



**ANNUAL INFORMATION FORM**

**For the year ended December 31, 2018**

**March 28, 2019**

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## **GENERAL MATTERS**

Unless otherwise noted or the context otherwise indicates, “Serabi”, the “Company”, “we”, “us” and “our” refers to Serabi Gold plc and its direct and indirect subsidiaries and predecessors or other entities controlled by them.

Certain terms used in this annual information form, including “measured mineral resource”, “indicated mineral resource” and “inferred mineral resource” have the meanings set forth under the heading “Glossary of Mining Terms” commencing at page •.

## **STATISTICAL REFERENCES**

### **Currency Presentation and Exchange Rate Information**

This annual information form contains references to the Canadian dollar, the US dollar, the British pound and the Brazilian Real. All dollar amounts referenced, unless otherwise indicated, are expressed in US dollars. Canadian dollars are referred to as C\$, US dollars are referred to as “US\$”, the British Pound Sterling is referred to as “£” or “UK£” and the Brazilian Real is referred to as “R\$”. As at March 26, 2018, the daily average exchange rate reported by the Bank of Canada was US\$1.00 = CDN1.3386 or CDN\$1.00 = US\$0.7470, £1.00 = CDN\$1.7701 or CDN\$ = £0.5649 and R\$1.00 = CDN\$0.3463 or CDN\$1.00 = R\$2.8877.

## CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This annual information form contains “forward-looking information” (also referred to as “forward-looking statements”) which may include, but is not limited to, statements with respect to the future financial or operating performance of the Company and its projects, the future price of gold or other metal prices, the estimation of mineral resources, the realization of mineral resource estimates, the timing and amount of estimated future production, costs of production, capital, operating and exploration expenditures, costs and timing of the development of new deposits, costs and timing of future exploration and/or exploitation, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters, and that reflects management’s expectations regarding the Company’s future growth, results of operations, performance and business prospects and opportunities. Often, but not necessarily always, the use of words such as “anticipate”, “believe”, “plan”, “estimates”, “expect”, “intend”, “budget”, “scheduled”, “forecasts” and similar expressions have been used to identify these forward-looking statements or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These statements reflect management’s current beliefs and are based on information currently available to management. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company’s strategy, plans or financial or operating performance. Forward-looking statements involve significant risks, uncertainties and assumptions and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results to differ from these forward-looking statements include risks related to failure to define mineral resources, to convert estimated mineral resources to reserves, the grade and recovery of ore which is mined varying from estimates, future prices of gold and other commodities, capital and operating costs varying significantly from estimates, political risks arising from operating in Brazil, uncertainties relating to the availability and costs of financing needed in the future, changes in equity markets, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects, conclusions of economic evaluations, changes in project parameters as plans continue to be refined, uninsured risks and other risks involved in the mineral exploration and development industry. A description of risk factors applicable to the Company can be found in the section “Risk Factors” in this annual information form. Although the forward-looking statements contained in this annual information form are based upon what management believes to be reasonable assumptions, the Company cannot assure prospective purchasers that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this annual information form, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

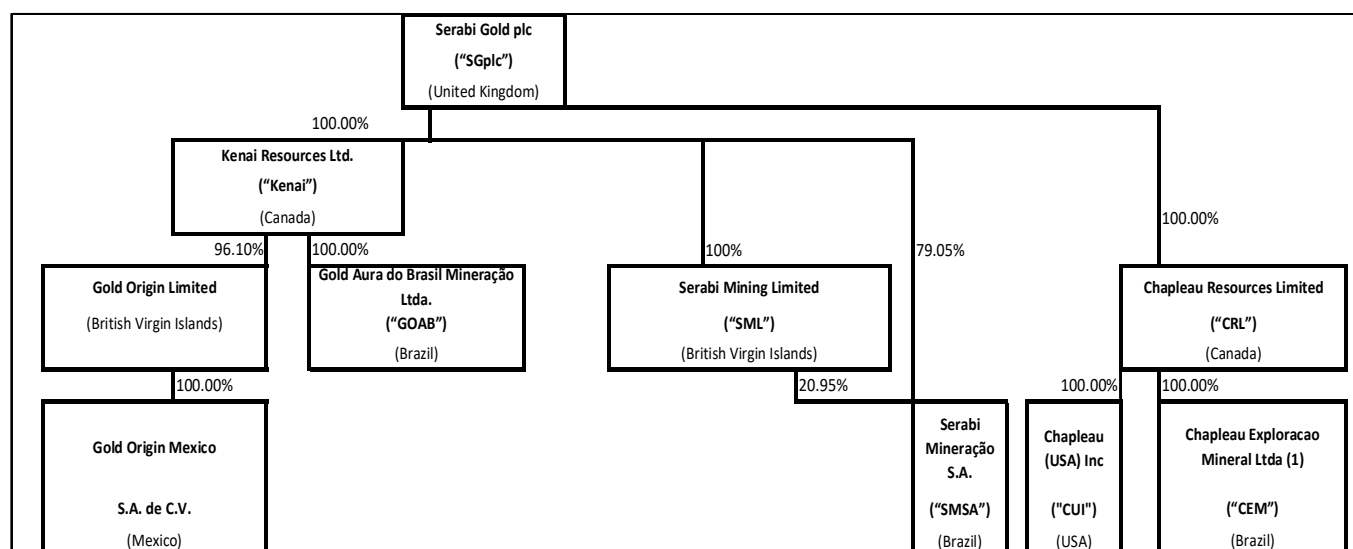
## CORPORATE STRUCTURE

### Incorporation

Serabi Gold plc ("Serabi" or the "Company") was incorporated and registered in England and Wales under the Companies Act 1985 ("CA1985") as a private company limited by shares on May 18, 2004 with the name of Serabi Mining Limited and with the registered number 5131528. On March 17, 2005, the Company was converted to a public company under the provisions of CA1985. On 14 October 2011 the Company changed its name to Serabi Gold plc. The registered office of the Company is located at 66 Lincoln's Inn Fields, London WC2A 3LH and the Company's principal contact office is 30-32 Ludgate Hill, London EC4M 7DR. The Company's telephone number is +44 (0)20 7246 6830 and its website address is [www.serabigold.com](http://www.serabigold.com).

### Corporate Structure

The diagram below sets out the organizational structure of the Company and its material subsidiaries:



## GENERAL DEVELOPMENTS OF THE BUSINESS

### General

The Company is a gold development and exploration company focused on the exploration and development of gold projects in Brazil. The Company's shares are traded on the Toronto Stock Exchange ("TSX") under the symbol SBI and on AIM, a market operated by the London Stock Exchange, under the symbol SRB.

The major focus of the Company's activity has been on the Palito Mine Complex (the "Palito Mining Complex"), which includes the Palito mine (the "Palito Mine"), and the Sao Chico mine (the "Sao Chico Mine"). Within the Palito Mine Complex the Company holds a mining licence covering 1,150 hectares and holds or has under application exploration licences totalling approximately a further 42,650 hectares around this mining licence including the 1,416 hectares exploration licence hosting the Sao Chico Mine, which is currently in the process of conversion into a mining licence.

The Company acquired the Coringa gold project ("Coringa") in December 2017 and during 2018 has been engaged in the process of obtaining some of the various permits and approvals required for the development of this project, including the issue of trial mining licences and approval of environmental studies in advance of the award of the further licences required for construction of the project infrastructure.

### Recent Developments

On March 4, 2019, the Company announced an updated estimation of the mineral resources for the Coringa Project ("the GRE Mineral Resource Estimate"). A Technical Report is currently being prepared by Global Resource Engineering (the "GRE Technical Report") in accordance with NI 43-101 and will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website on or before April 18, 2019. Readers should read this AIF in conjunction with the GRE Technical Report when it is available as the GRE Technical Report will supersede the Coringa Technical Report and the information contained in this AIF which has been extracted from the Coringa Technical Report. Included in this AIF is a table of the updated Mineral Resource estimation as announced on March 4, 2019. At the same time the Company confirmed that it has commissioned GRE to prepare a

preliminary economic assessment for the Coringa Project, the results of which are expected to be disclosed before the end of June 2019. Included in the scope of this work will be the adoption of filtration of mine tailings and dry stacking as opposed to the use of conventional tailings disposal which was proposed and designed in the Coringa Technical Report.

On 12 April 2018 the Company completed a Subscription Agreement with Greenstone Resources II LP ("Greenstone"). Greenstone subscribed ("the Subscription") for 297,759,419 New Ordinary Shares ("the Subscription Shares") at a price of 3.6 pence per share (the "Subscription Price"). The New Ordinary Shares issued pursuant to the Subscription rank pari passu with the existing Ordinary Shares.

On 15 May 2018 the Company completed the placing of a further 176,678,445 New Ordinary Shares ("Placing Shares") at a price of 3.6 pence per Placing Share (the "Placing Price"), raising gross proceeds of £6.36 million for the Company. The Placing Shares rank pari passu with the existing Ordinary Shares.

On 20 June 2018 the Company undertook a consolidation of its existing Ordinary Shares whereby one new Ordinary Share with a par value of 10 pence ("New Ordinary Shares") was exchanged for every 20 existing Ordinary Shares with a par value of 0.5 pence each ("Existing Ordinary Shares"). Each New Ordinary Share confers upon the holder identical rights to the Existing Ordinary Shares.

On January 26, 2018, the Company announced updated mineral reserves and resources for the Palito Mining Complex and issued a NI 43-101 Technical Report entitled "Palito Mining Complex Brazil" dated January 26, 2016 which was prepared for the Company by Messrs. Eric J. Olin, MSc Metallurgy, MBA, SME-RM, MAusIMM, Glen Cole, MSc, MEng, BCom, PGeo, PrSciNat, Mark A. Willow, M.Sc., C.E.M., SME-RM and Timothy R. Olson, BSc Mining, JD, FAusIMM of SRK Consulting (USA), Inc. (the "**Palito Mining Complex Technical Report**"). The report disclosed:

- a combined estimated Proven and Probable mineral reserve for the Palito and Sao Chico orebodies of 182,000 ounces of contained gold (703,000 tonnes at an average diluted grade of 8.05 g/t) supporting in excess of four years of production.
- Mineral reserves for the Palito ore-body are estimated at 157,000 ounces of contained gold (613,000 tonnes at an average diluted gold grade of 7.99 g/t).
- Mineral reserves for the Sao Chico ore-body are estimated at 24,000 ounces of contained gold (90,000 tonnes at an average diluted gold grade of 8.43 g/t).
- Measured and Indicated mineral resources for the Palito ore-body increased by 31 per cent., compared with the previous resource estimation of June 2012, to 271,000 ounces of contained gold with a further Inferred mineral resource of 177,000 ounces of contained gold.
- Measured and Indicated mineral resources for Sao Chico ore-body increased by 44 per cent., compared with the October 2012 resource estimation, to 36,000 ounces of contained gold with an additional Inferred mineral resource of 54,000 ounces of contained gold.

On January 23, 2018, the Company completed an amendment to its existing US\$5 million loan (the "**Existing Facility**") with Sprott Resource Lending Partnership ("**Sprott**") to extend the term of the facility. The facility is now repayable in 30 equal monthly instalments ending December 31, 2019. Sprott also extended an additional US\$3 million in credit to the Company (the "**New Facility**"). The New Facility was initially to be repaid in full on 30 September 2018 but on 14 September 2018 the Company exercised an extension option as a result of which the New Facility is repayable in equal monthly instalments commencing 30 September 2018 with a final payment due 22 months later on 30 June 2020. The Existing Facility was, and continues to be, secured against the assets of the Company, including the shares of its subsidiary companies at that time. These assets are now also security for the New Facility and the shares of Chapleau Resources Ltd. ("**Chapleau**") acquired on completion of the Acquisition have now also been pledged to Sprott as security for both the Existing Facility and the New Facility. In connection with the New Facility, Sprott was entitled to a fee of US\$90,000, which was settled through the issue of 2,141,798 new ordinary shares of the Company. Sprott was entitled to a further fee of US\$90,000, which was settled through the issue of 145,479 new ordinary shares of the Company. Following completion of the New Facility the Company has, as of the date of this AIF, aggregate loans with Sprott of US\$6.08 million which carry an interest rate of 10 per cent per annum.

On December 21, 2017, the Company completed the acquisition of 100 per cent of the issued share capital and inter-company debt of Chapleau, a Canadian company previously wholly-owned by Anfield Gold Corp ("**Anfield**"). Chapleau, through its wholly-owned subsidiary Chapleau Exploração Mineral Ltda. ("**Chapleau Brazil**") holds Coringa which is located in the Tapajos gold province in Para, Brazil. Coringa is 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 has made two stage payments to Anfield each of US\$5 million in cash. 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 proposed consideration for the acquisition amounts to US\$22 million in aggregate.

On 30 June 2017 the Company entered into a new agreement with the Sprott Resource Lending Partnership ("**Sprott**") for a US\$5 million loan expiring 31 December 2019 (to include US\$1.37 million being the remaining loan principal under a previous

arrangement initially entered into on 15 September 2014) (“the Existing Facility”). The Sprott Facility carries interest at a rate of 10 per cent per annum and the repayments commenced on 31 January 2018. The loan is secured against the assets of the Company including a pledge of mining rights, the share capital of subsidiaries of the Company and guarantees from subsidiaries of the Company. The loan was to be repaid in 24 equal monthly installments commencing on 31 January 2018 and ending on 31 December 2019. The Company granted to Sprott call options over 6,109 ounces of gold exercisable at a price of US\$1,320 which expire on 31 December 2019.

On 30 December 2015, Fratelli agreed to provide an interim unsecured short term working capital convertible loan facility of US\$5 million (the “2015 Convertible Loan”) to the Group to provide additional working capital facilities. The 2015 Convertible Loan was for a period expiring on 31 January 2017 and for a maximum of US\$5 million. The facility could be drawn-down in up to three separate instalments of an initial US\$2 million and two further instalments of US\$1.5 million each and was available to be used at any time up to 30 June 2016. Interest was chargeable at the rate of 12% per annum. There was no prepayment penalty or arrangement fee. The 2015 Convertible Loan was unsecured and subordinated to the Group’s existing loan facilities, including the secured loan facility arrangement provided by Sprott. On 6 January 2016, the Company announced that it had made an initial draw down of US\$2 million against the Facility. The Company made no further draw down against the facility prior to 30 June 2016 and in August 2016 Fratelli exercised its right to convert the outstanding loan of US\$2 million into shares of the Company at a subscription price of UK£0.036. On 15 August 2016, the Company issued 42,312,568 shares of the Company to Fratelli.

On March 3, 2014, the Company completed a private placing pursuant to which 200,000,000 units (“2014 Units”) were issued at an offering price of UK£0.05 per 2014 Unit, for gross proceeds of UK£10,000,000. Each 2014 Unit consisted of one Ordinary Share and one half of one Ordinary Share purchase warrant. Each whole Ordinary Share purchase warrant (a “2014 Warrant”) entitles the holder thereof to acquire one Ordinary Share at an exercise price of UK£0.06 until March 2016. The proceeds of this private placement were applied to the further evaluation and development of Sao Chico, for working capital during the start-up phase of Palito and for general working capital for the Company. All of the 2014 Warrants expired on 2 March 2016.

## BUSINESS OF THE COMPANY

### General

Serabi is an AIM and TSX traded gold mining and exploration company focused on the exploitation, development and exploration of gold projects in Brazil. The Company’s principal project is the Palito Mining Complex. The Palito Mining Complex includes the Palito Mine, the Sao Chico Mine and several areas of exploration interest in close proximity to both the Palito and Sao Chico mines. The Palito Mine was operated by the Company for several years before the underground operation was placed on care and maintenance in December 2008 and a subsequent small-scale surface mining operation was halted in June 2010. Mining operations commenced again in 2013 with gold production starting in January 2014. In December 2017 the Company acquired the Coringa Project from Anfield Gold Corp. The Coringa project is an advanced exploration project located 200 kilometres from the Palito Mining Complex. A feasibility study was issued for the Coringa project in September 2017. A trial mining licence and the related operating licence have been issued permitting Serabi to undertake some initial mine development and underground exploration activity. However, Serabi is also currently seeking the further necessary permits and licences required to allow full scale mine development and process plant construction to be started. The Company also holds exploration tenements in the vicinity of the Palito Mining Complex, comprising the Sucuba exploration project area (the “**Sucuba Project**”). It has submitted final reports and notices that it has relinquished exploration tenements which comprise the Modelo exploration project (the “**Modelo Project**”) and the Pison exploration project area (the “**Pison Project**”). All these projects are located in an area known as the Tapajos region of the State of Para in Brazil. See “Mineral Properties”.

### Employees

The following table sets forth the average number of persons employed by the Company during the year ended December 31, 2018, the location of employees and general area of responsibility within the Company.

	Brazil	Other	Totals
Management and administration	7	3	10
Exploration	13	–	13
Mine operations and maintenance	264	–	264
Mine management and administration	13	1	14
Plant and processing	69	–	69
<b>Totals</b>	<b>366</b>	<b>4</b>	<b>370</b>

## Carrying on Business in Brazil

Brazil is the largest country in Latin America by area (47% of Latin America) and the fifth largest country in the world. The country has experienced continuous, positive and sustainable economic growth, low inflation rates, and improvements in social well-being in a democratic political environment. Brazil is a constitutional democracy with a strong national policy encouraging foreign investment. No special taxes or registration requirements are imposed on foreign-owned companies and foreign investment capital is treated equal to domestic capital.

According to the Fraser Institute Annual Survey of Mining Companies, Brazil is ranked as one of the world's leading countries for investment based on a combination of its mineral potential and mining legislation. The country offers extensive infrastructure, a large pool of skilled technical and professional personnel, and an established legal system. Mineral resources are defined and mining rights guaranteed under Brazil's Federal Constitution, Federal Mining Code and various rules and regulations.

Brazil is a civil law jurisdiction. The laws governing business activities are found in federal legislation, which includes the *Brazilian Mining Code* and the *Foreign Investment Rules and Regulations*. State and municipal legislation also apply with respect to taxation, environmental and administrative matters. Brazilian business law is similar to corresponding law in other major civil law jurisdictions and provides a legal framework for foreign investment. Foreign investment in Brazil is governed by the *Foreign Capital Law* which requires that foreign investments in Brazil be registered with the Central Bank to ensure foreign remittance of profits and/or interest on equity, repatriation of foreign capital invested in Brazil and reinvestment. In addition, capital remittances must be registered within 30 days with the on-line Brazilian Central Bank electronic system RDE-IED15 (*Registro Declaratório Eletrônico de Investimentos Estrangeiros Diretos*).

### *Brazilian Mining Laws*

The Brazilian federal government owns and has jurisdiction to control, regulate and grant rights to explore Brazil's mineral resources. The constitutional regime governing mineral deposits and the regulations respecting exploration establish a special legal framework for the Brazilian mining industry. Under the Brazilian Constitution, mineral deposits represent a property interest separate from the surface rights and belong to the Federative Republic of Brazil. The prospecting and mining of mineral resources in Brazil may be carried out by Brazilians or by companies duly incorporated in Brazil, which hold an exploration authorization or a mining concession, as the case may be, duly granted by the Agência Nacional de Mineração ("ANM"), an Agency of the Brazilian federal government responsible for controlling and applying the Brazilian Mining Code and requires an agreement with the landowner. Accordingly, the subsoil and soil are subject to distinct legal treatment and the holder of an exploration authorization or a mining concession has the right to conduct mineral exploration activities or mining activities even where there is a dispute with the landowner.

Before conducting mineral exploration or exploitation activities in Brazil, it is necessary to first obtain an exploration authorization, followed by a mining concession from the Brazilian government. To this end, an exploration authorization request or a mining concession request must be filed at the ANM, which will evaluate if the request fulfills the necessary legal and technical requirements. These mineral rights normally cover an area of up to 10,000 hectares but may be smaller in certain areas depending upon the region where the property is located (the ANM defines the maximum area that each exploration authorization may cover in each region of Brazil).

An application for prospecting must be supported by a location map, exploration plan and motivation report and must comply with certain other requirements. Provided the area of interest is not already covered by a pre-existing application, an exploration authorization or a mining concession, and that all requirements are met, the ANM normally grants the authorization on a priority of application basis. Applications are sequentially numbered and dated upon filing with the ANM.

An exploration authorization (*Alvará de Autorização de Pesquisa*) regulates the stage of mineral exploration works. Normally, an exploration authorization is granted for a period of three years, can be renewed for a further period (under special conditions) and may be transferred. Exploration must begin within 60 days of the issuance of the permit and must not be suspended for more than three consecutive months or 120 non-consecutive days. Otherwise, the ANM has the discretion to terminate the authorization. The holder of an exploration authorization is required to pay an annual fee to the ANM. Under its original term, the fee to be paid to DNPM in connection with an exploration authorization is currently R\$3.42 per hectare for the first three years of the licence, and this fee increases to \$5.13 per hectare following this initial three-year period, (the extension of the exploration mining authorization's original term must be requested by the holder at least 60 days prior to its expiration). By the end of the term of the exploration mining authorization, a report must be filed and accepted by the ANM (the "ANM Report") either proving the technical and economical feasibility of exploiting a mineral deposit, which results in the granting of a mining concession, or demonstrating the absence of a mineable deposit, which results in the termination of the authorization. Upon submission of the ANM Report, the ANM has the right to inspect the area to confirm the accuracy of the report and shall approve the report when the existence of an ore deposit has been confirmed.

The holder of an exploration license may apply, with the submission of all necessary legal and technical documents, for a provisional license for the extraction, sale, transfer or consumption of mineral substances covered by such a license, before the granting of a mining concession.



Such provisional license is granted only if certain special and specific conditions are met and the ANM determines the maximum amount allowed to be extracted, per year, depending on the substance – in case of gold ore, the holder would be able to extract up to 50.000 tonnes/year.

The mining concession (*Concessão de Lavra*) is applicable to and regulates the stage of mining exploitation works. Following approval of the ANM Report, the holder of the exploration authorization has the exclusive right to request the mining concession, which must be exercised or negotiated within a period of one year, extendible for a further year at the ANM's sole discretion. The mining concession itself is granted for an indeterminate period of time. The grant of a mining concession is subject to the fulfillment of certain conditions, namely having explored the area, an approved ANM Report and an undertaking that the area will be adapted to the technical and economic conditions necessary to carry out the mining operations and related works according to what was established under the economic exploitation plan (*Plano de Aproveitamento Econômico*) (the "PAE") related to the concession. The PAE must be submitted by the holder together with its application requesting the mining concession. The holder of a mining concession pays to the ANM a royalty on gold of 1.5% of sales proceeds less sales tax.

An application for a mining concession must be supported by information regarding the PAE, including a description of the mining plan, the processing plants, proof of the availability of funds or existence of financial arrangements for carrying out the economic development plan and operation of the mine. Applications for mining concessions must also include an independently prepared environmental plan that deals with water treatment, soil erosion, air quality control, revegetation and reforestation (where necessary) and reclamation. The mining concession, once granted, contains terms and conditions of the concession which will include terms and conditions relating to environmental matters.

After the mining concession is published in the official gazette, the applicant has 90 days to request possession of its respective mineral lode or deposit and six months to start the preparatory work as contemplated in the PAE. Once mining has commenced, it cannot be interrupted for a period longer than six consecutive months, except for proven reasons of *force majeure*, otherwise the concession may be revoked. The applicant must file with the DNPM (before March 15 of each year) a detailed statistical mining report. To explore the mine, it is also necessary to obtain environmental permits.

Throughout this process, the surface rights relating to the mining concession remain in the hands of landowners, typically farmers, ranchers or companies. The surface rights must be individually negotiated to allow the holder of a mineral exploration authorization or a mining concession to access the land and conduct the exploration and mining works. Surface owners must be compensated for disturbance of their farming and other activities. The surface rights owners are obliged by law to provide access to the mineral license holder to conduct any mining activities. If the parties cannot reach an agreement by mutual negotiations, such disputes are resolved by the courts based upon tradition for the region and type of mining. During the exploitation phase, the surface rights owners has the right to receive a participation on the mining results equal to 50% of the amount paid as royalties to the Government (in case of gold, Government royalties equal 1.5% of sales proceeds less sales tax).

Site visits by governmental authorities to properties where mining concessions are granted occur on a regular basis and annual progress or status reports must be submitted by the mining company that holds the mining concession. Those visits or reports may require a mining company to adopt changes to the PAE based on the recommendations made by governmental authorities. Failure to comply with the recommendations may result in fines, damages, restitution and imprisonment for officers of the mining company. A mining company's annual operating permit may not be renewed if the mining company has not complied with the recommendations.

Mining concessions can be transferred between parties qualified to hold them. The Brazilian Constitution sets forth, however, that a transfer of a mining concession requires authorization from the competent government authority. Once a mining concession is granted, a mining company is required to obtain an operating permit for each mine that is operated. The operating permit is renewed annually subject to compliance with environmental matters. No significant fees or other payments are required to be paid in connection with the issuance of an exploration authorization, an application for concession or a mining concession.

#### *Environmental*

Exploration activities and mining in Brazil are subject to environmental licensing. This consists of an administrative procedure, where the relevant environmental authority evaluates the project and authorizes the company to conduct exploration or exploitation works. There are three types of environmental licenses in Brazil: (i) *Preliminary Licenses* (also called provisory licenses), which certify the viability of the project (including approval of the site and conception) and establish the basic requirements and conditions that must be fulfilled in subsequent phases; (ii) *Installation Licenses*, which authorize commencement of construction (installation of the enterprise or activity) according to the specifications set out in the approved plans and programs and define the environmental control measures, etc.; and (iii) *Operating Licenses*, which are issued when the project is ready and able to function following an assessment of compliance with the terms of the preceding licenses. The licensing of projects that could potentially or effectively cause degradation are subject to submission to and approval by the environmental authorities of the environmental impact study.

## *Tax*

There are three jurisdictions and tax collection levels in Brazil (as defined by Brazilian tax legislation): the Federal, State and Municipal levels. The main taxes levied are: Corporate Income Tax (*Imposto de Renda Pessoa Jurídica*) (the “IRPJ”) with companies generally subject to income tax at a rate of 25%; a project considered to be of priority interest is entitled to a reduction of 75% in the effective income tax rate; and Social Contribution on the Net Profit (*Contribuição Social sobre o Lucro Líquido*) (“CSLL”) at a current rate of 9% (however, there is a 1% bonus for tax regularity if the company fulfils certain conditions). There are several government incentives for start-up projects in Brazil such as subsidized loan financing and tax exemptions or reductions, which vary according to the characteristics and location of each project. International investors have the same rights as local investors in accessing and receiving the benefits of these incentives.

## MINERAL PROPERTIES

The Company's current material mineral projects are the Palito Mining Complex an area which encompasses the Palito Mine and the Sao Chico Mine and the Coringa Project.

### **Palito Mining Complex**

The following information is summarized or extracted from the NI 43-101 Technical Report entitled "Palito Mining Complex Brazil" dated January 26, 2018 which was prepared for the Company by Messrs. Eric J. Olin, MSc Metallurgy, MBA, SME-RM, MAusIMM, Glen Cole, MSc, MEng, BCom, PGeo, PrSciNat, Mark A. Willow, M.Sc., C.E.M., SME-RM and Timothy R. Olson, BSc Mining, JD, FAusIMM of SRK Consulting (USA), Inc. (the "**Palito Mining Complex Technical Report**") and updated as appropriate where additional and/or more recent data is available. Any such updates have been reviewed and approved by Mr 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.

#### *Property Description and Ownership*

The Palito Mining Complex is comprised of the Palito and São Chico underground gold mines which are located in the Tapajós Mineral Province in the southeast part of the Itaituba Municipality in the west of Pará State in central north Brazil, near the eastern municipal boundary with the Novo Progresso Municipality. The Palito Mine lays some 4.5 km southwest of the village of Jardim do Ouro and approximately 15 km via road. The São Chico Mine lays some 30 km southwest of the Palito Mine. It is accessed by road from the Palito Mine along the Transgarimpeira Highway.

The Palito Mine is a high grade, narrow vein underground mining operation that uses the shrinkage stoping method to extract gold and copper bearing ore. During the 2018 calendar year, Serabi mined 91,247 tonnes of ore at an average grade of 6.85 g/t Au (~250 t/d).

The São Chico Mine is a 140 t/d high grade, narrow vein longhole stoping operation that mined 71,475 tonnes of gold bearing ore during the 2018 calendar year, at an average grade of 7.85 g/t Au (~196 t/d).

Serabi operates a 500 t/d plant to process ore from both the Palito and São Chico mines. Palito ore is processed through a flowsheet that includes crushing, grinding, copper flotation and carbon-in-pulp (CIP) cyanidation of gold and silver values from the copper flotation tailing. The São Chico ore is processed in a separate grinding circuit that includes gravity concentration and intensive cyanide leaching of the gravity concentrate. During the 2018 calendar year, the plant processed 168,252 tonnes of ore at an average head grade of 7.05g/t Au (including surface ore stockpiles and 16,466 tonnes of retreated flotation tailings).

The Palito Mining Complex is formed by 43,804 ha of tenements, including 1,150 ha for the Palito deposit mining concession and 1,416 ha for the Sao Chico deposit mining concession which is in application. The remainder of the tenement holding is a mixture of exploration tenements that have been approved and 3,245 ha of exploration tenements that are in application. The mining concession and exploration licenses are issued to Serabi Mineração S.A., which is the wholly owned Brazilian subsidiary of Serabi Gold plc.

Serabi initially acquired the surface rights to the immediate Palito deposit area through a purchase agreement with the existing artisanal miners (garimpeiros) entered into in 2002 and since that time has acquired from other garimpeiros and/or farmers additional parcels of land.

In September 2010, Kenai Resources Ltd (Kenai) entered into an option agreement with Gold Anomaly Ltd (GOA) whereby Kenai had the option to purchase up to 75% of issued and outstanding shares of GOAB. GOA subsequently exercised this option. In December 2011, Kenai entered into a letter agreement with GOA to acquire GOAB and provide Kenai with full ownership of the São Chico project. That transaction was completed, with GOAB becoming a wholly owned subsidiary of Kenai. In July 2013 Serabi completed the acquisition of the entire share capital of Kenai, with GOAB becoming a wholly owned subsidiary of Serabi. At that time, GOAB was the owner of the Sao Chico Mine.

### **History**

The Palito deposit is located in the eastern portion of the Tapajós Mineral Province where the presence of gold has been reported as early as 1747 from the Colonial Portuguese era. Gold production in the Tapajós commenced in the mid-20th century via artisanal miners (garimpeiros) reaching a peak in the 1970's and 1980's with estimated production of between 15 to 30 t/y, from over 500,000 garimpeiros.

Total historical production from the Tapajós is estimated at some 15 to 30 Moz as reported by the Serviço Geológico do Brasil (CPRM). However, accurate reports do not exist. Gold mining in the Palito Mining Complex area was initiated by garimpeiros during the 1970's, who typically worked alluvial and colluvial gold sources up stream until they came upon the residual source. Generally, the garimpeiros worked the residual mineralized saprolite profile containing free primary and secondary gold. In circumstances where extremely high grade was encountered in fresh rock, the garimpeiros sunk shafts and mined the vein

underground by gallery development. The mining method employed traditionally was by hand and hydraulic mining in the saprolite, using basic gravity separation and occasionally mercury amalgamation. In the high grade, vein material extracted from fresh rock or deeper open casts, the material was crushed and then gravity separated and/or mercury amalgamated.

#### *Prior Ownership and Ownership Changes*

##### **Palito Mine**

Modern exploration in the Tapajós Mineral Province was initiated in 1994 by Rio Tinto Desenvolvimento Minerais Ltda (RTDM), which conducted surface geochemical sampling, auger drilling, ground and airborne geophysics, and diamond drilling at various locations, including in the Palito Mine area.

The founders of Serabi commenced operating in Brazil in 1999, with the objective of acquiring, evaluating and mining hard rock gold deposits previously unknown or technically too difficult for the garimpeiros to exploit.

Having evaluated several opportunities, the group acquired the Palito Mine in 2001, forming the basis for Serabi. In 2002, Serabi purchased RTDM's historical Tapajós exploration database and negotiated access to RTDM's exploration drill core library, following RTDM's decision to withdraw from the Tapajós Province.

Serabi initially acquired the surface rights to the immediate Palito Mine area through a purchase agreement with the existing garimpeiros entered into in 2002 and since that time has acquired from other garimpeiros and/or farmers additional parcels of land with the intention of securing the surface rights. It has also entered into agreements with other parties for access rights in return for making monthly rental payments.

##### **São Chico Mine**

Waldimiro Martins (WM) originally owned 100% of the São Chico property and in 2006 he entered into an agreement with A&J, whereby A&J would acquire 100% of the São Chico project. The terms of the agreement are not known.

On November 13, 2006, Gold Anomaly Limited ("GOA") entered into an agreement with A&J whereby GOA could earn up to 60% of the São Chico property. GOA subsequently exercised this option.

In 2008, WM initiated court action against A&J to rescind his agreement with A&J on certain grounds.

On May 12, 2009 the Itaituba Court granted an injunction to suspend the agreement between WM and A&J. This injunction provisionally transferred total control of the São Chico property to WM.

Following the injunction granted May 12, 2009, GOA subsequently entered into an agreement with WM to protect GOA's 60% interest in the São Chico property. Under the terms of this agreement Gold Aura do Brasil Ltda ("GOAB"), a wholly owned subsidiary of GOA, would own 100% of the mining rights associated with the São Chico property.

In September 2010 Kenai entered into an option agreement with GOA whereby Kenai had the option to purchase up to 75% of issued and outstanding shares of GOAB. In December 2011, Kenai Resources Ltd ("Kenai") entered into a letter agreement with GOA to acquire GOAB and provide Kenai with full ownership of the São Chico project. That transaction was completed, with GOAB becoming a wholly owned subsidiary of Kenai.

In July 2013 Serabi completed the acquisition of the entire share capital of Kenai, with GOAB becoming a wholly-owned subsidiary of Serabi.

#### *Exploration and Development Results of Previous Owners*

Small scale artisanal miners have intermittently attempted to work the Palito and São Chico areas but are no longer active and no historical production figures are available. There was some re-working of tailings by villagers at São Chico but no records are known to exist.

#### *Historic Production*

Historic production for the Palito Mining Complex under Serabi's ownership is summarized in the table below. There was no production during the 2011 – 2013 period because the operation was placed on care and maintenance.

**Table: Historic Production for the Palito Mining Complex under Serabi's Ownership**

<b>Year</b>	<b>Processed (t)</b>	<b>Head Grade Au (g/t)</b>	<b>Production Au (oz)</b>
2005	57,958	9.2	15,345
2006	117,618	9.4	32,498
2007	173,485	5.8	28,942
2008	130,792	4.6	17,003
2009	69,557	2.8	6,173
2010	18,094	1.8	1,020
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	85,987	8.8	18,452
2015	130,299	8.4	32,629
2016	158,966	8.1	39,390
2017	172,565	7.1	37,004
2018	168,252	7.1	37,108
<b>Total</b>	<b>1,283,573</b>	<b>7.0</b>	<b>265,564</b>

### ***Geology and Mineralization***

The Palito and São Chico gold deposits are located within the northern portion of the Tapajós-Parima Orogenic Belt (TPOB), a constituent of the Ventauri-Tapajós province of the Guaporé Shield. Formed between 2.5 and 1.8 Ga, the TPOB is a northwest oriented magmatic arc bound to the north by the Amazonian Basin and to the south by the Cachimbo Graben. Within the TPOB, the Tapajós Gold Province hosts numerous primary gold deposits over an area of approximately 300 kilometers (km) by 350 km.

Mineralization at the Palito and São Chico deposits is hosted in granite and granodiorite of the Paráuari suite. Mineralization at the Palito Mine is hosted within three granitoids and is intimately associated with northwest-southeast vertical to sub-vertical mesothermal quartz-chalcopyrite-pyrite veins and pyrite disseminations filling the brittle-ductile fault sets. At Palito, the nature of sulfide mineralization varies along the strike and plunge extents of the deposit. Pyrite and chalcopyrite dominate in the granites, whereas pyrrhotite and pyrite with lesser chalcopyrite are found in the granodiorite. Within the granodiorites, the pyrrhotite-pyrite sulfides tend to be lower grade due to lower chalcopyrite content.

The Main Vein at São Chico strikes in a broadly west-northwest direction, dips steeply to the south, and ranges from approximately 1.0 to 3.9 meters (m) in apparent width. Mineralization extends approximately 140 m down dip and approximately 100 m along strike, and is open down dip and plunging to the west; to the east, mineralization is open for a minimum of 80 m along strike. The fault zone is variably mineralized, with both sinuous and regular quartz veining, pyrite, sphalerite, galena, chalcopyrite and electrum.

### **Deposit Types**

Gold deposits in the Tapajós Gold Province can be broadly classified into three main types:

- Mesozonal deposits;
- Epizonal intrusion centered or intrusion related deposits; and
- Alluvial, colluvial and supergene enriched saprolitic deposits.

The mineralogy and textures of the deposits at the Palito Mining Complex is consistent with a model for an intrusion related mesothermal gold-copper mineralization. This relatively new classification of gold deposits is associated with granitic rocks and are best developed above and surrounding small, granitic intrusions. Mineralization styles can manifest as stockworks, breccia, skarns and lode style veins, and have a clear metal association zonation.

### ***Exploration Status***

Exploration work by Serabi on the Palito properties has been ongoing since 2003, with surface exploration, geological mapping, rock chip sampling, shallow auger drilling and diamond drilling programs completed. Since initial exploration, airborne, ground and downhole geophysical surveys have been executed to better constrain the known mineralization on the property and define new potential targets.

### ***Drilling***

### ***Palito Mine***

Prior to Serabi's acquisition of the Palito Mining Complex, RTDM completed six boreholes in late 1996. The drilling totaled 1,610.06 m and successfully intersected gold mineralization within the Palito Main Zone. However, due to the narrow nature of the mineralized veins and lack of large tonnage, the low-grade potential did not allow for RTDM to move forward with development of the project. Serabi has since re-logged and re-sampled the core for confirmatory analysis and have incorporated this drilling into their database.

The total meters drilled on the Palito Mining Complex including both drilling for exploration and mineral resource analyses are summarized in the table below.

Table: Drilling Summary

Sample Type	Number of Holes	Total Meters	Meters Sampled	Number of Assays
Core - Surface	619	109,085	26,639	48,980
Core - Underground	598	39,392	7,736	10,879
Reverse Circulation	74	4,410	4,260	4,036
RAB	328	4,327	4,287	2,087
Auger	4,608	18,283	17,720	10,025
Trench	96	3,425	2,571	2,794
Channel Samples – Galleries	13,346	27,978	15,885	27,311
Channel Samples – Stopes and Raises	9,848	10,296	5,023	11,406
<b>Total</b>	<b>29,517</b>	<b>217,196</b>	<b>84,121</b>	<b>117,518</b>

Source: Serabi, 2018

#### Core Drilling

A total of 18,235 m of core drilling from surface was completed by Serabi during 2005. The bulk of the work was undertaken on and around the Palito Main Zone, where step-out drilling resulted in the discovery of a series of high-grade gold veins (collectively termed the Compressor Lode) and illustrated the potential of additional satellite orebodies parallel to the Palito Main Zone. Evaluation of soil geochemistry results, geophysical surveys and geology lead to diamond drilling at the Palito West and Bill's Pipe targets in late 2005, where high-grade gold mineralization was intersected. Further drilling at Palito, totaling 7,705 m of surface drilling and 6,406 m of underground drilling, was completed during 2006. Additional drilling was undertaken at nearby satellite prospects, resulting in a total of 15,253 m drilled on the property in 2006.

The early months of 2007 focused on preliminary evaluation of properties adjacent to the Palito Main Zone. The presence of mineralization at Chico da Santa and Palito West had already been established, and limited drilling of both prospects indicated potential to become small satellite mining operations. There were also indications that a series of mineralized structures parallel to the Palito Main Zone might exist over a much wider area. Pursuing this and following up on a strong gold-in-soil geochemical anomaly in the Ruari's Ridge area, an area of mineralized weathered outcrop (gossan) was discovered. A trenching program followed, which identified the presence of a high-grade mineralized structure extending over 600 m strike at surface. Follow-up drilling confirmed additional sub-parallel zones of gold-copper mineralization. Simultaneous drilling in the Chico da Santa area successfully identified two additional vein structures. A total of 27,494 m of drilling were completed over the Palito Mine area in 2007.

Throughout the course of 2008, Serabi undertook an extensive drill program that was initiated in November 2007. Over 19,000 m of a planned 25,000 m was drilled prior to the program being suspended in the fourth quarter of 2008. During the first half of 2008, over 7,300 m of drilling were completed across the Palito Main Zone and Palito West deposits, targeting EM geophysical anomalies. Variable gold grades were encountered in massive sulfide and quartz vein-sulfide zones intersected during drilling. By the end of the program, five additional vein structures were identified at Palito West. At the Senna Zone (formerly known as Rauri's Ridge), drilling confirmed the presence of a significant and minable oxidized gold zone located immediately above the main Senna gold vein.

A discovery and follow-up diamond drill program was conducted by Serabi from December 2010 to November 2011. The drilling was designed to be completed in two phases; the first phase was directed at IP chargeability models with coincident resistivity or conductivity anomalies and additional geochemical, EM or structural interpretation support, and the second phase was aimed at infilling successful phase 1 targets and to further define existing intersections at Palito South. The Phase 1 program saw 36 exploration boreholes totaling 8,214 m drilled over nine targets in the vicinity of the Palito operation, of which gold mineralization was intersected in seven. The two most prospective targets, Piaui and Currutela, were followed up with an

additional 43 boreholes totaling 4,392 m during the phase 2 program, targeting shallow near surface potential. Of the 43 boreholes, 20 were drilled between Currutela and Palito (referred to as Palito South) and encouraging results were recorded, with bonanza gold and high-grade copper results returned. Positive results were also returned from the Piaui prospect where the remaining 23 holes were drilled. The drilling was undertaken over two areas of 600 m and 350 m strike length and intersected broad zones of intense chlorite-silica-sulfide alteration zones in excess of 40 m.

In addition, an exploratory borehole intended to test the northwest continuity of the Palito Main zone inadvertently intersected gold mineralization at what is now known as the Espeto prospect. The bulk mineralized zone returned 17.06 m at 1.17 g/t gold from 84.25 m depth, including 0.88 m at 5.25 g/t gold and 0.61 m at 10.90 g/t gold. Multiple zones of hydrothermally altered granite, comparable to Palito and Currutela, were encountered and indicated potential strike extension of approximately 2 km between the Palito Mine and the southerly limit of the Currutela target.

In late 2011, 20 shallow boreholes totaling 1,632 m were drilled at the Palito South prospect, in the area between the Espito prospect and Palito Mine. High-grade intersections were encountered in a number of boreholes including 0.72 m at 8.91 g/t gold, 0.90 m at 21.60 g/t gold, 1.40 m at 43.20 g/t gold, 0.81 m at 8.79 g/t gold and 0.93 m at 34.75 g/t gold.

Exploration core drilling at Palito and the surrounding satellite prospects was then placed on hold from 2011.

In 2016 Serabi undertook a bore hole electromagnetic survey on drill holes in the Currutela, Piaui and Copper Hill areas refining the exploration model and targets related to predicted massive sulphide lodes at the respective prospects.

Exploration drilling resumed in late 2017 following a hiatus of 6 years and continued through 2018. Drilling focussed on near mine resource extension drilling on the Palito Main Zone (north and south), Palito West (north and south) and the Chico do Santa areas.

Since the recommencement of exploration drilling a total of 10734m in 38 drill holes have been completed. Significant results were returned from Palito South targeting the G3 lode, higher grade intercepts included 1.5m @ 8.08g/t gold, 2m @ 29.82g/t Au, 2m @ 33.76g/t gold. A number of holes also targeted the G3 structure at depth in the northern sector of the mine and returned intercepts including 1.25m @ 4.14g/t gold and 0.55m @ 19.13g/t gold.

#### Reverse Circulation Drilling

In 2006 and 2007, Serabi executed two RC drill programs with the intention of expediting the drill programs to provide a rapid turn-around for planning, and to assess the potential of the shallower saprolite and oxide mineralization in the near mine environment. Drilling services were provided by Wilemita Ltda in 2006 and by GeoLogica Sondagens 2007. The focus of the 2006 program was on the Bill's Pipe, Chico da Santa and Ruari's Ridge prospects, while the 2007 program was executed on the Chico da Santa prospect only. The use of the RC drilling method proved less effective than anticipated due to the depth of the regolith profile encountered and the abrasive nature of the granites.

From May to early June 2009, a program of 393.6 m of RC drilling was conducted using Serabi's crawler underground drill rig to explore for shallow oxide mineralization in the vicinity of the existing Palito West and G3 south lodes.

#### Rotary Air Blast Drilling

Rotary air blast drilling (RAB) was contracted to Geologica Sondagens in 2009 to test a number of soil geochemistry anomalies in the Palito Mine area. The use of RAB drilling was again undertaken to expedite the assessment of soil geochemistry anomalies, however, it was limited by ground conditions and logistical issues and was a less effective and slower method than anticipated.

RAB drilling was used as an exploration tool only, and the results are not included in the resource estimation.

#### Underground Drilling

The utilization of a small underground drill rig for exploration drilling began in 2016 to assist in identifying additional resources at depth. This work is performed in addition to underground drilling that is performed on a month to month basis for mine planning purposes. A total of 3,740 m was drilled in 2016 for short term mine planning and an additional 1,868 m for longer term resource modeling and resource growth purposes. This drilling was performed primarily within the Senna sector of the Palito Mine.

In 2018 underground drilling at Palito concentrated on the Pipoca (Palito West) and Palito Main Zone. A total of 6947m were completed in 88 holes. The drilling was focused on longer term resource growth purposes.

#### **São Chico Mine**

Prior to acquisition of the property by Serabi, Kenai completed 22 boreholes totaling 3,235 m at the São Chico deposit in 2011. Drilling was planned to target the known mineralization of the Main Vein and Highway Vein, and to explore the along strike and down dip extensions of these zones and the potential for buried, sub-parallel vein structures. The results of the drilling indicated that the mineralization at São Chico strikes west-northwest over 540 m and remains open along strike and at depth.

From May to October 2013, Serabi completed a diamond drilling campaign totaling 6,070 m over 38 boreholes. The program initially targeted the Main Vein, where 21 infill and step out drill holes totaling 4,950 m were completed. The program was supplemented by a ground geophysics IP survey, and the resulting anomalies were tested with 1,120 m of diamond drilling. A further five shallow boreholes totaling approximately 500 m was completed at the Highway Vein. Results from the 21 boreholes drilled into the Main Vein returned a series of high grade gold intersections including ten intercepts in excess of 100 g/t gold. The drilling intercepted a continuous zone of alteration and quartz sulfide veins beneath and along strike from the previous Kenai drilling campaign. Drilling at the Highway Vein resulted in four out of the five holes producing near surface mineralized intersections (less than 85 m down hole) in excess of 25 g/t gold.

In 2015, following development on the São Chico main lode, Serabi conducted a surface drilling program of 42 boreholes totaling 7,204 m. The drill holes were planned to better refine the geological understanding of the major mineralized zones and attempt to extend the mineralized lodes defined by previous drilling.

In late 2015, a small underground drilling rig was utilized for exploration drilling to better understand and evaluate the down dip continuation of the Main Vein. A total of 1,459 m was drilled in 2015 from 30 holes, and a further 5,560 m was drilled in 2016 from 53 holes.

In 2018 surface drilling re-commenced in May following a suspension since 2015. A total of 28 holes were completed to year end for a total of 6,506 metres. Drilling targeted the Highway and Julia zones within the mine for longer term resource planning purposes along with targeting the western extension "West Vein", along the main line of lode and a number of induced polarisation anomalies developed from terrestrial geophysics surveys conducted in 2016.

Significant intercepts were generated from the West Vein including 0.23m @ 12.6g/t gold, 0.4m @ 10.8g/t gold, 0.32m @ 14.6g/t gold, 0.24m @ 4.69g/t gold, 0.76m @ 16.5g/t gold, 1.08m @ 23.9g/t gold and 0.4m @ 4.17g/t gold. A limited number of holes into the Highway zone returned results including 0.5m @ 11.8g/t gold and 0.57m @ 4.17g/t gold.

Drilling into the Crossroad IP geophysical anomaly returned an intercept of 1.35m @ 12.03g/t gold.

Underground drilling also continued at São Chico with a total of 42 underground drill holes completed for 3,480.19 metres in 2018. This now brings cumulative underground drilling at São Chico to 10,988.22 metres from 204 drill holes since commencement of underground drilling in 2015.

Drilling in 2018 focused on depth extensions to the main zone and more recently the Highway and Julia veins for mid-long term mine planning.

Channel sampling in 2018 completed 568 channels for a total of 1560.11m. Cumulative channel sampling to end of 2018 (recorded since mining commenced) is now 2,119 channels for a cumulative 5,424.17 metres.

## ***Sampling, Analysis and Data Verification***

### ***Surface Geochemical Samples***

Soil geochemistry from the 2003 exploration program was initially analyzed at Serabi's internal Palito laboratory using an aqua regia method and atomic absorption spectrometry finish to a detection limit of 100 ppb. Subsequent assessment and evaluation of the soil results in 2007 suggested that re-analyses using a 10 ppb detection limit could define more subtle footprints of undiscovered mineralization and the available historic soil sample pulps were sent for analyses at the SGS Geosol laboratory in Belo Horizonte. After 2007, all soil sampling conducted away from the immediate Palito Mine area was analyzed at external laboratories using a 10 ppb lower detection limit.

Samples collected during the 2008 stream sediment geochemistry program were also submitted to SGS Geosol of Belo Horizonte for analyses using a 10 ppb detection limit.

### ***Core Samples***

#### **Palito Mine**

Historically, underground core which had a shorter turn-over period than regular surface core holes, were prepared primarily at the Palito Mine laboratory. The remainder were sent to either ALS Chemex, with preparation at Goiás and assaying at Brisbane, Australia, or to the SGS Geosol laboratory with preparation at Itaituba and assaying at Belo Horizonte, Brazil. Both external laboratories used standard 30 g fire assay and aqua regia analysis for gold and copper and are certified commercial laboratories. Once an onsite analytical laboratory was established at the Palito Mine in 2005, samples of primarily quarter core were analysed via MIBK or DIBK for gold and aqua regia for copper.

In 2007, the process of quarter and half core preparation at the onsite laboratory was abandoned, as a core preparation facility was established in Itaituba by SGS Geosol. Due to the limited capacity of the Palito laboratory to process exploration drill samples as a result of the increase in mine production and mill samples assuming a higher priority, improved turnaround time on analyses could be achieved with the addition of the preparation facility at SGS Geosol. In October 2007, under advice received from NCL, Serabi began sample preparation of half core samples at the onsite laboratory, and dispatched prepared



samples to SGS Geosol for analyses. This process continued until February 2008, when increased production of drill samples exceeded the preparation facilities of the Palito laboratory and all samples were again sent to SGS Geosol.

Serabi utilized the services of SGS Geosol until the end of 2010 for all drill core samples comprising the mineral resource at that time. Sample preparation was performed at SGS's facility in Itaituba, while analysis was performed at their Belo Horizonte laboratory. With regards to the 2010 to 2011 drilling campaign, sample preparation was performed by Serabi at the Palito Mine laboratory, while analyses took place at Eco Tech Laboratory and ALS Minerals located in British Columbia, Canada.

Sample preparation at the Palito Mine laboratory and SGS Geosol facility in Itaituba includes the following steps:

- Samples dried at 110° Celsius;
- Crushed to pass 2 mm screen;
- Riffle split; 1 kg split ground to a -150 mesh pulp; and
- Collect 125 g of homogenized fraction; 50 g for sample analyses, remaining stored in a marked envelope for future reference.
- Samples which have been marked as having visible gold during the core logging stage follow slightly different sample preparation steps:
  - Entire sample crushed and ground to -150 mesh;
  - Sample passed through a 150 mesh screen;
  - Undersized material weighed and treated in the same way as a normal sample;
  - Oversized material weighed, pulverized, and treated as a separate sample; and
  - Both sample analyses reported separately; laboratory calculates weighted average and the single value is ascribed to the sample interval.

At SGS, gold was assayed in 30 g aliquots by fire assay with atomic absorption spectroscopy (AAS) finish. The gold value was calculated by comparison with a set of known gold standards. At the Palito Mine laboratory, samples are analyzed by aqua regia with AAS finish.

#### São Chico Mine

Under the ownership of Kenai, drill core samples were prepared at ACME in Itaituba, Brazil, and analyzed by ACME in Santiago, Chile, using 50 g gold fire assay. Samples were prepared using ACME's preparation code R200-1000, which includes the following steps:

- Entire samples crushed to 80% passing 10 mesh;
- Riffle split; 250 g sub-sample produced; and
- Pulverized to 85% passing 200 mesh.

Samples were then transported from Santiago to ACME in Vancouver, Canada for analysis by aqua regia with inductively coupled plasma mass spectrometry (ICP-MS) finish.

#### *Reverse Circulation Samples*

At the Palito Mine site, reverse circulation drill samples were passed through a Jones Riffle Splitter, quartering the sample until a 2 kg sample was achieved. In cases where the sample was too moist to pass through the riffle splitter, it was sun or oven dried until it could be passed through the splitter. Samples were placed in plastic sample bags, identified with the appropriate sample number and sealed. They were then placed into larger 50 L bags, which were marked and sealed prior to dispatch to the laboratory.

Samples were prepared and assayed by SGS Laboratories by 30 g fire assay for gold and aqua regia for copper. Alternatively, samples underwent a combination of preparation and analysis at the Palito laboratory by aqua regia for gold and copper, with pulps submitted to SGS for analysis by 30 g fire assay and aqua regia.

#### *Channel Samples*

##### Palito Mine

At the Palito Mine, approximately two to 5 kg of chips from face and back channels is collected for sampling. The samples are delivered to the Palito laboratory where they are prepared and analyzed for gold and copper by aqua regia method.

##### São Chico Mine

Under the ownership of Kenai, rock chip and underground channel samples were prepared and assayed at SGS Geosol's laboratory in Vespasiano, Brazil using the following steps:

- Entire sample dried and crushed to 75% passing 2 mm screen; and
- 250 g sub-sample pulverized to 85% passing 200 mesh.

Samples were then submitted for 50 g fire assay with AAS finish (SGS Geosol code FAA505) and 34 element ICP-OES analysis following aqua regia digest (SGS Geosol code ICP12B).

### *Quality Assurance and Quality Control Programs*

Quality assurance and quality control programs are typically set in place to ensure the reliability and trustworthiness of exploration data. They include written field procedures and independent verifications of aspects such as drilling, surveying, sampling and assaying, data management, and database integrity. Appropriate documentation of quality control measures and regular analysis of quality control data are important as a safeguard for project data and form the basis for the quality assurance program implemented during exploration.

Analytical control measures typically involve internal and external laboratory control measures implemented to monitor the precision and accuracy of the sampling, preparation, and assaying. They are also important to prevent sample mix-up and monitor the voluntary or inadvertent contamination of samples. Assaying protocols typically involve regular duplicate and replicate assays and insertion of quality control samples to monitor the reliability of assaying results throughout the sampling and assaying process. Check assaying is typically performed as an additional reliability test of assaying results. This typically involves re-assaying a set number of rejects and pulps at a second umpire laboratory.

#### Palito Mine

The analytical quality control program implemented at Palito includes the insertion of control samples within sample batches that are being submitted for assaying. Blanks and certified reference material are inserted alternately every 10 samples, and their results are monitored. The Palito and SGS Geosol laboratories report on their own internal standards and blanks by conducting duplicate pulp analyses.

Serabi's current quality control program uses reference materials produced by Rocklabs of Auckland, New Zealand. A number of standards covering a wide range of grades are incorporated into all sample batches.

Samples of pure quartz are used as blank samples in assay batches to monitor potential contamination during the sample preparation process. If the assay result of a blank sample returns a grade over the detection limit of 0.03 g/t gold, the entire batch is considered for re-analyses.

Approximately 10% of the samples submitted are for quality control purposes.

#### São Chico Mine

The analytical quality control program implemented at São Chico is similar to that at Palito. Control samples are inserted into all sample batches submitted for assaying from the São Chico Mine. Drill core samples are submitted in batches of 20 and each batch contained 16 drill core samples, one blank, one certified reference material, one crush duplicate and one pulp duplicate.

Blanks and certified reference material results, however, were not reported on and therefore cannot be verified by SRK.

### *Data Verification*

#### Verifications by Serabi

Exploration and production work completed by Serabi is conducted using documented procedures and involves detailed verification and validation of data prior to being considered for geological modeling and mineral resource estimation. During drilling, experienced mine geologists implement best practices designed to ensure the reliability and trustworthiness of the exploration data.

As previously outlined, Serabi relies partly on the internal analytical quality control measures implemented by SGS and the Palito Mine laboratory, but also implement external analytical quality control measures comprising of inserting control samples in all sample batches submitted for assaying and requesting pulp and coarse reject duplicate samples. Quality control failures are investigated and appropriate actions are taken when necessary, including requesting re-assaying of certain batches of samples.

With the objective of assessing the quality of sample preparation and the analytical accuracy and precision of the Palito Mine laboratory, a group of sub-samples were chosen by NCL Ingeniería y Construcción Ltda in 2012 to submit for retesting by the SGS Belo Horizonte laboratory. A total of 99 coarse reject and 1,075 pulp reject sub-samples were collected. The conclusion of the study showed the Palito laboratory presented poor repeatability and demonstrated a moderate bias when compared with results from SGS for gold assays. The issue was found to be associated primarily with results below 0.7 g/t gold, related to a detection limit at the Palito laboratory being higher than expected. When values above this threshold were considered, the repeatability improved significantly and the bias was nearly eliminated. SRK understand that Serabi has implemented measures to remediate this issue.

#### Verifications by SRK

##### Site Visit

In accordance with NI 43-101 guidelines, SRK visited the Palito and São Chico operations from May 12 to 15, 2017, accompanied by representatives of Serabi. The SRK team of qualified persons comprised of Glen Cole, PGeo, Eric Olin, PEng and Tim Olson, FAusImm.

The site visit took place during active drilling and production activities. All aspects that could materially impact the integrity of the data informing the Mineral Resources (core logging, sampling, analytical results, and database management) were reviewed with Serabi staff. SRK interviewed mine staff to ascertain exploration and production procedures and protocols. SRK examined selected core and confirmed that the logging information accurately reflects actual core. The lithology contacts checked by SRK match that of the information reported in the core logs. SRK toured the underground operations and assessed the attributes of the vein mineralization.

#### *Verifications of Analytical Quality Control Data*

To assess the accuracy and precision of analytical quality control data, SRK routinely analyzes such data. Analytical quality control data typically comprises analyses from standard reference material, blank samples, and a variety of duplicate data. Analyses of data from standard reference material and blank samples typically involve time series plots to identify extreme values (outliers) or trends that may indicate issues with the overall data quality. To assess the repeatability of assay data, several tests can be performed, of which most rely on certain statistical tools. SRK routinely plots and assesses the following charts for duplicate data:

- Bias charts;
- Quantile-quantile (Q-Q) plot;
- Mean versus half relative deviation (HRD) plot;
- Mean versus half absolute relative deviation plot; and
- Ranked half absolute relative deviation (HARD) plot.

SRK analyzed the available analytical quality control data of the Palito and São Chico operations to confirm that the analytical results are reliable for informing mineral resource estimates. Serabi provided analytical data as an Access database and as Microsoft Excel spreadsheets, and SRK aggregated the assay results for further analysis. Certified reference materials and blanks were summarized on time series plots to highlight the performance of the control samples, and duplicate assays were examined using bias charts, quantile-quantile, and relative precision plots.

#### Palito Mine

The pre-2016 database provided by Serabi for the Palito Mine contained standards with over 90 unique identification names. SRK investigated approximately one third of the standards, and only those which had a minimum of 10 associated assay results and accompanying certificates of analyses. SRK recommends that Serabi significantly reduce the number of reference materials in use, so that statistical analysis can be performed on sufficient populations of data to accurately assess laboratory performance over time.

The performance of the control samples inserted with samples submitted for assaying at the Palito Mine laboratory prior to 2016 is below expectation. Several the assay results of standards are outside  $\pm 2$  times the standard deviation of the expected value (and often below two times the standard deviation), and can likely be attributed to applied analytical methods. The recommended values reported by Rocklabs is for samples analyzed by fire assay method, whereas the Palito laboratory uses aqua regia digestion. Samples sent to SGS Geosol underwent 30 g fire assay and show considerably improved results; examples of reference materials that have been compared by analytical method can be found in Appendix A. Control samples assessed from the 2016 dataset appear to demonstrate more consistent results, however, differences in analytical method is again likely contributing to the number of results outside  $\pm 2$  times the standard deviation of the expected value. It is highly recommended that standards with certified values for the appropriate analytical method be used to properly monitor the performance of the Palito laboratory.

Concerns of possible contamination during the sample preparation process or mislabeling of blank samples is noted in the pre-2016 dataset, however, only approximately 1% of blank samples are observed to be above the warning limit (defined as ten times the lower detection limit). Improvements have been made, as no blank samples in the 2016 dataset are observed to be above the warning limit. Serabi should continue to incorporate blank samples and monitor their performance on a regular basis.

Duplicate assays of internal blanks and standards used by the analytical laboratories to which Serabi sent samples in the pre-2016 dataset was also assessed. Rank half absolute difference (HARD) plots suggest that approximately 98% of the duplicate samples assayed for gold have HARD below 10% and approximately 92% of the duplicate samples assayed for copper have HARD below 10%, indicating extremely good repeatability of the sample results. No paired data was provided in the 2016 dataset, however, Serabi has informed SRK that duplicate samples for the mine are now being collected.

Serabi should continue to closely monitor the performance of the Palito Mine quality control samples and identify and investigate the cause of any significant outliers.

#### São Chico Mine

A number of paired data sets were provided to SRK by Serabi for São Chico samples assayed between 2011 and 2015. They include field duplicate samples, pulp duplicate samples, duplicate laboratory samples, and crushed duplicate samples assayed at the Palito Mine Laboratory and a number of External Laboratories including SGS Geosol, ALS Chemex and ACME Laboratory. Overall, the data sets indicate that paired data results could be reasonably reproduced for the type of deposit being investigated. The paired data set showing poor reproducibility is that of pulp samples originally assayed by aqua regia at the Palito Mine laboratory and re-assayed by SGS Geosol using 30 g fire assay. Rank half absolute difference plots suggest that approximately 17% of the pulp duplicates have HARD below 10%, however, this is attributed to the different analytical methods being used at the laboratories and the results are therefore considered negligible.

Blanks and reference material results were not reported, and therefore, no verification could be made on this dataset. SRK recommend that in future, Serabi ensures that results for all control samples be reported on to thoroughly monitor the performance of the Palito Mine laboratory.

### ***Regional Exploration Activities***

During 2018 Serabi commenced regional generative exploration within the Jardim do Ouro tenement package. In July CGG were contracted to complete a 4400km HELITEM30C electromagnetic and magnetic airborne geophysical survey. The survey consisted of 4,002 line km of 30°/210° orientated, 100m spaced traverse lines and 401 line km of 1000m spaced tie lines perpendicular to the traverse line orientation. The survey resulted in a significant number of anomalies which are the focus of ongoing exploration and reconnaissance.

In addition, Serabi completed 115 km of induced polarization surveying in and around the Sao Chico mine, focusing on the WNW-ESE structural corridor. The survey completed on 200m spaced traverses along a 10km strike of the structure hosting the Sao Chico ore body. The 2018 survey completed complimented the 30km of surveying completed in 2016. Several areas of high chargeability were defined and will be the focus of 2019 exploration programs.

Serabi also commenced a regional soil geochemistry programs, initially focusing on the Calico target area some 5km south of the Palito mine and the Cinderella Shear 3km east of the Sao Chico mine. A total of 1956 soils and 50 rockchips were collected as part of the regional geochemical program.

### ***Mineral Processing and Metallurgical Testing***

Extensive metallurgical studies have been conducted on Palito and São Chico ores by respected commercial metallurgical laboratories to evaluate process options that included gravity concentration, flotation and cyanidation. The following general observations can be made regarding the metallurgical programs that have been conducted:

- Both the Palito and São Chico ores are highly amenable to conventional processing techniques to recover the contained metal values;
- Palito ore is processed using a flowsheet that includes crushing, grinding, copper flotation and CIP cyanidation of the copper flotation tailings;
- São Chico ore is processed using a flowsheet that includes crushing, grinding, gravity concentration and cyanidation of both the gravity concentrate and the gravity tailing;
- Plant performance on both Palito and São Chico ores has been similar to the results predicted from the metallurgical test programs; and
- Serabi has tested and designed a new cyanide detoxification circuit to replace the existing circuit which has not performed as planned. It is expected that the new cyanide detoxification circuit using the industry-standard SO<sub>2</sub>/Air process will be operational during 2018.

### ***Mineral Resource Estimate***

The Mineral Resource Statement presented herein represents the second and first mineral resource evaluation prepared for Serabi for the Palito and São Chico mines, respectively, in accordance with NI 43-101. The mineral resource estimate prepared by Serabi for the Palito Mine considers core drilling and underground chip sampling by Serabi generated during the period mid-2002 to May 2017. For the São Chico Mine, the mineral resource estimate, also prepared by Serabi, considers core drilling and chip sampling by Serabi and previous operators during the period September 2011 to March 2017.

The databases used to estimate mineral resources at Palito and São Chico were audited by SRK. SRK believes the current drilling information is sufficiently reliable to interpret with confidence the boundaries for gold mineralization and that the assay data are sufficiently reliable to support mineral resource estimation.

Serabi used a traditional polygonal estimation method in 2D sections to evaluate the mineral resources of both mines. AutoCAD® software was used to define the 2D longitudinal sections and the calculations were performed in Microsoft® Excel.

SRK generated parallel geostatistically-based three-dimensional mineral resource models in Datamine Studio, using an ordinary kriging estimator for the main mineralized structures of São Chico and the G3 vein at Palito for mineral resource validation purposes.

The polygonal quantities and grade estimates were reviewed by SRK to determine the portions of the Palito and São Chico mines having “reasonable prospects for eventual economic extraction” from an underground mine, based on a cut-off grade (CoG) of 3.10 g/t gold at the Palito Mine and 2.85 g/t gold at the São Chico Mine, assuming a gold price of US\$1,500 per ounce (oz), and metallurgical gold recovery of 91% and 95% respectively. The reporting parameters were selected based on production experience on the project.

Condensed Mineral Resource Statements for the Palito and São Chico mines are tabulated in the tables below respectively.

**Table: Condensed Mineral Resource Statement, Palito Mine, Para State, Brazil, Serabi Gold plc, June 30, 2017**

Classification	Vein Width (m)	Quantity (000's t)	Grade		Contained Metal	
			Au (g/t)	Cu (%)	Au (000's oz)	Cu (t)
<b>Underground</b>						
Measured	0.52	274	15.21	0.77	134	2,110
Indicated	0.57	371	10.91	0.57	130	2,115
<b>Surface Stockpiles</b>						
Measured	-	12	3.15	-	1	-
<b>Tailings</b>						
Measured	-	60	2.70	-	5	-
<b>Combined</b>						
Measured	-	346	12.62	0.61	140	2,110
Indicated	-	371	10.91	0.57	130	2,115
Measured and Indicated	-	717	11.74	0.59	271	4,225
<b>Underground</b>						
Inferred	0.77	784	7.02	0.20	177	1,568

- Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.
- Mineral Resources are reported inclusive of Mineral Reserves.
- Figures are rounded to reflect the relative accuracy of the estimates.
- Mineral Resources are reported within classification domains inclusive of in situ dilution at CoG of 3.10 g/t gold assuming an underground extraction scenario, a gold price of US\$1,500/oz, and metallurgical recovery of 91%.
- Polygonal techniques were used for Resources estimates.

Since 30 June 2017 the Group has extracted, from the Palito orebody, total contained gold of approximately 35,316 ounces, having mined a total of approximately 148,400 tonnes at an average grade of 7.40 g/t.

**Table: Condensed Mineral Resource Statement, São Chico Mine, Para State, Brazil, Serabi Gold plc, June 30, 2017**

Classification	Thickness (m)	Quantity (000's t)	Grade Au (g/t)	Contained Metal Au (000's oz)
Measured	1.82	60	13.34	26
Indicated	1.79	22	14.70	10
<b>Measured and Indicated</b>	<b>1.81</b>	<b>82</b>	<b>13.70</b>	<b>36</b>
Inferred	1.80	123	13.77	54

- Mineral Resources are not Mineral Reserves and have not demonstrated economic viability.
- Mineral Resources are reported inclusive of Mineral Reserves.
- Figures are rounded to reflect the relative accuracy of the estimates.
- Mineral Resources are reported within classification domains inclusive of in situ dilution at a CoG of 2.85 g/t gold assuming an underground extraction scenario, a gold price of US\$1,500/oz, and metallurgical recovery of 95%.
- Polygonal techniques were used for Resources estimates.

Since 30 June 2017 the Group has extracted, from the Sao Chico orebody, total contained gold of approximately 29,225 ounces, having mined a total of approximately 106,126 tonnes at an average grade of 8.57 g/t.

### **Mineral Reserve Estimate**

The Mineral Reserve Statement presented herein represents the first mineral reserve evaluation prepared for the Palito and São Chico mines, in accordance with NI 43-101. The mineral reserve estimates were prepared by Serabi and audited by SRK based on the Measured and Indicated mineral resource estimates presented herein.

Mineral resources are converted to mineral reserves using the assumptions, parameters and methods discussed in this report. Proven mineral reserves are reported within the Measured classification domain, and Probable mineral reserves are reported within the Indicated classification domain.

Mineral reserves are reported for a total of 17 veins at the Palito Mine and one vein (the principal vein) at the São Chico Mine. Some Palito veins that contain Measured and Indicated mineral resources do not host mineral resource polygons that could be converted to mineral reserves. This is primarily because of the application of mining dilution and the use of a CoG for mineral reserves that is higher than the CoG used for mineral resources.

At the Palito Mine, underground Mineral Reserves are inclusive of planned and unplanned (external) mining dilution and mining recovery and are reported at a CoG of 3.70 g/t Au assuming a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 91%. Mineral Reserves for Palito surface stockpiles and flotation tailings are reported at a CoG of 1.95 g/t gold assuming a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 78%.

At the São Chico Mine, Mineral Reserves are reported at a CoG of 3.45 g/t gold assuming a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 95%.

Condensed Mineral Reserve Statements for the Palito and São Chico mines are tabulated in the Tables below respectively.

**Table: Mineral Reserves Statement, Palito Mine, Para State, Brazil, Serabi Gold plc, June 30, 2017**

Classification	Quantity (000's t)	Grade		Contained Metal	
		Au (g/t)	Cu (%)	Au (000's oz)	Cu (t)
<b>Underground</b>					
Proven	265	9.77	0.46	83	1,219
Probable	276	7.64	0.39	68	1,076
<b>Surface Stockpiles</b>					
Proven	12	3.15		1	
<b>Tailings</b>					
Proven	60	2.70		5	
<b>Combined</b>					
Proven	337	8.28	0.36	90	1,219
Probable	276	7.64	0.39	68	1,076
<b>Proven and Probable</b>	<b>613</b>	<b>7.99</b>	<b>0.37</b>	<b>157</b>	<b>2,295</b>

- Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven underground Mineral Reserves are reported within the Measured classification domain, and Probable underground Mineral Reserves are reported within the Indicated classification domain. Proven and Probable underground Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a CoG of 3.70 g/t gold assuming an underground extraction scenario, a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 91%. Proven Mineral Reserves surface stockpiles and tailings are reported at a CoG of 1.95 g/t gold assuming a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 78%.
- Serabi is the operator and owns 100% of the Palito Mine such that gross and net attributable mineral reserves are the same. The mineral reserve estimate was prepared by the Company in accordance with the standard of CIM and NI 43-101, with an effective date of 30 June 2017, and audited and approved by Mr. Timothy Olson of SRK Consulting (US) Inc., who is a Qualified Person under NI 43-101.
- Tables may not add due to rounding

Since 30 June 2017 the Group has extracted, from the Palito orebody, total contained gold of approximately 35,316 ounces, having mined a total of approximately 148,400 tonnes at an average grade of 7.40 g/t.

**Table: Mineral Reserves Statement, São Chico Mine, Para State, Brazil, Serabi Gold plc, June 30, 2017**

Classification	Quantity (000's t)	Grade Au (g/t)	Contained Metal Au (000's oz)
<b>Underground</b>			
Proven	65	8.15	17
Probable	25	9.15	7
<b>Proven and Probable</b>	<b>90</b>	<b>8.43</b>	<b>24</b>

- Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven underground Mineral Reserves are reported within the Measured classification domain, and Probable underground Mineral Reserves are reported within the Indicated classification domain. Proven and Probable underground Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a CoG of 3.45 g/t gold assuming an underground extraction scenario, a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 95%

- Serabi is the operator and owns 100% of the São Chico Mine such that gross and net attributable mineral reserves are the same. The mineral reserve estimate was prepared by the Company in accordance with the standard of CIM and NI 43-101, with an effective date of 30 June 2017, and audited and approved by Mr. Timothy Olson of SRK Consulting (US) Inc., who is a Qualified Person under NI 43-101.

Since 30 June 2017 the Group has extracted, from the Sao Chico orebody, total contained gold of approximately 29,225 ounces, having mined a total of approximately 106,126 tonnes at an average grade of 8.57 g/t.

## ***Mining Methods***

### **Palito Mine**

Mining of the narrow, near-vertical gold veins at the Palito Mine is undertaken using the shrinkage stoping method. During the 2018 calendar year, Serabi mined 91,247 t of ore from Palito at an average grade of 6.85 g/t Au (~250 t/d).

Shrinkage stoping blocks are defined on the lower level by horizontal development mining along the vein, and a vertical raise is then driven to the top of the stoping block and ladders are installed so that men and materials can access the stope on each subsequent lift as mining advances upward.

Shrinkage stope mining progresses vertically beginning with the drilling of sub-vertical holes using hand-held pneumatic drills (stoppers). The drill holes are loaded with explosives and the blasted ore is left in the stope except to the extent it is necessary to draw down the rock to leave an adequate distance between the working floor and the back. The ore left in the stope supports the walls and no installed ground support is typically required. Serabi extracts the broken ore via a series of crosscuts that are driven in waste from a footwall access. After a stope is mined to its full height, load-haul-dump (LHD) units are used to muck the remaining ore from the stope. The LHD units load haul trucks, which then transport the broken ore to the surface.

### **São Chico Mine**

The São Chico Mine is a 200 t/d high grade, narrow vein longhole stoping operation that mined 71,475 t of gold bearing ore during the 2018 calendar year at an average grade of 7.85 g/t Au. Mining of the steeply dipping vein is by longitudinal longhole stoping methods using sublevels that are spaced at a nominal 15 m. Because structural backfill is not available and because mining takes place on multiple adjacent levels, rib and sill pillars are used to separate the ore blocks and maintain geotechnical stability. The top and bottom of each stope block is mined with horizontal development using a drift cross-section of 3.5 m high by 3.5 m wide. Longholes are drilled between levels and blasthole rings are fired in the direction of a conventionally driven slot raise that is mined on one end of the stope. Ore is mucked from the longhole stopes using load haul trucks. The load haul trucks, which then transport the broken ore to the surface. Once the ore reaches the surface, it is transported by road (approximately 30 km) from the São Chico Mine to the processing plant at the Palito site.

### **Life of Mine Production Schedule**

The life of mine (LoM) production schedule based on Mineral Reserves produces an average annual processing rate that ranges between 264 t/d and 569 t/d (LoM average is 436 t/d). LoM primary development in waste (ramps, footwall accesses and raises) is 9,616 m for the Palito Mine and 838 m for the São Chico Mine. Ore mining in the Palito Mine continues until November 2021 whereas mining in the São Chico Mine ends in June 2019.

### **Mine Equipment and Services**

The underground equipment fleet, which is owned and operated by Serabi, comprises a mix of older and newer units that are appropriately sized for operation in the relatively narrow stope widths in Palito and São Chico. Haulage from Sao Chico to Palito is performed by a haulage contractor using equipment that is owned, operated and maintained by the contractor.

Mine dewatering is approximately 10 L/sec at the Palito Mine and approximately 17 L/sec at the São Chico Mine. At both mines, water is pumped through a system of staged centrifugal pumps to the portals at the top of the main ramp systems.

Total mine airflow is approximately 5,950 m<sup>3</sup> per minute (210,000 cfm) at the Palito Mine and approximately 1,060 m<sup>3</sup> per minute (63,400 cfm) at the São Chico Mine. At both mines, fresh air is drawn into the mine through the main ramp system and intake raises, distributed throughout the mine, and then exhausted through a series of ventilation raises and adits that connect to the surface.

## ***Recovery Methods***

Serabi operates a 500 t/d plant to process ore from both the Palito and São Chico mines. Palito ore is processed through a flowsheet that includes crushing, grinding, copper flotation and CIP cyanidation of gold and silver values from the copper flotation tailing. The São Chico ore is processed in a separate grinding circuit that includes gravity concentration and intensive cyanide leaching of the gravity concentrate. The São Chico gravity tailing is combined and processed with the Palito copper

flotation tailing in the CIP cyanidation circuit. In addition to Palito and São Chico ore, old flotation tailing stockpiles, which contain about 2.6 to 3.6 g/t Au, are processed by direct feed into the CIP circuit. Gold and silver values extracted in the CIP circuit are adsorbed onto activated carbon. The “loaded” carbon is then eluted to remove the adsorbed gold and silver values into an upgraded solution that flows through electrowinning cells to recover gold and silver as a cathodic precipitate, which is then fluxed and smelted to produce a final doré product.

A summary of Serabi process plant production for the period of 2015 – 2018 is shown in the table below. The following general observations were made by SRK in their report regarding the plant production during the period 2015 to 2017 (Q1) and have been updated for 2018 as appropriate:

- Average reconciled Palito ore grade has declined from 8.51 g/t Au in 2015 to 6.64 g/t Au in 2017 (2018:6.85g/t);
- Average annual gold recovery from Palito ore has been consistent at about 91% during this period;
- Average reconciled São Chico ore grade has increased from 6.88 g/t Au in 2015 to 7.82 g/t Au in 2017 (2018 :7.85 g/t);
- Average annual gold recovery from São Chico has increased from 87.1% in 2015 to 95.8% in 2017;
- In addition to Palito and São Chico ore, old flotation tailing stockpiles, which contain about 2.6 to 3.6 g/t Au, are processed by direct feed into the CIP circuit. Average annual gold recovery from the old flotation tailings has increased from 70.7% in 2015 to 82.8% in 2017 (84.8% in 2018).

Generally, reconciliation with measured plant feed grades has been poor. Since the beginning of 2016 Palito reconciled gold grades have been consistently about 7% to 20% lower than the measured plant feed grades. During this same period, the São Chico reconciled ore grades have been about 2% to 18% higher. In SRK’s opinion there appears to be a bias in the ore feed sampling and/or the allocation of production between Palito and São Chico ores.

**Table: Summary of Serabi Process Plant Production (2015 – 2018)**

Year	Ore Tonnes			Reconciled Grade (Au g/t)			Gold Recovery (%)		
	Palito	São Chico	Old Tailings	Palito	São Chico	Old Tailings	Palito	São Chico	Old Tailings
2015	113,935	16,363	18,356	8.51	6.88	2.60	90.6	87.1	70.7
2016	115,635	43,333	16,715	7.66	9.31	3.23	90.9	94.0	76.0
2017	104,092	68,473	4,568	6.64	7.82	3.98	90.9	95.8	82.8
2018	98,221	70,030	16,466	6.54	7.75	3.72	87.4	95.1	84.8

Source: Serabi 2018

## ***Project Infrastructure***

### **Property Access**

The Palito Mine is 4.5 km southwest of the village of Jardim do Ouro and approximately 15 km via road. Jardim do Ouro lies on the unsealed Transgarimpeira Highway some 30 km west-southwest of the town of Moraes de Almeida, which is located on the junction of the Transgarimpeira Highway and the BR 163 or Cuiabá – Santarém Federal Highway. Moraes de Almeida is approximately 300 km south south-east by road of Itaituba, the municipal capital.

The São Chico Mine is 30 km southwest of the Palito Mine. It is accessed by road from the Palito Mine along the Transgarimpeira Highway.

An airstrip, suitable for light planes, is currently fully operative at the Palito site.

### **Underground Mine Access**

A 4.5 m high x 4.5 m wide ramp system (-12% gradient) provides access to the underground portions of the Palito and São Chico mines. The portal at the Palito Mine is located at elevation 235 meters above sea level (masl), and the deepest level is -50 masl. At São Chico, the portal is located at elevation 224 masl, and the deepest level is currently -19 masl.

### **Palito Mine Camp**

There are full mining camps at the Palito and São Chico mines that consist of accommodation for personnel, kitchen and dining facilities, offices, warehouses, maintenance facilities, and guard houses at the entrances to the sites. Serabi provides a daily bus service for employees and contractors living in Jardim do Ouro and Moraes de Almeida.



### **Fuel and Explosives Storage**

At Palito, fuel is stored on site in storage tanks with a capacity of 75,000 L of diesel. At São Chico, fuel is stored on site in storage tanks with a capacity of 35,000 L of diesel. Fuel storage tanks are located in a contained fuel storage area. There are explosives storage facilities at both operational sites located away from the main offices and other installations.

### **Power**

At Palito, electrical power is provided from the local power grid through a 34.5 kV overland power line and by diesel generators to deliver approximately 1 million kWh/month. Electrical power from the grid normally costs about R\$0.34/kWh, but during peak demand periods (6:30 to 9:30 pm Monday to Friday) grid power costs R\$120-130/kWh. During these peak periods Serabi operates its own diesel generators to generate 380 V electrical power at an average cost of R\$0.70/kWh.

The power requirement at São Chico is approximately 594 kW (about 700 kVA), including the underground mine (437 kW), camp and village (94 kW) and surface support facilities (63 kW). The power is supplied by a diesel power house that includes three diesel gensets of 550 kVA (Maquigeral-SDMO/Scania 47N) that operate in parallel with one as standby.

### **Water**

Water is an abundant resource in the area, and the current water supply system is not a limiting factor for operations at the Palito Mine or the São Chico Mine. The operation has a water supply system consisting of dams that contain water from underground workings, recycled process water after neutralization and decantation, and rain water.

### **Tailings Disposal**

Mineral Reserves for both the Palito Mine and São Chico Mine will be processed by the Palito processing plant and tailings will be deposited into existing clay lined tailings disposal areas that are located adjacent to the processing plant. Tailings deposition alternates between the active tailings disposal facilities (generally dam areas 16 and 17) and are decanted and allowed to dry. Once dry the dry tailings will be removed from tailings disposal areas 16 and 17 and either stacked on top of completed tailings disposal areas 14 and 15 or used in the remediation of old areas utilised by past artisanal mining activities. Once emptied the active tailings disposal facilities will then be re-used for tailings deposition until the remaining Mineral Reserves are processed.

### ***Environmental Studies and Permitting***

The 2006 environmental impact assessment (Estudo de Impacto Ambiental or EIA) and its respective report of environmental impact (Relatório de Impacto ao Meio Ambiente or RIMA) concluded that negative impacts to the environment would occur to various resources during construction and operations, but that these impacts could be effectively mitigated through the implementation of environmental protection measures and through proper monitoring.

The Annual Environmental Information Reports (Relatório de informação Ambiental Anual or RIAA) for the Palito and São Chico mines are presented each year to the Secretary of State for Environment and Sustainability (Secretaria de Estado de Meio Ambiente e Sustentabilidade or SEMAS) with respect to the socio-environmental actions carried out during the previous year, and cover any specific commitments made to the environmental agency by the operator, as well as those agreements and obligations between the operator and other stakeholders in the project.

Documentation provided by Serabi and discussions during the site visit by SRK with site personnel indicate that groundwater and surface water quality (i.e., potential contamination by previous operators) may be an issue for consideration. The exact nature and source of these elevated concentrations is not currently known.

At this time, these known environmental issues are not expected to materially impact Serabi's ability to extract the mineral resources or mineral reserves at either Palito or São Chico.

Palito operates under a Plan of Environmental Control (Plano de Controle Ambiental or PCA) approved in 2008 by SEMAS. The PCA formalizes the environmental obligations of the operator that must be carried out in order to minimize impacts during operations. São Chico operates under a separate PCA.

The Serabi operations have been authorized under a series of licenses notably the indefinite Mining Licence granted in 2007. Environmental Operating Licences and other licences and permits are issued for limited periods and often for each license, related conditions and/or obligations are also listed, along with the respective status. Generally, Serabi has acquired all of the necessary permits to continue with operations. In 2016, post Samarco, each state environmental agency had the right to request mining companies to essentially apply for specific operating licences particular to certain areas of their activities. In the case of Serabi, SEMAS requested the Company to apply for a specific operating licence on its Dams 16 and 17; Serabi continues to wait for SEMAS to act on the installation and operational licenses/permits for both dams. On March 9, 2018, the Company received a declaration from SEMAS that its application was being analysed but was in good order. The agency routinely visits the operation and is aware of the conditions and operations at the site.

Social and environmental programs have been developed in coordination with the communities deemed to be in the Directly Affected Area (ADA): Jardim do Ouro and São Chico; the Area of Direct Influence (ADI), including the district of Moraes de Almeida; and the Area of Indirect Influence (AII), which includes the municipalities of Itaituba and Novo Progresso, from which Serabi obtains much of its labor, material supplies, and services. The programs have included: a dental clinic, improvements to local schools, provision of electricity and treated water, as well as planning for a new health clinic.

The most recent conceptual mine closure plans for Palito and São Chico were developed at the end of 2016. Because Palito is currently operated as an underground mine, only a small amount of surface disturbance exists which requires concurrent reclamation during operations. The former open pit area, Alvo Senna, is no longer in operation. Reclamation of those pits is currently being carried out by Serabi, and is partially completed. São Chico is strictly an underground mine, with ore being sent to Palito for processing. No concurrent reclamation is planned for this location, with the exception of some early artisanal mining areas within the concession.

Based on the current mine plans, Serabi estimates the reclamation and closure costs for the Palito Mine to be on the order of US\$2,271,472, and for the São Chico Mine to be on the order of US\$570,566. Given the size and extent of the facilities, the known environmental issues surrounding potential surface water and groundwater contamination, and the potential need for more robust engineered closure covers on the tailings impoundments and waste rock piles, it is SRK's opinion that the estimated closure costs are generally appropriate. However, the costs may be higher if there is a need for surface and groundwater remediation and compulsory post-closure monitoring ordered by SEMAS.

### **Capital and Operating Costs**

Estimated LoM sustaining capital costs as projected at 30 June 2017 are presented below.

**Table: Capital Costs**

<b>Capital Costs</b>	<b>Units</b>	<b>LoM Cost</b>
Mine Development	R\$	35,623,113
Mine Mobile Equipment	R\$	7,328,750
Stoppers and Other Mining Equipment	R\$	1,190,000
Fans and Pumps	R\$	1,350,000
Generators	R\$	1,950,000
Light vehicles	R\$	400,000
Other Support Equipment	R\$	2,031,250
Tailings Disposal	R\$	4,400,000
Total Capital Cost	R\$	54,273,113
<b>Total Capital Cost (US\$:R\$ exchange rate of 3.5:1.0)</b>	<b>US\$</b>	<b>15,506,604</b>

Source: Serabi, 2017

Historical operating costs for January 1, 2017 through June 30, 2017 were used as the basis for the CoG calculation that supports the Mineral Reserves. Refer to the table below.

**Table: Historical Operating Costs (Jan 1, 2017 – Jun 30, 2017)**

Unit Operating Costs	Units	Palito	São Chico
Mining	R\$/t-processed	259	248
Processing	R\$/t-processed	164	162
Corporate Office Support to Site	R\$/t-processed	33	39
Royalties, CFEM, Treatment, Shipping, and By-Product Credits	R\$/t-processed	19	12
Total Unit Cost	R\$/t-processed	474	460
<b>Total Unit Cost (US\$:R\$ exchange rate of 3.5:1)</b>	<b>US\$/t-processed</b>	<b>135</b>	<b>132</b>

### **Economic Analysis**

Under NI 43-101 rules, producing issuers may exclude the information required in Section 22 Economic Analysis on properties currently in production, unless the Technical Report includes a material expansion of current production. Serabi is a producing issuer, the Palito Mining Complex is currently in production, and a material expansion is not being planned. Serabi completed economic analysis for the Palito Mining Complex based on the Mineral Reserves stated herein. SRK reviewed Serabi's analysis and we have verified that the outcome is a positive cash flow that supports the statement of Mineral Reserves.

### **Coringa Project**

The following information is summarized or extracted from the NI 43-101 Technical Report entitled "Coringa Gold Project, Brazil" dated September 8, 2017 which was prepared for Anfield Gold Corp. and Chapleau Resources Ltd. by Robert Sim, P.Geo., of SIM Geological Inc.; Bruce M. Davis, Ph.D., FAusIMM, of BD Resource Consulting Inc.; Nelson King, SME Registered Member, of ND King Consulting, LLC; Neil Prenn, P.E. and Edwin Peralta, P.E., of Mine Development Associates; Robert Michel, SME Registered Member, of Robert Michel Enterprises; Brendan Fisher, Ph.D., P.E., of Fisher Rock Engineering LLC; Larry Breckenridge, P.E., of Global Resource Engineering, Ltd.; and Mark Smith, P.E., of RRD International LLC (the "**Coringa Technical Report**") and updated as appropriate where additional and /or more recent data is available. Any such updates have been reviewed and approved by Mr 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.

On March 4, 2019, the Company announced an updated estimation of the mineral resources for the Coringa Project ("the GRE Mineral Resource Estimate"). A Technical Report is currently being prepared by Global Resource Engineering (the "GRE Technical Report") in accordance with NI 43-101 and will be filed on SEDAR ([www.sedar.com](http://www.sedar.com)) and on the Company's website on or before April 18, 2019. Readers should read this AIF in conjunction with the GRE Technical Report when it is available as the GRE Technical Report will supersede the Coringa Technical Report and the information contained in this AIF which has been extracted from the Coringa Technical Report. Included in this AIF is a table of the updated Mineral Resource estimation as announced on March 4, 2019. At the same time the Company confirmed that it has commissioned GRE to prepare a preliminary economic assessment for the Coringa Project, the results of which are expected to be disclosed before the end of June 2019. Included in the scope of this work will be the adoption of filtration of mine tailings and dry stacking as opposed to the use of conventional tailings disposal which was proposed and designed in the Coringa Technical Report.

### **Property Description and Location**

The Coringa Project is located in north-central Brazil, in the Province of Pará (Figure 4-1), 70 km southeast of the city of Novo Progresso. The UTM coordinates for the Coringa Project are 9,166,700 North and 715,500 East (geographic projection: WGS84, Zone 21S). Access to the property is provided by paved and gravel roads.

The Coringa Project consists of seven concessions totalling 13,647.78 ha.

### **Ownership**

The Coringa concessions are fully owned by Chapleau Resources Limited ("Chapleau"). through its 100% owned Brazilian subsidiary, Chapleau Exploração Mineral Ltda. ("Chapleau Brazil").

### **History and Status of Exploration**

In the late 1970s, local miners (garimpeiros) recovered gold from alluvial workings and small surface pits on many of the quartz veins. Artisanal mining activity ceased in 1991 after the devaluation of the Brazilian currency reduced the realized gold price and increased the price of fuel. A local Brazilian company (Tamin Mineração Ltda.) staked the area in 1990, and it was acquired by Chapleau. in August 2006. On September 1, 2009, Magellan Minerals Ltd. (Magellan Minerals) acquired Chapleau.

Between 2007 and 2013, extensive exploration programs were completed on the property. This included: airborne magnetic, radiometric and EM surveys; surface IP surveys; stream, soil and rock sampling; and trenching and diamond drilling (179 holes; 28,437 m).

On May 9, 2016, Anfield Nickel Corp. acquired Magellan Minerals and the resulting company was named Anfield Gold Corp. ("Anfield"). An infill drill program (180 holes; 25,212 m) was completed for the Serra and Meio veins in 2016 and 2017.

On December 21, 2017, Serabi acquired all of the share capital of Chapleau from Anfield.

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

In May 2018 trial mining licences for each of the concessions 850568/1990 and 850567/199, valid until 25 May 2020 and 25 November 2020 respectively, were issued by the DNPM permitting the Group to commence mine development and limited ore production from Coringa. The trial mining licenses and the concurrent operating licence authorises mining of up to 50,000 tonnes of ore per year at Coringa.

### **Geology and Mineralization**

The Coringa Project is located in the southeastern part of the Tapajós gold district where past production is estimated to be between 5 and 30 million ounces of gold. The project is underlain by Proterozoic granites and rhyolitic volcanics. The main structural trends are northwest and north-northwest. The Coringa shear-vein system is coincident with the north-northwest trend (345 degrees) and dips 70 to 90 degrees to the northeast. It is interpreted as a Riedel shear related to dextral strike slip movement along the northwest-trending structures. Five zones of vein mineralization (Valdette, Galena, Mae de Leite, Meio, Come Quietto) occur along the main shear zone, which is 7 km long. Many other parallel mineralized structures, including the Serra and Demetrio veins, are also present.

Gold occurs in quartz-sulphide veins which range in thickness from 0.15 to 14.0 m. Chlorite-hematite alteration is distal and sericite-pyrite alteration is proximal to the veins.

### **Exploration**

The Coringa property has only seen modern gold exploration since 2007. A review of the work and sampling procedures for the geochemical surveys between 2007 and 2013 is presented in and summarized in the table below.

Since 2007, exploration resulted in the collection of 19,595 soil samples, 757 stream samples, and 1,922 rock samples. The only exploration work completed on behalf of Anfield occurred in 2016–2017.

**Table: Exploration Work Highlights Coringa Property**

<b>Year</b>	<b>Description</b>
January 2007 to June 2007	Structural interpretation using satellite images; locate garimpeiro workings; rock, soil, stream sediment samples; 22 HQ drill holes (1,774 m), petrography
June 2007 to March 2008	Airborne survey – magnetics, radiometrics (549 km <sup>2</sup> with lines spaced at 200 m); IP dipole-dipole (34 km) over Galena-Mae de Leite; metallurgical testing (SGS); 44 HQ drill holes (5,032 m)
March 2008 to December 2008	IP dipole-dipole survey (70.7 km) over Serra, Meio and Come Quietto veins; geotech airborne VTEM-mag (860 km); 15 HQ drill holes (1,979 m)
January 2009 to September 2009	Geological mapping, trenching (18 trenches) between Mae de Leite and Come Quietto; soil sampling
September 2009 to December 2009	Soil sampling
January 2010 to December 2010	Soil sampling; 28 HQ drill holes (3,396 m)
January 2011 to December 2011	Soil sampling; trenching (Valdette – 14, Demetrio – 3); 51 HQ drill holes (11,912 m)

January 2012 to December 2013	Soil sampling; 19 HQ drill holes (4,344 m)
2016–2017	Assaying of soil samples taken previously by Magellan; IP dipole-dipole survey (3.5 km); infill drilling – Serra, Meio veins (180 holes; 25,212 m)
2018	Extension drilling focused on Serra, Galena and Meio (15 holes; 4,564m)

The mineralized veins are characterized by IP chargeability anomalies. Soil geochemistry is a reliable tool to identify the location of gold-bearing veins.

In 2016, Anfield assayed soil samples taken previously by Magellan for gold and completed a 3.5 km IP survey over an area located east of the Meio vein which is being considered as a tailings facility. No significant gold soil or IP anomalies are present.

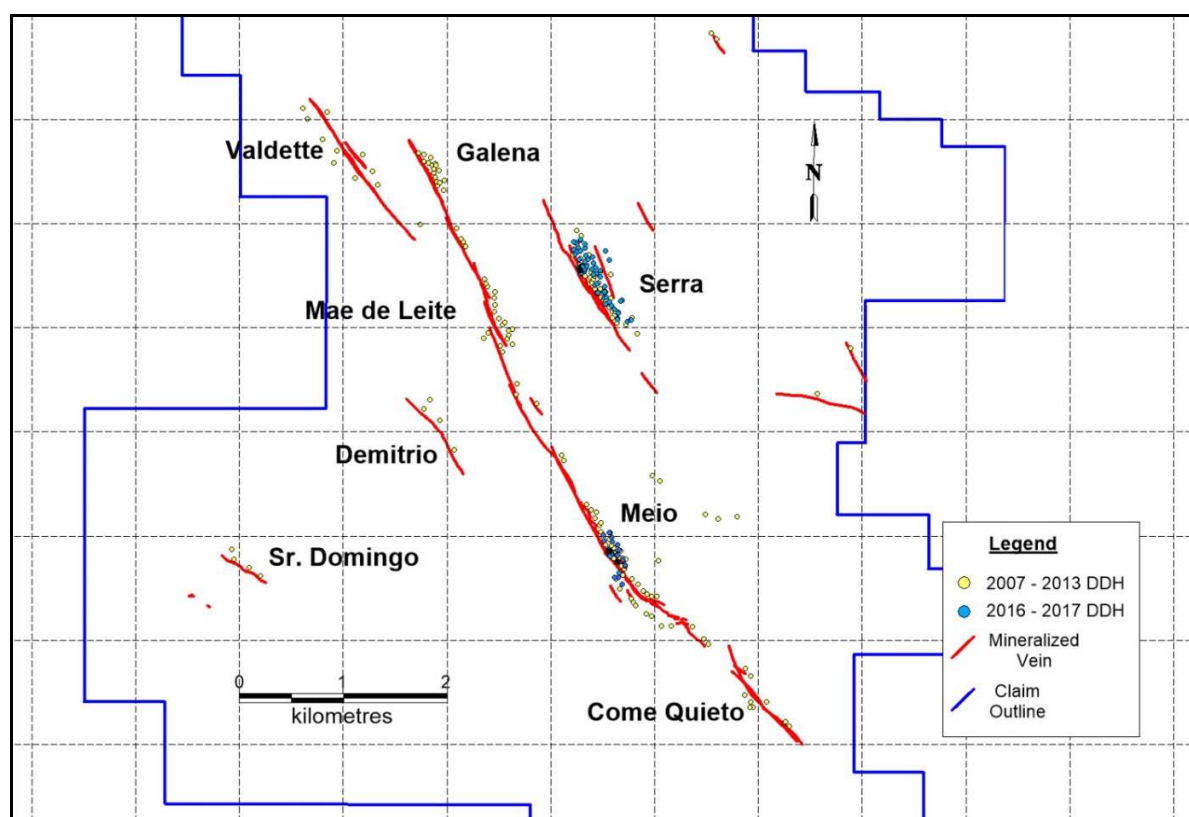
#### **Drilling**

Between 2007 and 2013, Magellan Minerals drilled 179 holes (28,437 m) to test a number of veins on the main Coringa property (i.e., Serra, Meio, Galena, Valdetto, Mae de Leite, Demetrio, Sr. Domingo, and Come Quietto).

In 2016 and 2017, Anfield completed an infill drill program on the Meio and Serra veins to gather the additional information required to develop a mine plan. A total of 180 holes were drilled (25,212 m), most of which produced HQ-size drill core. Four PQ-size drill holes were drilled (284.8 m) for metallurgical samples.

The location of all drill holes completed on the Coringa property is shown in the Figure below. All drill core from the project is stored in dry, secure buildings located on the property, adjacent to the camp. All holes were located using a hand-held GPS, but the holes at Meio and Serra were re-surveyed in 2016-2017 using a differential GPS.

**Figure: Drill Collar Plan Map Coringa Project**



Source: Anfield, 2017

### *Magellan Minerals (2007–2013)*

Five drill programs were completed on the Coringa property between 2007 and 2013. Magellan Minerals used several different contractors to do this work:

- 2007–2008, Geoserv Pesquisas Geológicas S.A. (Boart Longyear)
- 2010, Layne do Brasil Sondagens Ltda. (Layne)
- 2013, Geosol-Geologia e Sondagens S.A. (Geosol)

Drills were moved between sites using a bulldozer. Detailed descriptions of these drill programs are provided in Snowden (2015).

### *Anfield (2016–2017)*

In 2016 and early 2017, Anfield used Servitec Foraco Sondagem S.A. (Foraco), Layne, Geológica Sondagens Ltda. (Geologica) and Geotechreserves do Brasil – Serviços de Perfurações e Sondagens LTDA. (GTR) to complete an infill drill program on the Serra and Meio veins.

To reduce the cost and save time, most of the holes were pre-collared using a reverse circulation (RC) drill. This work was completed by Foraco. Every pre-collared hole was cased with PVC pipe to a depth of 18 m, below the contact between saprolite and un-weathered bedrock to prevent holes from caving. There were no samples collected from the pre-collar RC drilling.

Layne, Geologica and GTR re-entered pre-collared holes and finished drilling with HQ core. Layne (CS-10 and CS-14) and Geologica (Sandvik 710) rigs were moved between holes with a dozer or an excavator. Two of the three GTR rigs (LF-90D) were self-propelled.

Down-hole surveys were completed using the following downhole survey devices: Layne: REFLEX Maxibor, Geologia: DEVICO Deviflex, and GTR: DEVICO Deviflex and SPT North-seeking GyroTracer. Down-hole surveys were collected at 3 m intervals.

### *Mineralized Zones*

The shape and location of veins are interpreted in plan maps and cross sections for the Serra, Meio, Galena, Valdetete, Come Quietto, and Mae de Leite veins. Snowden (in their May 2015 NI 43-101 technical report (“Snowden”)) also included mineral resource estimates for the Demetrio zone; however, it is felt that there is insufficient drilling information (4 holes) to support the estimation of mineral resources at Demetrio. The mineralized vein structures are similar in all areas. The two more prominent mineralized zones are described in greater detail below.

### *Serabi (2018 onwards)*

In the fourth quarter of 2018 Serabi commenced a surface drilling program focussed on resource extension and infill primarily on the Serra, Meio and Galena veins. By the end of the year Serabi had completed 15 drill holes totalling 4,564m of core drilling and 1,011 assay samples.

Significant intercepts returned from Serra included; 4m @ 3.36g/t gold, Meio 0.35m @ 15.57g/t gold, 0.9m @ 45.63g/t gold and 0.4m @ 8.37g/t gold and Galena; 2m @ 25.02g/t gold. These results extended the vein zone resources significantly both along strike and down dip.

### Serra Vein

The Serra vein consists of three subparallel veins that are exposed over a strike length of 1,000 m and to depths of 250 m below surface. The veins trend at an azimuth of 330 to 340 degrees and dip steeply (75 degrees) to the northeast. The Figure below is a plan map showing drill hole collars, traces and garimpeiro workings at Serra. Also below is a Figure showing typical vertical cross section of the Serra vein (A-A’).

Figure: Plan Map – Serra Vein

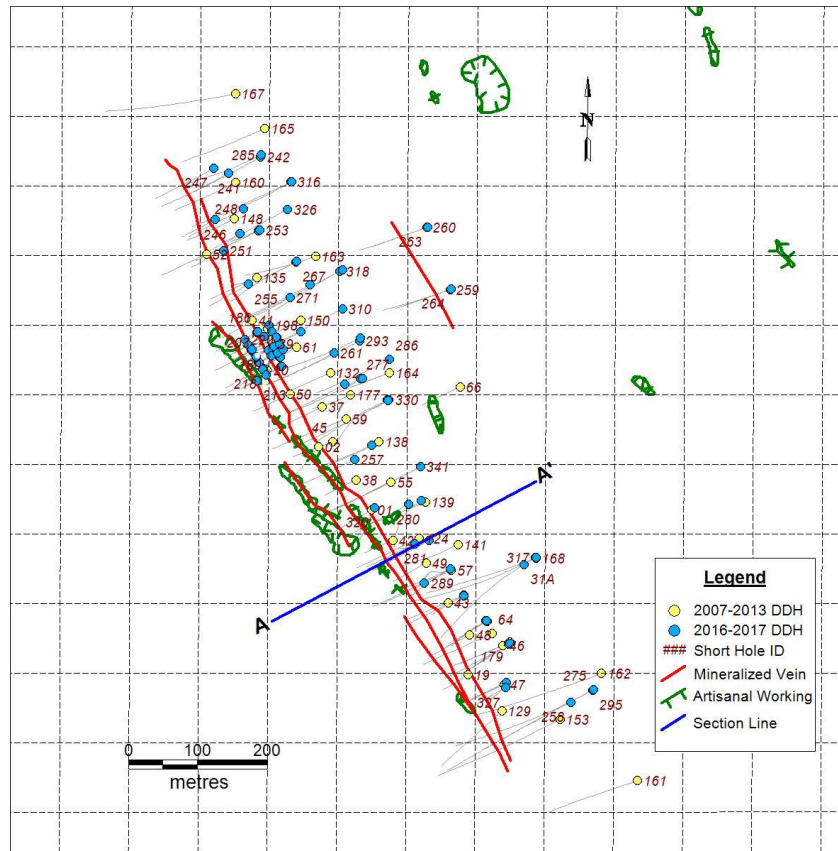
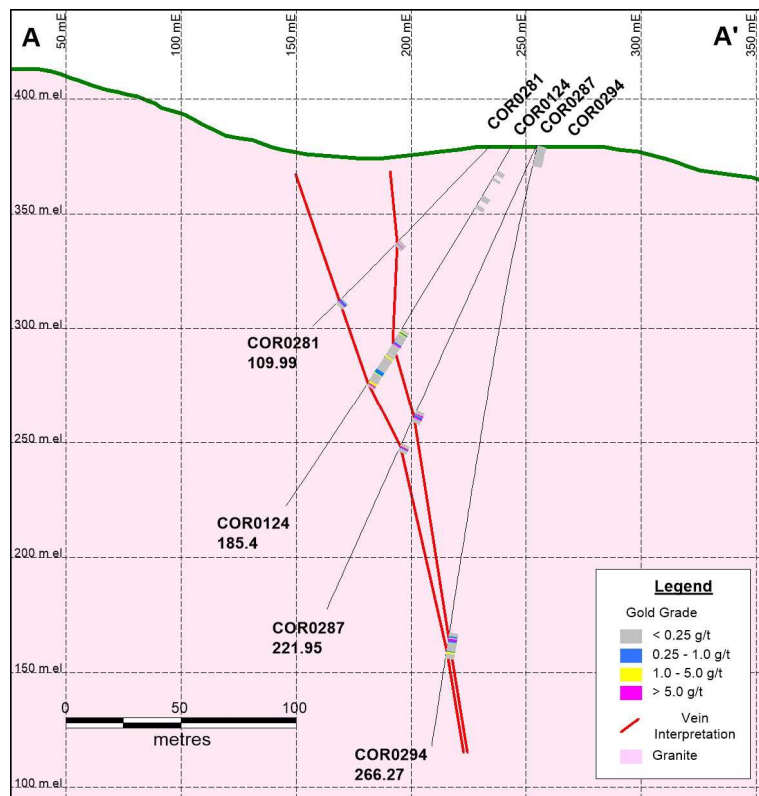


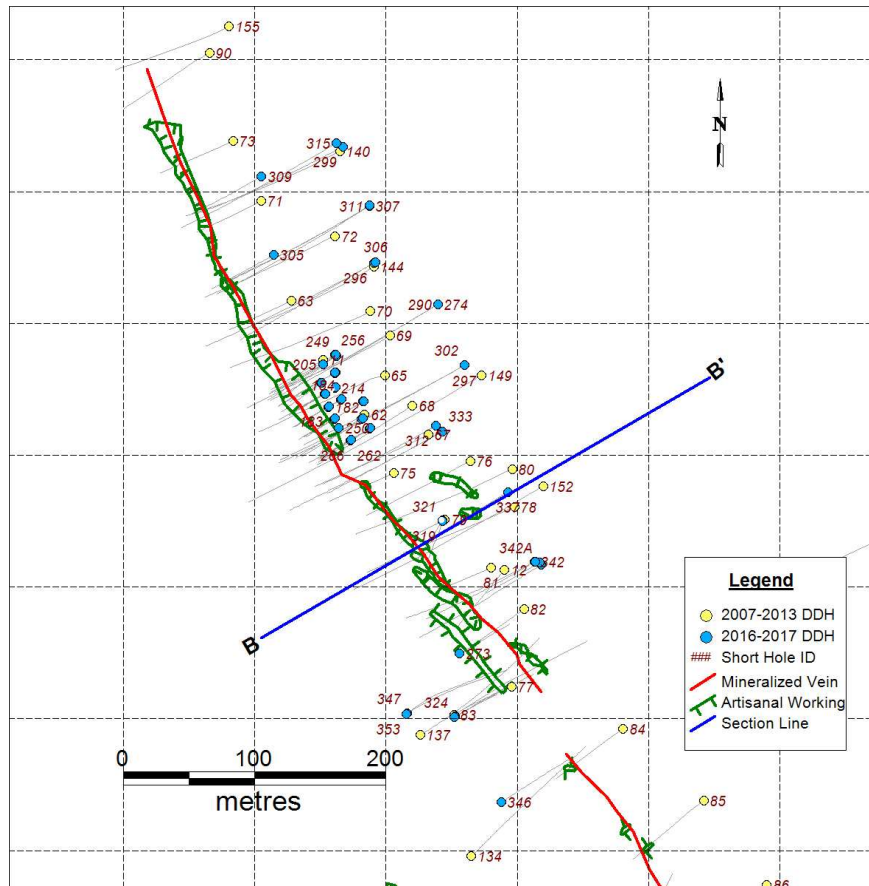
Figure: Cross Section – Serra Vein



### Meio Vein

The majority of significant gold mineralization at Meio occurs in one main vein structure that is interpreted to correlate with Galena and Mae de Leite to the northwest and Come Quietto to the southeast, a total distance of about 7 km. Anfield's drilling concentrated on the central part of the vein at Meio, testing a strike length of 500 m to depths approaching 250 m below surface. At Meio, the vein is subvertical or has a steep dip (75 degrees) to the southwest. There is local evidence that other veins may be present at Meio, but these tend to be less continuous and contain lower gold grades. The Figures below are a plan map showing drill hole collars, traces and garimpeiro workings at Meio and a typical vertical cross section of the Meio vein (B-B').

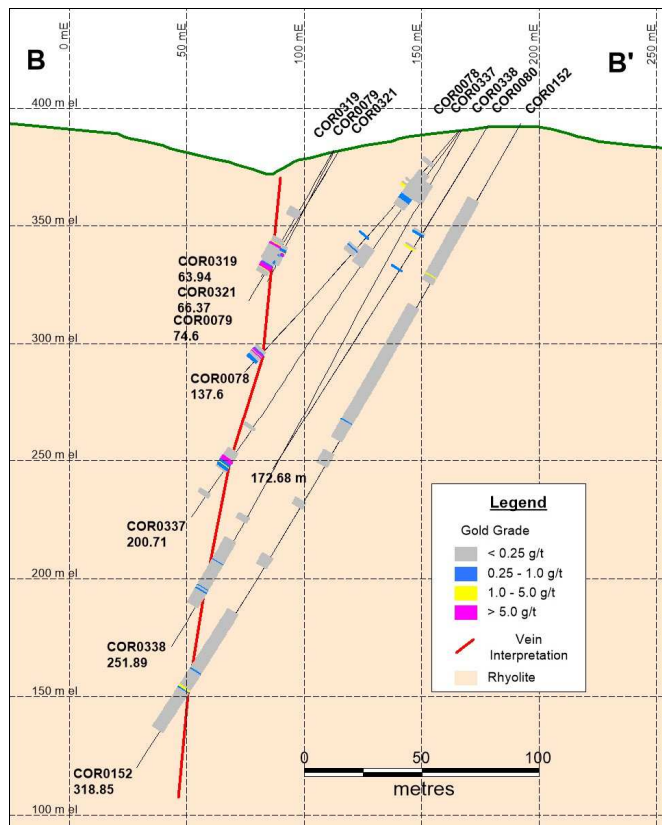
**Figure: Plan Map – Meio Vein**



Source: Anfield, 2017



Figure: Cross Section – Meio Vein



### Sample Database and Validation

A review of the sample collection and analytical practices used during the various drilling campaigns indicates that this work was conducted using generally accepted industry procedures.

The data have been validated using several methods, including visual observations and comparisons with the assay results, and direct comparisons with assay certificates. The sampling programs conducted by Magellan Minerals and Anfield were monitored using a QA/QC program that is typically accepted in the industry. To confirm the results, selective drill core and sample pulps from previous drill programs were resampled. Similarities between data of all drilling campaigns (e.g., location, style, and tenor) suggest that there is no reason to question the results from the earlier drill programs.

## Metallurgy

Metallurgical testing for the Coringa Gold Project has been performed since 2008. The table below lists the laboratories and summarizes the types of metallurgical test programs each completed.

Laboratory (Location)	Dates	Key Testing Programs	Materials Tested
SGS Geosol Mineral Lab (SGS Geosol)	Mar-08	Gravity Concentration	Two Composites (High and Low Grade)
(Belo Horizonte, MG, Brazil)	May-08	Flotation	
		Whole-Ore Leaching	
Resource Development Inc (RDI)	Mar-10	Grinding Work Index	Two Composites (Serra and
(Wheat Ridge, CO, USA)		Gravity Concentration	Guaxeinha-Meio-Onza Zones)
		Flotation	
		Whole-Ore Leaching	
Testwork Desenvolvimento	Jun-13	Gravity Concentration	Two Composites (Serra-Galena-Mae de Leite
de Processo Ltda (TDP)	Nov-13	Whole-Ore Leaching	and Meio-Come Quietto Zones)
(Nova Lima, MG, Brazil)	Dec-13	Gravity-Intensive Leach	
		Flotation, Float-Leach	
		Cyanide Neutralization	
		Settling	
		Grinding Work Index	
C.H. Plenge & CIA. S.A. (Plenge)	May-17	Comminution (UCS, Crush)	1/2 HQ core Master Composite (Serra-Meio Zones)
(Miraflores, Lima, Peru)	Jul-17	Comminution (Abrasion, BWI)	1/2 HQ core Variability Composites (8 Serra, 6 Meio)
		Gravity Concentration	Comminution Samples (26 Serra, 26 Meio)
		Gravity-Conc Intensive Leach	Sliced PQ core Variability Composites (4 Serra, 2 Meio)
		Gravity Tails Leach	
		Whole-Ore Leaching	
		Whole-Ore Flotation, Leaching	
		Leach Tails Flotation	
		Cyanide Neutralization	
		Settling	
		Gravity Concentrate Mineralogy	

Plenge conducted metallurgical testing in connection with the preparation of the FS. Results from the Plenge test program have been used to project the metallurgical performance of materials planned for mining and processing at the Coringa Gold Project. Results from the earlier RDI and TDP test programs support results from the Plenge program and altogether are useful to support the stated overall representativeness of the samples to the various deposits. Results from the test programs are acceptable to use to project the metallurgical response of the materials planned for processing.

The projected gold and silver recoveries for the main deposits at the Coringa Gold Project are presented below:

- Serra and Galena deposits – 96% for gold and 57% for silver
- Meio deposit – 94% for gold and 74% for silver

The above recoveries are the average results, after an applied discount, from Plenge's testing of variability composites when subjected to gravity concentration, intensive leaching (IL) of gravity concentrates and carbon-in-leach (CIL) processing of gravity tails. The recoveries compare well with the results from Plenge's whole-ore CIL processing tests as well as the gravity/IL/CIL tests run in 2013 by TDP.

Galena zone recoveries are estimated to be similar to Serra recoveries based on results from TDP's testing of Composite 1, a mixture of Galena, Mãe de Leite, and Serra zone materials. In addition to projected (discounted) recoveries, Bond Ball Mill Work Index (BWI), and sodium cyanide (NaCN) and lime consumptions are shown the table below.

Deposit	BWi kWh/t	Gold Rec. %	Silver Rec. %	NaCN kg/t	Lime kg/t
Serra & Galena	18.2	96	57	1.3	1.6
Meio	19.0	94	74	1.7	2.0

#### Mineral Resource Estimate

The Coringa Technical Report included an estimation for mineral resources. This mineral resource estimation has now been superseded by the GRE Mineral Resource estimation

The GRE Mineral Resource estimation for the **Coringa Mine** (Table 1) are based on data as at **February 11, 2019**.

**Table 1 - Mineral Resource Statement, Coringa Mine, Para State, Brazil, as of March 4, 2019**

	Vein Width	Quantity	Grade	Contained Metal
Classification			Gold	Gold
	m	000't	g/t	000'oz
<b>Underground</b>				
Indicated	0.7	845	7.95	216
<b>Total Indicated</b>				
<b>Underground</b>				
Inferred	0.7	1,436	6.46	298

Notes to Table 1:

- (1) *Mineral Resources have been rounded. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Underground Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off **grade of 2.0g/t** gold assuming an underground extraction scenario, a gold price of **US\$1,500/troy oz**, an operating **cost of \$100/t**, and metallurgical **recovery of 95%**.*
- (2) *Serabi is the operator and owns 100% of the Coringa gold project such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by Global Resource Engineering in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of **March 4, 2019** by Mr Kevin Gunesch and Dr Hamid Samari, who are both Qualified Persons under the Canadian National Instrument 43-101.*

#### FOR INFORMATION ONLY

THE TECHNICAL INFORMATION PROVIDED IN THE FOLLOWING SECTIONS INCLUDING REFERENCES TO INTER-ALIA MINERAL RESERVES, MINING METHODS, RECOVERY METHODS, ENVIRONMENT AND PROJECT ECONOMICS (PRESENTED IN ITALIC TYPEFACE) HAVE BEEN EXTRACTED FROM THE CORINGA TECHNICAL REPORT AND RELATES TO HISTORIC RESOURCES AND RESERVES. THIS INFORMATION WILL BE SUPERCEDED BY THE GRE TECHNICAL REPORT TO WHICH READERS SHOULD REFER ONCE IT HAS BEEN PUBLISHED. IT IS ANTICIPATED THAT THE GRE TECHNICAL REPORT WILL BE PUBLISHED ON OR BEFORE 18 APRIL 2019.

The mineral resource estimate was generated using drill hole sample assay results and the interpretation of a geological model which relates to the spatial distribution of gold and silver. Interpolation characteristics were defined based on the geology, drill hole spacing, and geostatistical analysis of the data.

Estimations are made from 3D block models based on geostatistical applications using commercial mine planning software (MineSight® v12.0). The project limits are based in the UTM coordinate system (WGS84 Zone 21S) using a nominal block size measuring 1 x 5 x 2 m (5 m along the strike of the zones, 1 m across the strike direction, and 2 m in the vertical direction).

Drill holes, collared from surface, penetrate the sub-vertical veins to maximum depths of about 250 m below the surface. The mineral resource estimate was generated using drill hole sample assay results and the interpretation of a geological model which relates to the spatial distribution of gold and silver. Estimates for copper, lead, and zinc are also included to provide a better understanding of these elements for metallurgical purposes. Interpolation characteristics were defined based on the geology, drill hole spacing, and geostatistical analysis of the data. The mineral resources were classified according to their proximity to the sample data locations and are reported, as required by NI 43-101, according to the CIM Definition Standards for Mineral Resources and Mineral Reserves (May 2014).

A base case cut-off grade of 2 g/t Au is estimated based on an assumed metal price of \$1,300/oz Au, metallurgical recoveries of 95%, and total onsite operating and processing costs of \$80 per tonne. There are no adjustments to the estimate of mineral resources to account for mining recoveries or dilution.

The table below illustrates the mineral resource estimate as of May 3, 2017. Estimate of Mineral Resources (May 3, 2017)

Zone	ktonnes	Average Grade					Contained Metal	
		Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Au (koz)	Ag (koz)
Indicated								
Serra	488	7.45	16.1	0.04	0.09	0.04	117	253
Meio	160	10.69	20.7	0.12	1.38	0.65	55	106
Galena	78	9.36	14.7	0.13	0.70	0.45	24	37
Total	726	8.36	17.0	0.07	0.44	0.22	195	396
Inferred								
Serra	262	4.30	8.7	0.02	0.03	0.01	36	73
Meio	229	4.18	6.1	0.03	0.22	0.12	31	45
Galena	63	3.41	3.5	0.03	0.38	0.15	7	7
Mae de Leite	244	5.92	2.6	0.01	0.18	0.04	46	20
Come Quieto	253	4.50	7.5	0.06	0.02	0.01	37	61
Valdette	249	2.96	1.0	0.00	0.04	0.03	24	8
Total	1,301	4.32	5.1	0.02	0.11	0.05	181	215

Note: Base case cut-off is 2 g/t Au.

Mineral resources are not mineral reserves because the economic viability has not been demonstrated.

The average horizontal thicknesses for the veins included in the resources are: Serra 0.82 m, Meio 0.97 m, Galena 1.12 m, Mae de Leite 0.98 m, Come Quietto 0.91 m, and Valdette 0.80 m.

#### **Mineral Reserve Estimate**

MDA was provided the mineral resource block models for the Serra, Meio, and Galena deposits. The mineral reserve estimates and the corresponding designs and mine schedule are based on the provided block models as well as the solids used to create the mineral resource block models. The vein solids were created during the resource modeling to spatially define the veins and control the estimate. All planned mining in the FS has been based on the location and width of the vein solids. The block models provided to MDA contained only material that was incorporated into the Indicated mineral resource and Inferred mineral resource categories in the mineral resource estimate. Only material that was incorporated into the Indicated mineral resource

category was taken into account in the mineral reserve estimate for the Coringa Gold Project.

The table below shows the estimated mineral reserves for the main deposits at the Coringa Gold Project.

		Probable Reserves
Serra	K Tonnes	498.3
	g Au/t	6.05
	K Oz Au	96.9
	g Ag/t	12.76
	K Oz Ag	204.4
Meio	K Tonnes	196.0
	g Au/t	7.38
	K Oz Au	46.5
	g Ag/t	14.64
	K Oz Ag	92.3
Galena	K Tonnes	74.3
	g Au/t	7.09
	K Oz Au	16.9
	g Ag/t	11.24
	K Oz Ag	26.8
Total	K Tonnes	768.6
	g Au/t	6.49
	K Oz Au	160.3
	g Ag/t	13.09
	K Oz Ag	323.5

*Total tonnes include dilution material*

*Grades are fully diluted*

The reserves summarized in the table above include diluting material, thus the grades are fully diluted.

- Probable Reserves are reported based on Indicated resources inside of mining shapes and after it was demonstrated that it can be mined at a profit.
- Indicated resources below the mining cut-off grade, and inside of mining solids are also included in reserves as internal dilution.
- Rounding may result in apparent summation differences.
- The effective date of the mineral reserves estimate is July 1, 2017.

Once in production, some of the waste and Inferred material can be segregated when mining and the material can be left in-situ as pillars, thus reducing the dilution.

The table below shows the economic parameters that were used to define the mining cut-off grades for the Serra and Meio deposits. The parameters used for the Serra deposit were also used for the Galena deposit. Cut-off grades and reserves have been stated using a \$1,250 oz gold price.

Note that these parameters were used for defining stopes and may differ slightly from the final economic analysis.

	Serra	Meio	Units
<b>Mining Cost</b>			
UG Mining Cost	41.00	43.00	U.S. \$/t-ore
<b>Processing Cost</b>			
Milling	43.00	40.00	U.S. \$/t-ore
Refining	1.00	1.00	U.S. \$/Oz Au
<b>Recoveries</b>			
Milling Gold	96.00	94.00	%
<b>G&amp;A</b>			
Mining and Processing	4.00	4.00	U.S. \$/t-ore processed

The designs outlining the minable blocks were undertaken using a 0.80 m minimum mining width. Estimated Indicated mineral inside of these designs that is not above the mining cut-off grade is added at the respective grade, and Inferred mineral resources and un-estimated material is added at zero grade (and are therefore not included in the estimated mineral reserves); both materials are considered internal dilution. This dilution material amounts to approximately 121 ktonnes at 0.16 g Au/t and 2.6 g Ag/t for both Serra and Meio combined. Ore loss for Galena is assumed to also be 5% of the resource, or 2.5 kt.

On an overall tonnage basis, the total dilution included is approximately 16%. In the designs with additional mining dilution, it ranges from 10 to 20% depending on the mining method applied at each mining location. Ore loss has been estimated at 5% to account for sill pillars that might be needed in between main levels at 60 m maximum height of open stopes as per the geotechnical recommendations.

### **Mining Methods**

The Coringa Gold Project has been planned as an underground mining operation. The advantages of underground mining include:

- underground mining helps to reduce the footprint of the mine and its environmental impacts;
- the Serra, Meio, and Galena deposits are high-grade, narrow vein deposits which are ideally suited to underground mining methods which minimize dilution from the mining process; and
- underground selectivity will help to maximize run-of-mine (ROM) feed grades.

Mining will commence at Serra with construction of a portal followed by development of a decline ramp and access to the mineralized veins. The decline gradient is designed at a maximum 14% where the ramp is straight. In places where curves are required, the ramp is designed at a slope of 10%. Primary development will be finished with utility lines, electrical cable, and ventilation ducting, as required. Main mine development at Serra is finished approximately in the second year of life of the Serra mine, at the end of which development of the Meio mine will start. Galena will be developed for the final year of the project. All primary development will be completed by Chapleau Brazil personnel. Vertical development is considered to be developed by a subcontractor.

Each mine will be accessed through a single portal entrance. Geotechnical conditions for the portals' construction were evaluated for Serra and Meio by Quanta Subsurface (Quanta b & c) and designs for the portals and the main ramps at Serra and Meio are based on Quanta's geotechnical recommendations.

In general, rock is expected to be "Good" according to the Q-System empirical rating system in both locations. With the water considered, the overall rock quality ratings and designs are very similar. Water at Serra is higher in elevation while the rock is slightly better. In general, very little support is expected to be required, although there is likely a need for some support to provide a safer working environment. Development will include construction of a decline, main haulage drifts, and crosscuts to provide access to the production locations. Additional development will be required for muck bays and temporary workshops. Muck bays will be used as drill stations; however, additional drilling stations might need to be developed for delineation drilling of the deposit.

The primary mining method for the Serra deposit is shrinkage. Having higher metal grades, the Meio deposit will be mined using a combination of shrinkage and narrow-vein longhole mining. The Meio deposit has similar characteristics to Serra, though is slightly wider and more regular offering the opportunity to employ some long-hole stoping. The Galena deposit will use shrinkage mining similar to the Serra deposit.

All mine ventilation designs and studies were carried out by Provente Ventilacao Subterranea, (Provente) of Belo Horizonte,

Brazil. The studies and designs satisfy the required Brazilian standards and regulations. The ventilation systems at both Serra and Meio are designed to provide fresh air throughout the active headings in the mine. Production areas will be connected to the main ventilation circuit by means of ventilation ducts and secondary drifts. Fresh air will be supplied through the main ramp and the contaminated air will be exhausted through vertical raises connected to the surface.

Production will begin with the sill preparation. Once the sills are fully developed to a maximum length of 200 m, production will start from the stopes. No mine backfill was considered in the schedule, however, if needed, waste rock from development in waste will be used for backfill material. Open stopes will also serve as temporary or permanent storage areas for waste material.

The table below shows the yearly mine production.

		Units	PreProduc	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<b>Ore Development</b>	Sill Drive	m	243	2,439	3,099	2,621	2,831	1,250	12,482
	Ore Tonnes		4,918	48,695	62,862	54,307	59,595	26,681	257,057
	Gold Ounces	oz	308	4,832	6,230	5,300	6,291	2,813	25,775
	Gold	g/t	1.95	3.09	3.08	3.04	3.28	3.28	3.12
	Silver Ounces	oz	535	10,045	13,543	9,470	14,330	4,399	52,322
	Silver	g/t	3.39	6.42	6.70	5.42	7.48	5.13	6.33
<b>Stope Production</b>	Ore Tonnes		0	95,898	108,069	107,113	126,908	73,531	511,519
	Gold Ounces	oz	0	23,186	30,733	23,590	37,728	19,316	134,553
	Gold	g/t	0.00	7.52	8.85	6.85	9.25	8.17	8.18
	Silver Ounces	oz	0	49,703	70,103	45,994	71,056	34,307	271,165
	Silver	g/t	0.00	16.12	20.18	13.36	17.41	14.51	16.49
Total ORE Tonnes			4,918	144,593	170,931	161,420	186,503	100,212	768,577
Total Au Ounces			308	28,018	36,963	28,890	44,019	22,129	160,328
Total Ag Ounces			535	59,749	83,646	55,464	85,386	38,706	323,487
ROM			51,816	278,266	302,957	318,339	264,332	135,712	1,351,421

Chapleau Brazil has acquired mine equipment from an operation with similar characteristics which will reduce the capital cost required for purchasing mine equipment. A short list of the additional equipment to be purchased is shown below in Table 1 below and existing equipment is listed in Table 2 below.

Table 1 - Additional Equipment to be purchased

	Type - Manufacturer	Model - Capacity	Pre-Production	Y1	Y2	Y3	Y4	Y5
Development	Scoop Tram - Caterpillar	R1600G - 4.8 m <sup>3</sup>	1	2	2	2	2	2
	Truck - Volvo	FMX 6x4R - 16m <sup>3</sup>	2	2	2	2	2	2
	Jumbo - Atlas Copco	Boomer 104	3	4	4	4	4	4
	Loader	Volvo L90F - 2.3 m <sup>3</sup>	1	1	1	1	1	1
Production	Jumbo - Atlas Copco	Boomer 282	1	2	2	2	2	2
	Scoop Tram - Atlas Copco	ST2G - 1.9 m <sup>3</sup>	2	3	3	3	3	3
	Truck - Volvo	FMX 6x4R - 16m <sup>3</sup>	2	2	2	2	2	2
	Handheld Drills	Boar Max - DI	3	6	8	8	10	

Table 2 – Existing owned equipment



ITEM	MODEL	BRAND	YEAR
1	PICKUP L200 GL 2.5 4X4 CD	MITSUBISHI	2011
2	PICKUP L200 GL 2.5 4X4 CD	MITSUBISHI	2011
3	PICKUP L200 TRITON 3.2 DIESEL MT GLS	MITSUBISHI	2012
4	PICKUP L200 TRITON GLS3.2CDTB INT D M	MITSUBISHI	2014
5	PICKUP L200 TRITON GLS3.2CDTB INT D M	MITSUBISHI	2014
6	PICKUP HILUX CD SRV D4D 4X4 3.0 TDI AU	TOYOTA	2010
7	PICKUP HILUX CS 4X4 3.0 CHAS	TOYOTA	2011
8	PICKUP HILUX CD 4X4 DIESEL	TOYOTA	2011
9	PICKUP HILUX 4CDL DX	TOYOTA	2003
10	TRUCK P124 CB 360 6X4 NZ	SCANIA	2000
11	FLATBED	NOMA	2004
12	PICKUP L200 TRITON GLX DIESEL 3.2 MT	MITSUBISHI	2016
13	PICKUP L200 TRITON GLX DIESEL 3.2 MT	MITSUBISHI	2016
14	PICKUP L200 TRITON GLX DIESEL 3.2 MT	MITSUBISHI	2016
15	PICKUP L200 TRITON GLX DIESEL 3.2 MT	MITSUBISHI	2016
16	PICKUP L200 TRITON GLX DIESEL 3.2 MT	MITSUBISHI	2016
17	CARGO 1422 + MUNCK TRUCK	FORD	1997
18	AMBULANCE	TOYOTA	2016
19	WATER TRUCK 31.320 6X4	VOLKSWAGEN	2011
20	FRONT END LOADER L70F	VOLVO	2008
21	LHD R1600G	CATERPILLAR	2012
22	MINI LOADER	VOLVO	2008
23	JUMBO RB282	ATLAS COPCO	2008
24	JUMBO RB104	ATLAS COPCO	2010
25	VOLVO TRUCK A30F	VOLVO	2012
26	VOLVO TRUCK A30E	VOLVO	2008
27	DRILL RIG LM-75	BOART LONGYE	2011
28	DRILL RIG DIAMEC U-4	ATLAS COPCO	2008
29	DRILL RIG MACH 320	MACH SONDA	2010
30	EXCAVATOR DX53W	DOOSAN	2012
31	TELEHANDLER TL642	CATERPILLAR	2012
32	GATOR	JOHN DEERE	2011
33	FIREFIGHTING TRAILER		

Serabi through its existing operations at the Palito Mining Complex has assembled a team of experienced technical staff from whom it will draw to help manage the development and mining at the Coringa Gold Project. The technical team is experienced in narrow vein operations similar to the Coringa Gold Project in Brazil and internationally. The mine will operate 24 h/d and 7 d/wk with three shifts during the day. All mine personnel will be accommodated at the camp located on the project property. Manpower requirements at full production are 229.

Mine de-watering rates are dependent on the levels of inflows which increase with depth and are highly dependent on the hydraulic conductivity. Groundwater flows are dominated by secondary-porosity and are expected to result in short but intense dewatering periods during development that quickly subside as storage within the fractured rock aquifer is exhausted. More



pumping capacity will be required to accommodate the sudden inflow of water from newly-contacted water-filled fracture zones.

### **Recovery Methods**

The ore processing facility for the Coringa Gold Project is a conventional carbon-in-leach (CIL) gold cyanidation plant. It has been designed to treat 460 tpd (159,000 tpa) of ore containing 6.5 gpt gold and 13.1 gpt silver over a 4.8-year period. The plant has the capacity to increase production to over 750 tpd with relatively modest additional capital investment, if required in the future. Annual gold production will average 32,000 ozs. The gold-silver doré product will be shipped to a refinery for further processing. The process plant will be a combination of new and refurbished equipment, tanks, and structures. A similar sized crush/grind/gravity/leach gold ore process facility, located in Brazil, was purchased and relocated to the site of the Coringa Gold Project for re-use of the suitable equipment and materials.

Metallurgical test results of representative material from the Coringa Gold Project deposits were utilized to develop the final process flowsheet and plant design criteria.

A brief description of the process plant is presented below.

- The ROM ore is stockpiled and then reclaimed by front-end loader. The loader dumps the ore into a hopper equipped with a vibrating feeder that discharges into an 800 mm by 600 mm primary jaw crusher.
- The jaw crusher product discharges onto a conveyor that feeds a 4 m long by 1.5 m wide double-deck vibrating screen. The oversize from the top deck feeds a 1 m diameter Symons cone crusher while the bottom deck oversize feeds an H2800 Sandvik cone crusher. The crushed material from the secondary and tertiary crushers is collected and recycled via conveyor back to the vibrating screen.
- The final crushed product (undersize from the screen bottom deck), at an average particle size of 80% passing 10 mm, discharges onto a belt conveyor that feeds the fine ore stockpile. Crushed ore is reclaimed from the stockpile via feeders and a conveyor that feeds the 4.3 m long by 3.5 m wide ball mill equipped with a 900 hp motor.
- The ball mill grinding is in closed circuit with cyclones which classify the ground ore to a final particle size of 80% less than 105 microns. The cyclone underflow feeds a Knelson centrifugal (gravity) concentrator for free gold and silver recovery. The concentrator tails are returned to the mill for further grinding. The gravity concentrates flow to an Acacia IL leach reactor. Acacia leach tails are pumped to the CIL circuit while the Acacia reactor gold solutions are collected, stored, and then pumped to a dedicated electrowinning cell.
- The grinding circuit product, cyclone overflow at 20% solids by weight, passes over a trash screen and then is directed to a 12m diameter thickener. Thickener underflow densities are targeted to be about 41% solids by weight for leaching.
- The clarified overflow water from the thickener is pumped to a tank for storage and later used as process water. The thickener underflow is pumped to a conditioning tank prior to CIL for aeration and pH adjustment to about 11.5 using hydrated lime.
- After conditioning the slurry is transferred to a series of four aerated 8 m high by 6 m diameter CIL tanks, equipped with static sieve screens. The CIL tanks have a total slurry retention time of 24 hours. Gold and silver are leached with cyanide and then adsorbed by activated carbon present in the tanks.
- Each tank will have a carbon concentration of 25 gpl. The activated carbon is retained in each tank by static sieve screens installed ahead of each tank discharge pipe.
- The slurry flows downstream from tank to tank then through a carbon safety screen.
- The metal-loaded carbon is transferred from the last tank up-stream to the one before, and so on, countercurrent to the slurry descending from tank to tank.
- The highest metal loaded carbon is in the first CIL tank. From the first tank the carbon is transferred to a screen for preliminary cleaning/washing, then directed to the desorption column for further washing and metal stripping.
- In the desorption column, carbon is washed with a weak solution of hydrochloric acid and then a caustic soda solution, then a NaCN solution for metal stripping. This strip (pregnant) solution is pumped through a dedicated electrowinning cell where gold and silver are deposited on cathodes. The cathodes are periodically removed from the cells, washed, then the gold/silver sludge is dried, mixed with flux reagents and then smelted to produce a doré product which is then shipped offsite for refining.
- The barren (metal removed) electrowinning solution is then recycled to the leaching circuit.
- After stripping, carbon is washed with water and transferred to the regeneration kiln. The carbon is heat-treated in the kiln and then returned to the last (fourth) CIL tank.

- The slurry from CIL, after passing through the carbon safety screen, flows to the cyanide destruction tank that utilizes the SO<sub>2</sub>/Air process to destroy cyanide in the tailing slurry. Copper sulphate and sodium metabisulphite (SMBS) are added to the aerated mix tank to destroy the cyanide. The detoxified slurry is then pumped to the tailings storage facility (TSF) impoundment for disposal.
- At the TFS, a floating pump will be installed that will collect and recycle decanted water to the plant for use as process water.
- The site water balance indicates that not all decant water can be returned to the plant because of retention in the settled solids. The deficit (make-up) volume will be provided from a local source of fresh water (mine, runoff) to provide an overall water balance.

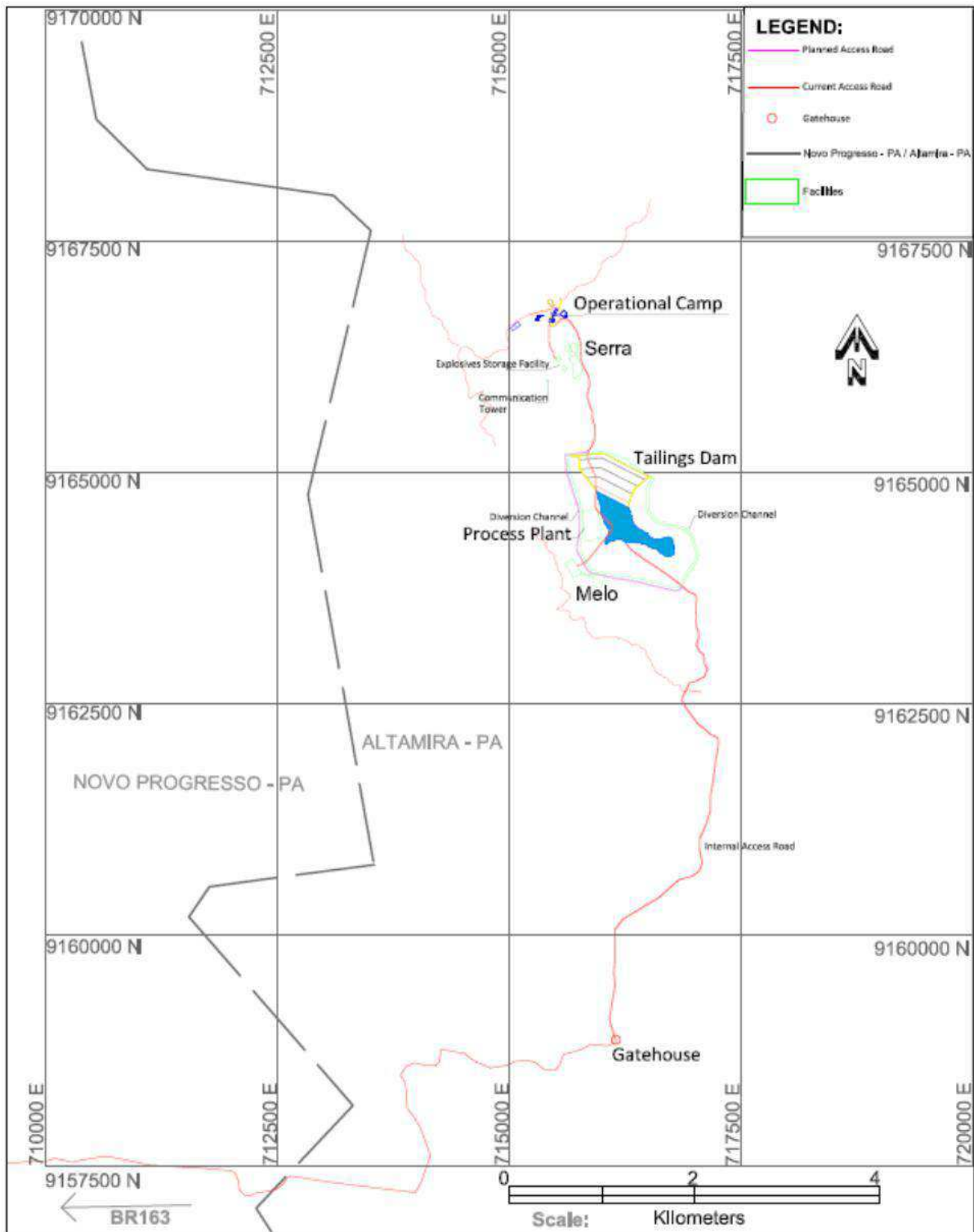
Process plant total power demand at full production is 1.877 MW, 0.264 for crushing and 1.613 MW for processing.

During normal plant operation, it is estimated that the plant will consume 70 m<sup>3</sup>/h of water. The pre-leach thickener will internally recycle 46 m<sup>3</sup>/h resulting in a makeup water requirement of 29 m<sup>3</sup>/h (after adjustment for evaporation and tailings entrainment losses). During plant start-up, prior to tailing decant water recycle, it is estimated that the full 29 m<sup>3</sup>/h will have to come from other sources (runoff, mine operations). Once the TSF is capable of recycling water then only 2 m<sup>3</sup>/h of water will be needed from other sources.

The plant will operate 24 h/d, 365 d/y on two 12 hour shifts per day. Four shift crews will work four days on and four days off. Total plant manpower will be 57 for operations, maintenance, and laboratory operations.

### **Infrastructure**

The figure below is the overall site plan which shows the locations of the principal facilities relative to each other. Principal facilities shown are: main gatehouse, onsite access road, Meio portal and waste storage facility (WSF), plantsite, TSF, Serra portal and WSF, explosives storage facility, and camp complex.



Anddes Associados S.A.C. (Anddes) completed a feasibility-level design for the TSF. The TSF design was reviewed by BVP Engenharia of Belo Horizonte, Brazil to confirm its compliance with Brazilian standards and regulations. The TSF meets Brazilian and international design standards and regulations.

The TSF will be created using a rock-fill and compacted earth-fill dam with a maximum height of less than 14 m and a spillway designed to safely pass the peak flow from the 1,000-year return storm event. The dam will be constructed in one preproduction and two production phases, called Phase 1, 2, and 3 for an operating life of 60-65 months. The first phase will be created using a conventional rock-fill dam with the upstream slope lined by an HPDE geomembrane. Dam raises will be constructed of

compacted earth fill using conventional downstream methods. The TSF has been designed to store a total of 0.9 Mt of tailings, including a supernatant pond over the tailings with capacity to store operating solutions and peak storm accumulations. Tailings will be conventionally thickened and discharged to the TSF via spigots; those spigots will operate from the inside face of the dam during normal operations, and will be moved around the impoundment as the dam reaches capacity to facilitate closure.

Hazardous waste will be collected and stored in an onsite hazardous waste storage facility pending systematic removal of hazardous materials by a licensed contractor for disposal in accordance with Brazilian regulations.

Nonhazardous waste will be disposed of in an onsite engineered landfill, the design of which will meet Brazilian regulatory requirements.

Site power demand during full production for the mine, process plant, and camp is 3.039 MW. During the preproduction/construction period of ten months and the first eight months of production, power will be supplied by diesel generators located at the plantsite. Power will be generated by six operating 750 kva gensets with one additional 750 kva genset in reserve. The number of operating generators was determined by considering their normal steady state operation at 70-80% of rated load. Average power generation cost using diesel generators at the current delivered fuel price, including all applicable taxes and current exchange rates, is \$0.24 kWh.

Following completion of the Centrais Elétricas do Pará / Power Plants of Pará (CELPA) power supply, assumed for the FS schedule and cash flow to be 18 months after project initiation, power will be supplied by the regional utility.

A decision still must be made in negotiations with CELPA regarding the transmission voltage between the BR-163 138 kv substation and the Coringa Gold Project 34.5 kv substation. There are potential risks and losses associated with the use of a 25 km 34.5 kv transmission line. However, the cost to construct a 69 kv line is higher. An engineering and cost trade-off study will need to be completed before coming to a final agreement with CELPA. Average power cost from CELPA using CELPA's current rate schedule, estimated demand consumption quantities, and current exchange rates, is \$0.0825 kWh.

Water supply for the Coringa Gold Project is comprised of four sources: the camp water well, the coffer dam pond (if needed), the tailings reclaim pool, and underground dewatering.

The existing Coringa exploration camp was expanded to accommodate construction and operation needs. New facilities constructed include accommodations, offices, kitchen and cafeteria, maintenance shop, warehouse, and recreational areas. 68 new accommodation units are available for 212 employees. A female accommodation unit can accommodate 18 employees, for a total of 230 employees. During the construction period, the capacity will be increased to 270 employees, through construction of a new accommodation unit. A fully-equipped kitchen and cafeteria with 120-seat capacity is available to provide meals prepared by Chapleau Brazil's catering staff.

A digital radio system is planned to be installed onsite to increase safety and productivity through fast and effective communication. The system will include the installation of repeater towers for surface and underground communication. Surface towers will cover the entire operational area, with a signal reaching Chapleau Brazil's operational base at the Municipality of Novo Progresso. Communication onsite also includes a 5 MB dedicated internet service, which provides Wi-Fi capability for the operational camp area. Four portable satellite phones are available for emergency situations, when internet or radio signals are unavailable. The underground communication system will use a network of leaky feeder cables and amplifiers connected to a base station, which will encode the radio frequencies and transmit information to both underground and surface operations. Continuous extension of the underground communication network is considered in the sustaining capital with 1,200 m of annual ramp development necessitating annual extension of the leaky feeder system.

Ancillary facilities will be constructed to support the mine and process activities at the Coringa Gold Project. These facilities include: reagent storage; liquefied petroleum gas storage (LPG); fuel storage; physical laboratory; chemical laboratory; warehouse; maintenance shop; water treatment plant; sewage treatment plant; truck scale, and; cafeteria.

## **Environmental**

The Coringa Gold Project is located between lands impacted by decades of government promoted agriculture and forest areas reserved as an indigenous buffer. Forested areas have also been previously impacted by illegal logging and uncontrolled artisanal/small scale, garimpeiro, mining. For years, Chapleau has controlled the surface area required for the construction and operation of the Coringa Gold Project and no garimpeiro mining, logging, or agriculture is permitted.

The Coringa Gold Project has been designed with a minimal environmental and social footprint. Environmental and social impact prevention, minimization, and mitigation measures are currently being identified through Brazilian environmental impact study (EIS) processes. The EIS is also supported by baseline water quality, air quality, and flora and fauna studies as well as targeted geochemical investigations to assess the potential for Acid Rock Drainage (ARD) and other potential impacts to water quality. The impact prevention, minimization, and mitigation measures identified by the EIS will be implemented in compliance with governing regulations over the life of the mine, within the context of an integrated management system based on internationally recognized standards and that is focused on continual improvement and the minimization of environmental and social risks and impacts. The latter are generally minimal, but include direct and indirect environmental impacts from mine

construction, operation, decommissioning, and closure, as well as the potential for garimpeiro mining influx and potential legal uncertainties involving local stakeholders. The project is separated from a Kayapo indigenous land reserve by a 10-km forested buffer zone and is over 30 km from the nearest Kayapo village; unauthorized travel or interaction by the Anfield workforce will be strictly prohibited, and social risks involving indigenous issues are considered minimal.

Brazilian regulations permit limited (trial mining) processing of up to 50,000 t/y in compliance with a Utilization Guide (Guia) and Operating License for Mining Exploration (LOPM). Chapleau exercised this trial mining option and obtained approval of its LOPM by SEMAS. Chapleau was also awarded accompanying permits for fauna capture and relocation and vegetation suppression. The Company also has authorization to continue exploration activities.

The SEMAS permits include a number of specific conditions for the conservation and protection of fauna and flora that are currently being integrated into the Coringa Gold Project planning. In addition, under the trial mining permits, Anfield is required to comply with various additional regulatory compliance and permitting requirements addressing a wide range of operational needs. These include fuel storage; non-hazardous and hazardous waste accumulation, storage, and disposal; transportation, storage, and safe use of explosives and mineral processing reagents; surface water drainage; archaeological resource assessment; worker health and safety programs; and other needs. Anfield is also required to submit regular reports on operational, environmental, occupational health and safety, and social performance.

In order to operate at production capacity, Chapleau will have to complete a three-part environmental permitting process consisting of a Preliminary License (LP: Licença Preliminar), which confirms the location of the proposed mining operation; an Installation License (LI: Licença de Instalação) which allows the construction of the mine subject to the conditions of the LP; and the final Operations License (LO: Licença de Operação). SEMAS conducts the approval process with input from other regulatory bodies at the national, state, and municipal levels. Additional lower-tier permitting processes involving one or more of federal, state, and municipal authorities will apply to vegetation suppression/clearance and other permits; the usage of surface and groundwater; design and operation of the TSF; transportation, storage, and handling of fuel, explosives, and reagents; waste disposal; power transmission; airstrip design and operation; and other aspects of mine design and operation. Environmental permits are typically renewed every one to five years, with the actual term of the permit and requirements for resubmittal included as conditions from the approving agency.

A comprehensive mine reclamation and closure plan will be prepared and periodically updated to maintain currency with changes in mine infrastructure or operations, changes in regulation, and changing external stakeholder considerations. The plan will address progressive, potential interim, and final closure actions, including:

- actions to restore the site to approximate baseline environmental conditions;
- actions to minimize the attractiveness of the closed site for illegal mining;
- actions to eliminate chemicals and any toxic residues from the site and prevent future impacts to the environment and public health and safety;
- actions to support potentially beneficial uses of land (and, potentially, elements of mine infrastructure) as may be negotiated with the Coringa Gold Project stakeholders;
- interim care and maintenance actions that may be taken in response to any temporary cessation of mining operations; and
- post-closure inspection and monitoring actions leading to final closure.

The nearest settlement to the Coringa Gold Project is Terra Nossa, a small rural settlement located alongside several kilometers of the access road that connects the Coringa Gold Project and BR-163 that was initially established and promoted by INCRA. Land possession at the settlement is controlled by INCRA, although historically INCRA has not exercised active management responsibilities. The settlement has faced legal challenges in its registration process and has had to work with neighboring ranchers to address boundary disputes resulting from overlapping possessions. The legality of the settlement is not fully resolved and legal disputes over land in the area can be expected to continue. Terra Nossa faces significant limitations in terms of infrastructure. There is a lack of agricultural and potable water in the dry season. There is no rural electrification and the secondary roads are typically in poor condition during the rainy season. There is a public school maintained at Terra Nossa by the municipality of Novo Progresso that currently has about 90 students.

Chapleau has an active community relations program with a strong focus on Terra Nossa. Chapleau has assisted the community by repairing and periodically maintaining the main access road from BR-163 and will assist in the electrification process when the mine is connected to the national grid. The majority of residents appear to believe that the Coringa Gold Project may be able to assist with local development, and some residents may be interested in the Coringa Gold Project employment. Chapleau's community relations plan is designed to facilitate the identification and management of all social issues and risks linked to the Coringa Gold Project, and addresses a wide range of social considerations, including communication and consultation, local employment and contracting, workforce induction training (for social context), influx management, social investment, indigenous peoples, and management of complaints.

#### **Capital Costs**

The capital cost estimate has been prepared for the FS, assuming the processing of a nominal 168,000 t/y of predominantly gold and silver bearing ore. The total estimated initial cost to design, procure, construct, and commission the facilities described in this technical report is \$28.8 M. the table below summarizes the initial capital costs by major area.

Description	Cost	Total
<b>Mine</b>		
Maintenance Shop, Warehouse, & Tools	55,000	
Explosive Storage	68,750	
<b>Plant</b>		
Concrete	721,586	
<b>Equipment</b>		
Mechanical & Electrical Equipment	751,894	
Lab Equipment	74,750	
Plant Mobile Equipment	93,750	
Generators	624,678	
Mechanical Materials	1,096,594	
Electrical Equipment & Materials	869,285	
Refurbishment	119,677	
Construction Labor	1,113,043	
Ancillary Facilities	427,521	
<b>Site and Offsite Development</b>		
Vegetation Suppression	870,251	
Site Preparation	426,446	
<b>Tailings Storage Facility</b>	1,126,224	
<b>CELPA Power Supply</b>	2,667,795	
<b>Total Contracted Directs</b>		<b>11,107,244</b>
Catering	436,681	
Services	122,296	
Accommodations	98,406	
Freight	203,281	
Crane & Flatbed	143,300	
<b>Total Construction Indirects</b>		<b>1,003,964</b>
Miscellaneous Consultants	145,302	
Initial Fills	517,847	
Plant Equipment Spare Parts	46,875	
Geotechnical QA/QC	61,292	
Geotechnical Detailed Design	67,849	
Geotechnical Field Investigations	20,313	
Process/Infrastructure Design & Drawings	373,852	
<b>Total Contracted Indirects</b>		<b>1,233,330</b>
Portal Construction	131,250	
Capitalized Mine Op Cost	214,923	
Capital Development	2,938,341	
Mining Consultants	189,681	
Purchased Mine Equipment	1,883,672	
Camp	284,448	
Training & Materials	31,531	
Communication/IT Equipment	233,433	
Security & Safety Equipment	120,203	
Environmental	27,638	
<b>Total Owner Direct Cost</b>		<b>6,055,120</b>
Preproduction Employment & Training	1,318,103	
Admin Consultants	583,142	
Employee Benefits & Assistance	1,214,788	
Travel - In-Country	419,014	
Project Management	692,683	
Mining Support	7,803	
Camp Catering	340,655	
ROW & Land Rental Fees	46,875	
Legal, Permits, & Fees	348,008	
IT/Software Expenses & Maintenance	170,628	
Utilities & Maintenance	30,413	
Insurance	152,263	
Environmental	360,652	
Security Services	578,656	
Occupational Health & Services	90,125	
Community Development/Relations	245,863	
Offsite Facility Rentals	28,750	
Corporate Travel and Services	103,438	
Office/Janitorial Supplies & Service	24,221	
Transportation & Fuel	139,587	
Vehicle Maintenance	170,288	
<b>Total Owner Indirect Cost</b>		<b>7,065,955</b>
Subtotal Project Cost		26,465,613
Contingency		1,984,921
Invoices Prior to July 1, 2017 - Not Paid		314,271
<b>Total Initial Capital Costs (USD)</b>		<b>\$ 28,764,805</b>

The capital cost estimate is expressed in second quarter 2017 United States dollars (USD) and the following items are not included in the capital cost estimate:

- Sunk costs that were incurred prior to completion of the FS, which is the basis for this technical report;
- All federal and state income taxes (excluding sales/use taxes), which are included in the financial analysis;
- Reclamation costs, which are included in the financial analysis;
- Working capital and sustaining capital, which are included in the financial analysis;
- Interest and financing costs;
- Escalation beyond second quarter 2017; and;
- Risk due to political upheaval, government policy changes, labor disputes, permitting delays, weather delays, or any other force majeure occurrences.

Currency conversion has been made at a rate of 3.2 Brazilian Reais (R\$) per 1 USD(\$).

A contingency of \$2 M (7.5%) has been included in the initial capital cost. This contingency is based on the level of definition that was used to prepare the capital cost estimate and the QP's confidence in the quality of the information and estimating methodologies used.

### Operating Costs

Operating costs have been estimated according to the main project areas identified as mining, processing, general and administration and site costs (G&A) (Table 1.12). Table 1.12: LOM Average Operating Cost Summary (USD)

Area Description	Total Life of Mine Cost	Average LOM Unit Cost \$/t ore
Mining	32,035,509	41.68
Processing	25,756,467	33.51
G&A and Site Costs	25,471,096	33.14
<b>Total LOM Operating Cost</b>	<b>\$ 83,263,072</b>	<b>\$ 108.33</b>

Average life of mine (LOM) costs per tonne of ore were calculated using 768,577 tons LOM throughput. This same factor was used in calculating unit costs for each area of operation. Major cost inputs utilized were:

- Fuel - \$2.76/L delivered to the Coringa Gold Project, including all taxes
- Energy
  - o Diesel Generators\* - \$0.24/kWh based on the energy consumptions for the detailed electrical load demand list, using above fuel cost and generator manufacturer's calculated fuel consumption.
  - o CELPA Utility Power\* - \$0.0825/kWh applied to the electrical load demand list, calculated consumption, and application of CELPA rates from its current rate schedule and historical experience.
- Labor – Total labor cost by job classification, including burden, benefits, and subsidies, based on actual current payroll details.

### Economic Analysis

Economic model inputs are shown in the table below

Description	Values
Construction Period	10 months
Preproduction Period	10 months
Life of Mine (LOM) after Preproduction	4.8 years
LOM Ore (tonnes)	768,577
LOM Gold Production (troy ozs)	152,908
LOM Silver Production (troy oz)	198,075
<b>LOM Grade</b>	
Gold (grams per tonne)	6.5
Silver (grams per tonne)	13.1
Avg Annual Gold Production (troy oz)	31,856
Avg Annual Silver Production (troy oz)	41,266
<b>Market Price (USD/troy oz)</b>	
Gold	\$1,250
Silver	\$18.00
<b>Cost and Tax Criteria</b>	
Estimate Basis	1-Jul-17
Foreign Exchange Rate (R\$/USD)	3.2
Inflation/Currency Fluctuation	None
Leverage	100% Equity
Tax - Federal (IRPJ)	25%
Tax - SUDAM Incentive (IRPJ Reduction beginning Year 2)	-18.75%
Tax - Federal (CSLL)	9%
<b>Depreciation</b>	
Vehicles & Mobile Equipment (24 hr/day, 7 day/wk)	40%
Production Equipment, Underground Development	UOP
Ancillary Facilities (Camp, Kitchen, Maintenance Shop)	4%
<b>Royalties</b>	
Sandstorm	2.50%
Brazil (Federal Government)	1.0%
Land	0.50%
<b>Transportation Charges</b>	
Dore Shipment Cost (per shipment, site to refinery)	\$41,563
<b>Payment Terms</b>	
Advance	95%
Settlement	8 days

At the foundation of the economic model, data was drawn from the mine and plant production schedules, which were produced by MDA and MTB (under the QP's supervision), respectively, and are summarized in the table below

Table Process Production Schedule



Year	Total Ore Mined	Total Ore Processed	Year End Stockpile	Gold Produced*	Silver Produced*
	Tonnes	Tonnes	Tonnes	Troy Ozs	Troy Ozs
-1	4,918		4,918		
1	144,593	149,008	503	27,120	33,934
2	170,931	169,764	1,670	35,371	47,136
3	161,420	163,090	-	27,845	31,797
4	186,503	178,776	7,727	40,448	59,051
5	100,212	107,939	-	22,124	26,158
LOM	768,577	768,577		152,908	198,075

*\*Note: After metallurgical recovery and refining loss.*

*For purposes of the economic model, the gold price of \$1,250 oz was used, and \$18 oz of silver was used.*

*This FS estimates payback to occur late in the second year of mine life, approximately 2.9 years after initial production.*

*The Coringa Gold Project is estimated to have an after-tax internal rate of return (IRR) of 30.1%.*

*Assuming a discount rate of five percent over an estimated mine life of 4.8 years, the after-tax net profit value (NPV) is estimated to be approximately \$30.5 M.*

### **Interpretation and Conclusions**

*Based on the evaluation of the data available from the FS, the QPs have drawn the following conclusions:*

- *At the effective date of this technical report, Chapleau holds a 100% interest in the Coringa Gold Project property.*
- *The deposits at the Coringa Gold Project are composed of several semicontinuous, steeply dipping gold-bearing veins and shear zones hosted in granite and rhyolite. The mineralized vein system extends for over 7,000 m in a northwesterly direction, has variable widths ranging from zero to over 14 m, and has been defined to depths of 250 m.*
- *Most veins remain open to further expansion through drilling both along strike and at depth.*
- *Drilling to date has outlined an Indicated mineral resource estimate (at a cut-off grade of 2 g/t Au) of 726 ktonnes at 8.4 g/t Au and 17 g/t Ag which contains 195 koz of gold and 396 koz of silver.*
- *Drilling to date has also outlined an Inferred mineral resource estimate (at a cut-off grade of 2 g/t Au) of 1.3 Mtonnes at 4.3 g/t Au and 5.1 g/t Ag which contains 181 koz of gold and 215 koz of silver.*
- *The narrow but high-grade veins at the Coringa Gold Project are considered to be amenable to underground extraction methods.*
- *There are no known factors related to metallurgical, environmental, permitting, legal, title, taxation, socio-economic, marketing, or political issues which could materially affect the mineral resource estimates.*
- *In the QPs' opinion, the analytical procedures were appropriate and consistent with common industry practice. The laboratories are recognized, accredited commercial assayers. There is no relationship between Anfield or Chapleau and ALS Minerals (ALS) or CDN Resource Laboratories Ltd. (CDN). The sampling has been carried out by trained technical staff under the supervision of a QP and in a manner that meets or exceeds common industry standards. Samples are properly identified and transported in a secure manner from site to the lab.*
- *There are no quality-control issues with the Magellan Minerals (2007–2013) and Anfield (2016–2017) drill programs.*

- Observation of the drilling and core handling procedures during the site visit inspection and validation of the collected data indicate that the drill data are adequate for interpretation.
- In the QPs' opinion, the database management, validation, and assay QA/QC protocols are consistent with common industry practices. The quality of the database supports the estimation of Indicated resources.
- Results from the Plenge test program have been used to project the metallurgical performance of materials planned for mining and processing at the Coringa Gold Project. Results from the earlier RDi and TDP test programs support results from the Plenge program and altogether are useful to support the stated overall representativeness of the samples to the various deposits. The projected gold and silver recoveries for the Coringa Gold Project deposits are presented below:
  - o Serra and Galena deposits – 96% for gold and 57% for silver
  - o Meio deposit – 94% for gold and 74% for silver
- The total seepage from the TSF at the end of mine life is on the order of 20-60 m<sup>3</sup>/d of additional groundwater flow depending on the selected conductivity for the prepared foundation of the TSF.
- The water balance shows that the Coringa Gold Project mine has sufficient water to operate. The plant under prolonged extreme drought conditions. The project has a net-discharge requirement each wet season from the TSF. In extreme wet conditions, the mine has higher discharge, but within accepted regulatory limits.
- The TSF has elevated sulfate, ammonia, and nitrate concentrations (with respect to applicable Brazilian water quality standards). These elevated concentrations appear to be manageable through active dilution strategies in conjunction with controls on the over-addition of SMBS.
- Based on the results obtained, the new configuration for the Meio WSF exceeds the minimum established Factor of Safety (FOS). It is recommended that additional space between the toe of the WSF and the crest of the sediment pond be incorporated during detailed design if a reduction in WSF volume is acceptable.
- The stability of the Serra sediment pond can be improved by allowing for a larger offset between the WSF toe and sediment pond crest, however further modification of the pond orientation results in cut/fill boundaries outside of the required permit area.
- From a mine geotechnical standpoint, the underground geotechnical conditions and data at the Meio and Serra veins was scrutinized and used by Quanta to develop portal, decline, ramp, and underground workings recommendations. Rock core data at Galena was also reviewed by Quanta and found to be similar to that encountered at Serra and this is the basis for assuming that mining methods at Serra and Galena will be similar. Additional geotechnical investigation and design is required for the Valdette, Mãe de Leite, Come Quietto, and Demetrio veins while additional geotechnical design is required at Galena to confirm the mine designs at these veins.

#### *Risks*

- Some upper levels might be mined-out. It is unknown how deep surface mining has occurred, however, a 20-m surface sill pillar was left in the reserve estimation. Mining might have occurred for more than 20 m from the surface in some areas.
- Although initially the stockpile will be from sill preparation, the current plan does not allow much time for underground stope definition or infill drilling.
- Sill preparation (development in mineralization) in veins 0.8 m wide will result in over-dilution.
- Possible islands of waste in the mineral might result in "ore losses".
- Proper mine ventilation demands high consumption of electrical power. The more active mining areas, the higher the demand for fresh air.
- Refurbished equipment at early stages of mine development could be risky. A good supply of spare parts should be readily available.
- The TSF design has used conservative methods for each of the critical components, with particular attention to the embankment design (utilizing downstream construction methods) and the spillway (sized to safely pass the 1,000-yr event). Nevertheless, all dams pose risks and should be managed and closed accordingly. The principal risk for this facility is improper management of surface waters and poor maintenance of the emergency spillway system. Operating and monitoring plans should be developed and implemented to reduce the likelihood of these occurring.
- Brazilian political change, fluctuations in the national, state, and local economies and regulations and social unrest.
- Currency exchange fluctuations.

- *Fluctuations in the prices for gold and silver, as well as other minerals.*
- *Anfield's development of the Coringa Gold Project, including permitting delays, land access, and social and political pressure from local stakeholders.*
- *Risks relating to being adversely affected by the regulatory environment, including increased regulatory burdens and changes of laws.*

#### *Opportunities*

- *There is a potential for increasing the estimated mineral reserves with infill drilling as well as exploration drilling from underground and surface.*
- *As the primary development progresses, more active areas for mining will be available and daily mining rates could be increased.*
- *Higher grades than reported in the FS could be mined at lower tonnages using split blasting techniques.*
- *While the mineralized trend of veins is known to extend over a minimum 7 km strike length, only in few places has it been drilled sufficiently to identify inferred or higher mineral resources (Serra, Meio, Galena, Mãe de Leite, Come Quietto, and Valdetto). Large segments of veins remain untested or partially tested, some with significant mineralized vein intersections that remain open to offset drilling. These zones could yield additional mineralization for the project through discovery or enhancement of currently identified inferred- to indicated-resources. Highest priority targets for resource expansion include Come Quietto, Mãe de Leite, and Galena, all of which host open Inferred mineral resources and in the case of Galena, Indicated mineral resources. Other zones such as Demetrio, Valdetto, and Mato Vehlo have yielded significant mineral intersections, but have not been drilled in sufficient density for inclusion as inferred resource. Enhancement of mineral resources at the Coringa Gold Project has a high probability with additional drilling.*
- *The project is fully staffed with capable management, engineers and geologists and supporting personnel which will minimize training.*
- *The project is located in an area with existing and active mining operations with similar characteristics to the mining techniques proposed in this study.*
- *There is good potential for marketing gravity concentrate IL residues as a by-product though it has not yet been evaluated. The IL residues may carry enough un-leachable gold and silver, plus lead (30%) due to the mineralogy, that it might be possible to market this material and improve project economics.*
- *Flotation of a concentrate was performed on a sample of detoxified tails to determine the potential for recovering and marketing a by-product. A bulk lead/zinc concentrate was produced that weighed 1.5% of the feed weight and assayed 401 gpt silver, 1.7 gpt gold, 31% lead and 31% zinc. The metal recoveries, based on the original head grade prior to leaching, were 32% for silver, 0.4% for gold, 72% for lead, and 88% for zinc.*
- *This TSF location is suitable for additional tailings storage, up to at least 2.5 Mt, should the reserves increase.*

*The following opportunities for reduced cost, reduced risk, or improved operations should be investigated in the next stage of engineering, or during plant operations.*

- *If 0.9 Mt of tailings storage is not required, the size of the dam can be reduced. This decision can be made any time before completion of the Phase 3 dam raise.*
- *The impoundment storage capacity was estimated using constant average tailings density. However, deeper tailings should be denser and this may allow some additional capacity. Further, the actual tailings density achieved in the impoundment should be verified during operations and the size of the final raise of the dam adjusted accordingly.*
- *Optimization of the beach slopes may be possible through close management of spigots, through using cyclones to separate sand from fines, or building small internal berms. These can be field tested during operations of the first phases of the TSF.*

#### *Recommendations*

*Based on the results of the FS, the QPs' overall recommendation is that the Coringa Gold Project should be advanced to construction.*

## **Other Mineral Projects**

### **Sucuba Project**

The Sucuba project is located some 10 kilometres to the northwest of Palito and the Company holds two exploration licences applications totalling 10,449 hectares. The Company has conducted exploration work in the past on this area where the main gold anomaly is centred on a small garimpeiro pit. Initial geochemistry highlighted anomalous gold values over an east-west area of 800 metres by 150 metres and a limited historic drill programme returned a number of gold values associated with

structural controls including 0.50metres at 20.42g/t Au. The area would appear to potentially host a polymetallic deposit with high lead, silver and zinc values having been returned.

***Pizon and Modelo Projects***

The Pison and Modelo Projects are isolated sites located approximately 250km and 300km to the west and northwest of the Palito Mine with access being primarily by light aircraft. Serabi has submitted final exploration reports and notices of relinquishment and is awaiting final confirmation from the authorities that the relinquishment has been approved

## GROUP RESERVES AND RESOURCES

**Table 1 - Mineral Resource Statement, Palito Mine, Para State, Brazil, as of June 30, 2017**

Classification	Vein Width	Quantity	Grade		Contained Metal	
			Gold	Copper	Gold	Copper
	m	000't	g/t	%	000'oz	t
<b>Underground</b>						
Measured	0.52	274	15.21	0.77	134	2,110
Indicated	0.57	371	10.91	0.57	130	2,115
<b>Surface Stockpiles</b>						
Measured	-	12	3.15	-	1	-
<b>Tailings</b>						
Measured	-	60	2.70	-	5	-
<b>Combined</b>						
Measured	-	346	12.62	0.61	140	2,110
Indicated	-	371	10.91	0.57	130	2,115
<b>Measured and Indicated</b>	<b>-</b>	<b>717</b>	<b>11.74</b>	<b>0.59</b>	<b>271</b>	<b>4,225</b>
<b>Underground</b>						
Inferred	0.77	784	7.02	0.20	177	1,568

Notes to Table 1:

- (3) Mineral Resources have been rounded. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Underground Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off grade of 3.10 g/t gold assuming an underground extraction scenario, a gold price of US\$1,500/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 91%. Polygonal techniques were used for mineral resource estimates. Surface stockpiles and tailings are reported at a cut-off grade of 1.65 g/t gold assuming a gold price of US\$1,500/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 78%.
- (4) Serabi is the operator and owns 100% of the Palito Mine such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by the Company in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 30 June 2017, and audited and approved by Mr Glen Cole of SRK Consulting (Canada) Inc., who is a Qualified Person under the Canadian National Instrument 43-101.

Table 2 - Mineral Reserves Statement, Palito Mine, Para State, Brazil, as of June 30, 2017

Classification	Quantity	Grade		Contained Metal	
		Gold	Copper	Gold	Copper
	000't	g/t	%	000'oz	T
<b>Underground</b>					
Proven	265	9.77	0.46	83	1,219
Probable	276	7.64	0.39	68	1,076
<b>Surface Stockpiles</b>					
Proven	12	3.15	-	1	-
<b>Tailings</b>					
Proven	60	2.70	-	5	-
<b>Combined</b>					
Proven	337	8.28	0.36	90	1,219
Probable	276	7.64	0.39	68	1,076
<b>Proven and Probable</b>	<b>613</b>	<b>7.99</b>	<b>0.37</b>	<b>157</b>	<b>2,295</b>

Notes to Table 2:

- (1) Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven Underground Mineral Reserves are reported within the Measured classification domain, and Probable Underground Mineral Reserves are reported within the Indicated classification domain. Proven and Probable Underground Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a cut-off grade of 3.70 g/t gold assuming an underground extraction scenario, a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 91%. Proven Mineral Reserves surface stockpiles and tailings are reported at a cut-off grade of 1.95 g/t gold assuming a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 78%.
- (2) Serabi is the operator and owns 100% of the Palito Mine such that gross and net attributable mineral reserves are the same. The mineral reserve estimate was prepared by the Company in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 30 June 2017, and audited and approved by Mr Timothy Olson of SRK Consulting (US) Inc., who is a Qualified Person under the Canadian National Instrument 43-101.

**Table 3 - Mineral Resource Statement, Sao Chico Mine, Para State, Brazil, as of June 30, 2017**

Classification	Thickness	Quantity	Grade	Contained Metal
			Gold	Gold
	M	000't	g/t	000'oz
Measured	1.82	60	13.34	26
Indicated	1.79	22	14.70	10
<b>Measured and Indicated</b>	<b>1.81</b>	<b>82</b>	<b>13.70</b>	<b>36</b>
Inferred	1.80	123	13.77	54

Notes to Table 3:

- (1) Mineral Resources have been rounded. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Underground Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off grade of 2.85 g/t gold assuming an underground extraction scenario, a gold price of US\$1,500/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 95%. Polygonal techniques were used for mineral resource estimates.
- (2) Serabi is the operator and owns 100% of the Sao Chico Mine such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by the Company in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 30 June 2017, and audited and approved by Mr Glen Cole of SRK Consulting (Canada) Inc., who is a Qualified Person under the Canadian National Instrument 43-101.

**Table 4 - Mineral Reserves Statement, Sao Chico Mine, Para State, Brazil, as of June 30, 2017**

Classification	Quantity	Grade	Contained Metal
		Gold	Gold
	000't	g/t	000'oz
<b>Underground</b>			
Proven	65	8.15	17
Probable	25	9.15	7
<b>Proven and Probable</b>	<b>90</b>	<b>8.43</b>	<b>24</b>

Notes to Table 4:

- (1) Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven Underground Mineral Reserves are reported within the Measured classification domain, and Probable Underground Mineral Reserves are reported within the Indicated classification domain. Proven and Probable Underground Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a cut-off grade of 3.45 g/t gold assuming an underground extraction scenario, a gold price of US\$1,250/oz, a 3.5:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recovery of 95%

- (2) Serabi is the operator and owns 100% of the Sao Chico Mine such that gross and net attributable mineral reserves are the same. The mineral reserve estimate was prepared by the Company in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 30 June 2017, and audited and approved by Mr Timothy Olson of SRK Consulting (US) Inc., who is a Qualified Person under the Canadian National Instrument 43-101.

**Table 5 - Mineral Resources Statement, Coringa Gold Project, Para State, Brazil, as of March 4, 2019**

The current Mineral Resource estimates for the **Coringa Mine** (Table 5) are based on data as at **February 11, 2019**.

**Table 5 - Mineral Resource Statement, Coringa Mine, Para State, Brazil, as of March 4, 2019**

Classification	Vein Width	Quantity	Grade	Contained Metal
	m	000't	Gold g/t	Gold 000'oz
<b>Underground</b>				
Indicated	0.7	845	7.95	216
<b>Total Indicated</b>				
<b>Underground</b>				
Inferred	0.7	1,436	6.46	298

Notes to Table 5:

- (1) Mineral Resources have been rounded. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Underground Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off **grade of 2.0g/t** gold assuming an underground extraction scenario, a gold price of **US\$1,500/troy oz**, an operating cost of **\$100/t**, and metallurgical **recovery of 95%**.
- (2) Serabi is the operator and owns 100% of the Coringa gold project such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by Global Resource Engineering in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of **March 4, 2019** by Mr Kevin Gunesch and Dr Hamid Samari, who are both Qualified Persons under the Canadian National Instrument 43-101.



## RISK FACTORS

*The Company, and the Ordinary Shares of the Company, should be considered a highly speculative investment and investors should carefully consider all of the information disclosed in this annual information form prior to making an investment in the Company. In addition to the other information presented in this annual information form, the following risk factors should be given special consideration when evaluating an investment in any of the Company's securities. These risks are not the only risks facing the Company. Additionally, risks and uncertainties not currently known to the Company or that management currently deems to be immaterial, may also materially affect the Company's business, financial condition and/or future results.*

### ***Future exploration at the Company's projects or elsewhere may not result in increased mineral resources.***

Mineral exploration involves significant risks over a substantial period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. Even if the Company discovers a valuable deposit of minerals, it may be several years before production is possible and during that time it may become economically unfeasible to produce those minerals. There is no assurance that current or future exploration programs will result in any new economically viable mining operations or yield new resources to replace and expand current resources.

***There is no guarantee that the Company's applications for exploration licences and mining licences will be granted on a timely basis or at all or that the existing exploration licences of the Company can be renewed or converted into mining licences. In addition, there can be no assurances that title to any of the Company's mineral properties will not be challenged or disputed.***

There is no guarantee that any application for additional exploration licences may be granted by the Agencia de Mineracao ("ANM"). ANM may refuse any application. Persons may object to the granting of any exploration licence and ANM may take those objections into consideration when making any decision on whether or not to grant a licence.

The exploration licence for the Sao Chico property expired March 2014. The Company has begun the process of applying for a full mining licence and has received no indication that provided that the content and form of the application is made in accordance with prescribed regulations that a mining licence would not be granted.

Mining of the Sao Chico orebody is authorised by a Trial Mining Licence ("GUIA") which expires on April 6, 2019. The Company has submitted, in accordance with the law and regulation, all documents required for renewal. The Company has not been notified that a renewal will not be granted and may continue to operate the mine after April 6, 2019 until such time as the renewal is approved or the Company is notified that a new GUIA will not be issued. Failure to secure a renewal would limit the ability of the Company to achieve its gold production forecasts and have a material adverse effect on the Company's business, financial condition and results of operations.

The exploration licences for the Coringa project have also expired. The Company has begun the process of applying for a full mining licence and has received no indication that provided that the content and form of the application is made in accordance with prescribed regulations that a mining licence would not be granted. In May 2018 trial mining licences for each of the Coringa concessions 850568/1990 and 850567/199, valid until 25 May 2020 and 25 November 2020 respectively, were issued.

If and when exploration licences are granted, they will be subject to various standard conditions including, but not limited to, prescribed licence conditions. Any failure to comply with the expenditure conditions or with any other conditions, on which the licences are held, can result in licence forfeiture. Generally, the licences are granted for a term of three years and further renewal of an exploration licence is at the discretion of the DNPM/ANM and on such conditions as the DNPM/ANM may in its discretion impose. Renewal conditions may include increased expenditures and work commitments or compulsory relinquishment of areas of the licences comprising the Company's properties. The failure of the DNPM/ANM to renew the Company's exploration licences or the imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Title to, and the area of, mineral concessions may be disputed. Although the Company believes it has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impaired.

***The Company's is reliant upon cash flow from its Palito and Sao Chico Mines to service all its current debt obligations and remain in compliance with obligations under its lending agreements.***

The Company entered into a US\$5.00 million secured loan with Sprott Resource Lending in June 2017 and increased this to US\$8.00 million in January 2018. The loan is being repaid in monthly installments and the last payment is due on 30 June 2020. Whilst operations at Palito and Sao Chico have both achieved Commercial Production and performance is broadly in line with management's expectations, there are risks associated with any mining and processing operation whereby unforeseen technical and logistical events result give rise to the possibility that additional working capital may be required to fund interruption, delays or additional capital requirements. Should additional working capital be required the Directors consider that further sources of finance could be secured within the required timescale but there can be no guarantee that such additional funds will be available. Failure to raise additional capital, if needed, could have a material adverse effect on the Company's business, financial condition and results of operations.

***The exploration and development of the Company's properties, including continuing exploration and development projects, and the construction of mining facilities and commencement of mining operations, may require substantial additional funding.***

The Company anticipates generating its own cash-flow from mining operation at the Palito Mine and the Sao Chico Mine and to use this cash flow to provide some finance for further exploration and development activities on the Company's other properties, any cash flow that the Company generates may not be sufficient to meet these future exploration and development activities. The Company's recently acquired Coringa gold project will need significant investment for its construction and development relative to the Company's existing levels of cash generation. Failure to obtain sufficient financing at the appropriate time will result in a delay or indefinite postponement of the development of the Coringa project and exploration, development or production on any of the Company's other properties or even a loss of a property interest. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to the Company and might involve substantial dilution to existing shareholders. Failure to raise capital when needed could have a material adverse effect on the Company's business, financial condition and results of operations.

***The Company faces numerous exploration, development and operating risks.***

The exploration for and development of mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. Whilst the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration or development programs planned by the Company will result in a profitable commercial mining operation. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; metal prices that are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

There is no certainty that the expenditures made by the Company towards the search and evaluation of mineral deposits will result in discoveries of commercial quantities of ore.

***The Company is considered to be a junior gold production company. The Company has successfully completed the redevelopment of the Palito Gold Mine established mining operations at the Sao Chico Mine both of which are now in Commercial Production. It has acquired the Coringa gold project and anticipates that it has the requisite knowledge and skills to establish a successful mining operation at Coringa. Whilst a Feasibility Study has been produced and published for the Coringa gold project indicating the project to be economically viable the Feasibility Study was concluded prior to the acquisition of the project by the Company. The Company's management may identify matters and assumptions with which it does not concur and may therefore choose not to operate the Coringa project in the manner put forward in the Feasibility Study.***

Whilst management will seek to take all practical precautions necessary and follow the plans and recommendations set out in the Feasibility Study for the Coringa there can be no assurance that this project will be profitable in the future. The operating expenses and capital expenditures may vary from those projected in the Feasibility Study and may also increase in subsequent years..

***If mineral resource and reserve estimates are not accurate, production may be less than estimated which would adversely affect the Company's financial condition and result of operations.***

Mineral resource and reserve estimates are imprecise and depend on geological analysis based partly on statistical inferences drawn from drilling, and assumptions about operating costs and metal prices, all of which may prove unreliable. The Company cannot be certain that the resource and reserve estimates are accurate and cannot guarantee that it will recover the indicated quantities of metals if commercial production is commenced. Future production could differ dramatically from such estimates for the following reasons: mineralisation or formations at the properties could be different from those predicted by drilling, sampling and similar examinations; declines in the market price of gold may render the mining of some or all of the resources and reserves uneconomic; and the grade of ore may vary significantly from time to time and the Company cannot give any assurances that any particular quantity of metal will be recovered from the resources and reserves.

The occurrence of any of these events may cause the Company to adjust the resource and reserve estimates or change its mining plans, which could negatively affect the Company's financial condition and results of operation.

#### ***Surface Rights and Access***

Although the Company acquires the rights to some or all of the minerals in the ground subject to the mineral tenures that it acquires, or has a right to acquire, in most cases it does not thereby acquire any rights to, or ownership of, the surface to the areas covered by its mineral tenures. In such cases, applicable mining laws usually provide for rights of access to the surface for

the purpose of carrying on mining activities, however, the enforcement of such rights can be costly and time consuming. It is necessary to negotiate surface access or to purchase the surface rights if long-term access is required. There can be no guarantee that, despite having the right at law to access the surface and carry on mining activities, the Company will be able to negotiate satisfactory agreements with any such existing landowners/occupiers for such access or purchase of such surface rights, and therefore it may be unable to carry out planned mining activities. In addition, in circumstances where such access is denied, or no agreement can be reached, the Company may need to rely on the assistance of local officials or the courts in such jurisdiction, the outcomes of which cannot be predicted with any certainty. The inability of the Company to secure surface access or purchase required surface rights could materially and adversely affect the timing, cost or overall ability of the Company to develop any mineral deposits it may locate.

***The Company has pledged a material portion of its assets as security***

Pursuant to the Sprott loan facility, the Company has pledged substantially all of the assets comprising the Palito Mining Complex and the shares of Chapleau as security to Sprott. The existence of the security could inhibit the ability of the Company to raise debt or other financing in the future on reasonable terms if at all. In the event that Sprott realizes on its security, the Company could lose its interest in the Palito Mining Complex, which would have a material adverse effect on the Company.

***The Company is subject to restrictive covenants that limit its ability to operate its business***

The Company's subsidiaries are subject to certain affirmative and restrictive covenants contained in facility agreement with Sprott. The facility Agreement contains operating and financial covenants that could restrict the Company and its subsidiaries' ability to, among other things: incur additional indebtedness needed to fund its respective operations; pay dividends or make certain other distributions; make investments; create liens; sell or transfer assets; or enter into transactions with affiliates. Compliance with the covenants contained in a Streaming Agreement associated with the Coringa project may impair the Company's ability to finance future operations or capital. The restrictions on the Company's ability to manage its business in management's sole discretion could adversely affect the Company's business by, among other things, limiting its ability to take advantage of business opportunities that management believes would be beneficial to the shareholders and limiting its ability to adjust to changing market conditions.

***Decommissioning and Site Rehabilitation Costs***

The costs of performing the decommissioning and reclamation must be funded by the Company's operations. These costs can be significant and are subject to change. The Company cannot predict what level of decommissioning and reclamation may be required in the future by regulators. If the Company is required to comply with significant additional regulations or if the actual cost of future decommissioning and reclamation is significantly higher than current estimates, this could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

***The Company's exploration and development properties may not be successful and are highly speculative in nature.***

Exploration for gold is highly speculative in nature. The Company's exploration activities in Brazil involves many risks, and success in exploration is dependent upon a number of factors including, but not limited to, quality of management, quality and availability of geological expertise and the availability of exploration capital. The Company cannot give any assurance that its current or future exploration efforts will result in the discovery of a mineral reserve or new or additional mineral resources, the expansion of current resources or the conversion of mineral resources to mineral reserves.

As well, mineral deposits, even though discovered, may be insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by additional factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets, processing equipment and other factors, which may make a mineral deposit unprofitable to exploit.

***The risks and hazards associated with mining and processing may increase costs and reduce profitability in the future.***

Mining and processing operations involve many risks and hazards, including among others: environmental hazards; mining and industrial accidents; metallurgical and other processing problems; unusual and unexpected rock formations; flooding and periodic interruptions due to inclement or hazardous weather conditions or other acts of nature; mechanical equipment and facility performance problems; and unavailability of materials, equipment and personnel. These risks may result in: damage to, or destruction of, the Company's properties or production facilities; personal injury or death; environmental damage; delays in mining; increased production costs; asset write downs; monetary losses; and legal liability.

The Company cannot be certain that any insurance it maintains will cover the risks associated with mining or that it will be able to obtain or maintain insurance to cover these risks at affordable premiums. The Company might also become subject to liability for pollution or other hazards against which it cannot insure or against which the Company may elect not to insure because of premium costs or other reasons. Losses from such events may increase costs and decrease profitability.

***The Company's vulnerability to changes in metal prices may cause its share price to be volatile and may affect the Company's operations and financial results.***

The profitability of the Company's operations is dependent upon the market price of mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates, the rate of inflation, the world supply of mineral commodities and the stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political developments. The price of mineral commodities has fluctuated widely in recent years and future price declines could cause commercial production to be impracticable, thereby having a material adverse effect on the Company's business, financial condition and results of operations. Furthermore, reserve calculations and life-of-mine plans using significantly lower metal prices could result in material write-downs of the Company's investment in mining properties and increased amortisation, reclamation and closure charges. In addition to adversely affecting the Company's reserve estimates and its financial condition, declining commodity prices can impact operations by requiring a reassessment of the feasibility of a particular project. Such a reassessment may be the result of a management decision or may be required under financing arrangements related to a particular project. Even if the project is ultimately determined to be economically viable, the need to conduct such a reassessment may cause substantial delays or may interrupt operations until the reassessment can be completed.

***The Company is subject to extensive environmental legislation and the costs of complying with these regulations may be significant. Changes in environmental legislation could increase the costs of complying with applicable regulations and reduce levels of production.***

All phases of the Company's operations are subject to environmental regulation in Brazil. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

Environmental legislation relating to land, air and water affects nearly all aspects of the Company's operations. This legislation requires the Company to obtain various operating licences and also imposes standards and controls on activities relating to exploration, development and production. The cost of obtaining operating licences and abiding by standards and controls on its activities may be significant. Further, if the Company fails to obtain or maintain such operating licences or breaches such standards or controls imposed on its activities, it may not be able to continue its operations in its usual manner, or at all, or the Company may be subject to fines or other claims for remediation which may have a material adverse impact on its operations or financial results. While the Company is unaware of any existing material environmental liabilities, it cannot guarantee that no such liabilities currently exist or will occur in the future.

Changes in environmental laws, new information on existing environmental conditions or other events may increase future compliance expenditures or otherwise have a negative effect on the Company's financial condition and results of operations. In addition to existing requirements, it is expected that other environmental regulations will likely be implemented in the future with the objective of further protecting human health and the environment. Some of the issues expected to be under future review by environmental agencies include reducing or stabilising air emissions, mine reclamation and restoration, and water quality. Other changes in environmental legislation could have a negative effect on production levels, product demand, product quality and methods of production and distribution. The complexity and breadth of these issues make it difficult for the Company to predict their impact. The Company anticipates capital expenditures and operating expenses will increase as a result of compliance with the introduction of new and more stringent environmental regulations. Failure to comply with environmental legislation may result in the issuance of clean up orders, imposition of penalties, liability for related damages and the loss of operating permits. While the Company believes it is now in material compliance with existing environmental legislation, it cannot give assurances that it will at all future times be in compliance with all federal and state environmental regulations or that steps to bring the Company into compliance would not have a negative effect on its financial condition and results of operations.

Government approvals and permits are currently, or may in the future be, required in connection with the Company's operations. To the extent such approvals are required but are not granted, the Company may be curtailed or prohibited from proceeding with planned exploration or development of mineral properties.

***Currency fluctuations may affect the costs of doing business and results of operations.***

Currency fluctuations may affect the Company's costs and the Company has not entered into any derivative financial instruments to hedge such fluctuations. The Company pays for goods and services primarily in Canadian Dollars, US Dollars, British Pound Sterling, Euros and Brazilian Real and the Company has to date received the proceeds of equity financings in Canadian Dollars and British Pound Sterling, loan financings in US dollars and British Pounds Sterling and leasing arrangements in Euros. As a result of the use of these different currencies, the Company is subject to foreign currency fluctuations. Foreign currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. Adverse fluctuations in the relative value of these currencies could materially and adversely affect the Company's results of operation and financial position.

***Compliance with current and future government regulations may cause the Company to incur significant costs and slow its growth.***

The Company's activities are subject to extensive Brazilian laws and regulations governing matters relating to occupational health, labour standards, prospecting, exploration, production, exports and taxes. Compliance with these and other laws and regulations could require the Company to make significant capital outlays which may slow its growth by diverting its financial resources. The enactment of new adverse regulations or regulatory requirements or more stringent enforcement of current regulations or regulatory requirements may increase costs, which could have an adverse effect on the Company. The Company cannot give assurances that it will be able to adapt to these regulatory developments on a timely or cost-effective basis. Violations of these regulations and regulatory requirements could lead to substantial fines, penalties or other sanctions.

The Company has in the past been the subject of court proceeding brought by former employees which can sometimes be spurious and without strong merit but equally can be time consuming and costly to defend. Claims can be brought at any time within two years of the employee's termination date irrespective of the circumstances surrounding the departure of the employee. Whilst the Company is aware of a limited number of current claims it is not currently expected that there could be a material adverse impact on the financial condition of the Company if some or all of these labour claims are successful or are not settled on the basis anticipated by the Company.

***The Company is required to obtain and renew governmental permits and licences in order to conduct mining operations, which is often a costly and time-consuming process.***

In the ordinary course of business, the Company will be required to obtain and renew governmental permits and licences for the operation and expansion of existing operations or for the commencement of new operations. Obtaining or renewing the necessary governmental permits is a complex and time-consuming process. The duration and success of the Company's efforts to obtain and renew permits and licences are contingent upon many variables not within its control including the interpretation of applicable requirements implemented by the permitting or licencing authority. The Company may not be able to obtain or renew permits and licences that are necessary to its operations, or the cost to obtain or renew permits and licences may exceed what the Company expects. Any unexpected delays or costs associated with the permitting and licencing process could delay the development or impede the operation of the Company's projects, which could adversely affect the Company's revenues and future growth.

***The Company's operations are conducted in Brazil and, as such, the Company's operations are exposed to various levels of political, economic and other risks and uncertainties.***

These risks and uncertainties vary from time to time and include, but are not limited to: terrorism; hostage taking; military repression; extreme fluctuations in currency exchange rates; high rates of inflation; labour unrest; the risks of war or civil unrest; expropriation and nationalization; renegotiation or nullification of existing concessions, licences, permits and contracts; illegal mining; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political conditions, currency controls and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction.

Changes, if any, in mining or investment policies or shifts in political attitude in Brazil may adversely affect the Company's operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, income and other taxes, labour regulation and use of non-Brazilian labour for specialist activities, expropriation of property, foreign investment, maintenance of claims, environmental legislation, land use, land claims of local people, water use and mine safety. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral right applications and tenure, could result in loss, reduction or expropriation of entitlements, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The occurrence of these various factors and uncertainties cannot be accurately predicted and could have an adverse effect on the Company's operations or profitability.

***The Company is a holding company that conducts operations through foreign subsidiaries and substantially all of its assets are held in such entities.***

Any limitation on the transfer of cash or other assets between the parent corporation and such entities, or among such entities, could restrict the Company's ability to fund its operations efficiently. Any such limitations, or the perception that such limitations may exist now or in the future, could have an adverse impact on the Company's valuation and stock price.

***Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure.***

Reliable roads, bridges, power sources and water supply are important determinants, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Company's operations, financial condition and results of operations.

***If the Company loses key personnel or is unable to attract and retain additional personnel, the Company's mining operations and prospects could be harmed.***

Recruiting and retaining qualified personnel is critical to the Company's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As the Company's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required.

Although the Company believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If the Company is not successful in attracting, training and retaining qualified personnel, the efficiency of operations may be affected.

***The mining industry is intensely competitive in all of its phases and the Company competes with many companies possessing greater financial and technical resources than itself.***

Competition in the precious metals mining industry is primarily for mineral rich properties that can be developed and produced economically; the technical expertise to find, develop, and operate such properties; the labour to operate the properties; and the capital for the purpose of funding such properties. Many competitors not only explore for and mine precious metals but conduct refining and marketing operations on a global basis. Such competition may result in the Company being unable to acquire desired properties, to recruit or retain qualified employees or to acquire the capital necessary to fund its operations and develop its properties. Existing or future competition in the mining industry could materially adversely affect the Company's prospects for mineral exploration and success in the future.

#### ***Compliance with Anti-Corruption Laws***

The Company's operations are governed by, and involve interaction with, many levels of government in Brazil. The Company is subject to various anti-corruption laws and regulations such as the Canadian Corruption of Foreign Public Officials Act, which prohibit a company and its employees or intermediaries from bribing or making improper payments to foreign officials or other persons to obtain or retain business or gain some other business advantage. The Company's mineral projects are located in Brazil and, according to Transparency International, Brazil is perceived as having fairly high levels of corruption relative to Canada. The Company cannot predict the nature, scope or effect of future regulatory requirements to which the Company's operations might be subject or the manner in which existing laws might be administered or interpreted.

Failure to comply with the applicable anti-corruption laws and regulations could expose the Company and its senior management to civil or criminal penalties or other sanctions, which could materially and adversely affect the Company's business, financial condition and results of operations. Likewise, any investigation of any alleged violations of the applicable anti-corruption legislation by Canadian or foreign authorities could also have an adverse impact on the Company's business, reputation, financial condition and results of operations. Although the Company has adopted policies to mitigate such risks, such measures may not be effective in ensuring that the Company, its employees or third-party agents will comply with such laws.

#### ***Conflicts of Interest***

Certain directors and officers are directors and/or officers of other mineral exploration companies and as such may, in certain circumstances, have a conflict of interest, if any, which arise will be subject to and governed by procedures prescribed by the Company's governing corporate law statute which requires a director of a corporation who is a party to, or is a director or an officer of, or has some material interest in any person who is a party to, a material contract or proposed material contract with the company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under such legislation.

***It may be difficult for investors to enforce judgments against directors, officers and experts resident outside of Canada.***

The Company and its subsidiaries are incorporated, continued or otherwise organized under the laws of foreign jurisdictions and some or all of the directors and officers of the Company and some or all of the experts named in this annual information form reside outside of Canada. In addition, some or all of the assets of those persons and the Company and its subsidiaries are located outside of Canada. Although the Company and all non-resident directors and certain non-resident officers of the Company have appointed Peterson McVicar LLP, 18 King Street East Street, Suite 902, Toronto, Ontario M5C 1C4 as their agent for services of process in Canada, it may not be possible for investors to collect from the Company or such directors and officers or enforce judgments obtained in courts in Canada predicated on the civil liability provisions of securities legislation against the Company, its directors and officers and certain of the experts named in this annual information form. Moreover, it may not be possible for investors to effect service of process within Canada upon the experts referred to herein.

## DIVIDEND POLICY

The Company does not have a dividend policy in place and has never declared or paid dividends on the Ordinary Shares. Any future dividend payment will be made at the discretion of the board of directors and will depend on their assessment of earnings, capital requirements, the operating and financial condition of the Company and any other factor that they deem necessary to consider at that time.

## DESCRIPTION OF SHARE CAPITAL

### Authorized Shares and Attributes of Ordinary Shares

The Company has an issued capital comprised of 58,909,551 Ordinary Shares of 10 pence each. Each Ordinary Share entitles the holder to one vote and all the Ordinary Shares rank equally as to dividends, voting powers and participation in assets upon the dissolution or winding up of the Company.

Pursuant to a resolution approved at the annual general meeting of the Company's shareholders held on June 14, 2018, Serabi's shareholders waived any pre-emption rights and gave authority to the board of directors of the Company to allot shares, grant rights or convert any security into shares up to an aggregate of £2,000,000 of new Ordinary Shares. This authority expires on the conclusion of the next annual general meeting of shareholders. Under the Articles of Association, the board of directors may call an extraordinary general meeting and request approval from the shareholders to issue further Ordinary Shares which may or may not be subject to pre-emption rights.

## MARKET FOR SECURITIES

### Trading Price and Volume

The outstanding Ordinary Shares are admitted for trading on AIM under the trading symbol "SRB" and are listed and posted for trading on the TSX under the trading symbols "SBI". The following tables set forth the market price ranges and the aggregate volume of trading of the Ordinary Shares on AIM and TSX for the periods indicated.

#### TSX Statistics for Ordinary Shares

Period	High (C\$)	Low (C\$)	Volume
<b>2018</b>			
December	0.60	0.49	16,650
November	0.60	0.50	35,500
October	0.76	0.55	35,000
September	0.88	0.66	51,000
August	1.04	0.87	17,975
July	1.30	1.00	18,811
June	1.40	0.94	12,939
May	1.38	1.20	5,315
April	1.40	1.20	5,732
March	1.60	1.20	29,989
February	1.54	1.17	33,817
January	1.35	1.10	5,500

### AIM Statistics for Ordinary Shares

Period	High (UK pence)	Low (UK pence)	Volume
<b>2018</b>			
December	37.7	25.0	73,641
November	39.0	30.5	86,154
October	52.2	37.0	171,831
September	56.0	50.0	124,799
August	56.0	48.0	185,049
July	61.5	50.0	82,907
June	83.3	58.0	71,873
May	85.4	61.5	237,878
April	80.0	66.0	114,123
March	108.0	70.0	369,038
February	92.2	60.0	112,253
January	78.0	66.0	110,861

### DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth the name, province or state and country of residence, position held with the Company, principal occupation and number of shares beneficially owned by each person who is a director and/or an executive officer of the Company. Messrs. Hodgson, Banados and Harvey are due to retire by rotation at the next annual general meeting of shareholders of the Company, subject to earlier resignation or removal. Pursuant to a Relationship Agreement entered into on 23 March 2018 between the Company and Fratelli Investments Limited ("Fratelli"), for so long as Fratelli owns at least 23% of the issued Ordinary Shares, it shall have the right to nominate two directors to the Board of Directors (including any existing appointees) and provided it holds more than 15% of the issued Ordinary Shares, the right to nominate one director to the Board of Directors (including any existing appointee). On the same day the Company and Greenstone Resource LP ("Greenstone") entered into a Relationship Agreement under which Greenstone has agreed, for so long as it owns at least 23% of the issued Ordinary Shares, the right to nominate two directors to the Board of Directors (including any existing appointees) and provided it holds more than 15% of the issued Ordinary Shares, the right to nominate one director to the Board of Directors (including any existing appointee).

Name and Municipality of Residence	Date of Appointment	Position with the Company	Principal Occupation <sup>(1)</sup>	Ordinary Shares held
MICHAEL J HODGSON Cornwall, UK	February 1, 2007	Chief Executive Officer and Director	Chief Executive Officer of the Company	22,066
CLIVE M. LINE ACA Surrey, UK	March 14, 2005	Chief Financial Officer, Secretary and Director	Chief Financial Officer of the Company	38,332
ULISSES MELO Minas Gerais, BRAZIL	January 15, 2006	Country Manager, Brazil	General Manager, Brazil – Legal and Financial	-
T. SEAN HARVEY <sup>(2)(3)(4)</sup> Ontario, CANADA	March 30, 2011	Director	Businessman	60,000
MELVYN WILLIAMS <sup>(2)(3)(4)</sup> Cheshire, UK	March 30, 2011	Director	Retired – formerly Chief Financial Officer, Brigus Gold Corp.	14,750



<b>Name and Municipality of Residence</b>	<b>Date of Appointment</b>	<b>Position with the Company</b>	<b>Principal Occupation<sup>(1)</sup></b>	<b>Ordinary Shares held</b>
MARK SAWYER <sup>(6)</sup>	March 23, 2018	Director	Mining Investment Manager	-
EDUARDO ROSSELOT, Santiago, CHILE	October 2, 2012	Director	Mining Engineer	-
NICOLAS BANADOS <sup>(4)(5)</sup> Santiago, CHILE	May 13, 2013	Director	Investment Manager	1,122,197
HECTOR AQUILES ALEGRIA OLATE <sup>(2)</sup> Santiago, CHILE	July 7, 2014	Director	Geologist	5,000
FELIPE SWETT LIRA <sup>(2)(3)</sup> Santiago, CHILE	September 30, 2014	Director	Investment Manager	-

(1) Please see biographies below for details of principal occupation for five preceding years.

(2) Independent director.

(3) Member of the audit committee.

(4) Member of the remuneration committee.

(5) Mr. Bañados has a direct interest in 7,214 Ordinary Shares. Mr Bañados is the beneficial owner of 50 per cent. of the share capital of Asesorías e Inversiones Asturias Limitada which beneficially owns: (1) directly 7,983 Ordinary Shares; and (2) 25 per cent. of the units in Inversiones Villarrica Limitada, a private financial investment fund, which is interested in 1,107,000 Ordinary Shares.

(6) Mr Sawyer is a partner of Greenstone Resource LP which is interested in 14,887,970 Ordinary Shares.

The following are brief biographies of the executive officers and directors of the Company.

***Mike Hodgson, Chief Executive Officer***

Mike has worked in the mining industry for over 30 years and has extensive international experience. Most recently he worked as chief operating officer and vice president technical services for Canadian-based Orvana Minerals Corporation. Prior to that, he provided consulting services to a number of mining companies in Europe and South America. Previous appointments include manager of technical services and operations for TVX Gold Inc., mining technical consultant at ACA Howe International Ltd and similar roles at Rio Tinto plc and Zambia Consolidated Copper Mines Ltd. He has, during his career, acquired extensive experience in narrow vein underground mining operations including eight years as Technical Services Manager at the South Crofty Mine, Cornwall, UK

Originally qualified in mining geology, Mike is a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a "Qualified Person" in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

***Clive Line, Finance Director and Company Secretary***

Clive is a Chartered Accountant and has been involved in mining and natural resources companies since 1987, overseeing financial and legal issues for exploration and development projects in Africa, Europe and the former Soviet Union. Having worked with Price Waterhouse in both the UK and Australia, he joined Cluff Resources plc in 1987, where he was finance director prior to joining the privately-owned Quest Petroleum Group in a similar position in 1993. Following the successful sale of this group he became involved with both Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to AIM in 1996. Between 1999 and 2005 he worked as a divisional finance director within the Interpublic Group, one of the world's largest marketing services groups.

He has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.

***Roney Almeida, Chief Operating Officer***

Roney has worked in a variety of mining operations both open-pit and underground and, as well as gold, also has experience with other ore types including nickel, iron-ore and limestone having worked with Companies such as Anglo American, Vale, Votorantim (including a two year period as a mine manager in Ontario, Canada) and most recently with Companhia Siderurgica Nacional in the position of Corporate and Operations Mine Manager.

Mr Almeida has degrees in Geology and Mine Engineering from the School of Mines of the Federal University of Ouro Preto, in Minas Gerais, Brazil, and an MBA From the Getulio Vargas Foundation in Sao Paulo.

***Ulisses Melo, General Manager***

Ulisses, who was previously the Chief Financial Officer of Serabi Mineração Limitada in Brazil, took over the role of General Manager in April 2009. He has overall responsibility for the day-to-day affairs of the Company. Prior to joining Serabi he spent five years working with the international accounting firm Arthur Andersen and a further ten years working with Samarco Mineracao, Companhia de Fomento Mineral and Rio Capim Caulim S/A as controller and finance director.

Ulisses is a graduate in Economics and Business Administration from the University of PUC Minas Gerais and holds a MBA from the University of Fundação Dom Cabral.

***T. Sean Harvey, Non-Executive Chairman***

Sean spent 10 years working in investment and merchant banking, primarily focused on the basic industry (mining) sector since which time he has held senior executive and board positions with various mining companies. Sean was President and CEO of Orvana Minerals Corp. from 2005 to 2006. Previously, he was President and CEO of TVX Gold at the time of its sale to Kinross Gold in 2003 and, subsequent to that, was President and CEO of Atlantico Gold, a private company involved in the development of the Amapari Project in Brazil that was sold to Wheaton River Minerals Ltd. (presently Goldcorp Inc.). Sean also currently sits on the board of directors of several other mining companies.

Sean has an Honours B.A. in economics and geography and an M.A. in economics, both from Carleton University. He also has an L.L.B from the University of Western Ontario and an M.B.A. from the University of Toronto. He is a member of the Law Society of Upper Canada.

***Melvyn Williams, Non-Executive Director***

Mel Williams was, until June 2011, the Chief Financial Officer and Senior Vice President of Finance and Corporate Development of Brigus Gold. Mr. Williams has over 30 years of financial experience, much of that time spent within the mining industry. From November 2003 through January 2004, Mr. Williams served as Chief Financial Officer of Atlantico Gold, a private Brazilian mining company which held the Amapari gold project, and was sold to Wheaton River Minerals Ltd. in January 2004. From 2000 to November 2003, he served as Chief Financial Officer of TVX Gold Inc., a gold mining company with five operating mines and an advanced development project in Greece. His background also includes services with Star Mining Corporation, LAC North America, Riominas LSDA and Rossing Uranium, (both of which are Rio Tinto subsidiaries).

He is a Chartered Certified Accountant and received an MBA from Cranfield in the United Kingdom. Mel is also a director of Western Troy Capital Resources.

***Mark Sawyer, Non-Executive Director***

Mark co-founded Greenstone Resources in 2013 after a 16 year career in the mining sector. Prior to establishing Greenstone, Mr Sawyer was GM and Co-Head Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities for Xstrata. Prior to Xstrata Mr Sawyer held senior roles at Cutfield Freeman & Co (a boutique corporate advisory firm in the mining industry) and at Rio Tinto plc.

Mark qualified as a lawyer and has a law degree from the University of Southampton.

***Eduardo Rosselot, Non-Executive Director***

Eduardo is a mining engineer with over 25 years' experience in the mining industry, having worked extensively in the Americas and Europe. Currently he works as an independent consultant for various mining companies and mining funds mainly in South America, and is a partner of the privately owned mining company HMC Gold SCM, with development projects in Chile. Eduardo is also a director of Haldeman Mining Company, a Chilean private copper and gold producer. Prior to that he worked as VP business development and special projects for Orvana Minerals Corp. Previous appointments include senior positions with European Goldfields Ltd. and TVX Gold Inc. Prior to that he was a partner of the South American based mining consultancy firm NCL Ingeniería y Construcción Ltd.

Eduardo has a Mining Engineer degree from Universidad de Chile, and is a member of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a "Qualified Person" in accordance with the Canadian National Instrument 43-101 - Standards of Disclosure for Mineral Projects.

***Nicolas Bañados, Non-Executive Director***

Nicolas is Managing Director of Private Equity and attorney-in-fact at Megeve Investments, a non-discretionary portfolio of Fratelli Investments. Formerly, he held the position of VP and Portfolio Manager at Megeve Investments, and research analyst at Consorcio Life Insurance in Chile. He has more than 14 years of experience investing in Latin America and serves as Director

for several companies including two private mining companies in Chile, Haldeman Mining Company and Minera Las Cenizas, and Colgener, a power company in Colombia.

Nicolas has an MBA from The Wharton School at the University of Pennsylvania and also received a Master's degree in Financial Economics from Universidad Católica de Chile.

***Aquiles Alegria, Non-Executive Director***

Mr. Alegria has more than 20 years of experience in the mining industry and has acted as exploration manager in a number of mining companies, most recently as Deputy Manager at Antofagasta Minerals. Mr. Alegria graduated with a degree in geology from the Universidad de Chile.

***Felipe Swett, Non-Executive Director***

Mr. Swett is a Partner and heads the asset management team at Asset Chile, a Chilean-based investment bank. Mr. Swett joined Asset Chile in 2003 as an Analyst and as part of the corporate finance team and has led the Asset Management division since 2010.

Mr Swett holds a degree in Civil Engineering with a Diploma in Environmental Engineering from the Pontificia Universidad Católica de Chile and an MBA from the Kellogg School of Management, Northwestern University.

**Corporate Cease Trade Orders**

To the Company's knowledge, no director or executive officer of the Company is, or was within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company, including the Company, that: (i) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, in any case that was in effect for more than 30 consecutive days (an "order") that was issued while the director, proposed director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director, proposed director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

**Bankruptcies**

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company: (i) is, or has been within the 10 years before the date hereof, a director or executive officer of any company, including the Company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (ii) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

**Penalties or Sanctions**

To the Company's knowledge, no director or executive officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

## AUDIT COMMITTEE

In accordance with applicable Canadian securities legislation and, in particular, National Instrument 52-110 – *Audit Committees* (“NI 52-110”), information with respect to the Company’s audit committee is contained below. The full text of the Audit Committee Charter, as passed unanimously by the board of directors, is attached to this annual information form as Appendix A.

### Composition of the Audit Committee

The audit committee is comprised of Messrs. Swett (Chair), Williams and Harvey. Each member of the audit committee is considered to be independent within the meaning of NI 52-110. All members of the audit committee are financially literate in that they have the ability to read and understand a set of financial statements that are of the same breadth and level of complexity of accounting issues as can be reasonably expected to be raised by the Company’s financial statements.

### Relevant Education and Experience

Mr. Swett has worked for over 10 years in investment management initially working as analyst appraising the performance of a wide range of companies and businesses and now heads the Asset Management team at Asset Chile, a Chilean-based investment bank. He also holds an MBA from the Kellogg School of Management, Northwestern University.

Mr Williams is a Chartered Certified Accountant and holds an MBA from Cranfield School of Management. Mr Williams has over 30 years of financial experience much of which has been spent in the mining industry. Until June 2011 he served as the Chief Financial Officer and Senior Vice President of Finance and Corporate Development of Brigus Gold and he has also served as Chief Financial Officer of TVX Gold Inc.

Mr Harvey has qualifications in economics and law and had a 10-year career in investment and merchant banking primarily focused in the mining area prior to taking up executive positions within the mining industry. He has served as the Chief Executive Officer for TVX Gold Inc and Orvana Minerals, was the Chairman of Andina Minerals Inc. and served on its audit committee and currently serves on the audit committee of Perseus Mining Limited.

### Pre-Approval Policies and Procedures for Non-Audit Services

The audit committee is responsible for pre-approving all non-audit services to be provided by the external auditor to the Company other than *de minimis* non-audit services referred to in section 2.4 of NI 52-110. In particular, the chair of the audit committee is authorized to approve any non-audit services. Furthermore, the audit committee is required to evaluate the independence and objectivity of the external auditors. The audit committee also has the authority to engage independent legal counsel and other advisors as it determines necessary to carry out its duties and responsibilities.

### External Auditor Service Fees

	Financial Years Ended December 31,	
<i>Expressed in US Dollars</i>	<u>2018</u>	<u>2017</u>
Audit Fees <sup>(1)</sup>	171,819	176,597
Audit-Related Fees <sup>(2)</sup>	39,984	39,141
Tax Fees <sup>(3)</sup>	8,197	9,406
All Other Fees <sup>(4)</sup>	-	-
<b>Total Fees</b>	<b>220,000</b>	<b>225,144</b>

<sup>(1)</sup> The aggregate audit fees billed.

<sup>(2)</sup> The aggregate fees billed for assurance and related services that are reasonably related to the performance of the audits or reviewing the Company’s financial statements and are not included under “Audit Fees”.

<sup>(3)</sup> The aggregate fees billed for services related to tax compliance, tax advice and tax planning. The services performed for the fees paid under this category may briefly be described as tax return preparation fees.

<sup>(4)</sup> The aggregate fees billed for services other than those reported above. The services performed for the fees paid under this category may briefly be described as flow-through accounting services.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no pending legal proceedings to which the Company is or is likely to be a party or of which its subsidiary or properties are or are likely to be subject that exceed 10% of the current net assets of the Company. The following claims are the only significant claims of which the Company is aware.

Under Brazilian labour legislation former employees have two years in which to file any claim with the labour courts in respect of alleged unpaid compensation irrespective of whether the employee was dismissed or terminated their employment of their own accord. There are currently no pending settlement that are for any significant value.

The Company is also aware of two claims from parties from whom the Company has secured land access rights. In the first of these the claimant is seeking payment of a royalty in respect of gold reserves identified by the Company on a parcel of land that is subject to a land access rights agreement. The Company has not established any reserves or resources in this area and any royalty due under the contract is only payable once reserves of greater than 100,000 ounces have been reported. The Company will vigorously defend the claim. The second claimant has submitted an action in respect unpaid rent due under a land access rights agreement. The Company has recommenced payment of the rental amounts due but is of the understanding that the claimant has in fact sold the ownership of the property to a third party and the Company has lodged a counter claim to re-claim past payments.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officers of the Company, and no person or company that is the direct or indirect beneficial owner of, or who exercises direction and control over, more than 10% of the Company's issued and outstanding Ordinary Shares or any of their respective associates or affiliate of the foregoing persons, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or the current financial year that has materially affected or is reasonably expected to materially affect the Company other than

- (i) the placement of 270,000,000 ordinary shares for gross proceeds of UK£16.2 million completed on January 17, 2014 pursuant to which Fratelli Investments Limited ("Fratelli"), a prior holder of 19.3% of the issued and outstanding ordinary shares, acquired 167,079,647 additional ordinary shares. As a result of the placement, Fratelli owned 184,695,647 ordinary shares of the Company representing 51.1% of the issued and outstanding ordinary shares.
- (ii) the placement of 200,000,000 units (each unit comprising one ordinary share and one half of a share purchase warrant whereby each whole warrant entitles the holder to subscribe for one ordinary share at a subscription price of UK£0.06 for two years from the date of the closing of the placing) for gross proceeds of UK£10.0 million completed on March 3, 2014 pursuant to which Fratelli acquired 152,500,000 ordinary shares and 76,250,000 warrants. As a result of the subscription Fratelli became interested in 337,195,647 ordinary shares of the Company representing 51.4% of the issued and outstanding ordinary shares.
- (iii) On 30 December 2015, Fratelli agreed to provide an interim unsecured short term working capital convertible loan facility of US\$5 million (the "2015 Convertible Loan") to the Group to provide additional working capital facilities. The 2015 Convertible Loan was for a period expiring on 31 January 2017 and for a maximum of US\$5 million. The facility could be drawn-down in up to three separate instalments of an initial US\$2 million and two further instalments of US\$1.5 million each and was available to be used at any time up to 30 June 2016. Interest was chargeable at the rate of 12% per annum. There was no prepayment penalty or arrangement fee. The 2015 Convertible Loan was unsecured and subordinated to the Group's existing loan facilities, including the secured loan facility arrangement provided by the Sprott Resource Lending Partnership.
- (iv) On 6 January 2016, the Company announced that it had made an initial draw down of US\$2 million against the Facility. The Company made no further draw down against the facility prior to 30 June 2016 and in August 2015 Fratelli exercised its right to convert the outstanding loan of US\$2 million into shares of the Company at a subscription price of UK£0.036. On 15 August 2016, the Company issued 42,312,568 shares of the Company to Fratelli.
- (v) On 12 April 2018 the Company completed a Subscription Agreement with Greenstone Resources II LP ("Greenstone"). Greenstone subscribed ("the Subscription") for 297,759,419 new Ordinary Shares ("the Subscription Shares") at a price of 3.6 pence per share (the "Subscription Price"). The Subscription Shares issued pursuant to the Subscription rank pari passu with the existing Ordinary Share..

Fratelli is interested in 19,318,786 ordinary shares of the Company representing 32.8% of the issued and outstanding ordinary shares that are in issue as of the date of this Annual information Form.

Greenstone is interested in 14,887,970 ordinary shares of the Company representing 25.3% of the enlarged issued and outstanding ordinary shares that are in issue as of the date of this Annual information Form.

## REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent in Canada for the Ordinary Shares of the Company is Computershare Investor Services Inc, Toronto, Ontario. Computershare Investor Services PLC, Bristol, United Kingdom is the Company's registrar and transfer agent for its Ordinary Shares in the United Kingdom. Computershare Trust Company of Canada, Toronto, Ontario is the warrant agent in Canada for the Warrants.

## MATERIAL CONTRACTS

The following are the material contracts entered into by the Company during or subsequent to the most recently completed financial year or previously and still in effect, other than contracts entered into in the ordinary course of business:

### *Placing*

On 15 May 2018 the Company completed the placing of a further 176,678,445 new Ordinary Shares ("Placing Shares") at a price of 3.6 pence per Placing Share (the "Placing Price"), raising gross proceeds of £6.36 million for the Company. The Placing Shares rank pari passu with the existing Ordinary Shares.

### *Peel Hunt Placing Agreement*

On 29 March 2018, the Company entered into a placing agreement ("the Placing Agreement") with Peel Hunt LLP ("Peel Hunt") whereby Peel Hunt undertook to use its reasonable endeavours to procure subscribers for proposed placing to be undertaken by the Company to raise gross proceeds of a minimum of US\$8.0 million (the "Placing"). The Placing Agreement included certain indemnities, undertaking and warranties by the Company in favour of Peel Hunt in a form and of a nature that is normal and standard for a transaction of this type. As of the date of this Annual Information Form the Company is not in breach of any the indemnities, undertaking and warranties provided by the Company to Peel Hunt under the Placing Agreement.

### *Greenstone Subscription Agreement*

On 12 April 2018 the Company completed a Subscription Agreement with Greenstone Resources II LP ("Greenstone"). Greenstone subscribed ("the Subscription") for 297,759,419 New Ordinary Shares ("the Subscription Shares") at a price of 3.6 pence per share (the "Subscription Price"). The Subscription Shares issued pursuant to the Subscription rank pari passu with the existing Ordinary Shares.

### *Greenstone Lock-in and Relationship Agreement*

On 23 March 2018 the Company entered into a Lock-in and Relationship Agreement with Greenstone. Under the terms of the Relationship Agreement:

- Greenstone shall have, for as long as it holds an interest of 23% or more in the share capital of the Company, the right to appoint two directors to the Board and, for so long as it holds an interest of 15% or more but less than 23% of the share capital of the Company, the right to appoint one director to the Board.
- Greenstone shall have, for as long as it holds an interest of 15% or more in the share capital of the Company:
  - certain information rights regarding the Company's business; and
  - anti-dilution rights such that they will have the right, but not the obligation, to participate in new placings of Ordinary Shares (including placings in connection with an acquisition or for non-cash consideration) in order to retain their ownership percentage. Where Greenstone and/or Fratelli elect to exercise this anti-dilution right:
    - (i) if the new placing is for cash, Greenstone will participate on substantially the same terms as any other participant in the new placing; or
    - (ii) if the new placing is for non-cash consideration, Greenstone will have the right to subscribe for such number of shares as are required to maintain their current percentage holdings at a price per Ordinary Share equal to the VWAP of the Company's Ordinary Shares for the 5-day period ending on the date ending two business days prior to the announcement of that new placing.
- Unless otherwise approved by Greenstone, the Company has agreed not to undertake, for a period of six months commencing on the completion of the Subscription, any further issue of Ordinary Shares (other than exercise of share options to employees) unless such further issue is undertaken at a price greater than the Subscription Price.

As a further undertaking and subject to certain customary exemptions, Greenstone has undertaken that it will not, for a period of six months from admission of the Subscription Shares, offer, lend, mortgage, assign, charge, pledge, sell or contract to sell or issue any interest in any Ordinary Shares held by it.

#### *Fratelli Relationship Agreement*

On 23 March 2018 the Company entered into a Relationship Agreement with Fratelli. Under the terms of the Relationship Agreement:

- Fratelli shall have, for as long as it holds an interest of 23% or more in the share capital of the Company, the right to appoint two directors to the Board and, for so long as it holds an interest of 15% or more but less than 23% of the share capital of the Company, the right to appoint one director to the Board.
- Fratelli shall have, for as long as it holds an interest of 15% or more in the share capital of the Company:
  - certain information rights regarding the Company's business; and
  - anti-dilution rights such that they will have the right, but not the obligation, to participate in new placings of Ordinary Shares (including placings in connection with an acquisition or for non-cash consideration) in order to retain their ownership percentage. Where Fratelli elects to exercise this anti-dilution right:
    - (iii) if the new placing is for cash, Fratelli will participate on substantially the same terms as any other participant in the new placing; or
    - (iv) if the new placing is for non-cash consideration, Fratelli will have the right to subscribe for such number of shares as are required to maintain their current percentage holdings at a price per Ordinary Share equal to the VWAP of the Company's Ordinary Shares for the 5-day period ending on the date ending two business days prior to the announcement of that new placing.
- Unless otherwise approved by Fratelli, the Company has agreed not to undertake, for a period of six months commencing on the completion of the Subscription, any further issue of Ordinary Shares (other than exercise of share options to employees) unless such further issue is undertaken at a price greater than the Subscription Price.

#### *US\$8 million secured loan with Sprott Resource Lending – June 2017*

On 30 June 2017 the Company entered into a new agreement with the Sprott Resource Lending Partnership ("Sprott") for a US\$5 million loan expiring 31 December 2019 (to include US\$1.37 million being the remaining loan principal under a previous arrangement initially entered into on 15 September 2014) ("the Existing Facility"). The Sprott Facility carries interest at a rate of 10 per cent per annum and the first repayment is not due until January 2018. The loan is secured against the assets of the Company including a pledge of mining rights, the share capital of subsidiaries of the Company and guarantees from subsidiaries of the Company. The loan was to be repaid in 24 equal monthly instalments commencing on 31 January 2018 and ending on 31 December 2019. The Company granted to Sprott call options over 6,109 ounces of gold exercisable at a price of US\$1,320 which expire on 31 December 2019.

On 22 January 2018, the Company entered into amendment agreement with Sprott whereby Sprott provided to the Company an additional loan of US\$3 million ("the New Facility"). As part of the revised borrowing arrangements, the term for the Existing Facility has been extended to 30 June 2020 and is now repayable in 30 equal monthly instalments. The New Facility may be repaid, at the Company's request and with the agreement of Sprott (the "Extension Option") in equal monthly instalments commencing 30 September 2018 with a final payment due 22 months later on 30 June 2020. If the Extension Option is not exercised the New Facility must be repaid in full on 30 September 2018. Notwithstanding the above, both the New Facility and the Existing Facility may be repaid by Serabi in full without penalty at any time. Sprott received a total fee, for the New Facility and the revision to the terms of the Existing Facility, of US\$90,000, which was settled through the issue of 2,141,798 new ordinary shares of Serabi. If the Extension Option is exercised, Sprott will be entitled to receive a further fee of US\$90,000, payable in additional new ordinary shares, based on the prevailing share price and exchange rates at that time. The Existing Facility was, and continues to be, secured against the assets of the Company, including the shares of its subsidiary companies at that time. These assets are now also security for the New Facility and the shares of Chapleau acquired on completion of the Acquisition have now also been pledged to Sprott as security for both the Existing Facility and the New Facility.

On 14 September 2018, the Company exercised the Extension Option and accordingly the New Facility is now payable in equal monthly instalments commencing 30 September 2018 with a final payment due 22 months later on 30 June 2020. Sprott received a total fee in respect of the exercise of the Extension Option of US\$90,000 which was settled through the issue of 145,479 new Ordinary Shares of Serabi.

#### *US\$5 million unsecured convertible loan facility with Fratelli*

On 30 December 2015, Fratelli agreed to provide an interim unsecured short term working capital convertible loan facility of US\$5 million (the "2015 Convertible Loan") to the Group to provide additional working capital facilities. The 2015 Convertible Loan was for a period expiring on 31 January 2017 and for a maximum of US\$5 million. The facility could be drawn-down in up to three separate instalments of an initial US\$2 million and two further instalments of US\$1.5 million each and was available to

be used at any time up to 30 June 2016. Interest was chargeable at the rate of 12% per annum. There was no prepayment penalty or arrangement fee. The 2015 Convertible Loan was unsecured and subordinated to the Group's existing loan facilities, including the secured loan facility arrangement provided by Sprott. On 6 January 2016, the Company announced that it had made an initial draw down of US\$2 million against the Facility. The Company made no further draw down against the facility prior to 30 June 2016 and in August 2015 Fratelli exercised its right to convert the outstanding loan of US\$2 million into shares of the Company at a subscription price of UK£0.036. On 15 August 2016, the Company issued 42,312,568 shares of the Company to Fratelli.

#### *US\$8 million secured loan with Sprott Resource Lending – September 2014*

An agreement dated 15 September 2014 whereby Sprott Resource Lending Partnership ("Sprott") made available to the Company a US\$8 million secured loan facility arrangement (the "Facility"). The Facility is for a term expiring on 31 December 2015 and carries interest at a rate of 10% per annum. The Facility will be used to provide additional funding for the continued development of the Palito Mine and the Sao Chico gold project, to finance an additional drilling programme at Sao Chico and for general corporate purposes. The Facility is subject to a number of conditions precedent, including execution of security documentation in favour of Sprott over the assets of the Group, and may be drawn down in up to three tranches with the first Tranche of US\$3 million having been released on 26 September 2014 concurrent with the closing of the transaction. The second and third tranches will be available until 31 December 2014 and drawdown will be subject to Serabi's on-going compliance with the terms of the Facility and the completion of the registration of all the security arrangements subjects to Sprott's right to waive in whole or part any such requirement at any time. Serabi has provided to Sprott certain covenants and undertakings, consistent with normal bank lending arrangements, including an undertaking to maintain at all times working capital in excess of US\$4 million and a minimum of US\$1 million in unrestricted cash and cash equivalents. The Facility is subject to standard events of default. Serabi has agreed to pay Sprott a structuring fee of US\$80,000 and Serabi has granted to Sprott a call option over 4,812 ounces of gold at a strike price US\$1,285. Sprott had the right to exercise its call option, subject to a minimum of 500 ounces, at any time up to 31 December 2015. The call options when exercised were to be settled in cash and at the option of the Borrower may be added to the Facility provided that in so doing this does not cause a breach of the Facility and that the principal balance of the Facility does not exceed US\$8 million. Serabi may have prepaid in whole or part any amount of the Facility prior to 31 December 2015 without penalty provided that not less than six months of interest on the amount prepaid, has been paid to Sprott.

The agreement was amended at various times during 2015 and 2016 to provide for the deferral and rescheduling of repayment obligations. On 30 November 2016, the latest amendment agreement permitted Serabi an extended repayment period for the remainder of the loan with Sprott, the outstanding balance of which amounted to US\$1.371 million as at 31 December 2016. The Company agreed with Sprott that the balance of the loan shall be repaid in five equal monthly instalments commencing 30 April 2017 and ending 31 August 2017.

The reports noted above and the material contracts are available on SEDAR at [www.sedar.com](http://www.sedar.com).

### **INTEREST OF EXPERTS**

The auditors, BDO LLP, London, United Kingdom, report that they are independent of the Company in accordance with the rules of professional conduct of the Institute of Chartered Accountants of England and Wales. Partners and associates of BDO LLP do not have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company or of any associates or affiliates of the Company, nor do they expect to receive or acquire any such interests.

Certain information in this annual information form relating to the Company's Palito Mining Complex is summarized or extracted from the Palito Mining Complex Technical Report, which was prepared by Messrs. Eric J. Olin, MSc Metallurgy, MBA, SME-RM, MAusIMM, Glen Cole, MSc, MEng, BCom, PGeo, PrSciNat, Mark A. Willow, M.Sc., C.E.M., SME-RM and Timothy R. Olson, BSc Mining, JD, FAusIMM of SRK Consulting (USA), Inc. To the best knowledge of the Company, none of the foregoing persons, has any registered or beneficial interest, direct or indirect in any securities or other property of the Company or of any associates or affiliates of the Company, nor do they expect to receive or acquire any such interests.

Certain information in this annual information form relating to the Company's Coringa Project is summarized or extracted from the Coringa Technical Report, which was prepared by Robert Sim, P.Geo., of SIM Geological Inc.; Bruce M. Davis, Ph.D., FAusIMM, of BD Resource Consulting Inc.; Nelson King, SME Registered Member, of ND King Consulting, LLC; Neil Prenn, P.E. and Edwin Peralta, P.E., of Mine Development Associates; Robert Michel, SME Registered Member, of Robert Michel Enterprises; Brendan Fisher, Ph.D., P.E., of Fisher Rock Engineering LLC; Larry Breckenridge, P.E., of Global Resource Engineering, Ltd.; and Mark Smith, P.E., of RRD International LLC. To the best knowledge of the Company, none of the foregoing persons, has any registered or beneficial interest, direct or indirect in any securities or other property of the Company or of any associates or affiliates of the Company, nor do they expect to receive or acquire any such interests.



#### **ADDITIONAL INFORMATION**

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's Common Shares and securities authorized for issuance under incentive plans is contained in the Company's management information circular for the annual meeting of securityholders held June 14, 2018. Additional financial information relating to the Company is available in its financial statements and management's discussion and analysis for the financial years ended December 31, 2017 and 31 December 2018. All of these documents, as well as additional information relating to the Corporation, are available on SEDAR at [www.sedar.com](http://www.sedar.com).

## GLOSSARY OF MINING TERMS

The following is a glossary of technical terms that appear in this annual information form:

**“Ag”** means silver.

**“Au”** means gold.

**“ANM”** means the Agencia Nacional Mineracao, the successor government agency to the DNPM.

**“assay”** in economic geology, means to analyze 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”** means the Canadian Institute of Mining, Metallurgy and Petroleum.

**“CIP”** or **“Carbon in Pulp”** means a process used in gold extraction by addition of cyanide.

**“chalcopyrite”** is a sulphide of copper and iron.

**“cut-off grade”** the lowest grade of mineralized material that qualifies as ore in a given deposit; rock of the lowest assay included in an ore estimate.

**“deposit”** is a mineralized 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 further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.

**“DNPM”** means the Departamento Nacional de Produção Mineral.

**“electromagnetics”** is a geophysical technique tool measuring the magnetic field generated by subjecting the sub-surface to electrical currents.

**“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 rock types. Geophysical methods include seismic, magnetic, gravity, induced polarization and other techniques; geophysical surveys can be undertaken from the ground or from the air.

**“gold equivalent”** refers to quantities of materials other than gold stated in units of gold by reference to relative product values at prevailing market prices.

**“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), parts per million (ppm) or parts per billion (ppb).

**“g/t”** means grams per tonne.

**“hectare”** or a **“ha”** is a unit of measurement equal to 10,000 square metres.

**“IBAMA”** is the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renovaveis.

**“indicated mineral resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors as described below in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

**“inferred mineral resource”** means that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

**“IP”** refers to induced polarization, a geophysical technique whereby an electric current is induced into the sub-surface and the conductivity of the sub-surface is recorded.

**“measured mineral resource”** means that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support

detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proven Mineral Reserve or to a Probable Mineral Reserve.

**“mineralization”** the concentration of metals and their chemical compounds within a body of rock.

**“mineralized”** refers to rock which contains minerals e.g. iron, copper, gold.

**“mineral reserve”** means the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined or extracted and is defined by studies at pre-feasibility or feasibility level as appropriate that include application of Modifying Factors. Such studies demonstrate that, at the time of reporting, extraction could reasonably be justified. The reference point at which Mineral Reserves are defined, usually the point where the ore is delivered to the processing plant, must be stated. It is important that, in all situations where the reference point is different, such as for a saleable product, a clarifying statement is included to ensure that the reader is fully informed as to what is being reported. The public disclosure of a Mineral Reserve must be demonstrated by a pre-feasibility study or feasibility study.

**“mineral resource”** means a concentration or occurrence of solid material of economic interest in or on the Earth’s crust in such form, grade or quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade or quality, continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling.

**“mt”** means million tonnes.

**“NCL”** means NCL Brasil Ltda.

**“NI 43-101”** means Canadian Securities Administrators’ National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

**“ore”** means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit.

**“oxides”** are near surface bed-rock which has been weathered and oxidised by long-term exposure to the effects of water and air.

**“Probable Mineral Reserve”** means the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the Modifying Factors applying to a Probable Mineral Reserve is lower than that applying to a Proven Mineral Reserve.

**“Proven Mineral Reserve”** means the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve implies a high degree of confidence in the Modifying Factors.

**“ppm”** means parts per million.

**“RC”** refers to reverse circulation drilling.

**“RAB”** refers to rotary air blast drilling.

**“saprolite”** is a weathered or decomposed clay-rich rock.

**“sulphide”** refers to minerals consisting of a chemical combination of sulphur with a metal.

**“tailings”** are the residual waste material that it is produced by the processing of mineralized rock.

**“tpd”** means tonnes per day.

**“Vein”** is a generic term to describe an occurrence of mineralized rock within an area of non mineralized rock.

**“VTEM”** refers to versa time domain electromagnetic, a particular variant of time-domain electromagnetic geophysical survey to prospect for conductive bodies below surface.

For the purposes of the CIM Definition Standards, **“Modifying Factors”** are considerations used to convert Mineral Resources to Mineral Reserves. These include, but are not restricted to, mining, processing, metallurgical, infrastructure, economic, marketing, legal, environmental, social and governmental factors.

**SCHEDULE "A"**  
**SERABI GOLD PLC**  
**AUDIT COMMITTEE MANDATE**

**General**

The board of directors (the "**Board**") of Serabi Gold plc. (the "**Company**") has delegated the responsibilities, authorities and duties described below to the audit committee (the "**Committee**"). For the purpose of this mandate the term "**Company**" shall include the Company and its subsidiaries.

The Committee shall be directly responsible for overseeing the accounting and financial reporting processes of the Company and audits of the financial statements of the Company. The Committee shall be directly responsible for the appointment, compensation, and oversight of the work of any external auditor engaged by the Company for the purpose of preparing or issuing an audit report or related work (including resolution of disagreements between management of the Company and the external auditor regarding financial reporting). In so doing, the Committee will comply with all applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules.

**Members**

1. The Committee will be comprised of a minimum of three directors. Each Committee member shall satisfy the independence, financial literacy and experience requirements of applicable Canadian securities laws, rules and guidelines, any applicable stock exchange requirements or guidelines and any other applicable regulatory rules. In particular, each member shall be "independent" and "financially literate" within the meaning of National Instrument 52-110 *Audit Committees* ("**NI 52-110**") (except as otherwise set forth in the limited exemptions contained therein). Determinations as to whether a particular director satisfies the requirements for membership on the Committee shall be made by the Board.
2. Members of the Committee shall be appointed annually by the Board at the first meeting of the Board after the annual general meeting of shareholders. Each member shall serve until such member's successor is appointed, unless that member resigns or is removed by the Board or otherwise ceases to be a director of the Company. The Board shall fill any vacancy if the membership of the Committee is less than three directors.
3. The Chair of the Committee will be designated by the Board, on the recommendation of the Corporate Governance and Nominating Committee, or, if it does not do so, the members of the Committee may elect a Chair by vote of a majority of the full Committee membership. The Chair of the Committee shall be responsible for overseeing the performance by the Committee of its duties, for assessing the effectiveness of the Committee and individual Committee members and for reporting periodically to the Board.

**Meetings**

4. The Committee will meet at least quarterly and at such times and at such locations as the Chair of the Committee shall determine, provided that meetings shall be scheduled so as to permit the timely review of the Company's quarterly and annual financial statements and related management discussion and analysis, if applicable. Notice of every meeting shall be given to the external auditor, who shall, at the expense of the Company, be entitled to attend and to be heard thereat. The external auditor or any member of the Committee may also request a meeting of the Committee. The Committee shall have an in-camera session without non-independent directors and management as a regular feature of each regularly scheduled meeting. The external auditor and management employees of the Company shall, when required by the Committee, attend any meeting of the Committee. Any director of the Company may request the Chair of the Committee to call a meeting of the Committee and may attend at such meeting or inform the Committee of a specific matter of concern to such director, and may participate in such meeting to the extent permitted by the Chair of the Committee.
5. Meetings of the Committee shall be validly constituted if a majority of the members of the Committee is present in person or by telephone conference. A resolution in writing signed by all the members of the Committee entitled to vote on that resolution at a meeting of the Committee is as valid as if it had been passed at a meeting of the Committee.
6. The Committee shall submit the minutes of all meetings to the Board, and when requested to, shall discuss the matters discussed at each Committee meeting with the Board.

**Committee Charter and Performance**

7. The Committee shall have a written charter that sets out its mandate and responsibilities and the Committee shall review and assess the adequacy of such charter and the effectiveness of the Committee at least annually or otherwise, as it deems appropriate, and propose recommended changes to the Corporate Governance and Nominating Committee who will do the same and recommend changes to the Board for its approval. Unless and until replaced or amended, this mandate constitutes that charter.

## **Committee Authority and Responsibilities:**

### **8. General**

The overall duties of the Committee shall be to:

- (a) assist the Board in the discharge of its duties relating to the Company's accounting policies and practices, reporting practices and internal controls;
- (b) establish and maintain a direct line of communication with the Company's external auditor and assess their performance;
- (c) oversee the work of the external auditor engaged to prepare or issue an auditor's report or to prepare other audit, review or attest services for the Company, including resolution of disagreements between management and the external auditor regarding financial reporting;
- (d) ensure that management has designed, implemented and is maintaining an effective system of internal controls and disclosure controls and procedures;
- (e) monitor the credibility and objectivity of the Company's financial reports;
- (f) report regularly to the Board on the fulfillment of the Committee's duties, including any issues that arise with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance and independence of the external auditor or the internal audit function;
- (g) assist, with the assistance of the Company's legal counsel, the Board in the discharge of its duties relating to the Company's compliance with legal and regulatory requirements; and
- (h) assist the Board in the discharge of its duties relating to risk assessment and risk management.

### **9. External Auditor**

The external auditor will report directly to the Committee and the Committee should have a clear understanding with the external auditor that such auditor must maintain an open and transparent relationship with the Committee and that ultimate accountability of the auditor is to the shareholders of the Company. The duties of the Committee as they relate to the external auditor shall be to:

- (a) review management's recommendations for the appointment of the external auditor, and in particular their qualifications, objectivity and independence, and recommend to the Board a firm of external auditors to be engaged and the compensation of such external auditor;
- (b) review the performance of the external auditor, including the fee, scope and timing of the audit, and make recommendations to the Board regarding the appointment or termination of the external auditor;
- (c) review, where there is to be a change of external auditor, all issues related to the change, including the information to be included in the notice of change of auditor called for under National Instrument 51-102 – *Continuous Disclosure Obligations* or any successor legislation ("**NI 51-102**"), and the planned steps for an orderly transition;
- (d) review all reportable events, including disagreements, unresolved issues and consultations, as defined in NI 51-102, on a routine basis, whether or not there is to be a change of external auditor;
- (e) ensure the rotation of partners on the audit engagement team of the external auditor in accordance with applicable law, standards or rules;
- (f) review and pre-approve non-audit services to be provided to the Company by the external auditor, other than *de minimus* non-audit services referred to in Section 2.4 of NI 52-110. In connection therewith, the Chair of the Committee is authorized to pre-approve any non-audit services, provided that such pre-approval is presented to the Committee at its first scheduled meeting following such pre-approval;
- (g) review and approve the engagement letters of the external auditor, both for audit and permissible non-audit services, including the fees to be paid for such services;
- (h) review the nature of and fees for any non-audit services performed for the Company by the external auditor and consider whether the nature and extent of such services could detract from the external auditor's independence in carrying out the audit function; and

- (i) meet with the external auditor, as the Committee may deem appropriate, to consider any matter which the Committee or external auditor believes should be brought to the attention of the Board or shareholders of the Company.

10. ***Audits and Financial Reporting***

The duties of the Committee as they relate to audits and financial reporting shall be to:

- (a) review the audit plan with the external auditor and management;
- (b) review with the external auditor and management all critical accounting policies and practices of the Company (including any proposed changes in accounting policies), the presentation of the impact of significant risks and uncertainties, all material alternative accounting treatments that the external auditor has discussed with management, other material written communications between the external auditor and management (such as any management letter or schedule of unadjusted differences), and key estimates and judgments of management that may in any such case be material to financial reporting;
- (c) review the contents of the audit report;
- (d) question the external auditor and management regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
- (e) review the scope and quality of the audit work performed;
- (f) review the adequacy of the Company's financial and auditing personnel;
- (g) review the co-operation received by the external auditor from the Company's personnel during the audit, any problems encountered by the external auditor and any restrictions on the external auditor's work;
- (h) review the appointments of the Chief Financial Officer, persons performing any internal audit function and any key financial executives involved in the financial reporting process;
- (i) review with management and the external auditor the Company's interim unaudited financial statements and the annual audited financial statements in conjunction with the report of the external auditor thereon, and obtain an explanation from management of all significant variances between comparative reporting periods before recommending approval by the Board and the release thereof to the public; and
- (j) review the terms of reference for an internal auditor or internal audit function.

11. ***Internal Controls***

The duties of the Committee as they relate to internal control over financial reporting shall be to:

- (a) review the evaluation of internal controls by the persons performing the internal audit function and the external auditor, together with management's response to the recommendations, including subsequent follow-up of any identified weaknesses. Particular emphasis will be given to the adequacy of internal controls to prevent or detect any payments, transactions or procedures that might be deemed illegal or otherwise improper; and
- (b) establish procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters; and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

12. ***Accounting and Disclosure Policies***

The duties of the Committee as they relate to accounting and disclosure policies and practices shall be to:

- (a) review the effect of regulatory and accounting initiatives and changes to accounting principles, which would have a significant impact on the Company's financial reporting as reported to the Committee by management and the external auditor;
- (b) review the appropriateness of the accounting policies used in the preparation of the Company's financial statements and consider recommendations for any material change to such policies;
- (c) review the status of material contingent liabilities as reported to the Committee by management;
- (d) review the status of corporate tax returns and potentially significant tax problems as reported to the Committee by management;
- (e) review any errors or omissions in the current or prior years' financial statements;

- (f) review and recommend approval by the Board before their release all public disclosure documents containing audited or unaudited financial results, including all press releases containing financial results, offering documents, annual reports, annual information forms and management's discussion and analysis containing such results; and
- (g) satisfy itself that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements other than the public disclosure referred to in clause (f), above, and periodically assess the adequacy of these procedures.

13. ***Other***

The other duties of the Committee shall include:

- (a) reviewing any inquiries, investigations or audits of a financial nature by governmental, regulatory or taxing authorities;
- (b) reviewing annual operating and capital budgets;
- (c) reviewing and reporting to the Board on difficulties and problems with regulatory agencies which are likely to have a significant financial impact;
- (d) reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of the Company;
- (e) inquiring of management and the external auditor as to any activities that may be or may appear to be illegal or unethical; and
- (f) at the request of the Board, investigating and reporting on such other matters as it considers necessary or appropriate in the circumstances.

**Authority to engage independent counsel and outside advisors**

- 14. The Committee has the authority to engage independent counsel and other advisors it determines necessary to carry out its duties, to set and pay the compensation for any advisors employed by the Committee and to communicate directly with the internal and external auditors.
- 15. The Company shall provide appropriate funding, as determined by the Committee, in its capacity as a committee of the Board, for payment (a) of compensation to the external auditors employed by the issuer for the purposes of rendering or issuing an audit report and to any advisors engaged by the committee, and (b) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties

