Serabi Gold plc : Conditional acquisition of the Coringa gold project, Brazil

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("Serabi" or the "Company")
Conditional acquisition of the Coringa gold project, Brazil

Serabi Gold Plc (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, is pleased to report that, on 13 November 2017, it signed a conditional acquisition agreement to acquire 100 per cent. of the issued share capital and inter-company debt of Chapleau Resources Ltd ("Chapleau"), a Canadian registered company wholly-owned by Anfield Gold Corp. ("Anfield"), which holds the Coringa gold project ("Coringa") located in the Tapajos gold province in Para, Brazil.

Coringa hosts a mineral resource estimate of 376,000 ounces of gold, including an Indicated Resource of 195,000 ounces of gold with an average grade of 8.4 grammes per tonne ("g/t"), which has been prepared in accordance with the reporting requirements of the standards of NI 43 101. Estimated mineral reserves included with the mineral resource are 160,000 ounces of gold with an average grade of 8.4g/t. Coringa is located some 70 kilometres to the south-east of the town of Novo Progresso which is approximately 130 kilometres by road to the south of Serabi's current mining operations at Palito.

Serabi will acquire the entire issued share capital of Chapleau together with its outstanding inter-company debts owed to Anfield. Serabi will make an initial payment to Anfield on closing of the transaction ("Closing") of US$5 million in cash ("Initial Consideration"). A further US$5 million in cash is payable within three months of Closing and a final payment of US$12 million in cash will be due upon the earlier of either the first gold being produced or 24 months from the date of Closing (both payments together being the "Deferred Consideration"). The total proposed consideration for the acquisition amounts to US$22 million in aggregate. The Board of Serabi considers that the Initial Consideration and the first instalment of the Deferred Consideration can be settled from an extension of its existing loan facilities and current cash holdings (which, as at 30 September 2017, were US$9.75 million) and is evaluating its options for the longer term development finance requirements of the Coringa project and the Company's existing organic growth prospects.

Significant Benefits of the transaction

The Board of Serabi believes that the acquisition of the Coringa gold project has a number of key benefits including:

- Coringa hosts an Indicated Mineral Resource of 195,000 ounces of gold at 8.36g/t and an Inferred Mineral Resource of 181,000 ounces gold at 4.32 g/t (the "Coringa Mineral Resource Estimate") prepared in accordance with the reporting requirements of the standards of NI 43 101.
- Coringa is located only 200 kilometres from Serabi's current Palito mining operation and process plant, allowing synergies for management and infrastructure and potential reduction of unit operating costs.
- The Coringa project is a near 'carbon-copy' of Serabi's current operation, which has been in production since 2014. The similarities mean Serabi is very well placed to expedite the successful development and future production potential of the project.
- Past gold discoveries at Coringa including the Mae de Leite, Come Quieto, Demetrio and Valdette veins, have not been included in the current Coringa Mineral Resource Estimate and provide scope for growing the resources and expanding the life of the project.

- A feasibility report on Coringa issued by Anfield in September 2017 (the "Coringa Feasibility Study"), prepared in accordance with the reporting requirements of the standards of NI 43-101, estimated:
    - an average production rate of 32,000 ounces per annum and a total mineable reserve of approximately 160,000 ounces of gold;
    - average all-in sustaining costs of US$783 per oz; and
    - a post-tax IRR of 30.8 per cent.
- Serabi considers that scope exists to reduce capital and operating costs at Coringa by utilising Serabi's existing gold processing facilities at Palito.
- Book value attributed by Anfield to property, plant and equipment being acquired, including a 750 tonnes per day crushing, milling and CIP process plant, is C$20.8 million.

Michael Hodgson, CEO of Serabi commented.

"Coringa is an advanced gold project that we have been interested to acquire for some time and know well. It always appeared to us to be an excellent bolt-on opportunity to expand Serabi's production and leverage our existing infrastructure and management. Anfield's recent NI 43-101 compliant feasibility study for Coringa shows robust economics as a stand-alone project and I am sure that, with our experience and resources, we can both reduce the upfront construction and development costs as well as generate operating costs synergies with our existing operations.

"Last year Anfield undertook a 26,400 metre infill drilling programme at Coringa, including 183 exploration holes over the principal Meio, Serra and Galena veins. Anfield also completed the acquisition of a 750 tonnes-per-day crushing, milling and CIP process plant for Coringa and invested in essential initial infrastructure including a 200 person accommodation facility, offices and laboratory facilities.

"Anfield's feasibility study projects that Coringa will produce an average of 32,000 ounces over the life of the mineable reserves. This incremental production, over and above our current levels, makes this project work very well for us. As well as this near-term gold production growth, the feasibility study highlights a number of other areas of geological interest within the tenement holdings of over 13,000 hectares. As we are finding with our Sao Chico and Palito orebodies, I feel there is significant opportunity to expand the resource and extend the life of the operation well into the future.

"With Anfield now involved in a merger with Trek Mining and Newcastle Gold, we have taken the opportunity to acquire the Coringa project which, whilst no longer core for this enlarged entity, makes clear sense for Serabi offering an obvious opportunity to grow."

An interview with Michael Hodgson of Serabi, discussing the acquisition of Coringa, can be accessed by using the following link:

https://www.brrmedia.co.uk/broadcasts-embed/5a09a55a2acfc74f9342e870/event/?popup=true

Acquisition Agreement

Serabi has today signed a conditional acquisition agreement to acquire 100 per cent. of the issued share capital of Chapleau together with Chapleau's outstanding inter-company debts owed to Anfield and other Anfield group companies (the "Agreement"). Chapleau owns 100 per cent. of the shares of Chapleau Exploração Mineral Ltda ("Chapleau Brazil"). Chapleau Brazil holds mineral rights consisting of seven concessions totalling 13,648 hectares, including Coringa. Chapleau also owns 100 per cent. of the shares of Chapleau Resources (USA) Limited ("Chapleau USA") which holds a 10 per cent. interest in the Patty JV covering 616 mining claims in Nevada, USA. The other JV participants are Barrick Gold US Inc. and McEwen Mining Inc. The projected costs to Chapleau USA for 2018, in respect of the JV, are approximately US$20,000.

Serabi expects to make the payment of the Initial Consideration from existing resources. Immediately following Closing a completion balance sheet will be prepared and the Initial Consideration will be adjusted dollar-for-dollar for the amount, if any, by which the working capital on Closing exceeds or is less than US$nil. All outstanding intercompany loans between Chapleau and Anfield will be assigned to Serabi on Closing.

A further US$17 million is the Deferred Consideration, of which an initial payment of US$5 million in cash is payable within three months of Closing and a final payment of US$12 million in cash will be due upon the earlier of either the first gold being produced or 24 months from the date of Closing. The total consideration for the acquisition amounts to US$22 million in aggregate (before any working capital adjustments).

The Agreement is conditional on a number of items including:

- Completion by Serabi of its due diligence, including the receipt of satisfactory legal opinions as to mining title, labour, environmental and tax matters;
- Approval of the shareholders of Anfield and approval of the TSX-V; and
- Approval of Serabi's secured lender (Sprott).

Pursuant to the Agreement, Anfield has provided Serabi with certain indemnities in respect of future claims relating to activities prior to Closing, including labour and tax liabilities. In addition, the Agreement includes representations and warranties from Anfield in favour of Serabi as would be customary for a transaction of this nature both on execution of the Agreement and at Closing.

Serabi has agreed, on Closing, to grant to Anfield, subject to the approval of Serabi's secured lender and, if required, sub-ordinated to any security granted by Serabi to its secured lender, a pledge over the shares of Chapleau as security for the full and irrevocable payment of the Deferred Consideration.

Anfield proposes to hold its shareholder meeting to approve the proposed transaction on 19 December 2017, and Closing is anticipated to occur shortly thereafter.

The Board of Serabi considers that the Initial Consideration and the first instalment of the Deferred Consideration can be settled from an extension of its existing loan facilities and current cash holdings and is evaluating a number of options for the longer term development finance requirements of the Coringa project and the Company's existing organic growth prospects.

Further information on Coringa

Coringa is located in north-central Brazil, in the State of Pará, 70 kilometres southeast of the city of Novo Progresso. Access to the property is provided by paved (National Highway BR-163) and gravel roads. Coringa is in the south eastern part of the Tapajós gold district, Brazil's main source of gold from the late 1970s to the late 1990s. Artisanal mining at Coringa produced an estimated 10 tonnes of gold (322,600 oz) from alluvial and primary sources within the deep saprolite or oxidized parts of shear zones being mined using high-pressure water hoses or hand-cobbing to depths of 15 metres. Other than the artisanal workings, no other production has occurred at Coringa. Artisanal mining activity ceased in 1991 and a local Brazilian company (Tamin Mineração Ltda.) staked the area in 1990. Subsequently, the concessions were optioned to Chapleau (via its then subsidiary, Chapleau Brazil) in August 2006. On 1 September 2009, Magellan Minerals Ltd. ("Magellan Minerals") acquired Chapleau. Between 2007 and 2013, extensive exploration programmes were completed on the property, including airborne magnetic, radiometric and electro-magnetic surveys; surface IP surveys; stream, soil, and rock sampling; and trenching and diamond drilling (179 holes for a total length of 28,437 meters). On 9 May 2016, Anfield acquired Magellan Minerals. Anfield subsequently completed an infill drill programme (183 holes for a total length of 26,413 meters) for the Serra and Meio veins in 2016 and 2017.

Coringa is an advanced project currently at the resource development stage.

Following completion of the drilling programme undertaken by Anfield and the Coringa Feasibility Study, activity has been significantly reduced whilst Anfield has progressed the licencing and permitting process. There are currently approximately 70 personnel employed by Chapleau Brazil, but this is expected to be reduced prior to Closing.

The Coringa Feasibility Study has an effective date of 1 July 2017 and it incorporates all expenditures prior to that date. The base case economics are based on a gold price of US$1,250 per ounce ("oz"), silver price of US$18 per oz and an exchange rate of 3.2 (US$ to Brazilian Real). The Coringa Feasibility Study highlights included the following estimates:

· Gold production of approximately 32,000 oz per year averaged over a 4.8 year mine life;

· Average life of mine process fully-diluted gold grade of 6.5 g/t;

· Post-tax internal rate of return of 30.8 per cent.;

· Post-tax net present value of US$31.0 million at a 5 per cent. discount rate;

· Remaining capital costs of US$28.8 million;

· Average net cash operating costs of US$585/oz and all-in sustaining costs of US$783/oz; and

· Probable mineral reserves of 161,000 oz of gold and 324,000 oz of silver.

The total fully-diluted estimate of mineral resources for Coringa, prepared in accordance with the reporting requirements of the standards of NI 43-101, included in the Coringa Feasibility Study were reported as follows:

Classification	Tonnes ('000's)	Au grade (g/t)	Ag grade (g/t)	Contained gold (oz)	Contained Silver (oz)	Cu (g/t
Serra Probable Reserves	498	6.0	12.8	97,000	204,000	2.5
Meio Probable Reserves	196	7.4	14.6	46,000	92,000	2.3
Galena Probable Reserves	74	7.1	11.2	17,000	27,000	2.5
Total Probable Reserves	769	6.5	13.1	161,000	324,000	
Indicated Resource	726	8.4	17.0	195,000	396,000	2.0
Inferred Resource	1,301	4.3	5.1	181,000	215,000	2.0

Notes:

1. Additional information, including with respect to the mineral resource estimate, metallurgy, data verification and quality control measures, can be found in Anfield's technical report titled "Coringa Gold Project, Brazil, Feasibility Study NI 43-101 Technical Report" with an effective date of 1 July 2017, which is filed on SEDAR at www.sedar.com The mineral resource estimate was prepared in accordance with the standard of CIM and NI 43-101.
2. Totals in the above table may not add due to rounding.
3. Grades are reported on a fully-diluted basis.
4. Chapleau Brazil is the Operator and owns 100% of Coringa such that gross and net attributable resources are the same.
5. Serabi has not independently verified the information.

There are approximately 40,000 ounces of estimated inferred mineral resource, which are not included in the Feasibility Study's mine plan, that are adjacent to areas mined as part of the Feasibility Study. In addition, Chapleau Brazil controls a twenty kilometre area in the district with delineated gold soil anomalies, of which, the drill-defined mineral resource strike length is approximately two kilometres.

On 14 August 2017, Anfield announced that it had received key permits required to commence construction of the Coringa project, being (1) the license of operation for exploration and trial mining, (2) the vegetation suppression permit and (3) fauna capture permit, all issued by the Secretaria de Estado de Meio Ambiente e Sustentabilidade ("SEMAS"). The SEMAS permits contain a list of conditions for the conservation and protection of fauna and flora. In addition, Chapleau Brazil is required to comply with requirements related to: fuel storage; waste storage; transportation, storage and use of explosives; surface water drainage; archaeology; and worker health and safety programmes. The Company is also required to submit regular reports on operational, environmental, and social performance. These conditions and requirements will be met as part of normal course operations.

The next step in the permitting process will be for a formal trial mining licence to be issued by the Departamento Nacional de Produção Mineral ("DNPM"). The trial mining licence will authorise the Company to commence mine development and production from Coringa. The trial mining license will authorise mining and processing of up to 50,000 tonnes of ore per year at Coringa. Under applicable regulations, once the mine is operational, Chapleau Brazil may apply to the DNPM to increase the processing limit.

On 27 September 2017, Anfield announced that it understood the Brazilian Ministério Público Federal ("MPF") was bringing an action against SEMAS, the DNPM and Chapleau Brazil. The action seeks to nullify the operating license previously granted to Chapleau Brazil by SEMAS and states that SEMAS should not have granted the license without requiring Chapleau Brazil to prepare a full socio-economic analysis and Environmental Impact Study ("EIS") for Coringa. Anfield and its legal counsel believe that Chapleau Brazil has complied with all applicable regulations. At an initial hearing the court denied a request from the MPF to cancel the operating licence and requested submissions from SEMAS, DNPM and Chapleau Brazil. A further hearing has not yet been scheduled. Anfield and Chapleau Brazil have in the meantime continued to progress the completion of a full EIS, which is anticipated to be completed before the end of 2017 and prior to Closing.

Serabi and its legal advisers have considered the position adopted by the MPF, and believe that the completion of the EIS should significantly address the main concerns of the MPF and have concluded, based on the current available information, that there is a low risk of significant delay to the licencing and permitting process. Serabi will continue to monitor this position up until Closing.

Progress has also been made in several other areas relating to the development of Coringa. Applications for required camp and start-up water have been submitted and the tailings storage permit request is nearing completion. Discussions for long-term land access agreements are underway with the Instituto Nacional de Colonização e Reforma Agrária ("INCRA"), a government agency which claims ownership of the surface rights where the project is situated.

Serabi's plans for Coringa following Closing of the Acquisition

Serabi intends to continue the work started by Anfield on the permitting and licencing process and will, to any extent necessary, complete the EIS and any supplementary work requested following its initial submission to the relevant Brazilian government departments for approval. Serabi will review the cost estimates contained in the Feasibility Study and optimise these, prepare its own development plan and evaluate alternative construction development and processing options that Serabi's management could enhance the economics of the project.

Following Closing, development and construction at Coringa will be placed on care and maintenance whilst the permitting process is completed.

Additional disclosures pursuant to the AIM Rules

Chapleau is not required to prepare audited financial statements. Based on information provided by Anfield and extracted from the unaudited consolidated financial statements of Anfield to 31 December 2016, Chapleau on a consolidated basis, reported a loss before taxation of C$22.3 million for the 12 month period ended 31 December 2016 after (i) expensing exploration and evaluation expenditure of C$7.9 million, (ii) recognising a foreign exchange loss of the capitalisation of intergroup loans into shares of Chapleau Brazil of C$13.7 million, and (iii) other one-off costs estimated at C$1.3 million. Chapleau had no revenues. As at 30 June 2017 total assets and shareholders' equity amounted to C$19.6 million and C$(20.3 million) respectively with shareholder loans totalling C$38.6 million. The balance sheet carrying value of property, plant and equipment associated with the Coringa project as at 30 June 2017 amounted to C$16.6 million which excludes past exploration costs as these have been expensed. As at 30 June 2017 Chapleau had net cash and cash equivalents of C$2.5 million and except for intercompany loans (amounting to C$38.6 million), which will be assigned to Serabi on Closing, had no borrowings.

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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.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

GLOSSARY OF TERMS
The following is a glossary of technical terms:

"Au" means gold.

"assay" in economic geology, means to analyse the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"CIM" is the Canadian Institute of Mining, Metallurgy and Petroleum.

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

"doré - a semi-pure alloy of gold silver and other metals produced by the smelting process at a mine that will be subject to further refining.

"DNPM" is the Departamento Nacional de Produção Mineral.

"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.

"granodiorite" is an igneous intrusive rock similar to granite.

"igneous" is a rock that has solidified from molten material or magma.

"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.

"Intrusive" is a body of igneous rock that invades older rocks.

"Induced polarization" or "IP" is a geophysical imaging technique used to identify the electrical chargeability of subsurface materials, such as ore.

"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 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.

"saprolite" is a weathered or decomposed clay-rich rock.

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

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, recognising 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.

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.

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