PRESS RELEASE 14 AUGUST 2013
SERABI GOLD plc ("Serabi" or "the Company")

SERABI GOLD

Interim Results for the 6 months to 30 June 2013
Financial Results for Second Quarter 2013 and Management Discussion and Analysis

Serabi Gold plc (AIM:SRB, TSX:SBI and SBI.WT), the Brazilian focused gold exploration and development company, advises that it has today published its unaudited financial results for the 3 month and 6 month periods ending 30 June 2013 and at the same time has also published its Management Discussion and Analysis for the same periods. Both documents, together with this announcement, have been posted on the Company's website at www.serabigold.com and are also available on SEDAR at www.sedar.com.

Corporate and Operational Highlights

- On 17 January 2013 the Company completed the placement of 270 million new ordinary shares to raise in aggregate GBP£16.2 million to finance the development of the Palito Mine project as outlined in the PEA. The placement of new shares was underwritten by Fratelli Investments Limited, one of the Company's major shareholders.
- The Palito mine remains on schedule to commence gold production at the end of 2013
    - New mine management team and contract mining personnel in place.
    - All new mining fleet fabricated and either delivered or in process of delivery to site. All other major items of surface or underground equipment acquired.
    - Refurbishment of primary crushing plant complete.
    - Gravity concentrator ordered and gravity tower in construction for completion end of September.
    - Foundations for mill being laid and mill being overhauled.
    - Flotation building and structures completed and flotation cells being refurbished.
    - Filtration plant expected to be complete by the end of September.
    - Gold room in construction with completion expected at the end of October.
    - Uncrushed run of mine ore stockpile of 5,900 tonnes as at the end of July 2013. Target of 15,000 tonnes prior to plant commissioning.
- Contract negotiations at an advanced stage for the refining and purchase of the copper/gold concentrate that will be produced at the Palito Mine.
- Completion of the acquisition of Kenai Resources Limited ("Kenai") on 18 July 2013 bringing under ownership the high grade Sao Chico gold project ("Sao Chico"):
    - Sao Chico, located approximately 25 kilometres from Serabi's Palito Gold Mine, hosts a NI 43-101 compliant combined Measured and Indicated Mineral Resource of 25,275 ounces of gold at 29.77 grammes per tonne ("g/t") and an Inferred Mineral Resource of 71,385 ounces gold at 26.03 g/t.

      Expected to be the first satellite gold resource to supplement the Palito Mine production with high grade material, taking advantage of the excess plant capacity available to quickly expand Serabi's future gold production.
- An exploration programme is underway at Sao Chico:

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- Drilling programme at Sao Chico commenced late May 2013. 19 holes completed to date over 3,025 metres. Initial assay results expected early September.
- Geophysics programme at Sao Chico commenced 10 August 2013 for 50 line kilometres.
- Management considers that the drill programme will both increase current resource confidence and size. On completion of the drilling and geophysics programme the Company will submit a Final Exploration Report ("FER") a significant step in the process for conversion of the exploration licence to a mining licence in [late 2014].

- Mr Nicolas Banados, Managing Director, Equities for Megeve Investments Limited, joined the Board as a non-executive director on 13 May 2013 and is a representative of Fratelli Investments Limited, the Company's largest shareholder,
- Mr Dan Kunz, the former Chairman of Kenai, was appointed to the Board, as a non-executive director, on 26 July 2013.
- Appointment of Peel Hunt LLP as Broker.

Financial Highlights

	3 months ended 30 June 2013 (unaudited)	3 months ended 30 June 2012 (unaudited)	**6 months ended 30 June 2013 (unaudited)**	6 months ended 30 June 2012 (unaudited)
Loss attributable to ordinary shareholders (US$)	**957,515**	854,100	**2,316,741**	2,169,226
Basic and diluted loss per share (US cents)	**0.27**	0.94	**0.69**	2.47

	6 months ended 30 June 2013 (unaudited) US$	12 months ended 31 December 2012 (audited) US$
Property, plant , equipment additions during the period	**1,144,302**	71,976
Additions to Projects in construction during the period	**4,891,329**	1,697,975
Exploration and development expenditures during the period	**203,933**	2,251,067
Cash at end of period	**13,993,628**	2,582,046
Equity Shareholders funds at end of period	**58,929,002**	39,261,001

Michael Hodgson CEO said:

"We continue to make excellent progress on the mine and plant remediation work at Palito. We have already established a good stockpile of ore on surface and with the arrival of new mining equipment this month, will be

able to add to this over the coming months and accelerate mine and ramp development. Having a good high grade stockpile will put us in the best possible position when commissioning of the process plant starts at the end of this current year. The Sao Chico gold project is an excellent acquisition for the Company and in time will allow Serabi to enhance its gold production and utilise excess capacity at Palito."

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Copies of this release are available from the Company's website at **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.

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

The following information, comprising the Finance Review, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity and Group Cash Flow, is extracted from the Unaudited Condensed Interim Financial Statements and the Management Discussion and Analysis.

The Company will, in compliance with Canadian regulatory requirements, post its Management Discussion and Analysis for the three months and six months ended 30 June 2013 together with the Condensed Interim Financial Statements on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

Outlook

Remediation and development works are progressing well and the Company remains on schedule with the underground mine development work benefitting from the earlier than planned completion of the de-watering of the mine. Mine development is well underway, mine services will continue to be overhauled and the rehabilitation of the processing plant will continue with a view to having the crushing, milling, gravity concentration, gold room and flotation sections all completed and being commissioned by year end.

The plant remediation and design has taken into account the processing requirements of future ore mined from Sao Chico.

The Company's exploration activities will remain limited whilst the Company focuses its attention and personnel resources at Palito towards the remediation and commencement of production. The directors expect that future exploration activity at Palito will be financed from the cash flow from gold production at Palito and may therefore not be undertaken until such time as sufficient and sustainable levels of cash flow are achieved. Exploration work being undertaken at Sao Chico is a priority given the short period prior to the expiry of the exploration licence and the desire to secure a mining licence as quickly as possible to allow development and gold production from this project to be started at the earliest possible opportunity.

A number of refining and trading groups have been approached to provide terms for the refining and purchase of the copper/gold concentrate that will be produced at the Palito Mine and which is expected to account for in excess of 70% of the revenues of the operation. The Company has completed the evaluation of these submissions and is in the process of agreeing contract terms.

The Company's strategy has been to develop additional satellite high grade gold mining opportunities in relatively close proximity to Palito, taking advantage of surplus capacity that exists in the gold plant, the rationale being that ore mined could be treated through the centralised processing facility located at the Palito site. Kenai's high grade Sao Chico property is at a more advanced stage than Serabi's own discoveries at Currutela, Palito South and Piaui, and therefore obviously falls into this category of being a satellite opportunity. The acquisition of Kenai on 18 July 2013 therefore presents the Company with the opportunity to reduce the timeframe for the development of its first satellite deposit to augment Palito mine production with additional high grade feed, taking advantage of the excess plant capacity available.

The first stage of activity at Sao Chico is a minimum 3,500 metre diamond drilling programme to enhance the existing resource in terms of both resource confidence and size. The drill programme will be supplemented by ground geophysics, commencing early in August 2013, which will establish other potential areas of interest within the Sao Chico exploration licence. The current Sao Chico gold resource comprises approximately 25,000 Measured and Indicated ounces of gold and 71,000 Inferred ounces, both averaging over 26 g/t. and contained within just three veins with ten more veins identified.

The Sao Chico exploration licence is in force until March 2014, before which time the Company will apply to convert the concession to a full mining licence. To acquire the full mining licence status, the Company is following a two stage process. Following completion of the on-going drilling and geophysics programmes, a Final Exploration Report ("FER") will be compiled and submitted to the Departamento Nacional de Produção Mineral ("DNPM") for approval. On approval of the FER, the Company will then submit the Plano de Approveimento Economico ("PAE"), which concludes the permitting process to acquire the licence. The Company anticipates the approval of both documents will take much of 2014, and therefore expects that it will be in a position to commence development of the project late in 2014 following the award of a mining licence.

The DNPM have already issued a trial mining licence ("GUIA") for the Sao Chico property, which will expire in April 2014 and management consider that at the very least this illustrates the DNPM's willingness to see the project developed. Discussions with the DNPM suggest that as the FER and PAE will demonstrate that all processing of Sao Chico ore will be undertaken at Palito, where a fully permitted process facility will already be in place, the application for a mining licence at Sao Chico can be rapidly processed.

FINANCE REVIEW

Results of Operations

Three month period ended 30 June 2013 compared to the three month period ended 30 June 2012

The loss from operations increased by US$146,187 from US$820,266 for the 3 months ended 30 June 2012 to US$966,453 for the 3 month period ended 30 June 2013 an increase of 18% and primarily arising from certain one off tax charges incurred during the period. This has in part been offset by a change in the manner in which costs associated with maintenance activities of the plant are treated for accounting purposes and reduced depreciation costs.

In the 3 months to 30 June 2012 all costs relating to the maintenance of the process plant were treated as an operating expense as they were incurred, this cost for that 3 month period being BrR$130,736 (US$64,250). Since the decision was taken by the Board at the end of June 2012, to proceed with the development of the Palito Mine, the plant has been considered to be in a state of refurbishment and all costs related to the plant are being capitalised as part of the overall mine development costs and therefore there is no comparable expense reported in the income statement for the 3 month period to 30 June 2013.

Administration costs have shown an overall increase from US$573,167 for the 3 month period ended 30 June 2012 to US$805,633 for the 3 month period to 30 June 2013. This increase is primarily due to the settlement of certain one off historical tax adjustments totalling BrR$304,500 (US$150,026). Excluding this item from the analysis, administration costs for the 3 months to 30 June 2103 show a small increase of US$82,000 in comparison with the 3 months to 30 June 2012. This variance is primarily attributable to the timing of certain expenses in the UK which in 2012 had been recognised and reported in a preceding period.

The reduction in depreciation charges between the two periods reflects many of the Company's assets reaching the end of their original forecast lives for amortisation purposes and have therefore now been fully amortised. Depreciation charges for the 3 months to 30 June 2013 are US$112,974 compared with US$158,204 for the 3 month period to 30 June 2012.

The Company recorded a foreign exchange gain of US$23,400 in the 3 month period to 30 June 2013 which compares with a foreign exchange loss of US$19,103 recorded for the 3 months ended 30 June 2012. These foreign exchange gains and losses are primarily incurred in respect of the cash holdings of the Company in currencies other than US Dollars as at the period end and do not necessarily reflect actual realised losses. The Company holds funds in certain currencies in anticipation of future expenditures that are anticipated to be settled in those currencies. The currency gain in the 3 month period to 30 June 2013 in part reverses losses on currency holdings reported in the 3 month period to 31 March 2013 and reflects the appreciation on certain currencies in particular the UK Pound against the US Dollar as at 30 June 2013 compared with 31 March 2013.

Net interest charges for the 3 month period to 30 June 2013 were US$14,462 compared with US$14,731 for the corresponding period 3 month period to 30 June 2012. An analysis of the composition of these charges is set out in the table below:

	2013 US$	2012 US$
Interest expense on convertible loan stock	15,653	13,394
Asset finance charges	4,195	-
Other interest and finance expenses	905	5,022
	20,753	18,416
Interest income	(6,291)	(3,685)
	14,462	14,731

Asset finance charges relate to the acquisition of new mining equipment under suppler credit terms. The first instalment was settled in June 2013 when the first item was received in Brazil.

Other interest and finance expenses are primarily related to the Brazilian operation and the reduction in the 3 months to 30 June 2013 compared with the 3 months to 30 June 2012 reflects reduced levels of settlements with long term creditors to which interest is being applied and also reduced levels of penalties from tax authorities for past adjustments of taxes due to be collected by the Company on behalf of both the Federal and State tax authorities.

Six month period ended 30 June 2013 compared to the six month period ended 30 June 2012

The loss from operations was reduced by US$173,814 (7.9%) from a loss of US$2,204,533 for the six months to 30 June 2012 to US$2,030,719 for the six month period to 30 June 2013. This variance has in part arisen from a change in the manner in which costs associated with maintenance activities of the plant are treated for accounting purposes and reduced depreciation costs. Administration costs have increased by US$330.433 (24%) reflecting the higher levels of activity during the six month period ended 30 June 2013 compared with the corresponding six month period ended 30 June 2012.

In the 6 months to 30 June 2012 all costs relating to the maintenance of the process plant were treated as an operating expense as they were incurred, this cost for that 6 month period being BrR$338,690 (US$181,944). Since the decision was taken by the Board at the end of June 2012, to proceed with the development of the Palito Mine, the plant has been considered to be in a state of refurbishment and all costs related to the plant are being capitalised as part of the overall mine development costs and therefore there is no comparable expense reported in the income statement for the 6 month period to 30 June 2013.

Administration costs have shown an overall increase from US$1,383,953 for the 6 month period ended 30 June 2012 to US$1,714,386 for the 6 month period to 30 June 2013. The expense for the 6 months to 30 June 2012 included a charge in respect of labour claims amounting to US$201,667 whilst during the 6 month period to 30 June 2013 this expense was only US$5,119. The Company has incurred an expense in the 6 month period ended 30 June 2013 of US$326,500 in respect of bonus payments made to senior management personnel in respect of the preceding financial year's performance and the recognised one-off tax liabilities amounting to US$150,026. Excluding these items from the analysis, administration costs for the 6 months to 30 June 2103 show an increase of US$50,000 by comparison with the 6 months to 30 June 2012. This additional expense has been incurred in Brazil and reflects the increased level of administrative support required to manage the construction and start-up of the Palito Gold Mine and includes the opening of a support office in Belem, the Para state capital, to allow improved communication with State and government departments.

The reduction in depreciation charges between the two periods reflects many of the Company's assets reaching the end of their original forecast lives for amortisation purposes and have therefore now been fully amortised. Depreciation charges for the 6 months to 30 June 2013 are US$220,641 compared with US$584,841 for the 6 month period to 30 June 2012.

The Company recorded a foreign exchange loss of US$231,818 in the 6 month period to 30 June 2013 which compares with a foreign exchange gain of US$68,087 recorded for the 6 months ended 30 June 2012. The loss for the 6 months to 30 June 2013 primarily comprises losses on cash holdings denominated in GB Pounds Sterling and Euros. The Company holds funds in certain currencies in anticipation of future expenditures that are anticipated to be settled in those currencies. These currency holdings were acquired early in the 6 month period, which saw a period of strengthening of the US Dollar against most major currencies resulting in these book exchange losses. Subsequent strengthening of Sterling during the second quarter of 2013 has reversed some of the recorded losses which were primarily incurred during the first quarter of 2013.

Net interest charges for the 6 month period to 30 June 2013 were US$54,204 compared with US$32,780 for the corresponding 6 month period to 30 June 2012. An analysis of the composition of these charges is set out in the table below:

	2013 US$	2012 US$
Interest on short term loan	26,630	-
Interest expense on convertible loan stock	31,292	27,321
Asset finance charges	4,195	-
Other interest and finance expenses	1,135	10,323
	63,252	37,644
Interest income	(9,048)	(4,864)
	54,204	32,780

Interest charges on the short term loan relate to a US$6.0 million facility provided by Fratelli Investments Limited ("Fratelli") which was entered into on 1 October 2012. Under the loan agreement a facility fee of 3% was payable to Fratelli and interest accrued at the rate of 12% per annum. The facility was repaid in January 2013 from the proceeds of a UK£16.2 million placement of new ordinary shares that was completed on 17 January 2013.

Asset finance charges relate to the acquisition of new mining equipment under suppler credit terms. The first instalment was settled in June 2013 when the first item was received in Brazil.

Other interest and finance expenses are primarily related to the Brazilian operation and the reduction in the 6 months to 30 June 2013 compared with the 6 months to 30 June 2012 reflects reduced levels of settlements with long term creditors to which interest is being applied and also reduced levels of penalties from tax authorities for past adjustments of taxes due to be collected by the Company on behalf of both the Federal and State tax authorities.

Liquidity and Capital Resources

The Company had a working capital position of US$14,305,840 at 30 June 2013 compared to US$(2,760,102) at 31 December 2012. The working capital position at 31 December 2012 was inclusive of a US$4.5 million short term loan received from a major shareholder which was repaid in January 2013, following the successful completion of a share placement on 17 January 2013 raising gross proceeds of UK£16.2 million. This share placement and the repayment of the loan comprise the principle reasons for the significant improvement in the working capital position of the Company which has resulted in an increase in cash resources available to the company of US$11,411,582 million compared with 31 December 2012.

The levels of inventories have increased by US$62,000 compared with 31 December 2012, reflecting the increasing levels of activity and comprise consumables for the development mining activities that are now underway. Equally the level of creditors has increased by approximately US$822,188 as orders for equipment, contractor services and consumables are placed.

The Company does not have any asset backed commercial paper investments. As the Company has no revenue and has in recent years primarily supported its activities by the issue of further equity, the working capital position at any time reflects the timing of the most recent share placement completed by the Company.

During the six month period ended 30 June 2013 the Company issued 270,000,000 Ordinary Shares for gross cash proceeds of UK£16.2 million. The placement had been underwritten by one of the Company's major shareholders who received an underwriting fee of 8,135,035 Warrants in respect of the placement. Each Warrant entitles the holder to subscribe for one Ordinary Share at a price of UK£0.10 at any time until 16 January 2015.

The Company has, during the six month period ended 30 June 2013, incurred costs of US$204,000 for development and exploration expenditures on its mineral properties, US$1.2 million on asset purchases, US$4.9 million related to the rehabilitation and development of the Palito Mine and used cash of US$2,188,000 to support its operating activities. Further details of the exploration and development activities conducted during the period are set out elsewhere in this MD&A.

On 30 June 2013 the Company's total assets amounted to US$64,361,819 which compares to the US$48,203,224 reported at 31 December 2012. The current asset component has increased by some US$13,765,000 million reflecting the higher cash balances following the completion of the share placement with the non-current asset component increasing by US$2,393,984. Whilst some US$6.2 million has been expended on non-current assets the exchange rate movements between the Brazilian Real and the United States Dollar has resulted in exchange variations decreasing the carrying value of exploration interests by US$1.2 million and of mining property, plant and equipment by US$2.4 million. Depreciation charges of US$0.2 million during the 6 months ended 30 June 2013 account for the remaining change in value compared to 31 December 2012. Total assets are mostly comprised of property, plant and equipment, which as at 30 June 2013 totalled US$30,228,704 (December 2012: US$26,848,991), of which US$6.01 million relates to recent project development expenditures at the Palito Mine and deferred exploration and development cost which as at 30 June 2013 totalled US$16,375,076 (December 2012: US$17,360,805), of which US$15.38 million relates to capitalised exploration expenditures at, or in close proximity to, the Palito Mine. The Company's total assets also included cash holdings of US$13,993,628 (December 2012: US$2,582,046).

Receivables of US$1,541,830 as at 30 June 2013 have increased significantly compared to 31 December 2012 when the receivables balance was US$85,509. The receivables as of 30 June 2013 includes a down payment of approximately US$453,000 in respect of mining equipment that is due to be delivered to the project site during the second quarter of 2013. A further US$990,000 is represented by advances made to Kenai Resources Limited ("Kenai") and its Brazilian subsidiary under the terms of a loan agreement entered into in May 2013 in conjunction with the proposed acquisition of Kenai. The remaining balance represents other deposits paid by the Company.

Prepayments as of 30 June 2013 were US$1,437,737 compared with US$603,005 as at 31 December 2012, an increase of US$834,732. The prepayments represent:

(i) prepaid taxes in Brazil amounting to US$522,000, of which the majority is federal and state sales taxes which the Company expects to recover either through off-set against other federal tax liabilities or through recovery directly. The amount recoverable is consistent with amounts due at 31 December 2012;

(ii) costs incurred or accrued relating to the proposed acquisition of Kenai Resources Limited ("Kenai") which as at 30 June 2013 was still in progress. Under the terms of the agreements with Kenai had the transaction not completed these costs would have been recoverable from Kenai. With the transaction having been completed on 18 July 2013, these costs, for which a provision of $500,000 has been made, will either be expensed in a future period or set against the share premium account as appropriate;

(iii) Supplier down-payments. Reflecting the level of development and construction activity currently being undertaken for the opening of the Palito Gold Mine, the Company has made advances to suppliers in respect of goods purchased or items being fabricated of US$297,872 (31 December 2012 US$12,005).

The Company's total liabilities at 30 June 2013 were US$5,432,817 (December 2012: US$8,942,223). The total liabilities at 31 December 2012 included the short term loan payable to Fratelli Investments Limited which, including interest, amounted to US$4,580,745 as well as accounts payable to suppliers and other accrued liabilities of US$2,384,724. At 30 June 2013 accounts payable to suppliers and other accrued liabilities totalled $3,571,508. The major items contributing to the overall increase of $1,186,784 are:

(i) a liability in respect of finance agreements in place at 30 June 2013 relating to the acquisition of mining equipment totalling US$251,000 (31 December 2012 : US$nil);

(ii) a provision of $500,000 in respect of anticipated costs relating to the acquisition of Kenai;

(iii) a general increase in liabilities reflecting the higher levels of activity during the project construction at Palito of US$357,000; and

(iv) during the 3 month period to 30 June 2013, the Company has recognised certain one- off tax liabilities in Brazil to be settled in instalments. The outstanding amount provided at 30 June 2013 was equivalent to US$128,000.

The total liabilities include US$374,030 including accrued interest (December 2012: US$364,656) attributable to the £300,000 loan from a related party, which has a repayment date of 31 October 2014 subject to the right of the holder at any time, on one or more occasions, on or before the repayment date, to convert any of the outstanding amounts owed by the Company to Ordinary Shares at a price of 15 pence per Ordinary Share. It also includes the amount of US$1,487,279 (December 2012: US$1,612,098) in respect of provisions including US$1,241,434 (December 2012: US$1,223,392) for the cost of remediation of the current Palito Mine site at the conclusion of operational activity.

During the early part of 2012 the Company commissioned a Preliminary Economic Assessment ("PEA") of the viability of re-commencing mining operations at the Palito Mine. The report which was completed and published in June 2012 was positive and the Company entered into a conditional
subscription agreement with Fratelli Investments Limited ("Fratelli") on 2 October 2012 to subscribe for and underwrite a placement of new shares to finance the development and start-up of production at the Palito Gold Mine. In addition, Fratelli agreed to provide an interim secured loan facility of US$6.0 million to provide additional working capital to the Company and to enable it to commence the initial works at Palito. The placing of 270 million new Ordinary Shares with Fratelli and other subscribers was completed on 17 January 2013, raising gross proceeds of UK£16.2 million. The Company has repaid out of the proceeds the amount of the loan facility that had been drawn down, which at that time was US$4.5 million plus accrued interest.

In July 2013 the Company completed the acquisition of Kenai Resources Limited. Whilst this acquisition has necessitated additional expenditures which were not foreseen, management considers that the company holds and can access adequate capital to be able to complete the necessary mine development and process plant and infrastructure rehabilitation works that are required at Palito in order to be able to commence gold production before the end of 2013.

From the time that production operations commence at planned rates management anticipates that the Company will have sufficient cash flow to be able to meet all its obligations as and when they fall due and to, at least in part, finance the exploration and development activities that it would like to undertake on its other exploration projects.

There are, however, risks associated with the commencement of any new mining and processing operation whereby unforeseen technical and logistical events result in additional time being required for commissioning or additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required to fund these 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.

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Condensed Consolidated Statements of Comprehensive Income

(expressed in US$)	For the three months ended 30 June **2013 (unaudited)**	2012 (unaudited)	For the six months ended 30 June **2013 (unaudited)**	2012 (unaudited)
CONTINUING OPERATIONS				
Revenue	—	—	—	—
Operating expenses	—	(64,250)	—	(181,944)
Gross loss	—	(64,250)	—	(181,944)
Administration expenses	**(805,633)**	(573,167)	**(1,714,386)**	(1,383,953)
Share based payments	**(47,846)**	(33,244)	**(95,692)**	(62,394)
Gain on asset disposals	—	8,599	—	8,599
Depreciation of plant and equipment	**(112,974)**	(158,204)	**(220,641)**	(584,841)
Operating loss	**(966,453)**	(820,266)	**(2,030,719)**	(2,204,533)
Foreign exchange gain/(loss)	**23,400**	(19,103)	**(231,818)**	68,087
Finance expense	**(20,753)**	(18,416)	**(63,252)**	(37,644)
Investment income	**6,291**	3,685	**9,048**	4,864
Loss before taxation	**(957,515)**	(854,100)	**(2,316,741)**	(2,169,226)
Income tax expense	—	—	—	—
Loss for the period from continuing operations (1) (2)	**(957,515)**	(854,100)	**(2,316,741)**	(2,169,226)
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	**(4,024,661)**	(4,235,830)	**(3,415,186)**	(3,068,978)
Total comprehensive loss for the period (2)	**(4,982,176)**	(5,089,930)	**(5,731,927)**	(5,238,204)
Loss per ordinary share (basic and diluted) (1)	**(0.27c)**	(0.94c)	**(0.69c)**	(2.47c)

(1) All revenue and expenses arise from continuing operations.

(2) The Group has no non-controlling interests and all losses are attributable to the equity holders of the Parent Company.

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SERABI GOLD PLC
Condensed Consolidated Balance Sheets

(expressed in US$)	**As at 30 June 2013 (unaudited)**	As at 30 June 2012 (unaudited)	As at 31 December 2012 (audited)
Non-current assets			
Development and deferred exploration costs	**16,375,076**	17,405,081	17,360,805
Property, plant and equipment	**30,228,704**	25,845,466	26,848,991
Total non-current assets	**46,603,780**	43,250,547	44,209,796
Current assets			
Inventories	**784,844**	985,865	722,868
Trade and other receivables	**1,541,830**	77,132	85,509
Prepayments and accrued income	**1,437,737**	545,441	603,005
Cash and cash equivalents	**13,993,628**	1,697,434	2,582,046
Total current assets	**17,758,039**	3,305,872	3,993,428
Current liabilities			
Trade and other payables	**2,823,871**	1,990,299	2,001,683
Interest bearing liabilities	--	--	4,580,745
Accruals	**628,328**	113,191	171,102
Total current liabilities	**3,452,199**	2,103,490	6,753,530
Net current assets/(liabilities)	**14,305,840**	1,202,382	(2,760,102)
Total assets less current liabilities	**60,909,620**	44,452,929	41,449,694
Non-current liabilities			
Trade and other payables	**119,309**	241,548	211,939
Provisions	**1,487,279**	1,547,976	1,612,098
Interest bearing liabilities	**374,030**	326,564	364,656
Total non-current liabilities	**1,980,618**	2,116,088	2,188,693
Net assets	**58,929,002**	42,336,841	39,261,001
Equity			
Share capital	**52,773,993**	31,416,993	31,416,993
Share premium	**54,037,938**	50,306,920	50,182,624
Option reserve	**2,118,596**	2,028,676	2,019,782
Other reserves	**427,615**	780,028	780,028
Translation reserve	**(8,021,497)**	(4,144,145)	(4,606,311)
Accumulated loss	**(42,407,643)**	(38,051,631)	(40,532,115)
Equity shareholders' funds	**58,929,002**	42,336,841	39,261,001

The interim financial information has not been audited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2012 prepared under IFRS as adopted in the EU and with IFRS and their interpretations adopted by the International Accounting Standards Board have been filed with the Registrar of Companies following their adoption by shareholders at the last Annual General Meeting. The auditor's report on these accounts was unqualified but did contain an emphasis of matter with respect to the Company and the Group regarding going concern and the future availability of project finance. The auditor's report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

SERABI GOLD PLC
Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in US$) (unaudited)	Share capital	Share premium	Share option reserve	Other reserves	Translation reserve	Accumulated loss	Total equity
Equity shareholders' funds at 31 December 2011	**29,291,551**	**48,292,057**	**1,956,349**	**702,095**	**(1,075,167)**	**(35,882,405)**	**43,284,480**
Foreign currency adjustments	—	—	—	—	(3,068,978)	—	(3,068,978)
Loss for the period	—	—	—	—	—	(2,169,226)	(2,169,226)
Total comprehensive income for the period	—	—	—	—	(3,068,978)	(2,169,226)	(5,238,204)
Issue of new ordinary shares for cash	2,125,442	2,047,508	—	77,933	—	—	4,250,883
Costs associated with issue of new ordinary shares for cash	—	(32,645)	—	—	—	—	(32,645)
Share option expense	—	—	72,327	—	—	—	72,327
Equity shareholders' funds at 30 June 2012	**31,416,993**	**50,306,920**	**2,028,676**	**780,028**	**(4,144,145)**	**(38,051,631)**	**42,336,841**
Foreign currency adjustments	—	—	—	—	(462,166)	—	(462,166)
Loss for the period	—	—	—	—	—	(2,567,760)	(2,567,760)
Total comprehensive income for the period	—	—	—	—	(462,166)	(2,567,760)	(3,029,926)
Costs associated with issue of new ordinary shares for cash	—	(124,296)	—	—	—	—	(124,296)
Share options lapsed	—	—	(87,276)	—	—	87,276	—
Share option expense	—	—	78,382	—	—	—	78,382
Equity shareholders' funds at 31 December 2012	**31,416,993**	**50,182,624**	**2,019,782**	**780,028**	**(4,606,311)**	**(40,532,115)**	**39,261,001**
Foreign currency adjustments	—	—	—	—	(3,415,186)	—	(3,415,186)
Loss for the period	—	—	—	—	—	(2,316,741)	(2,316,741)
Total comprehensive income for the period	—	—	—	—	(3,415,186)	(2,316,741)	(5,731,927)
Issue of new ordinary shares for cash	21,357,000	4,182,600	—	88,800	—	—	25,628,400
Costs associated with issue of new ordinary shares for cash	—	(327,286)	—	—	—	—	(327,286)
Warrants lapsed in period	—	—	—	(441,213)	—	441,213	—
Share option expense	—	—	98,814	—	—	—	98,814
Equity shareholders' funds at 30 June 2013	**52,773,993**	**54,037,938**	**2,118,596**	**427,615**	**(8,021,497)**	**(42,407,643)**	**58,929,002**

SERABI GOLD

SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 30 June 2013 (unaudited)	For the three months ended 30 June 2012 (unaudited)	For the six months ended 30 June 2013 (unaudited)	For the six months ended 30 June 2012 (unaudited)
Operating activities				
Operating loss	**(966,453)**	(820,266)	**(2,030,719)**	(2,204,533)
Depreciation – plant, equipment and mining properties	**112,974**	158,204	**220,641**	584,841
Gain on asset disposals	**—**	(8,599)	**—**	(8,599)
Option costs	**47,846**	33,244	**95,692**	62,394
Interest paid	**(5,100)**	(5,022)	**(112,705)**	(10,323)
Foreign exchange loss	**(60,528)**	(145,975)	**(365,844)**	(90.359)
Changes in working capital				
(Increase)/ decrease in inventories	**(66,201)**	45,941	**(127,788)**	52,320
(Increase) /decrease in receivables, prepayments and accrued income	**(2,216,686)**	86,214	**(2,383,622)**	128,422
Increase/(decrease) in payables, accruals and provisions	**710,652**	21,857	**1,133,999**	(458,461)
Net cash flow from operations	**(2,443,496)**	(634,402)	**(3,570,346)**	(1,944,298)
Investing activities				
Proceeds from sale of fixed assets	**—**	9,928	**—**	9,928
Purchase of property, plant and equipment and projects in construction	**(3,705,076)**	(42)	**(5,784,467)**	(51,952)
Exploration and development expenditure	**(92,796)**	(1,017,349)	**(203,933)**	(1,948,956)
Interest received	**6,291**	3,685	**9,048**	4,864
Net cash outflow on investing activities	**(3,791,581)**	(1,003,778)	**(5,979,352)**	(1,986,116)
Financing activities				
Issue of ordinary share capital	—	—	**25,628,400**	4,250,883
Repayment of short term loan	**—**	—	**(4,500,000)**	—
Payment of share issue costs	(45,627)	—	**(327,286)**	(32,645)
Net cash (outflow)/ inflow from financing activities	(45,627)	—	**20,801,114**	4,218,238
Net (decrease)/ increase in cash and cash equivalents	**(6,280,704)**	(1,638,180)	**11,251,416**	287,824
Cash and cash equivalents at beginning of period	**20,222,386**	3,382,198	**2,582,046**	1,406,458
Exchange difference on cash	**51,946**	(46,584)	**160,166**	3,152
Cash and cash equivalents at end of period	**13,993,628**	1,697,434	**13,993,628**	1,697,434

1. Basis of preparation

These interim accounts are for the three and six month periods ended 30 June 2013. Comparative information has been provided for the unaudited three and six month periods ended 30 June 2012 and, where applicable, the audited twelve month period from 1 January 2012 to 31 December 2012.

The accounts for the periods have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2012 and those envisaged for the financial statements for the year ending 31 December 2013. The Group has not adopted any standards or interpretation in advance of the required implementation dates. It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board will have a material impact on the Group's earnings or shareholders' funds.

(i) Going concern and availability of project finance

In common with many companies in the exploration and development stages, the Company raises its finance for exploration and development programmes in discrete tranches. During the early part of 2012 the Company commissioned a Preliminary Economic Assessment ("PEA") of the viability of re-commencing mining operations at the Palito Mine. The report which was completed and published in June 2012 was positive and the Company entered into a conditional subscription agreement with Fratelli Investments Limited ("Fratelli") on 2 October 2012 to subscribe for and underwrite a placement of new shares to finance the development and start-up of underground mining activities at the Palito Gold Mine. In addition Fratelli agreed to provide an interim secured loan facility of US$6 million to provide additional working capital to the Company and to enable it to commence the initial works at Palito. The placing of 270 million new Ordinary Shares with Fratelli and other subscribers was completed on 17 January 2013, raising gross proceeds of UK£16.2 million. The Company has repaid out of the proceeds the amount of the loan facility that had been drawn down, which at that time was US$4.5 million plus accrued interest.

In July 2013 the Company completed the acquisition of Kenai Resources Limited. Whilst this acquisition has necessitated additional expenditures which were not foreseen, management considers that the company holds and can access adequate capital to be able to complete the necessary mine development and process plant and infrastructure rehabilitation works that are required at Palito in order to be able to commence gold production before the end of 2013. From the time that production operations commence at planned rates management anticipate the Company will have sufficient cash flow to be able to meet all its obligations as and when they fall due and to, at least in part, finance the exploration and development activities that it would like to undertake on its other exploration projects.

There are, however, risks associated with the commencement of any new mining and processing operation whereby unforeseen technical and logistical events result in additional time being required for commissioning or additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required to fund these 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. On this basis the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. However there is no certainty that such additional funds will be forthcoming. These conditions indicate the existence of a material uncertainty which may cast doubt over the Group's and the Company's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. These adjustments could be material.

(ii) Impairment

The Directors have undertaken a review of the carrying value of the mining and exploration assets of the Group and given particular consideration to the results of the PEA, the current operational status of Palito and the potential risks and implications of starting up a past producing gold mine. As part of this review they have assessed the value of the existing Palito Mine asset on the basis of the projected value in use that could be expected should the Company follow the re-development, start-up and future mining plans proposed in the PEA. The carrying values of assets have not been adjusted to reflect a failure to raise sufficient funds, not achieving the projected levels of operation or that, if a sale transaction were undertaken, the proceeds may not realise the value as stated in the accounts.

(iii) Inventories

Inventories are valued at the lower of cost and net realisable value.

(iv) Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives.

(v) Mining property and assets in construction

The Group commenced commercial production at the Palito Mine effective 1 October 2006. Prior to this date all revenues and operating costs were capitalised as part of the development costs of the mine. Effective from 1 October 2006 the accumulated development costs of the mine were re-classified as Mining Property costs and such cost will be amortised over the anticipated life of the mine on a unit of production basis. As the underground mine is currently on care and maintenance and there is no depletion of the reserves and resources attributable to the mine, no amortisation charge has been recorded in the period.

Costs related to work on the remediation, rehabilitation and development of the Palito Mine, the process plant and other site infrastructure are being capitalised together with a portion of general administration costs incurred in Brazil as Assets in Construction. Upon the successful commencement of commercial production, these costs will be transferred to Mining Assets and amortised on a unit of production basis.

(vi) Revenue

Revenue represents amounts receivable in respect of sales of gold and by-products. Revenue represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Revenue is stated net of any applicable sales taxes. Any unsold production and in particular concentrate is held as inventory and valued at production cost until sold.

(vii) Currencies

The condensed financial statements are presented in United States dollars (US$ or "$"). Other currencies referred to in these condensed financial statements are GB pounds ("GB£"), Canadian dollars ("C$") and Brazilian Reais ("BrR$").

Transactions in currencies other than the functional currency of a company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the amounts prevailing at the balance sheet date and any gains or losses arising are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a US Dollar functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

(**viii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

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