

Serabi Forms Exploration Alliance with Vale

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[Serabi Gold Plc](#) (AIM:SRB,TSX:SBI) ("Serabi"), the Brazilian-focused gold mining and development company, is pleased to announce the signing of a strategic exploration alliance ("Exploration Alliance") with [Vale S.A.](#), through its subsidiary Salobo Metais S.A., (both "Vale") focused on its Matilda prospect and other large regional targets in the Tapajos region of Para, Brazil.

Highlights

- Exploration Alliance focused on the discovery of large-scale copper projects within Serabi's Palito Complex tenement area
- Vale represents an excellent partner being Brazilian based and one of the world's largest diversified mining companies
- Exploration Alliance structured over a number of phases:
 - Phase 1: Vale to sole fund up to US\$5.0 million exploration programme.
 - Phase 2: Vale may elect to continue exploration activities and to sole fund one or more selected copper projects to Pre-feasibility Study ("PFS") stage
 - Phase 3: Vale will have an option to, acquire a 75% shares of a legal entity to be incorporated by Serabi ("JV Company"), . Immediately after the incorporation of the JV Company, Serabi shall transfer to the JV Company the copper project. Serabi shall sell 75% of the JV Company ownership to Vale for US\$5 million ("Exercise Price"). Vale will continue to sole fund the JV by capital contributions to completion of a Definitive Feasibility Study ("DFS"), while Serabi retains a 25% interest.
 - Phase 4: Vale can acquire an additional 15% interest in the JV Company or a further payment of the higher of US\$5 million or 1.5% of the net present value of the project, taking their interest to 90%. Serabi then has a put option to sell their remaining 10% interest in the JV Company for a further US\$10 million and a 1.5% Net Smelter Royalty ("NSR")
 - The JV Company may acquire additional copper projects from Serabi, in which case Serabi will be entitled to additional payments of the higher of US\$5 million or 1.5% of the net present value of the project for each, when a DFS has been completed

Michael Hodgson CEO of Serabi commented:

"Making the discovery of the Matilda porphyry prospect in 2022 was a major milestone for Serabi. However, bringing in a partner with the expertise and resources of Vale, will enable us to properly evaluate Matilda and the other significant targets within our tenement area, and move them forward more quickly. The Exploration Alliance is focused on large scale copper projects and allows Serabi to maintain its attention on its gold exploration targets.

"Vale represents an excellent partner for Serabi and we are delighted to be working with them to begin unlocking the potential of the Tapajos Region."

Key elements of the Exploration Alliance

The Exploration Alliance is primarily focussed on opportunities for the discovery of copper deposits within the exploration tenements held by Serabi around the Palito and Sao Chico mines (the "Palito Complex tenements"), which cover more than 61,000 hectares. This follows the discovery of Copper - Molybdenum porphyry mineralisation at the Matilda prospect in July 2022 (see news release 5 July 2022) and the identification of a number of other high priority exploration targets.

PHASE 1 -

- Vale will fund an exploration programme of up to US\$5.0 million over the Palito Complex tenements. Phase 1 is expected to last no more than 12 months and the budget is anticipated to be sufficient to finance up to 15,000 meters of diamond drilling during that time.

PHASE 2 -

- Following on from the results of Phase 1, and if Vale decides to continue exploration activities, Vale will fund all further work to progress one or more copper projects identified in the Palito Complex tenements to the stage of a PFS.
- The Phase 2 programme is for a minimum of two years but may be extended (i) annually up to five years, provided the average annual funding by Vale over that period is US\$2 million or more, or (ii) to ten years, if funding by Vale during the first five years is US\$20 million or more.

PHASE 3 -

- After completion of a PFS, Vale may notify Serabi that it wishes to progress the relevant copper project. In that case Vale will incorporate a JV Company into which it will transfer the mineral rights relating to that copper project. Vale will pay to Serabi US\$5 million, for a 75% share of the JV Company. Vale may require the JV Company to acquire further copper projects that have completed a PFS, for further payments of US\$5 million each, fully funded by Vale.
- Phase 3 begins for each project upon transfer of the relevant mineral rights to the JV Company. During Phase 3, Vale will continue to fund all activities required for the production of a DFS for each copper project.
- The Phase 3 programme requires expenditures of at least US\$3 million per annum with dilution provisions if the minimum expenditures are not met. Phase 3 for a specific copper project will come to an end upon the completion of a DFS for that copper project.

PHASE 4 -

- At the end of Phase 3, and if both parties wish to continue, each will be required to fund their pro-rata share of the expenditures of the JV Company. At the end of Phase 3, for 90 days from delivery of the DFS, Vale has a call option to acquire from Serabi a further 15% interest in the JV Company for a payment of the higher of US\$5 million or 1.5% of the net present value of the project (using consensus commodity prices and a pre-agreed discount rate of 11%). Should Vale exercise its call option, Serabi has a put option to require Vale to purchase from Serabi, its remaining 10% interest in the JV Company for a further payment of US\$10 million and the issuance of a 1.5% net smelter royalty over all projects held by the JV Company.

During Phases 1 and 2 Serabi is expected to be the operator of the exploration programmes and will receive a 9% fee of the total amount paid by Vale for managing these mineral exploration activities.

Other Details of the Agreement

Following the incorporation of the JV Company some other copper projects may still be within the Phase 2 stage of evaluation and Vale shall continue to be responsible for the funding of these projects up to and including the completion of any additional PFS (end of Phase 2) and DFS (end of Phase3). The JV Company will have the option to acquire any additional copper projects following satisfactory completion of the respective PFS by paying Serabi a further US\$5 million as the option exercise price. The option exercise price payable by the JV Company will be funded by Vale by a non-dilutive issue of equity in the JV Company. Vale will continue to provide funding to the JV Company for all the Phase 3 activities for that copper project and for the completion of a DFS. Should Vale wish to continue with such additional copper project, Vale will fund the payment to Serabi of the higher of US\$5 million or 1.5% of the net present value of the project (using consensus commodity prices and a discount rate of 11%). in addition to all option payments, all Phase 2 and Phase 3 expenditures incurred by the JV Company will also be funded by Vale with a non-dilutive issue of equity in the JV Company.

The Parties can elect, at any time, to exclude specific areas from the Exploration Alliance and those areas

will revert to Serabi in full. If the Exploration Alliance has completed a PFS on any potential copper project but such project is not deemed to be a copper project, (considered to contain a resource of more than 75,000 tons (seventy-five thousand tons) of contained copper and with copper plus molybdenum value being greater than the value of gold), Serabi shall be permitted to develop such a project at its own cost, in which case, Vale shall have a matching right on sales of the copper products that are generated from that project for a period of 15 years from the date of first commercial production.

During Phase 1 and Phase 2, the work programmes will be overseen by a working committee, comprising 2 representatives from Vale and 2 representatives from Serabi. Vale shall have a casting vote over all the decisions made by the Working Committee. Upon the formation of a JV Company all decisions will be delegated to the Board of Directors and management of the JV Company.

The sum of all funding by Vale to Serabi equivalent to the Mineral Exploration Expenses incurred for the conduction of the Mineral Exploration during Phases 1 and 2 are considered as the acquisition price of Vale's Earn-in Option on Phase 3.

Each of the parties has provided to the other, representations and warranties as would be customary for a transaction of this nature.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018.

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.

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GLOSSARY OF TERMS

The following is a glossary of technical terms:

"Ag"	means silver.
"Au"	means gold.
"assay"	in economic geology, means to analyse the proportions of metal in a rock or overburden sample of ore or mineral for composition, purity, weight or other properties of commercial interest.
"CIM"	means the Canadian Institute of Mining, Metallurgy and Petroleum.
"chalcopyrite"	is a sulphide of copper and iron.
"Cu"	means copper.
"cut-off grade"	the lowest grade of mineralised material that qualifies as ore in a given deposit; rock of the kind included in an ore estimate.
"dacite porphyry intrusive"	a silica-rich igneous rock with larger phenocrysts (crystals) within a fine-grained matrix
"deposit"	is a mineralised body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant exploration and/or development expenditures; such a deposit does not qualify as a commercial ore body or as containing ore reserves, until final legal, technical, and economic factors have been considered.
"electromagnetics"	is a geophysical technique tool measuring the magnetic field generated by subjecting the subsurface to electrical currents.
"garimpo"	is a local artisanal mining operation
"garimpeiro"	is a local artisanal miner.
"geochemical"	refers to geological information using measurements derived from chemical analysis.
"geophysical"	refers to geological information using measurements derived from the use of magnetic and electrical readings.
"geophysical techniques"	include the exploration of an area by exploiting differences in physical properties of different geological materials. Geophysical methods include seismic, magnetic, gravity, induced polarisation and other techniques. Geophysical surveys can be undertaken from the ground or from the air.
"gossan"	is an iron-bearing weathered product that overlies a sulphide deposit.
"grade"	is the concentration of mineral within the host rock typically quoted as grams per tonne (g/t) (ppm) or parts per billion (ppb).
"g/t"	means grams per tonne.
"granodiorite"	is an igneous intrusive rock similar to granite.
"hectare" or a "ha"	is a unit of measurement equal to 10,000 square metres.
"igneous"	is a rock that has solidified from molten material or magma.
"IP"	refers to induced polarisation, a geophysical technique whereby an electric current is induced into the sub-surface and the conductivity of the sub-surface is recorded.
"intrusive"	is a body of rock that invades older rocks.
"mineralisation"	the concentration of metals and their chemical compounds within a body of rock.
"mineralised"	refers to rock which contains minerals e.g. iron, copper, gold.
"Mo-Bi-As-Te-W-Sn"	Molybdenum-Bismuth-Arsenic-Tellurium-Tungsten-Tin
"monzogranite"	a biotite rich granite, often part of the later-stage emplacement of a larger granite body.
"mt"	means million tonnes.
"ore"	means a metal or mineral or a combination of these of sufficient value as to quality and quantity to be mined at a profit.
"oxides"	are near surface bed-rock which has been weathered and oxidised by long term exposure to oxygen, water and air.
"ppm"	means parts per million.
"saprolite"	is a weathered or decomposed clay-rich rock.

"sulphide"	refers to minerals consisting of a chemical combination of sulphur with a metal.
"vein"	is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.
"VTEM"	refers to versatile time domain electromagnetic, a particular variant of time-domain electromagnetic induction survey to prospect for conductive bodies below surface.

Assay Results

Assay results reported within this release include those provided by the Company's own on-site laboratory facilities at Palito and have not yet been independently verified. Serabi closely monitors the performance of its own facility against results from independent laboratory analysis for quality control purpose. As a matter of normal practice, the Company sends duplicate samples derived from a variety of the Company's activities to accredited laboratory facilities for independent verification. Since mid-2019, over 10,000 exploration drill core samples have been assayed at both the Palito laboratory and certified external laboratory, in most cases the ALS laboratory in Belo Horizonte, Brazil. When comparing significant assays with grades exceeding 1 g/t gold, comparison between Palito versus external results record an average over-estimation by the Palito laboratory of 6.7% over this period. Based on the results of this work, the Company's management are satisfied that the Company's own facility shows sufficiently good correlation with independent laboratory facilities for exploration drill samples. The Company would expect that in the preparation of any future independent Reserve/Resource statement undertaken in compliance with a recognised standard, the independent authors of such a statement would not use Palito assay results without sufficient duplicates from an appropriately certificated laboratory.

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

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