

# Serabi extends drawdown period for convertible loan

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For immediate release

4 August 2020

[Serabi Gold Plc](#)

(Serabi; or the Company;)

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[Serabi Gold Plc](#) (AIM: SRB, TSX: SBI), the Brazilian focused gold mining and development company, is pleased to announce that it has agreed with Greenstone Resources II LP (Greenstone;) to extend by six months the period during which the Company can draw down on the US\$12 million Convertible Loan Facility (the Convertible) that was announced on 23 April 2020 and is being subscribed for by Greenstone.

Mike Hodgson, CEO, commented:

Extending, by six months, the period in which we can draw down on the Convertible, will relieve pressure to draw down funds earlier than might otherwise be necessary and avoid incurring additional debt under the Convertible that may ultimately not be required. This is excellent news for the Company and its shareholders

Despite the COVID-19 pandemic, we have continued mining operations at the Palito Complex and with the gold prices that we have benefitted from during the second quarter of this year, were able to pay down the remaining US\$3.5 million of the loan with Sprott Resource Lending Partnership whilst maintaining our cash position. Despite lower production levels, the second quarter was one of our best ever quarters from a cash flow perspective. Greenstone provided Serabi with the Convertible as a means to help ensure that the Company was able to complete the acquisition of the Coringa gold project. With the gold price looking set to be maintained, the Sprott loan now repaid and projected production levels, we currently anticipate that Serabi can fund the US\$1 million per month instalments that are due to [Equinox Gold Corp.](#) (Equinox;) for Coringa, at least in the near term, from the cash flow generated from on-going operations.

Details of the variation in the terms of the Convertible

The original period during which the Company could draw down funds under the Convertible was due to expire on 31 December 2020 (the Availability Period;), after which time any funds that had not been drawn down under the Convertible would no longer be available. The Company and Greenstone have now agreed to extend the Availability Period to 30 June 2021. In all other respects the terms of the Convertible are unchanged. There was no consideration payable to Greenstone in respect of this variation to the terms.

As at 3 August 2020, the Company had drawn down US\$2.0 million of the Convertible and made payments of US\$2.5 million to [Equinox Gold Corp.](#) (Equinox;) in respect of the US\$12 million payment obligation (the Outstanding Consideration;) for the Coringa gold project. After these payments, the balance of the Outstanding Consideration amounts to US\$9.5 million. Under the arrangements agreed with Equinox, the Company will continue to make payments of US\$1.0 million per

month until such time as restrictions imposed as a result of the COVID-19 pandemic on travel to and within Brazil are lifted at which time any remaining balance of the Outstanding Consideration will become due within six weeks of that date.

#### Related party transaction

##### *AIM*

As Greenstone is currently interested in more than 10 per cent. of the issued ordinary share capital of the Company, the amendment to the Availability Period (the "Amendment") is a related party transaction for the purposes of Rule 13 of the AIM Rules ("Rule 13"). As Mark Sawyer, a non-executive director of the Company, is a nominated Board appointee of Greenstone, he is not independent for the purposes of Rule 13. For the purposes of the AIM Rules, the independent directors of the Company (being the Directors other than Mark Sawyer) consider, having consulted with the Company's nominated adviser, Beaumont Cornish, that the Amendment is fair and reasonable insofar as Shareholders are concerned.

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

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](http://www.serabigold.com).

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

#### 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, 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.

ENDS

#### Attachment

- Convertible Extension

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