



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  
Posting of circular to Shareholders

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## 1. INTRODUCTION

On 23 December 2013, the Board announced that it intended 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, for general working capital for the Company and to repay the Loan Agreement. 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 entered into a conditional subscription agreement with Fratelli Investments which agreed, pursuant to the Subscription, to subscribe for a minimum of £6.25 million and a maximum of £8.125 million. In addition, Fratelli Investments provided an interim secured short term loan facility of US\$7.5 million (equivalent to approximately £4.5 million). The Company intends that the Loan Agreement will be repaid from the proceeds of the Subscription. As at 24 January 2014 US\$5.5 million had been drawn down under the Loan Agreement.

Fratelli Investments and parties acting in concert with it (the "Concert Party"), 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 together with the Notice of General Meeting to approve the Waiver are contained in the circular being posted to Shareholders (the "Document"). The definitions set out in the Document apply in this announcement unless the context otherwise requires. The Document and this announcement have been posted on the Company's website at [www.serabigold.com](http://www.serabigold.com) and are also available on SEDAR at [www.sedar.com](http://www.sedar.com)

## 2. THE SUBSCRIPTION

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:



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- (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.

### 3. 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 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.

### 4. 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



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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 the 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:**

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

*Note 1 Fratelli Investments Limited is a 99.9% owned subsidiary of Inversiones Menevado Dos Limitada which is itself owned by Inversiones Megeve Capital Limitada (61.7236%) and Inversiones Menevado Limitada (38.265%). 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%) and by each of Piero Solari Donaggio, Sandro Solari Donaggio and Carlo Solari Donaggio directly (3.8% in aggregate). Further details are set out below in paragraph 3 of Part B of 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 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*



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*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.*

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

### 5. 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 the 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 the Document.

### 6. 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.

## 7. 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.

## 8. 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.

## 9. 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. 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. Enclosed with the Document is a copy of the proposed new articles of association highlighting changes from those adopted by special resolution on 18 June 2012 and including further amendments approved on 19 June 2013.

## 10. 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 the Document is a shareholder consent letter in respect of this ("Consent Letter").

## 11. GENERAL MEETING

The Document contains 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 which the following Resolutions will be proposed:

- (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. 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.

## 12. 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.

## Enquiries

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Copies of this release are available from the Company's website at [www.serabigold.com](http://www.serabigold.com)

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### Important Information

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

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

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

Beaumont Cornish, which is authorised and regulated in the United Kingdom by the FSA, 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 announcement or the Document or any matter, transaction or arrangement referred to in it. Beaumont Cornish has not authorised the contents of, or any part of, this announcement or the Document and no liability whatsoever is accepted by Beaumont Cornish for the accuracy of any information or opinion contained in this announcement or the Document or for the omission of any information.

Peel Hunt LLP, which is authorised and regulated in the United Kingdom by the FSA, is acting for the Company and no one else in connection with the Proposals and will not be

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This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



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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 announcement or the Document or any matter, transaction or arrangement referred to in it. Beaumont Cornish has not authorised the contents of, or any part of, this announcement or the Document and no liability whatsoever is accepted by Beaumont Cornish for the accuracy of any information or opinion contained in this announcement or the Document or for the omission of any information.

### Responsibility Statement

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

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

### Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 26 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

### Overseas Shareholders

The Ordinary Shares will not be registered under the United States Securities Act of 1933, as amended, or under the securities legislation of, or with any securities regulatory authority of, any state or other jurisdiction of the United States or under the applicable securities laws of the Republic of South Africa, Australia, or Japan. Accordingly, subject to certain exceptions, the Ordinary Shares may not be offered or sold, directly or indirectly, in

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

### Forward Looking Statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

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

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**PRESS RELEASE 29 JANUARY 2014**  
SERABI GOLD plc ("Serabi" or "the Company")



## APPENDIX

### SUBSCRIPTION STATISTICS

Number of Existing Ordinary Shares in issue at the date of this announcement	456,389,204
Number of Ordinary Shares in issue on completion of the Capital Reorganisation	456,389,204
Issue Price per Unit	5 pence

#### Minimum Subscription

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

#### Maximum Subscription

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

Event	Date
Publication of the 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 announcement 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.