



## Serabi on schedule to commence commissioning of Palito plant by mid-December

Serabi Gold plc (AIM:SRB, TSX:SBI and SBI.WT), the Brazilian focused gold exploration and development company is pleased to announce a further operational update on its Palito gold mine.

The Company continues to make good progress as the development of the Palito mine and process plant reaches the final stages before going into production the first quarter of 2014.

### Highlights:

- Development mining is now underway on four main levels, including the next planned production level 84m<sup>(1)</sup>. The Palito Main Zone veins at this level have already been intersected, with mineable grades and widths (30 grams per tonne of gold over 1.0m mining width) significantly in excess of the mine plan grades.
- High grade selective stoping continues on the numerous remnant blocks in the upper levels of the Palito Main Zone between the 126m<sup>(1)</sup> and the 210m<sup>(1)</sup> levels.
- Levels 163m<sup>(1)</sup> and 114m<sup>(1)</sup> are now being driven south beyond the resource limit and continue to follow excellent high grade mineralisation over mineable widths.
- The surface ore stockpile has now reached 25,000 tonnes @ 7.5 grams per tonne of gold.
- Electrical installations at the mine and plant are complete, with new high voltage sub-stations installed and low voltage control rooms completed.
- The Crushing plant is fully operational.
- The Gravity plant is built and the manufacturer at site for commissioning and calibration.
- The Flotation plant is 90per cent complete, with final electrical installations underway.
- Final installations in the new gold room are ongoing.
- Initial plant commissioning remains on schedule for mid-December.

VIDEOS SHOWING CURRENT OPERATIONAL ACTIVITIES CAN BE VIEWED USING THE FOLLOWING LINK –  
<http://www.serabigold.com/webcasts.cfm>

**Mike Hodgson CEO said** *"I look back at 2013, and feel proud of what we have achieved in what have been dreadful markets for gold juniors. Operationally we have had a really good year. The developments of the Palito Operation and the acquisition and subsequent successful drilling at Sao Chico have both been great successes. I have just spent two weeks at site and seen great progress at the Palito mine and plant.*



**Flotation and Filtration section**

*with good development grades, our next objective is to commission the plant and to seek full throughput as soon as possible thereafter.*

*"In the mine we continue to see selective mining performing very well. We have now accessed the 3 main veins of the Palito Main Zone at the newest 84m<sup>(1)</sup> level and excellent grades are being intersected. This level is now being aggressively developed.*

*"Of even greater encouragement are two galleries being developed southwards outside of the current resource envelope and towards the Palito South discovery located some 500m south of the Palito mine workings (see Press Release dated 24 January 2012). Admittedly it is early days, but in these development drives we are seeing the highest recorded mineable grades ever encountered at Palito.*

*"The plant remediation has continued on schedule and we expect to commence initial plant testing in mid-December. With a 25,000 tonne stockpile @ 7.5 grams per tonne of gold in front of the plant, and the mine developing very well*



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*"2013 has also been a successful year at Sao Chico and the drilling results more than confirmed what a high quality acquisition this is. We are looking at ways to optimise the development of Sao Chico and maximise returns to shareholders. With the progress at Palito and the drilling success at Sao Chico, just 25km away, we anticipate 2014 will be an exciting year for Serabi, both as a high grade gold producer and mine developer".*

With all underground mining and surface fleet fully operational, the company have seen development rates exceeding targets over the past months. During this past month, the next main production level has been reached and the first veins intersected with some very encouraging mineable grades. The 84m<sup>(1)</sup> level will now be developed and it is expected that up to eight mine faces will be available for development and stope preparation and future production. The ramp development will now be progressed towards the next main level, 54m<sup>(1)</sup>.

When operations were suspended in 2008, numerous faces including southerly drives on the 163m<sup>(1)</sup> and 114m<sup>(1)</sup> levels in the Palito Main Zone were stopped in highly encouraging mineralisation. These drives were at the southern limit of the existing geological resource and the mineralisation suggested a probable resource strike extension. This potential was a factor in a 2011 drill programme to evaluate the possible southerly strike extension and recorded multiple high grade intersections in a zone of some 200 to 500 metres to the south of the known resource, now referred to as Palito South. As a result, with mining operations ongoing again, the company has re-entered the 163m<sup>(1)</sup> and 114m<sup>(1)</sup> levels and restarted the southerly development of both. Level 114m<sup>(1)</sup> is now the most southerly development at Palito following the Palito Main Zone vein and over the past month (50 metres of development) the average developed grades over mineable widths have remained very significantly above life of mine mineable grades.

In the new Palito West section of the mine, the Pipoca vein is now being developed and stopes prepared, these structures having been accessed at the 126m<sup>(1)</sup> level and the 163m<sup>(1)</sup> level by cross cut development from the Palito Main Zone. Some 25 per cent of 2014 production is anticipated to come from this sector from these levels.



The mineralized face at the 114m level



### Gravity and Milling sections – day and night

The ore development stockpile along with the high grade stope ore stockpile now exceeds 25,000 tonnes at an average grade of 7.5 grams per tonne of gold. In the Palito Main Zone, remnant stoping blocks still exist between the 126m<sup>(1)</sup> level and the 210m<sup>(1)</sup> level and these continue to be assessed for future production.

The surface stockpile contains sufficient ore to feed the plant for 3.5 months. With the phased start up in the plant and the current development rates in the mine, it is likely that, by the end of Q1 2014, mine development will have reached our target of being some 6 months ahead of the plant.



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The progress in the plant continues. The crushing plant is operational as is the milling section with the gravity plant waiting on the manufactures engineers to commission and calibrate the gravity concentrator. The flotation and concentrate filtration plant is 90% complete only requiring final electrical installations to be completed. The construction of the new gold room is complete, with final internal fittings now being installed and the Company remains on schedule to start testing of the plant by mid – December.

(1) Depths are measured on a relative scale to sea-level with the mine portal entrance being measured at approximately 235 metres above sea level.

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

#### Forward-looking statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be

reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

#### Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 25 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

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

## GLOSSARY OF MINING TERMS

The following is a glossary of technical terms:

"Au" means gold.

"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.

"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).

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“g/t” means grams per tonne.

“indicated mineral resource” is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

“inferred mineral resource” is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

“measured mineral resource” is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

“mineral resource” is a concentration or occurrence of diamonds, natural solid inorganic material or natural fossilized organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.

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

“stope” is a production opening in an underground mine where the ore is won and extracted.

“vein” is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.