



## 2014 First Quarter Operating Update

---

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today announces an update on its activities at its high grade underground gold mining operation at Palito and developments at the Sao Chico gold deposit during the first quarter of 2014.

### Q1 HIGHLIGHTS

- Successful plant commissioning and production ramp-up during the first quarter at Palito
- Gold production of 2,300 ounces<sup>(1)</sup> for the quarter
- Palito mine development has continued as planned with production of ore from stopes underway
- 11,387 tonnes of ore mined at an average grade of 7.09 g/t for the quarter, exceeding budget
- 14,050 tonnes of ore milled at an average grade of 6.91g/t for the quarter.
- 600m of ramp and access development completed, ore development ongoing with eight headings
- Remediation of the Carbon in Pulp (CIP) leaching circuit commenced
- Second ball mill purchased and preparations underway for it to be operational by end of second quarter

### Mike Hodgson CEO said

*"Whilst the focus of Serabi's activities in 2013 was on progressing the development of the underground mine, the first quarter of 2014 has seen the focus move to the commissioning and optimisation of the plant.*

*"Following the initial switch-on in December 2013, it has been very satisfying to watch the weekly progress through the quarter. Throughout the commissioning phase when we have been steadily ramping-up mill throughputs, we took a decision to process lower grade ore. As a result, quarterly production grades have been slightly below our longer term forecasts. However, by early March plant performance was much improved, to the point that budgeted gold production for the month was exceeded. This gives us great confidence going forward, as we target commercial production.*

*"The next major milestones in the plant will be the planned remediation of the CIP plant and the installation of a recently acquired second ball mill purchased in anticipation of future Sao Chico production. Both improvements are expected to be in place in the early third quarter of 2014.*

*"The mine continues to perform very well. Development is on-going across seven levels with eight separate headings currently being advanced and a 20,000 tonne surface stockpile with a grade of approximately 8.5 g/t, ahead of the plant. This puts the Palito operation on a very strong footing going forward.*

*"With regards to Sao Chico, following the share placement that raised £10million in March this year, the Company now has the funding in place for its initial evaluation and development. By the end of 2014, we expect to have generated an updated*



PRESS RELEASE 7 APRIL 2014  
SERABI GOLD plc (“Serabi” or “the Company”)



*mineral resource which will allow us to develop a robust mine plan, with the aim of bringing the mine into full production in mid 2015.”*

- (1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate that is being sold to a refinery.

The following link accesses a short video presented by Mike Hodgson CEO of current mining and gold processing operations at Palito - <http://www.brr.com.au/event/122857/mike-hodgson-chief-executive>

### **Palito**

The Palito Mine is centred upon a high grade gold mineral inventory of approximately 600,000 ounces. The total resource comprises 25 high grade, sub vertical, narrow vein ore-bodies, of which eight are in the current mine plan. These eight veins are split between the Palito Main zone and the Palito West sectors. The veins are accessed and developed by a series of lode drives on levels set 30 vertical metres apart. The highly competent ground conditions allow open stope mining to be used.

During the quarter ore production from stopes began with the mining of the first three stopes now underway, and three more in preparation. These first stopes are located on two levels in the Palito West sector of the mine. Over the longer term, the Company plans to have six to seven stopes being mined at any one time.

In addition, on-lode development mining continued on three levels in the Palito West sector and four levels in the Palito Main Zone. Ore development will continue to form a substantial proportion of ore mined during the second quarter as the Company seeks to maximise the production areas available to it at any point in time. Already on-lode ore development is at least two levels ahead of production mining. With over 500m of development achieved during the quarter, a total of some 1,800m of lode development now exists across the eight veins at Palito. The main ramp has continued to be deepened and has now reached the 54 metre relative level (“mRL”).

In the plant, processing rates have been increasing throughout the quarter and in March a total of over 14,000 tonnes of ore were processed at an average grade of 6.91 g/t. The Company deliberately elected to process lower grade stockpiled material during the early part of the quarter whilst the plant was being commissioned. From mid-March feed grades have been increased and for the whole month of March ore with an average grade of 8 g/t been processed. Gold production for the first quarter has been ~2,300 oz<sup>(1)</sup>. For the first six months of 2014 the gold recovery process is limited to flotation and gravity concentration. The tailings from flotation and gravity processing have been and will continue to be stockpiled for further processing through the CIP plant which is currently being refurbished and expected to be commissioned during July 2014.

By the end of the quarter, the surface stockpile of ore totalled approximately 20,300 tonnes, with a grade in excess of 8.5 g/t. A second ball-mill was acquired in March 2014 and is currently being transported to Palito. The construction work for the foundation and installation of this mill is underway and the Company hopes that this second ball-mill can be operational for the beginning of the third quarter of 2014. It has been purchased in anticipation of establishing a second process line for ore from a future Sao Chico operation, however in the near term it will provide additional milling capacity to process some of this stockpiled material and maximise short-term production.

### **Sao Chico**

Work commenced in February on the preparatory earth-works required to expose the bed-rock, and thereafter establish the mine portal. It is expected that these earth-works will take three months and progress to date has been good. Hard rock



**PRESS RELEASE 7 APRIL 2014**  
SERABI GOLD plc ("Serabi" or "the Company")



mining is anticipated to begin in June. The Decline Ramp will then be driven at a 12% gradient and from which two development levels, L1 and L2, will be established, at the 30 vertical metre and 60 vertical metre intervals respectively. The development levels will follow the principal structure, known as the Main Vein, to its strike extents to the East and West, which is expected to represent approximately 500 development metres per level. This work will allow the Company to better evaluate the continuity and payability of the mineralisation. The Company will also undertake underground drilling from within these development drives to identify parallel structures and will supplement this with additional surface drilling. The Company plans to complete this next evaluation stage by the end of 2014, at which time it expects to generate an updated mineral resource, from which a robust mine plan can be developed. It is planned that any ore derived from development mining during 2014 will be transported to the Palito plant for processing.

The Final Exploration Report ("FER") for Sao Chico was completed and submitted to the Departamento Nacional de Produção Mineral ("DNPM") in February representing the first part of the process of transforming the Sao Chico exploration licence into a mining licence. Work is now underway on the preparation of the Plano de Aproveitamento Economico ("PAE") which is required to be submitted once the DNPM has approved the FER.

## Enquiries

---

### SERABI GOLD plc

**Michael Hodgson**  
Chief Executive

**t** +44 (0)20 7246 6830  
**m** +44 (0)7799 473621

**Clive Line**  
Finance Director

**t** +44 (0)20 7246 6830  
**m** +44 (0)7710 151692

**e** [contact@serabigold.com](mailto:contact@serabigold.com)

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

### PEEL HUNT LLP

**UK Broker**

Matthew Armitt  
Ross Allister

**t** +44 (0)20 7418 9000  
**t** +44 (0)20 7418 9000

### BEAUMONT CORNISH Limited

**Nominated Adviser & Financial Adviser**

Roland Cornish  
Michael Cornish

**t** +44 (0)20 7628 3396  
**t** +44 (0)20 7628 3396

### Blytheweigh

**UK Public Relations**

Tim Blyth

Halimah Hussain

**t** +44 (0)20 7138 3204  
**m** +44 7816 924626  
**t** +44 (0)20 7138 3203  
**m** +44 7725 978141

Copies of this release are available from the Company's website at [www.serabigold.com](http://www.serabigold.com)

#### Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 26 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognising him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

#### Forward Looking Statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business

prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

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

#### SERABI GOLD PLC

2nd Floor, 30-32 Ludgate Hill, London EC4M 7DR  
**t** +44 (0)20 7246 6830 **f** +44 (0)20 7246 6831 **e** [contact@serabimining.com](mailto:contact@serabimining.com) [www.serabigold.com](http://www.serabigold.com)  
**Registered Office** 66 Lincoln's Inn Fields, London, WC2A 3LH **Company Number** 5131528

This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc