZY; and
- (iii) received not later than 48 hours before the time of the Meeting (or any adjournment thereof).

In the case of a member who is a company, the proxy form must be signed on its behalf by an officer of the company or any attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's

Registrars, Computershare Investor Services PLC at Bridgwater Road, Bristol BS99 6ZY. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Computershare Investor Services PLC at Bridgwater Road, Bristol BS99 6ZY. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by the Company no later than 48 hours before the time of the meeting (or any adjournment thereof).
9. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
10. As an alternative to completing the proxy form, shareholders can vote and appoint a proxy electronically by going to the following website [www.eproxyappointment.com](http://www.eproxyappointment.com). You will be asked to enter the Control Number, the Shareholder Reference Number (SRN) and PIN as provided on your proxy card and agree to certain terms and conditions. For an electronic proxy to be valid, your appointment must be received by the Company's Registrars no later than 48 hours before the time appointed for the holding of the Meeting. An appointment of a proxy which is not received in accordance with these requirements may be invalid.
11. You may not use any electronic address provided within this notice or any related documents (including the proxy form) to communicate with the Company other than as expressly stated.
12. To give an instruction via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 48 hours before the time appointed for holding the Meeting.
13. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid an appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
14. Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.
15. In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered in the Company's register of members at 10.00 a.m. on 27 February 2014 (or in the case of adjournment 48 hours before the time of the adjourned meeting) will be entitled to attend or vote at the meeting. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this meeting.

