



PRESS RELEASE 11 MAY 2015  
SERABI GOLD plc ("Serabi" or "the Company")



## Notice of Annual General Meeting and Special Meeting<sup>(1)</sup>

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The Company announces that its Annual General Meeting will be held on 11 June 2015, at the offices of Farrer & Co. LLP, 66 Lincoln's Inn Fields London WC2A 3LH England at 11.00 am. The Company has published the formal notice of the meeting (the "Notice") on its website at <http://www.serabigold.com/investor-centre/public-filings-regulatory-documents>. Proxy voting forms are being posted to all shareholders providing details of how to access the Notice and instructions for voting. A copy of the Notice together with proxy voting forms and a copy of the 2014 Annual Report has been posted to all shareholders who are required to receive or have formally requested to receive these documents.

Copies of the 2014 Annual Report are available from the Company's website at [www.serabigold.com](http://www.serabigold.com).

The Notice contains a letter from the Chairman of the Company, Mr Sean Harvey, which is set out below in the Appendix.

(1) Certain resolutions to be proposed at the meeting will be special resolutions requiring approval of more than 75% of the votes cast. Under Canadian National Instrument 54-101, the meeting therefore also constitutes a Special Meeting.

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

## Appendix

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**The letter from the Chairman of the Company included in the Notice is reproduced below (without material adjustment):**

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Dear Shareholder

This document provides the formal notice (the "**Notice**") of the 2015 Annual General Meeting and Special Meeting of the Company to be held at the offices of Farrer & Co LLP, 66 Lincoln's Inn Fields, London WC2A 3LH, England on 11 June 2015 at 11.00 am (London time) (the "**Meeting**"). This document also includes additional information that the Company as a "reporting issuer" in Canada is required to make available pursuant to the requirements of National Instrument 51-102 – Continuous Disclosure Obligations ("**NI 51-102**") of the Canadian Securities Administrators.

### SERABI GOLD PLC

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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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### **Background**

The matters being considered at the 2015 Annual General Meeting and Special Meeting set out in the Notice are for the most part, items that are routinely considered at such meetings. At this time last year the Company had commenced gold production at Palito Mine and was in the early stages of preparing the necessary access for the mine portal at its Sao Chico gold project which it took ownership of through the acquisition of Kenai Resources Ltd in July 2013. The Board believes that further opportunities to develop the Company may arise over the next twelve months and for this reason is requesting shareholders to authorise the Board to issue new shares to allow the Company to pursue and commit to these opportunities quickly as and when they arise.

### **Cancellation of Share Premium Account and Deferred Shares**

The Notice also includes provision for holders of the ordinary shares in the Company (the "**Shareholders**") to approve a restructuring of the Company's share capital by the cancellation of both the share premium account and the deferred shares in the capital of the Company (the "**Cancellation**").

#### *Share Premium Account*

When a company issues shares at a premium (whether for cash or otherwise) to the nominal value of those shares, the company is required to record a sum equal to the value of the premium in an account called the share premium account. The Companies Act 2006 (the "**2006 Act**") imposes restrictions on the use of the share premium account (for example reserves held in the share premium account cannot be treated as distributable reserves and cannot be used by a company to declare dividends or to purchase its own shares). The amount standing to the credit of the Share Premium Account is treated as part of the capital of the Company.

A public company may only reduce or cancel its share premium account or share capital by a special resolution of its shareholders followed by an order of the High Court of Justice in England and Wales (the "**Court**") confirming the reduction or cancellation. The capital that is released following this process is treated as a realised profit, unless the Court orders otherwise or the company has undertaken that it will not treat the reserve arising as a realised profit. Any such realised profit will first be applied to reduce or eliminate any accumulated deficit on the company's profit and loss account and any balance will then be available to the company for the purposes of declaring a dividend or making any other distribution.

The Company's share premium account as at 31 December 2014 was US\$67,656,848 and there has been no change to it since that date. The accumulated losses of the Company as at 31 December 2014 were US\$42,013,843.

The Company expects that the Court will give due consideration to protection of the interests of creditors of the Company. For this reason the Company will also seek the approval of secured creditors and other significant creditors of the Company.

#### *Deferred Shares*

As a result of the previous reorganisations the Company has in issue 140,139,065 deferred shares of 9.5 pence each and 456,389,204 deferred shares of 4.5 pence each (the "**Deferred Shares**"). The Deferred Shares carry no voting or dividend rights or any right to participate in the profits or assets of the Company. The Deferred shares may be purchased by the Company, in accordance with the 2006 Act, at any time for no consideration. In the event of a return of capital, after the holders of the ordinary shares have received in aggregate the amount paid up thereon plus £100 per ordinary share, the holders of Deferred Shares shall receive an amount equal to the nominal value of the Deferred Shares and thereafter any further surplus shall be distributed amongst the holders of ordinary shares. The aggregate nominal value of the Deferred Shares as at 31 December 2014 was US\$56,405,030 and there has been no change since that date.

After considering the purpose and value of the Deferred Shares the Board is proposing, subject to the approval of Shareholders, secured and other creditors and the Court, that the Company should cancel the Deferred Shares.

As a result of these proposals, the cancellation of the Company's share premium account and the Deferred Shares, the Board has established that the Company would eliminate all of its accumulated losses to date and establish reserves of approximately US\$82 million that could in the future be distributed to Shareholders through the payment of dividends. The Company is currently re-investing cash flow into the development of the Sao Chico gold project and the retirement of some its debt arrangements and it is not currently the Board's intention in the near term to commence payment of any dividends. The Board does however feel that with the successful transition of the Palito Mine into production and the on-going development of Sao Chico, that it would like to be in the position to consider using some of the cash flow that these operations are expected to generate to make a distribution to Shareholders by way of a dividend in the future. Currently, as the Company has accumulated losses of US\$42 million, it would not be in the position to pay a dividend until such time as these losses had been eliminated. The Directors reserve the right at any time prior to the Cancellation becoming effective, and at their sole discretion, not to proceed with the proposed Cancellation.

#### *Recommendation*

The Directors consider that the resolutions set out in the Notice being put to the Annual General Meeting and Special Meeting are in the best interests of the Company and its Shareholders and are most likely to promote the success of the Company for the benefit of the Shareholders as a whole. Accordingly, the Directors unanimously recommend that Shareholders vote in favour of the proposed resolutions as they intend to do in respect of their own holdings, where relevant, amounting to an aggregate of 25,246,920 Ordinary Shares, representing approximately 3.85 per cent. of the Company's Ordinary Shares.

Yours faithfully

T Sean Harvey  
Non-executive Chairman