



Proposed Placing

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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE EU REGULATION 596/2014

Further to the announcement dated 23 March 2018, Serabi Gold plc (AIM:SRB, TSX:SBI) is pleased to announce a proposed placing to raise gross proceeds of a minimum of US\$8.0 million (the "**Placing**").

The Placing is being conducted through an accelerated bookbuilding process to be undertaken by Peel Hunt LLP ("**Peel Hunt**") acting as sole bookrunner. The books for the Placing will open with immediate effect.

Highlights:

- Intention to raise gross proceeds of a minimum of US\$8.0 million through the issue of new ordinary shares in the Company (the "**Placing Shares**") at a price of 3.6 pence per Placing Share (the "**Placing Price**")
- The Placing, along with with the previously announced subscription of US\$15.0 million by Greenstone Resources II L.P. ("**Greenstone**") (the "**Greenstone Subscription**") provides the Company with a strong platform to deliver the Company's ambitions to become a 100,000 ounce per annum gold producer within two years
- The Placing Price represents a discount of 12.2 per cent. to the closing mid price of 4.1 pence per share on 28 March 2018 and a discount of 0.55 per cent. to the closing mid price of 3.62 pence per share on 22 March 2018 being the business day prior to the Greenstone Subscription
- Funds from the Placing are planned to be used to:
 - undertake Phase 2 of the drilling programme at the Palito and Sao Chico projects;
 - further advance the recently acquired Coringa Project;
 - commence a regional exploration programme; and
 - repay the US\$3.0 million Sprott facility

The completion of the Placing is conditional upon inter alia, the approval of shareholders at a general meeting of the Company (the "**General Meeting**"), admission of the Placing Shares to trading on AIM and completion of the Greenstone Subscription.



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Michael Hodgson, Chief Executive Officer of Serabi, commented:

"The proposed placing alongside the US\$15 million raised from the Greenstone Subscription last week will allow us to accelerate our development and exploration programmes at Palito, Sao Chico and Coringa, as well as allowing management to focus on other regional growth opportunities as well as strengthening the Company's working capital position."

The announcement should be read in its entirety. In particular, you should read and understand the information provided in the "Important Notice" section and the detailed terms and conditions described in the Appendix.

The person who arranged for the release of this announcement on behalf of the Company was Clive Line, Director.

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

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

IMPORTANT NOTICE

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

This announcement does not constitute, or form part of, a prospectus relating to Serabi Gold plc (the "**Company**"). No prospectus or admission document will be made available in connection with the matters contained in this announcement.

This announcement (including the Appendix) is directed only at: (a) persons in member states of the European Economic Area who are qualified investors ("Qualified Investors") being persons falling within the meaning of Article 2(1)(e) of the EU Prospectus Directive (which means Directive 2003/71/EC (as amended by Directive 2010/73/EC)) and includes any relevant implementing directive measure in any member state) (the "Prospectus Directive"); and (b) if in the United Kingdom, persons who (i) have professional experience in matters relating to investments who fall within the definition of "investment

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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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professionals" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"), or are high net worth companies, unincorporated associations or partnerships or trustees of high value trusts as described in article 49(2) of the Order and (ii) are "qualified investors" as defined in section 86 of the Financial Services and Markets Act 2000 (as amended) (the "FSMA") and (c) otherwise, to persons to whom it may otherwise be lawful to communicate it (all such persons together being referenced to as "relevant persons"). Any investment in connection with the Placing will only be available to, and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this announcement (including the Appendix) or any of its contents.

This announcement (including the Appendix) is not for publication or distribution, directly or indirectly, in or into the United States of America. This announcement is not an offer of securities for sale into the United States. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States, except pursuant to an applicable exemption from registration. There will be no public offering of the Placing Shares in the United Kingdom, the United States or elsewhere.

This announcement (including the Appendix) is not for release, publication or distribution, directly or indirectly, in or into the United States, Australia, New Zealand, Canada, South Africa, Japan or any jurisdiction where to do so might constitute a violation of local securities laws or regulations (a "**Prohibited Jurisdiction**"). This announcement (including the Appendix) and the information contained herein are not for release, publication or distribution, directly or indirectly, to persons in a Prohibited Jurisdiction unless permitted pursuant to an exemption under the relevant local law or regulation in any such jurisdiction.

This announcement has been issued by and is the sole responsibility of the Company.

Peel Hunt is acting solely as broker exclusively for the Company and no one else in connection with the contents of this announcement and will not regard any other person (whether or not a recipient of this announcement) as its client in relation to the contents of this announcement nor will it be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the contents of this announcement. Apart from the responsibilities and liabilities, if any, which may be imposed on Peel Hunt by the FSMA or the regulatory regime established thereunder, Peel Hunt accepts no responsibility whatsoever, and makes no representation or warranty, express or implied, for the contents of this announcement including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on behalf of it, the Company or any other person, in connection with the Company and the contents of this announcement respect, whether as to the past or the future. Peel Hunt accordingly disclaims all and any liability whatsoever, whether arising in tort, contract or otherwise (save as referred to above), which it might otherwise have in respect of the contents of this announcement or any such statement.

Any indication in this announcement of the price at which the ordinary shares in the Company have been subscribed for, or bought or sold, in the past cannot be relied upon as a guide to future performance. No statement in this announcement is intended to be a profit forecast and no statement in this announcement should be interpreted to mean that earnings per share of the Company for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Company. The Placing Shares and the income from them may go down as well as up and investors may not get back the full amount invested on disposal of the Placing Shares.

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

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



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The GBP/USD exchange used in respect of the Placing is £1.00:US\$1.415.

Details of the Placing

The Placing is being conducted through an accelerated bookbuilding process to be undertaken by Peel Hunt acting as sole bookrunner (the "**Bookbuild**"). The books for the Placing will open with immediate effect. The Placing is subject to the terms and conditions set out in Appendix 1 (which forms part of this announcement). The timing of the closing of the Bookbuild and allocations are at the discretion of Peel Hunt and the Company. Closing of the Placing will be announced as soon as practicable after the close of the Bookbuild.

The Placing is not being underwritten and is subject to the conditions and termination rights set out in the placing agreement between the Company and Peel Hunt (the "**Placing Agreement**"). Further details of the Placing Agreement can be found in the terms and conditions of the Placing contained in Appendix 1 of this announcement.

The completion of the Placing is conditional upon inter alia, the approval of shareholders at a general meeting of the Company (the "**General Meeting**"), admission of the Placing Shares to trading on AIM and the completion of the Greenstone Subscription.

At the General Meeting, the Company will be seeking to pass both ordinary and special resolutions (which will require votes in favour from at least 75% of the ordinary shares in the Company ("**Ordinary Shares**") present and voting at the General Meeting) in order to give full effect to the Placing.

Fratelli Investments Limited who holds Ordinary Shares representing approximately 55.13% of the Company's current issued share capital (and which following the Greenstone Subscription will equate to 38.69% of the Ordinary Shares in issue and capable of being voted at the General Meeting) has irrevocably undertaken to vote in favour of the resolutions.

Greenstone (who, on completion of the Greenstone Subscription, will hold 29.82% of Ordinary Shares in issue and capable of being voted at the General Meeting), has, subject to the completion of the Greenstone Subscription, irrevocably undertaken to vote in favour of the resolutions.

The Placing Shares will rank *pari passu* with the existing issued ordinary shares.

Subject to shareholder approval at the General Meeting, application will be made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM ("**Admission**"). Recognising the obligations and requirements resulting from the listing of the shares of the Company in Canada, it is expected that Admission will take place at 8:00 a.m. on or around 14 May 2018 and in any event no later than 14 June 2018. Concurrently the Placing Shares will be listed for trading on the TSX.

A circular convening the General Meeting with an accompanying explanatory memorandum which provides further information on the proposed resolutions to be considered at the General Meeting will be sent to shareholders shortly. This circular will be available at www.serabigold.com.

The Appendix sets out further information relating to the Bookbuild and the terms and conditions of the Placing.

Background to and reasons for the Placing



Following positive feedback from the Greenstone Subscription, the Company decided to pursue a placing to give access to further capital and to widen its shareholder base through the introduction of a broad range of investors who are also supportive of the Company’s plans and ambitions. The further funds raised pursuant to the Placing will allow the Company to accelerate further exploration and evaluation work at Palito, Sao Chico and Coringa and develop additional growth opportunities as the Company moves towards its targeted production of 100,000 ounces of gold per annum.

As announced on 23 March 2018, as well as providing working capital for the Company’s recently acquired Coringa Gold Project (“**Coringa**”), the Greenstone Subscription will allow the Company to expand its current 8,000 metre drill programme. This current programme is focusing on step out drilling on the current Palito mineral resources, and the Greenstone Subscription allows the Company to continue this programme at Palito beyond the current 8,000 metres, as well as commence drilling at Sao Chico, where drilling will focus on step out drilling within the mining tenement as well as drilling the geophysical anomalies identified in 2016. The Company intends to use part of the Placing proceeds to complete a Phase 2 drilling programme, which comprises drilling the 2011 discoveries at Palito which do not currently form part of the Group’s mineral resources, whilst at Sao Chico step out drilling will be undertaken along strike and beyond the limits of the current mining tenement.

The Placing proceeds will also enable Serabi to accelerate its regional exploration programme and enable the early repayment of US\$3 million of the Company’s total US\$8 million loan with Sprott Resources Lending Partnership.

Use of proceeds

The directors intend to use the proceeds from the Placing (exclusive of costs and commissions which will be met from existing resources) as follows:

Use of the Placing proceeds	
Coringa Drilling	US\$2m
Regional Exploration (Airborne Geophysics)	US\$1m
Drilling programme Palito and Sao Chico – Phase 2	US\$2m
Retirement of Sprott Loan	US\$3m
Minimum gross proceeds	US\$8m

As announced on 23 March 2018, the proceeds for the Greenstone Subscription will be used as follows:

Use of Greenstone Subscription proceeds	
Second Installment of acquisition payment for Coringa project which following agreement with the Vendors is now due on 16 April 2018	US\$5m
2018 Working Capital for Coringa	US\$4m
Expansion of Drilling programme Palito and Sao Chico – Phase 1	US\$4m
Corporate Working Capital	US\$2m
Use of Greenstone subscription	US\$15m



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.

Glossary of Technical Terms

The following is a glossary of technical terms:

Note: Mineral resources and reserves were estimated in conformity with the widely accepted CIM Estimation of Mineral Resource and Mineral Reserves Best Practices Guidelines (the "Guidelines") and are reported in accordance with the Canadian Securities Administrators' National Instrument 43-101 and the definitions applicable to individual categories of reserves and resources are set out in the Guidelines. The Glossary below includes only a summary of these definitions and readers can access the full definitions at <http://web.cim.org/standards/menupage.cfm?sections=177&menu=178>

"**Au**" means gold.

"**CIM**" means Canadian Institute of Mining, Metallurgy and Petroleum.

"**development**" - excavations used to establish access to the mineralised rock and other workings.

"**grade**" is 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).

"**g/t**" means grams per tonne.

"**Indicated Mineral Resource**" is 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.

"**Inferred Mineral Resource**" is 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.

"**Measured Mineral Resource**" is 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



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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.

"Mineral Resource" is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid 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.

"Mineral Reserve" is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that may occur when the material is mined.

"Probable Mineral Reserve" is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.

"Proven Mineral Reserve" is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

"t" means tonnes

"Vein" is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.

APPENDIX 1

TERMS AND CONDITIONS OF THE PLACING

THE ANNOUNCEMENT INCLUDING THIS APPENDIX (TOGETHER THE "ANNOUNCEMENT") AND THE INFORMATION IN IT IS RESTRICTED AND IS NOT FOR PUBLICATION, RELEASE OR DISTRIBUTION, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, IN, INTO OR FROM THE UNITED STATES, AUSTRALIA, JAPAN, CANADA, NEW ZEALAND OR THE REPUBLIC OF SOUTH AFRICA OR ANY OTHER JURISDICTION IN WHICH SUCH PUBLICATION, RELEASE OR DISTRIBUTION WOULD BE UNLAWFUL.

IMPORTANT INFORMATION ON THE PLACING FOR INVITED PLACEES ONLY.

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACING. THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT: (A) PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE QUALIFIED INVESTORS AS DEFINED IN SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 AS AMENDED, ("**QUALIFIED INVESTORS**") BEING PERSONS FALLING WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE EU PROSPECTUS DIRECTIVE (WHICH MEANS DIRECTIVE 2003/71/EC (AS AMENDED BY DIRECTIVE 2010/73/EC)) AND INCLUDES ANY



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RELEVANT IMPLEMENTING DIRECTIVE MEASURE IN ANY MEMBER STATE) (THE "**PROSPECTUS DIRECTIVE**"); (B) IN THE UNITED KINGDOM, QUALIFIED INVESTORS WHO ARE PERSONS WHO (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE "INVESTMENT PROFESSIONALS" FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (THE "**ORDER**"); AND (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) ("HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC") OF THE ORDER; OR (C) PERSONS TO WHOM IT MAY OTHERWISE BE LAWFULLY COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATE IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS APPENDIX DOES NOT ITSELF CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THIS ANNOUNCEMENT IS NOT AN OFFER OF OR SOLICITATION TO PURCHASE OR SUBSCRIBE FOR SECURITIES IN THE UNITED STATES.

THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES, EXCEPT PURSUANT TO AN APPLICABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. NO PUBLIC OFFERING OF SECURITIES IS BEING MADE IN THE UNITED STATES.

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EACH PLACEE (BEING THE PERSON PROCURED BY PEEL HUNT TO SUBSCRIBE FOR PLACING SHARES) SHOULD CONSULT WITH ITS OWN ADVISERS AS TO LEGAL, TAX, BUSINESS AND RELATED ASPECTS OF ANY INVESTMENT IN PLACING SHARES.

Persons who are invited to and who choose to participate in the Placing, by making (or on whose behalf there is made) an oral or written offer to subscribe for Placing Shares (the "**Placees**"), will be deemed to have read and understood this Announcement, including this Appendix, in its entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, acknowledgements, and undertakings contained in this Appendix. In particular, each such Placee represents, warrants and acknowledges to Peel Hunt and the Company that:

- (a) it is a Relevant Person (as defined above) and undertakes that it will acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;



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- (b) in the case of any Placing Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (a) the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Member State of the European Economic Area (the "EEA") which has implemented the Prospectus Directive other than Qualified Investors or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or (b) where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Qualified Investors, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons; and
- (c) it is located outside the United States and acquiring the Placing Shares in an "offshore transaction" meeting the requirements of Regulation S under the Securities Act;

The Company and Peel Hunt will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings. Peel Hunt does not make any representation to any Placees regarding an investment in the Placing Shares referred to in this Announcement (including this Appendix).

This Announcement does not constitute an offer, and may not be used in connection with an offer, to sell or issue or the solicitation of an offer to buy or subscribe for Placing Shares in any jurisdiction in which such offer or solicitation is or may be unauthorised or unlawful and any failure to comply with these restrictions may constitute a violation of applicable securities laws in such jurisdiction. This Announcement and the information contained herein is not for publication or distribution, directly or indirectly, to persons in the United States, Australia, Canada, New Zealand, Japan or South Africa or in any other jurisdiction in which such publication or distribution is unauthorised or unlawful. Persons (including, without limitation, custodians, nominees and trustees) into whose possession this Announcement and this Appendix may come are required by the Company to inform themselves about and to observe any restrictions of transfer of this Announcement. No public offer of securities of the Company is being made in the United Kingdom, the United States or elsewhere.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act or any laws of or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, pledged or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the securities laws of any state or other jurisdiction of the United States. No public offering of the Placing Shares or any other securities is being made in the United States. No money, securities or other consideration from any person inside the United States is being solicited pursuant to this Announcement, the Placing, or the Bookbuild and, if sent in response to the information contained in the Announcement, will not be accepted. This Announcement is not an offer of securities for sale into the United States. The Placing Shares are being offered and sold outside the United States in accordance with Regulation S under the Securities Act.

The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission or other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placing or the accuracy or



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adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

The Placing Shares have not been and will not be qualified for distribution under applicable Canadian securities laws and, accordingly, any offer and distribution of the Placing Shares in Canada will be made on a basis that is exempt from the prospectus requirements of Canadian securities laws; no prospectus has been lodged with or registered by the Australian Securities and Investments Commission or the Japanese Ministry of Finance; and the Placing Shares have not been nor will they be, registered under or offered in compliance with the securities laws of any state, province or territory of Australia, Canada, New Zealand, Japan or South Africa. Accordingly, the Placing Shares may not (unless an exemption under the relevant securities laws is applicable) be offered, sold resold or delivered, directly or indirectly, in or into Australia, Canada, New Zealand, Japan or South Africa or any other jurisdiction outside the United Kingdom.

Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Appendix or the Announcement of which it forms part should seek appropriate advice before taking any action.

Terms defined elsewhere in this document have the same meaning in this Appendix, unless the context requires otherwise. In this Appendix the following additional definition shall apply:

(a) "Peel Hunt Person" means any person being (i) Peel Hunt or any member (partner) of Peel Hunt, (ii) an undertaking which is a subsidiary undertaking of Peel Hunt, (iii) a parent undertaking of Peel Hunt or (other than Peel Hunt) a subsidiary undertaking of any such parent undertaking, or (iv) a director, partner, officer, agent or employee of any such person.

(b) Various dates referred to in this document are stated on the basis of the expected timetable for the Placing. It is possible that some of these dates may be changed. The expected date for Admission is on or around 14 May 2018 and, in any event, the latest date for Admission is 14 June 2018 (the "**Long Stop Date**").

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares the subject of the Placing are: (i) compatible with an end target market of retail investors and investors who meet the criteria of "professional clients" and "eligible counterparties", each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only



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with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Peel Hunt will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

The Placing

Peel Hunt has entered into a placing agreement with the Company under which it has, on the terms and subject to the conditions set out therein, undertaken to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. To the extent Peel Hunt does not procure subscribers for Placing Shares as required, including those Places procured by the Company, Peel Hunt will not itself subscribe for such shares.

The Placing Shares will, when issued, be credited as fully paid and will rank *pari passu* in all respects with the existing issued ordinary shares in the capital of the Company ("**Ordinary Shares**"), including the right to receive all dividends and other distributions (if any) declared, made or paid on or in respect of the Ordinary Shares after the date of issue of the Placing Shares.

Participation in, and principal terms of, the Placing

Participation in the Placing is only available to persons who may lawfully be, and are, invited to participate in it by Peel Hunt.

1. Peel Hunt is arranging the Placing as bookrunner and agent of the Company.
2. Participation in the Placing will only be available to persons who may lawfully be, and are, invited to participate by Peel Hunt. Peel Hunt and its respective affiliates are entitled to enter orders in the Bookbuild as principal.
3. The completion of the Bookbuild will be determined by Peel Hunt in its absolute discretion and shall then be announced on a Regulatory Information Service as soon as is practicable following the completion of the Bookbuild.
4. To make an order in the Bookbuild, prospective Placees should communicate their order by telephone to their usual sales contact at Peel Hunt. Each order should state the number of Placing Shares which the prospective Placee wishes to subscribe for at the Placing Price. Orders may be scaled down by Peel Hunt on the basis referred to paragraph 8 below.



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5. The Bookbuild is expected to close no later than 4.30 pm on 29 March 2018 but may be closed earlier or later at the discretion of Peel Hunt. Peel Hunt may, in agreement with the Company accept orders that are received after the Bookbuild has closed. The Company reserves the right to reduce or seek to increase the amount to be raised pursuant to the Placing, in its absolute discretion. The final allocations of the Placing Shares (including as to the identity of the Placees and the number of shares allocated to each Placee at the Placing Price) shall be determined by Peel Hunt in its absolute discretion.
6. Each Placee's allocation will be confirmed to Placees orally, or by email, by Peel Hunt following the close of the Bookbuild and a trade confirmation or contract note will be dispatched as soon as possible thereafter (the "**Contract Note**"). The terms of this Appendix will be deemed incorporated into the Contract Note. Peel Hunt's oral or emailed confirmation to such Placee will constitute an irrevocable legally binding commitment upon such person (who will at that point become a Placee) in favour of Peel Hunt and the Company, under which it agrees to subscribe for the number of Placing Shares allocated to it at the Placing Price on the terms and conditions set out in this Appendix (which are deemed to be incorporated in such Contract Note) and in accordance with the Company's Articles of Association.
7. The Company will make a further announcement following the close of the Bookbuild detailing the number of Placing Shares to be issued.
8. Subject to paragraphs 4 and 5 above, Peel Hunt may choose to accept orders, either in whole or in part, on the basis of allocations determined at their discretion (in agreement with the Company) and may scale down any orders for this purpose on such basis as it may determine. Peel Hunt may also, notwithstanding paragraphs 4 and 5 above, but subject to the prior consent of the Company (i) allocate Placing Shares after the time of any initial allocation to any person submitting an order after that time; and (ii) allocate Placing Shares after the Bookbuild has closed to any person submitting an order after that time. The Company and Peel Hunt acting together reserve the right not to accept orders or to accept orders in part rather than in whole.
9. An order in the Bookbuild will be made on the terms and subject to the conditions in this Appendix and will be legally binding on the Placee on behalf of which it is made and, except with Peel Hunt's consent, will not be capable of variation or revocation after the time at which it is submitted. Each Placee will also have an immediate, separate, irrevocable and binding obligation, to pay Peel Hunt (or as Peel Hunt may direct) in cleared funds an amount equal to the product of the Placing Price and the number of Placing Shares for which such Placee has agreed to subscribe. Each Placee's obligations will be owed to Peel Hunt.
10. Irrespective of the time at which a Placee's allocation pursuant to the Placing is confirmed, settlement for all Placing Shares to be acquired pursuant to the Placing will be required to be made at the same time, on the basis explained below under "Settlement".
11. All obligations under the Bookbuild and Placing will be subject to fulfilment of the conditions referred to below under "Conditions of the Placing" and to the Placing not being terminated on the basis referred to below under "Conditions to the Placing".



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12. By participating in the Bookbuild, each Placee agrees that its rights and obligations in respect of the Placing will terminate only in the circumstances described below and will not be capable of rescission or termination by the Placee.
13. To the fullest extent permissible by law and the applicable rules of AIM, neither Peel Hunt nor any of their respective affiliates shall have any liability to Placees (or to any other person whether acting on behalf of a Placee or otherwise whether or not a recipient of these terms and conditions) in respect of the Placing. Each Placee acknowledges and agrees that the Company is responsible for the allotment of the Placing Shares to the Placees and Peel Hunt shall have no liability to the Placees for the failure of the Company to fulfil those obligations. In particular, neither Peel Hunt nor any of its affiliates shall have any liability (including to the extent permissible by law, any fiduciary duties) in respect of Peel Hunt's conduct of the Bookbuild or of such alternative method of effecting the Placing as Peel Hunt and the Company may agree.
14. In making an investment decision, Placees must rely on their own examination of the Company and its prospects and the terms of the Placing, including the merit and risks involved in investing in the Placing Shares.
15. Settlement will occur on a date to be advised but expected to be on or around 14 May 2018 ("**Closing Date**").

All such times and dates will be subject to amendment at Peel Hunt's discretion, except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date.

No Prospectus

The Placing Shares are being offered to a limited number of specifically invited persons only and will not be offered in such a way as to require a prospectus in the United Kingdom or in any other jurisdiction. No offering document or prospectus has been or will be submitted to be approved by the Financial Conduct Authority, the LSE or any other regulatory body in relation to the Placing and Placees' commitments in respect of Placing Shares will be made solely on the basis of the information contained in this Announcement and the terms and conditions contained in this appendix.

Application for Admission to Trading on AIM

Application will be made to London Stock Exchange plc ("**LSE**") for the Placing Shares to be admitted to trading on AIM, the market owned and operated by the LSE ("**AIM**"), ("**Admission**"). Admission will occur on a date to be advised but expected to be on or around 8.00 am on 14 May 2018 (or such later date as may be agreed between the Company and Peel Hunt, provided that such date is no later than the Long Stop Date).

Settlement

Settlement of transactions in the Placing Shares will take place inside the CREST system.



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Settlement of transactions in the Placing Shares will, unless otherwise agreed, take place on a delivery versus payment basis within the CREST system administered by Euroclear UK and Ireland Limited ("**CREST**").

The Company will procure the delivery of the Placing Shares to CREST accounts operated by Peel Hunt for the Company and Peel Hunt will enter its delivery (DEL) instructions into the CREST system. The input to CREST by each Placee of a matching or acceptance instruction will then allow delivery of the relevant Placing Shares to that Placee against payment.

The Company reserves the right to require settlement for and delivery of the Placing Shares (or a portion thereof) to any Placee in any form it requires if, in Peel Hunt's opinion, delivery or settlement is not possible or practicable within CREST or would not be consistent with the regulatory requirements in the Placee's jurisdiction.

Following the close of the Bookbuild for the Placing, each Placee allocated Placing Shares in the Placing may be sent a Contract Note stating the number of Placing Shares, the Placing Price and the subscription amount payable to be allocated to it and will be required to provide Peel Hunt with funds sufficient to purchase such securities prior to the Closing Date.

Each Placee is deemed to agree that, if it does not comply with these obligations, the Company may sell any or all of the Placing Shares allocated to that Placee on such Placee's behalf and retain from the proceeds, for the Company's account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon the sale of such Placing Shares on such Placee's behalf.

It is expected that settlement will take place on or about 14 May 2018 in CREST on a T+29 basis in accordance with the instructions set out in the Contract Note. Settlement will be through Peel Hunt against CREST ID: 871.

Each Placee agrees that it will do all things necessary to ensure that delivery and payment is completed in accordance with the applicable registration and settlement procedures, including if applicable, CREST rules and regulations and settlement instructions that it has in place with Peel Hunt.

If the Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the Contract Note is copied and delivered immediately to the relevant person within that organisation.

Trade date: 29 March 2018

Settlement date: 14 May 2018 (Electronic)

ISIN code for the Placing Shares: GB00B4T0YL77

No UK stamp duty or stamp duty reserve tax should be payable to the extent that the Placing Shares are issued into CREST to, or to the nominee of, a Placee who holds those shares beneficially (and not as agent or nominee for any other person) within the CREST system and registered in the name of such Placee or such Placee's nominee provided that the Placing Shares are not issued to a person whose



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business is or includes issuing depositary receipts or the provision of clearance services or to an agent or nominee for any such person.

The agreement to settle a Placee's subscription (and/or the subscription of a person for whom such Placee is contracting as agent) free of stamp duty and stamp duty reserve tax depends on the settlement relating only to a subscription by it and/or such person direct from the Company for the Placing Shares in question. Such agreement assumes that the Placing Shares are not being subscribed for in connection with arrangements to issue depositary receipts or to transfer the Placing Shares into a clearance service. If there are any such arrangements, or the settlement relates to any other subsequent dealing in the Placing Shares, UK stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor Peel Hunt will be responsible, and the Placee to whom (or on behalf of whom, or in respect of the person for whom it is participating in the Placing as an agent or nominee) the allocation, allotment, issue or delivery of Placing Shares has given rise to such UK stamp duty or stamp duty reserve tax undertakes to pay such UK stamp duty or stamp duty reserve tax forthwith and to indemnify on an after-tax basis and to hold harmless the Company and Peel Hunt in the event that the Company or Peel Hunt has incurred any such liability to UK stamp duty or stamp duty reserve tax. If this is the case, each Placee should seek its own advice and notify Peel Hunt accordingly.

In addition, Placees should note that they will be liable for any stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the subscription by them of any Placing Shares or the agreement by them to subscribe for any Placing Shares.

Placing Agreement

Peel Hunt entered into the Placing Agreement with the Company today under which Peel Hunt has agreed on a conditional basis to use its reasonable endeavours as agent of the Company to procure Placees at the Placing Price for the Placing Shares.

Conditions to the Placing

The Placing is conditional on, among other things:

1. the Company having complied with its obligations and satisfying all conditions to be satisfied by them under the Placing Agreement or the terms of this Appendix which fall to be performed or satisfied on or prior to Admission;
2. the Placing Agreement not being terminated in accordance with its terms by Peel Hunt;
3. the subscription agreement dated 23 March 2018 made between the Company and Greenstone Resources II LP in relation to Greenstone's subscription for 297,759,419 new ordinary shares in the Company not having lapsed or been terminated and having been completed in accordance with its terms;
4. the passing of the resolutions to authorise the issue of the Placing Shares and to dis-apply pre-emptions in respect of the Placing Shares at the General Meeting of the Company;
5. Admission taking place by the relevant time and date as stated in the Announcement; and



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6. the Placing Agreement becoming unconditional in all other respects.

If:

1. any of the conditions contained in the Placing Agreement in relation to the Placing Shares are not fulfilled or waived (if capable of being waived) by Peel Hunt by the respective time or date where specified (or such later time or date as the Company and Peel Hunt may agree);
2. any of such conditions becomes incapable of being fulfilled; or
3. the Placing Agreement is terminated in the circumstances specified below,

the Placing in relation to the Placing Shares will lapse and the Placee's rights and obligations hereunder in relation to the Placing Shares shall cease and terminate at such time and each Placee agrees that no claim can be made by the Placee in respect thereof.

Peel Hunt may, in its absolute discretion, upon such terms as it thinks fit, waive compliance by the Company with certain of the Company's obligations in relation to the conditions in the Placing Agreement save that the certain conditions including the condition relating to Admission taking place may not be waived. Any such extension or waiver will not affect the Placees' commitments as set out in this Announcement.

Peel Hunt reserves the right to waive or extend the time and or date for the fulfilment of any of the conditions in the Placing Agreement to a time no later than 8 00 a.m. on the Long Stop Date.

If any condition in the Placing Agreement is not fulfilled or waived by Peel Hunt by the relevant time, the Placing will lapse and each Placee's rights and obligations in respect of the Placing will cease and terminate at such time.

Neither the Company nor Peel Hunt shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision it may make as to whether or not to waive or to extend the time and/or date for the satisfaction of any condition to the Placing nor for any decision they may make as to the satisfaction of any condition or in respect of the Placing generally and by participating in the Placing, each Placee agrees that any such decision is within the absolute discretion of the Company and Peel Hunt.

Termination

The Placing Agreement may be terminated by Peel Hunt at any time prior to Admission in certain circumstances including, among other things, following a material breach of the Placing Agreement by the Company or the occurrence of certain force majeure events. The exercise of any right of termination pursuant to the Placing Agreement, any waiver of any condition in the Placing Agreement and any decision by Peel Hunt whether or not to extend the time for satisfaction of any condition in the Placing Agreement will be within the absolute discretion of Peel Hunt. Following Admission, the Placing Agreement is not capable of rescission or termination.



The rights and obligations of the Placees shall terminate only in the circumstances described in these terms and conditions and will not be subject to termination by the Placee or any prospective Placee at any time or in any circumstances. By participating in the Placing, Placees agree that the exercise by Peel Hunt of any right of termination or other discretion under the Placing Agreement shall be within the absolute discretion of Peel Hunt, and that it need not make any reference to Placees and that it shall have no liability to Placees whatsoever in connection with any such exercise.

Offer personal

The offering of Placing Shares and the agreement arising from acceptance of the Placing is personal to each Placee and does not constitute an offering to any other person or to the public. A Placee may not assign, transfer, or in any other manner, deal with its rights or obligations under the agreement arising from the acceptance of the Placing, without the prior written agreement of Peel Hunt in accordance with all relevant legal requirements.

Payment default

A Placee's entitlement to receive any Placing Shares under the Placing will be conditional on Peel Hunt's receipt of payment in full for such Placing Shares by the relevant time to be stated in the written confirmation referred to above, or by such later time and date as Peel Hunt and the Company may in their absolute discretion determine, and otherwise in accordance with that confirmation's terms.

If any Placee fails to make such payment by the required time for any Placing Shares:

1. the Company may release itself, and (if at its absolute discretion it decides to do so) will be released from, all obligations it may have to allot and/or issue any such Placing Shares to such Placee or at its direction which are then unallotted and/or unissued;

the Company may exercise all rights of lien, forfeiture and setoff over and in respect of any such Placing Shares to the full extent permitted under its Articles of Association or by law and to the extent that such Placee then has any interest in or rights in respect of any such shares;

the Company or Peel Hunt may sell (and each of them is irrevocably authorised by such Placee to do so) all or any of such shares on such Placee's behalf and then retain from the proceeds, for the account and benefit of the Company relating to (or where applicable and in relation to (iii) below only, Peel Hunt): (i) any amount up to the total amount due to it as, or in respect of, allotment monies, or as interest on such monies, for any Placing Shares, (ii) any amount required to cover any stamp duty or stamp duty reserve tax arising on the sale, and (iii) any amount required to cover dealing costs and/or commissions necessarily or reasonably incurred by it in respect of such sale; and

such Placee will remain liable to the Company and to Peel Hunt for the full amount of any losses and of any costs which either of them may suffer or incur as a result of it (i) not receiving payment in full for such Placing Shares by the required time, and/or (ii) the sale of any such Placing Shares to any other person at whatever price and on whatever terms as are actually obtained for such sale by or for it. Interest may be charged in respect of payments not received by Peel Hunt for value by the required time referred to above at the rate of two percentage points above the base rate of Barclays Bank plc.



Placees' representations, warranties and undertakings to the Company and Peel Hunt

By agreeing with Peel Hunt to be allotted Placing Shares under the Placing and participating in the Bookbuild, each Placee (and any person acting on a Placee's behalf) irrevocably acknowledges and confirms and represents and warrants and undertakes to, and agrees with, each of the Company and Peel Hunt (in its capacity as placing agent) and each of their respective affiliates, in each case as a fundamental term of such Placee's acceptance of its Placing participation and of the Company's obligation to allot and/or issue any Placing Shares to it or at its direction, that:

1. it has read the Announcement in full, including this Appendix, and agrees to and accepts all the terms set out in the Announcement, including this Appendix, and that its acquisition of the Placing Shares is subject to and based upon all the terms, conditions, representations, warranties, acknowledgements, agreements and undertakings and other information contained therein;
2. its rights and obligations in respect of the Placing will terminate only in the circumstances referred to in this Appendix and will not be subject to rescission or termination by it in any circumstances;
3. it accepts that the content of the Announcement (excluding this Appendix) is exclusively the responsibility of the Company and that neither Peel Hunt nor any person acting on its behalf has or shall have any liability for any information, representation or statement contained in this Announcement or any information previously published by or on behalf of the Company and will not be liable for any Placee's decision to participate in the Placing based on any information, representation or statement contained in this Announcement or otherwise;
4. the only information on which it is entitled to rely and on which such Placee has relied in committing itself to subscribe for the Placing Shares is contained in the Announcement and any information previously published by the Company by notification to a Regulatory Information Service, such information being all that it deems necessary to make an investment decision in respect of the Placing Shares and that it has neither received nor relied on any other information given or representations, warranties or statements made by any Peel Hunt Person or the Company or their respective directors, employees, officers or agents or any other person and neither Peel Hunt nor the Company, including employees or agents nor any person acting on behalf of any of Peel Hunt or the Company will be liable for any Placee's decision to accept an invitation to participate in the Placing based on any other information, representation, warranty or statement;
5. it has relied on its own investigation of the business, financial or other position of the Company in deciding to participate in the Placing;
6. it has made an investigation of the pertinent facts relating to the operation of the Company to the extent it deems necessary in order to be fully informed with respect thereto;
7. it has substantial experience in evaluating and investing in shares of companies similar to the Company such that it is capable of evaluating the merits and risks of an investment in the Company, it has such knowledge and experience in financial and business matters as to be capable of protecting its own interests and evaluating the merits and risks of an investment in the



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- Company and it is able to bear the economic risk of a complete loss of its investment in the Company;
8. it has not been, and will not be, given any warranty or representation in relation to the Placing Shares or to the Company or to any other member of its Group in connection with the Placing, other than (i) as included in the Announcement by the person(s) responsible for the Announcement, (ii) by the Company as included in this document, and (iii) by the Company to the effect that (1) the Announcement will comply with all relevant requirements of the AIM Rules for Companies at the time of its publication and (2) at the time that the Placee enters into a legally binding commitment to be allotted Placing Shares pursuant to the Placing the Company will not then be in breach of its obligations under the AIM Rules for Companies or applicable law to disclose publicly in the correct manner all such information as is required to be so disclosed by the Company;
 9. it has not relied on any representation or warranty in reaching its decision to be allotted Placing Shares under the Placing, save as given or made by the Company as referred to in the previous paragraph;
 10. it is not a client of Peel Hunt in relation to the Placing and Peel Hunt is not acting for it in connection with the Placing and will not be responsible to it in respect of the Placing for providing protections afforded to it or its clients under the rules of the FCA (the "**FCA Rules**") or for advising it with regard to the Placing Shares and Peel Hunt shall not be responsible to it or any other person for providing the protections afforded to its customers whether under the FCA Rules or otherwise, or for advising it or any other person in respect of or in connection with such arrangements. In addition any payment by it will not be treated as client money governed by the FCA Rules. It agrees that Peel Hunt shall not be liable to it for any matter arising out of its role as placing agent or otherwise in connection with the Placing and that, where any such liability nevertheless arises as a matter of law, it will immediately waive any claim against Peel Hunt which it may have in respect thereof;
 11. it (or any person acting on its behalf) will pay the full allotment amount at the Placing Price as and when required in respect of all Placing Shares for which it is required to be allotted under its Placing participation and will do all things necessary on its part to ensure that payment for such shares and their delivery to it or at its direction is completed in accordance with the standing CREST instructions (or, where applicable, standing certificated settlement instructions) that it has or puts in place with Peel Hunt, failing which the relevant Placing Shares may be placed with other placees or sold as Peel Hunt may, in its sole discretion and without liability to such Placee decide, and it will remain liable for the shortfall below the net proceeds of such sale and the placing proceeds of the Placing Shares, and may be required to bear any stamp duty or stamp duty reserve tax which may arise upon the placing or sale of such Placee's Placing Shares on its behalf;
 12. its allocation (if any) of Placing Shares will represent a maximum number of Placing Shares which it will be entitled, and required, to be allotted, and that the Company and/or Peel Hunt may call upon it to be allotted a lower number of Placing Shares (if any), but in no event in aggregate more than the aforementioned maximum;



13. it is entitled to be allotted Placing Shares under the laws of all relevant jurisdictions which apply to it and it has complied, and will fully comply, with all such laws (including where applicable, the Criminal Justice Act 1993, money laundering and terrorist financing under the Anti-Terrorism, Crime and Security Act 2001, the Proceeds of Crime Act 2002, the Terrorism Act 2000, the Terrorism Act 2003, the Terrorism Act 2006, MAR, the Money Laundering Regulations 2007, the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and part VIII of the Financial Services and Markets Act 2000 (the "**Regulations**")) and has obtained all governmental and other consents (if any) which may be required for the purpose of, or as a consequence of, such allotment, and it will provide promptly to Peel Hunt such evidence, if any, as to the identity or location or legal status of any person which Peel Hunt may request from it in connection with the Placing (for the purpose of complying with any such laws or ascertaining the nationality of any person or the jurisdiction(s) to which any person is subject or otherwise) in the form and manner requested by Peel Hunt on the basis that any failure by it to do so may result in the number of Placing Shares that are to be allotted and/or issued to it or at its direction pursuant to the Placing being reduced to such number, or to nil, as Peel Hunt may decide at its sole discretion;
14. that it has identified its clients in accordance with the Regulations and that it has complied fully with its obligations pursuant to the Regulations;
15. it has observed the laws of all requisite territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not taken any action which will or might result in the Company, or Peel Hunt acting in breach of the regulatory or legal requirements of any territory in connection with the Placing, application for Placing Shares or the admission to AIM of the Placing Shares;
16. it is entitled to subscribe for or purchase the Placing Shares under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities;
17. it has complied and will comply with all applicable provisions of the FSMA with respect to anything done or to be done by it in relation to any Placing Shares in, from or otherwise involving the United Kingdom and it has not made or communicated or caused to be made or communicated, and it will not make or communicate or cause to be made or communicated, any "financial promotion" in relation to Placing Shares in contravention of section 21 of FSMA;
18. it is a Relevant Person and it is acting as principal only in respect of the Placing or, if it is acting for any other person (i) it is duly authorised to do so, (ii) it is and will remain liable to the Company and/or Peel Hunt for the performance of all its obligations as a Placee in respect of the Placing (regardless of the fact that it is acting for another person), (iii) it is both an "authorised person" for the purposes of FSMA and a "qualified investor" as defined at Article 2.1(e)(i) of the Prospectus Directive acting as agent for such person, and (iv) such person is either (1) a Qualified Investor or (2) its "client" (as defined in section 86(2) of FSMA) that has engaged it to act as his agent on terms which enable it to make decisions concerning the Placing or any other offers of transferable securities on his behalf without reference to him;



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19. in the case of a Relevant Person who acquires any Placing Shares pursuant to the Placing acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, it represents and warrants that:

the Placing Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons other than Relevant Persons or in circumstances in which the prior consent of Peel Hunt has been given to the offer or resale; or

where Placing Shares have been acquired by it on behalf of persons in any member state of the EEA other than Relevant Persons, the offer of those Placing Shares to it is not treated under the Prospectus Directive as having been made to such persons;

20. the Placee acknowledges that no offering document, admission document or prospectus has been, or will be, prepared in connection with the Placing and it has not received a prospectus, admission document or other offering document in connection therewith;
21. it has not and will not make any offer to the public of the Placing Shares for the purposes of section 102B FSMA;
22. it agrees to be bound by the terms of the articles of association of the Company;
23. nothing has been done or will be done by it in relation to the Placing or to any Placing Shares that has resulted or will result in any person being required to publish a prospectus in relation to the Company or to any shares in the capital of the Company in accordance with FSMA or the UK Prospectus Rules or in accordance with any other laws applicable in any part of the European Union or the European Economic Area;
24. (i) it is not, and is not acting in relation to the Placing as nominee or agent for, a person who is or may be liable to stamp duty or stamp duty reserve tax in respect of any agreement to acquire (or any acquisition of) shares or other securities at a rate in excess of 0.5 per cent. (including, without limitation, under sections 67, 70, 93 or 96 of the Finance Act 1986 concerning depository receipts and clearance services), and the allocation, allotment, issue and/or delivery to it, or any person specified by it for registration as holder, of Placing Shares will not give rise to a liability under any such section, (ii) the person whom it specifies for registration as holder of Placing Shares will be the Placee or the Placee's nominee, and (iii) neither Peel Hunt nor the Company will be responsible to it or anyone else for any liability to pay stamp duty or stamp duty reserve tax resulting from any breach of, or noncompliance, with this paragraph. Each Placee and any person acting on behalf of such Placee agrees to participate in the Placing and it agrees to indemnify the Company and Peel Hunt in respect of the same on the basis that the Placing Shares will be allotted to the CREST account or its affiliate or agent who will hold them as nominee on behalf of such Placee until settlement in accordance with its standing settlement instructions;
25. it will not treat any Placing Shares in any manner that would contravene any legal or regulatory requirement applicable in any territory or jurisdiction and no aspect of its participation in the Placing will contravene any legal or regulatory requirement applicable in any territory or jurisdiction in any respect or cause the Company or Peel Hunt or their respective directors,



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- officers, employees or agents to contravene any such legal or regulatory requirement in any respect and it has obtained all governmental and other consents which may be required under the laws of the applicable territory or jurisdiction;
26. if a Placee is a resident in the UK: (i) it is a "qualified investor" within the meaning of Section 86(7) of FSMA; (ii) it is a person of a kind described in Article 19 and/or Article 49 and/or 43 (2) of the Order and it understands that the information contained in this Appendix is only directed at any of the following: (A) persons falling within Article 19 of the Order having professional experience in matters relating to investments; (B) persons falling within Article 49 of the Order (including companies and unincorporated associations of high net worth and trusts of high value); or (C) persons to whom it would otherwise be lawful to distribute it; and that, accordingly, any investment or investment activity to which this Appendix relates is available to it as such a person or will be engaged in only with it as such a person;
27. if a Placee is an investor located within a member state of the European Economic Area, it is: (i) a "qualified investor" within the meaning of Article 2(1)(e) of the Prospectus Directive; and (ii) a "professional client" or an "eligible counterparty" within the meaning set out in MiFID II and as implemented into national law of the relevant EEA state;
28. (applicable terms and expressions used in this paragraph have the meanings that they have in Regulation S made under the Securities Act) (i) the Placing Shares have not been and will not be registered under the Securities Act or under the securities laws of any State of or other jurisdiction within the United States, (ii) subject to certain exceptions, Placing Shares may not be offered or sold, resold, or delivered, directly or indirectly, into or within the United States (iii) it is (and any such account for which it is acting is) not within the United States and will be acquiring Placing Shares in an "offshore transaction" (iii) neither it, its affiliates, nor any persons acting on its behalf, has engaged or will engage in any directed selling efforts with respect to the Placing Shares, (iv) it will not distribute this document or any offering material relating to Placing Shares, directly or indirectly, in or into the United States or to any persons resident in the United States;
29. it is not and, if different, the intended beneficial owner of the Placing Shares allocated to it is not, and at the time the Placing Shares are acquired will not be, a resident or national of Canada, Japan, Australia, New Zealand or the Republic of South Africa or a corporation, partnership or other entity organised under the laws of Australia, Canada, New Zealand, South Africa or Japan, and the Placing Shares have not been and will not be registered under the securities legislation of Canada, Japan, Australia, New Zealand or South Africa and, subject to certain exceptions, may not be offered, sold, taken up, renounced or delivered or transferred, directly or indirectly, in or into those jurisdictions;
30. it will not distribute any press announcement relating to the Placing or any other offering material, directly or indirectly, in or into the United States, Canada, Japan, New Zealand, South Africa or Australia or in or into any other jurisdiction where it would be unlawful to do so or to any person resident in such countries;
31. where the Placee is acquiring Placing Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each managed account: (a) to acquire the Placing Shares for each managed account; (b) to make on its behalf the representations, warranties,



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- acknowledgments, undertakings and agreements in this Appendix; and (c) to receive on its behalf any investment letter relating to the Placing in the form provided to it by Peel Hunt;
32. it acknowledges that Peel Hunt may (at its absolute discretion) satisfy its obligations to procure Placees by itself agreeing to become a Placee in respect of some or all of the Placing Shares or by nominating any other Peel Hunt Person or any person associated with any Peel Hunt Person to do so;
33. it understands that time is of the essence as regards its obligations under this Appendix;
34. each right or remedy of the Company or Peel Hunt provided for in this Appendix is in addition to any other right or remedy which is available to such person and the exercise of any such right or remedy in whole or in part will not preclude the subsequent exercise of any such right or remedy;
35. any document that is to be sent to it in connection with the Placing will be sent at its risk and may be sent to it at any address provided by it to Peel Hunt;
36. nothing in this Appendix will exclude any liability of any person (i) for any contents of the Announcement as a result of such person being responsible for such contents pursuant to the AIM Rules for Companies, MAR or applicable law or (ii) for fraud on its part, and all times and dates in this Appendix are subject to amendment at the discretion of Peel Hunt except that in no circumstances will the date scheduled for Admission be later than the Long Stop Date;
37. none of its rights or obligations in respect of the Placing is conditional on any other person agreeing to be allotted any Placing Shares under the Placing and no failure by any other Placee to meet any of its obligations in respect of the Placing will affect any of its obligations in respect of the Placing;
38. it will indemnify on an after tax basis and hold the Company and Peel Hunt and their respective affiliates harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this appendix and further agrees that the provisions of this appendix shall survive after completion of the Placing;
39. Peel Hunt does not have any duty to it similar or comparable to rules of "best execution", "suitability" and "risk warnings" as set out in the Conduct of Business Sourcebook of the FCA;
40. if acting as a "distributor" (for the purposes of the MiFID II Product Governance Requirements):
- it acknowledges that the Target Market Assessment undertaken by Peel Hunt does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares, and each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels;
- (d) notwithstanding any Target Market Assessment undertaken by Peel Hunt, it confirms that it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the



Placing Shares and that it has considered the compatibility of the risk/reward profile of such Placing Shares with the end target market;

- (e) it acknowledges that the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom.
41. it accepts that it is not relying on Peel Hunt to advise whether or not the Placing Shares are in any way a suitable investment for it;
42. it irrevocably appoints any director or employee of Peel Hunt as its agent for the purpose of executing and delivering to the Company and/or its registrars any document on its behalf necessary to enable it to be registered as the holder of the Placing Shares being issued to it;
43. it is not presently acting in concert, as defined in the City Code on Takeovers and Mergers, with any existing shareholder or other Placee;
44. each right or remedy of the Company and Peel Hunt provided for in this Appendix is in addition to any other right or remedy which is available to such person and the exercise of any such right or remedy in whole or in part shall not preclude the subsequent exercise of any such right or remedy;
45. none of its rights or obligations in respect of the Placing is conditional on any other person agreeing to acquire any Placing Shares under the Placing and no failure by any other Placee to meet any of its obligations in respect of the Placing shall affect any of its obligations in respect of the Placing;
46. Peel Hunt does not owe any fiduciary or other duties to any Placee in respect of any representations, warranties, undertakings or indemnities in the Placing Agreement; and
47. the Placee agrees that the Company and Peel Hunt and others will rely upon the truth and accuracy of the foregoing confirmations, representations, warranties, acknowledgements, undertakings and agreements which are given by each Placee (or persons acting on their behalf) to Peel Hunt and the Company and are irrevocable.

Entire Agreement

The terms set out in this Announcement (including the Appendix) and the allocation of Placing Shares (including the subscription amount payable) as confirmed to a Placee, constitute the entire agreement to the terms of the Placing and a Placee's participation in the Placing to the exclusion of prior representations, understandings and agreements between them. Any variation of such terms must be in writing.



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Governing Law and Jurisdiction

The agreement arising out of acceptance of the Placing and any dispute or claim arising out of or in connection with the Placing or formation thereof (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England. Each Placee irrevocably agrees to submit to the exclusive jurisdiction of the courts of England to settle any claim or dispute that arises out of or in connection with the agreement arising out of acceptance of the Placing or its subject matter or formation (including non-contractual disputes or claims).

ENDS

Forward-looking statements

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

contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 30 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

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