SERABI GOLD

SERABI GOLD PLC

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
(Stated in US Dollars)

FOR THE THREE MONTHS AND NINE MONTHS ENDED
30 SEPTEMBER 2011

NOTICE

These unaudited interim consolidated financial statements have been prepared by management and have not been the subject of a review by the Company's independent auditor

SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

		For the three months ended 30 September		For the nine months ended 30 September	
(expressed in US$)	Notes	**2011 (unaudited)**	2010 (unaudited)	**2011 (unaudited)**	2010 (audited)
CONTINUING OPERATIONS					
Revenue		**2,843**	22,909	**3,906**	1,171,908
Operating expenses		**(152,001)**	(411,103)	**(468,083)**	(1,905,489)
Gross loss		**(149,158)**	(388,194)	**(464,177)**	(733,581)
Administration expenses		**(745,990)**	(561,015)	**(2,113,195)**	(1,403,406)
Write back of prior period expenses		—	—	**540,441**	—
Option costs		**(92,399)**	(25,103)	**(186,710)**	(75,307)
Loss on asset disposals		**(5,204)**	(111,106)	**(7,541)**	(115,800)
Depreciation of plant and equipment		**(580,845)**	(497,439)	**(1,741,977)**	(1,514,897)
Operating loss		**(1,573,596)**	(1,582,857)	**(3,973,159)**	(3,842,991)
Foreign exchange (loss)/gain		**(168,309)**	241,092	**(26,000)**	(31,481)
Finance costs		**(16,109)**	(61,016)	**(97,909)**	(121,595)
Investment income		**18,330**	16,691	**52,107**	21,794
Loss before taxation		**(1,739,684)**	(1,386,090)	**(4,044,961)**	(3,974,273)
Income tax expense		—	—	—	—
Loss for the period from continuing operations (1) (2)		**(1,739,684)**	(1,386,090)	**(4,044,961)**	(3,974,273)
Other comprehensive income (net of tax)					
Exchange differences on translating foreign operations		**(7,489,207)**	2,193,512	**(4,699,101)**	955,544
Total comprehensive(loss)/ income for the period (2)		**(9,228,891)**	807,422	**(8,744,062)**	(3,018,729)
Loss per ordinary share (basic and diluted) (1)	3	**(2.72c)**	(3.10c)	**(7.01c)**	(10.61c)

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

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

SERABI GOLD PLC
Condensed Consolidated Balance Sheets

(expressed in US$)	Notes	**As at 30 September 2011 (unaudited)**	As at 30 September 2010 (unaudited)	As at 31 December 2010 (audited)
Non-current assets				
Development and deferred exploration costs	5	**15,122,184**	8,558,842	9,797,406
Property, plant and equipment	6	**29,132,327**	34,280,250	33,951,140
Total non-current assets		**44,254,511**	42,839,092	43,748,546
Current assets				
Inventories		**1,242,439**	1,352,402	1,417,804
Trade and other receivables		**97,539**	251,122	96,143
Prepayments and accrued income		**1,003,371**	1,561,295	1,061,945
Cash at bank and cash equivalents		**4,033,410**	5,247,991	8,598,755
Total current assets		**6,376,759**	8,412,810	11,174,647
Current liabilities				
Trade and other payables		**3,110,201**	3,387,529	3,147,258
Accruals		**300,732**	182,091	174,348
Special warrants		**—**	—	5,059,995
Total current liabilities		**3,410,933**	3,569,620	8,381,601
Net current assets		**2,965,826**	4,843,190	2,793,046
Total assets less current liabilities		**47,220,337**	47,682,282	46,541,592
Non-current liabilities				
Trade and other payables		**163,167**	388,049	552,027
Provisions		**1,454,715**	1,383,057	1,388,571
Interest bearing liabilities		**273,766**	245,477	249,176
Total non-current liabilities		**1,891,648**	2,016,583	2,189,774
Net assets		**45,328,689**	45,665,699	44,351,818
Equity				
Share capital	8	**29,291,551**	27,752,834	27,752,834
Share premium		**48,278,626**	40,754,032	40,754,032
Option reserve		**1,864,893**	1,614,094	1,648,484
Other reserves		**702,095**	260,882	260,882
Translation reserve		**(816,933)**	3,224,701	3,882,168
Accumulated loss		**(33,991,543)**	(27,940,844)	(29,946,582)
Equity shareholders' funds		**45,328,689**	45,665,699	44,351,818

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 2010, 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. The auditor's report on these accounts was unqualified but did contain an Emphasis of Matter with respect to the ability of the Company and the Group regarding 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 2009	26,848,814	36,268,991	1,523,444	260,882	2,269,157	(23,966,571)	43,204,717
Foreign currency adjustments	—	—	—	—	955,544	—	955,544
Loss for the period	—	—	—	—	—	(3,974,273)	(3,974,273)
Total comprehensive income for the period	—	—	—	—	955,544	(3,974,273)	(3,018,729)
Issue of new ordinary shares	904,020	4,520,100	—	—	—	—	5,424,120
Share issue costs	—	(35,059)	—	—	—	—	(35,059)
Share option expense	—	—	90,650	—	—	—	(90,650)
Equity shareholders' funds at 30 September 2010	27,752,834	40,754,032	1,614,094	260,882	3,224,701	(27,940,844))	45,665,699
Foreign currency adjustments	—	—	—	—	657,467	—	657,467
Loss for the period	—	—	—	—	—	(2,005,738	(2,005,738)
Total comprehensive income for the period	—	—	—	—	657,467	(2,005,738)	(1,348,271)
Share option expense	—	—	34,390	—	—	—	34,390
Equity shareholders' funds at 31 December 2010	27,752,834	40,754,032	1,648,484	260,882	3,882,168	(29,946,582)	44,351,818
Foreign currency adjustments	—	—	—	—	(4,699,101)	—	(4,699,101)
Loss for the period	—	—	—	—	—	(4,044,961)	(4,044,961)
Total comprehensive income for the period	—	—	—	—	(4,699,101)	(4,044,961)	(8,744,062)
Issue of new ordinary shares for cash	731,412	4,229,767	—	208,229	—	—	5,169,408
Issue of new ordinary shares on exercise of special warrants	807,305	4,004,807	—	232,984	—	—	5,045,096
Costs associated with issue of new ordinary shares for cash	—	(709,980)	—	—	—	—	(709,980)
Share option expense	—	—	216,409	—	—	—	216,409
Equity shareholders' funds at 30 September 2011	**29,291,551**	**48,278,626**	**1,864,893**	**702,095**	**(816,933)**	**(33,991,543)**	**45,328,689**

SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 30 September 2011 (unaudited)	2010 (unaudited)	For the nine months ended 30 September 2011 (unaudited)	2010 (unaudited)
Operating activities				
Operating loss	**(1,573,596)**	(1,582,857)	**(3.973,159)**	(3,842,991)
Depreciation – plant, equipment and mining properties	**580,845**	497,439	**1,741,977**	1,514,897
Loss on sale of assets	**5,204**	111,106	**7,541**	115,800
Option costs	**92,399**	25,103	**186,710**	75,307
Interest paid	**(5,255)**	(51,218)	**(33,941)**	(93,016)
Foreign exchange	**78,789**	(24,251)	**(159,159)**	(53,045)
Changes in working capital				
(Increase) / decrease in inventories	**100,315**	(91,762)	**35,862**	(54,618)
(Increase) / decrease in receivables, prepayments and accrued income	**166,121**	33,581	**(54,013)**	(73,268)
(Decrease)/(increase) in payables, accruals and provisions	**(119,697)**	(543,393)	**152,475**	(496,467)
Net cash flow from operations	**(674,875)**	(1,626,252)	**(1,996,657)**	(2,907,401)
Investing activities				
Proceeds from sale of fixed assets	**14,302**	90,939	**129,457**	246,745
Purchase of property, plant and equipment	**(92,761)**	—	**(138,397)**	—
Exploration and development expenditure	**(2,854,925)**	(631,387)	**(6,969,901)**	(1,420,722)
Interest received	**18,330**	16,691	**52,107**	21,794
Net cash outflow on investing activities	**(2,915,054)**	(523,757)	**(6,926,734)**	(1,152,183)
Financing activities				
Issue of ordinary share capital	**—**	—	**4,961,180**	5,424,120
Issue of warrants	**—**	—	**208,229**	**—**
Capital element of finance lease payments	**—**	(664)	—	(78,327)
Payment of share issue costs	**—**	—	**(709,980)**	(35,059)
Payment of special warrant issue costs	**—**	—	**(14,900)**	—
Net cash (outflow)/ inflow from financing activities	**—**	(664)	**4,444,529**	5,310,734
Net(decrease)/ increase in cash and cash equivalents	**(3,589,929)**	(2,150,673)	**(4,577,912)**	1,251,150
Cash and cash equivalents at beginning of period	**7,859,831**	7,272,296	**8,598,754**	4,081,882
Exchange difference on cash	**(236,492)**	126,368	**12,568**	(85,041)
Cash and cash equivalents at end of period	**4,033,410**	5,247,991	**4,033,410**	5,247,991

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

These interim accounts are for the three month and nine month periods ended 30 September 2011. Comparative information has been provided for the unaudited three month and nine month periods ended 30 September 2010 and the audited twelve month period from 1 January to 31 December 2010.

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 2010 and those envisaged for the financial statements for the year ending 31 December 2011. The Company 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

These condensed financial statements have been prepared using reporting standards applicable to a going concern, which assumes continuity of operations and realisation of assets and settlement of liabilities in the normal course of business for the foreseeable future, which is at least, but not limited to, one year from the approval of these condensed financial statements. In common with many companies in the exploration and development stages, the Company raises its finance for exploration and development programmes in discrete tranches and is subject to risks and challenges similar to companies in a comparable stage of development. These risks include the challenges of securing adequate capital for exploration and development, operational risks inherent in the mining industry and global economic and gold price volatility.

The directors have concluded that it is appropriate to prepare the condensed financial statements on a going concern basis and are confident that they are taking all the necessary steps to ensure that adequate additional funding will be available as and when required. However there can be no certainty that this will be the case and there is therefore significant doubt as to appropriateness of the going concern assumption. Were the funding not to become available in an appropriate timescale the directors would need to consider alternative strategies and an impairment review would be required in respect of the capitalised expenditure on the Palito project. No adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the condensed financial statements. These adjustments could be material.

(ii) Impairment

Management have undertaken a review of the carrying value of the mining and exploration assets of the Group (the Company and its subsidiaries), and considered the implications of the operational difficulties experienced and the current operational status of Palito. Following this review they have assessed the value of the existing assets on the basis of value in use involving a future recommencement of underground mining operations which is dependent on the ability of the Group to raise future finance and to operate the mine in line with the mine plan that forms the basis of the value in use calculation. The carrying values of assets have not been adjusted to reflect a failure to raise sufficient funds, only maintaining the current 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

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 amortization charge has been recorded in the period.

(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 “$”). Other currencies referred to in these condensed financial statements are UK pounds (“UK£”), Canadian dollars (“C$”) and Brazilian Reais (“BrR$”).

2. Taxation

Taxation represents a provision for corporate taxes due on taxable profits arising in Brazil. No deferred tax asset arising from carried forward losses incurred outside of Brazil has been recognised in the financial statements because of uncertainty as to the time period over which this asset may be recovered.

3. Earnings per share

	3 months ended 30 September		**9 months ended 30 September**		12 months ended 31 Dec
	2011	2010	**2011**	2010	2010
Loss attributable to ordinary shareholders (US$)	**1,739,684**	1,386,090	**4,044,961**	3,974,273	5,980,011
Weighted average ordinary shares in issue	**63,968,529**	44,774,060	**57,715,900**	37,450,530	39,316,525
Basic and diluted loss per share (US cents)	**2.72**	3.10	**7.01**	10.61	15.21

The weighted average ordinary shares in issue in 2010 have been adjusted to reflect the share consolidation that was approved by shareholders in 21 December 2010. No diluted earnings per share is presented as the effect of the exercise of share options and warrants would be to decrease the loss per share.

4. Segmental Analysis

The following information is given about the Group’s reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group’s internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the Board.

The Board considers the performance of the Group by the geographical location of expenditures, and the division of capital expenditure between exploration and operations.

All of the Group's revenue arises from activities in Brazil.

Major Customers (accounting for more than 10% of the Group's revenues)	**3 months ended 30 June 2011 (unaudited)**		3 months ended 30 June 2010 (unaudited)		**9 months ended 30 September 2011 (unaudited)**		9 months ended 30 September 2010 (unaudited)	
	$	**%**	$	%		**%**	$	%
Customer 1	**2,843**	**100**	22,909	100	**3,906**	**100**	1,171,908	100

An analysis of the results for the three month period by management segment is as follows:

	3 months ended 30 September 2011 (unaudited)			3 months ended 30 September 2010 (unaudited)		
	Brazil $	**Unallocated $**	**Total $**	Brazil $	Unallocated $	Total $
Revenue	**2,843**	**–**	**2,843**	22,909	–	22,909
Operating expenses	**(152,001)**	**–**	**(152,001)**	(396,103)	(15,000)	(411,103)
Operating loss	**(149,158)**	**–**	**(149,158)**	(373,194)	(15,000)	(388,194)
Administration expenses	**(357,622)**	**(388,368)**	**(745,990)**	(284,897)	(276,118)	(561,015)
Share based payments	**–**	**(92,399)**	**(92,399)**	–	(25,103)	(25,103)
Provisions, depreciation and (loss)/gain on asset disposals	**(553,145)**	**(32,904)**	**(586,049)**	(582,225)	(26,320)	(608,545)
Operating loss	**(1,059,925)**	**(513,671)**	**(1,573,596)**	(1,240,316)	(342,541)	(1,582,857)
Foreign exchange (loss)/gain	**(123)**	**(168,186)**	**(168,309)**	105,559	135,533	241,092
Interest (expense)/income	**(12,495)**	**14,716**	**2,221**	(50,159)	5,834	(44,325)
Loss before taxation	**(1,072,543)**	**(667,141)**	**(1,739,684)**	(1,184,916)	(201,174)	(1,386,090)

An analysis of the results for the nine month period by management segment is as follows:

	9 months ended 30 September 2011 (unaudited)			9 months ended 30 September 2010 (unaudited)		
	Brazil $	**Unallocated $**	**Total $**	Brazil $	Unallocated $	Total $
Revenue	**3,906**	**–**	**3,906**	1,171,908	–	1,171,908
Operating expenses	**(467,951)**	**(132)**	**(468,083)**	(1,840,300)	(65,189)	(1,905,489)
Operating loss	**(464,045)**	**(132)**	**(464,177)**	(668,392)	(65,189)	(733,581)
Administration expenses	**(373,264)**	**(1,199,490)**	**(1,572,754)**	(599,902)	(803,503)	(1,403,405)
Share based payments	**–**	**(186,710)**	**(186,710)**	–	(75,307)	(75,307)
Depreciation and (loss)/gain on asset disposals	**(1,651,366)**	**(98,152)**	**(1,749,518)**	(1,550,649)	(80,048)	(1,630,697)
Operating loss	**(2,488,675)**	**(1,484,484)**	**(3,973,159)**	(2,818,943)	(1,024,047)	(3,842,990)
Foreign exchange (loss)/gain	**(78,312)**	**52,312**	**(26,000)**	46,458	(77,940)	(31,482)
Interest (expense)/income	**(63,441)**	**17,639**	**(45,802)**	(90,348)	(9,453)	(99,801)
Loss before taxation	**(2,630,428)**	**(1,414,533)**	**(4,044,961)**	(2,862,833)	(1,111,440)	(3,974,273)

An analysis of non-current assets by location is as follows:

	Total non-current assets		
	30 September 2011 (unaudited) $	30 September 2010 (unaudited) $	31 December 2010 (audited) $
Brazil – operations	**29,109,652**	34,277,292	33,920,550
Brazil – exploration	**15,122,184**	8,558,842	9,797,406
Other	**22,675**	2,958	30,590
	44,254,511	42,839,092	43,748,546

An analysis of total assets by location is as follows:

	Total assets		
	30 September 2011 (unaudited)	30 September 2010 (unaudited) $	31 December 2010 (audited) $
Brazil	**46,882,168**	45,958,299	46,760,061
Other	**3,749,102**	5,293,602	8,163,132
	50,631,270	51,251,902	54,923,193

During the nine month period, the following amounts incurred by area were capitalised as development and deferred exploration costs:

	For the 9 month period ended 30 September 2011 $	For the 9 month period ended 30 September 2010 $	For the year ended 31 December 2010 $
Brazil	**6,368,897**	1,294,667	2,284,460
Other	**630,704**	141,398	218,369
	7,999,601	1,436,065	2,502,829

5. Exploration and development costs

	30 September 2011 (unaudited)	30 September 2010 (unaudited)	31 December 2010 (audited)
Cost			
Opening balance	**9,797,406**	6,880,038	6,880,038
Exploration and development expenditure	**6,999,601**	1,436,066	2,502,829
Exchange	**(1,674,823)**	242,738	414,539
Balance at end of period	**15,209,111**	8,558,842	9,797,406

6. Property, plant and equipment

	30 September 2011 (unaudited)	30 September 2010 (unaudited)	31 December 2010 (audited)
Cost			
Balance at beginning of period	**49,268,696**	48,566,891	48,566,891
Additions	**138,397**	—	7,225
Exchange	**(4,467,451)**	1,179,687	1,890,960
Disposals	**(360,816)**	(543,000)	(1,196,380)
Balance at end of period	**44,578,826**	49,203,578	49,268,696
Accumulated depreciation			
Balance at beginning of period	**15,317,556**	13,239,103	13,239,103
Charge for period	**1,742,785**	1,514,898	2,112,445
Exchange	**(1,390,024)**	349,783	537,000
Eliminated on sale of asset	**(223,818)**	(180,456)	(570,992)
Balance at end of period	**15,446,498**	14,923,328	15,317,556
Net book value at end of period	**29,132,327**	34,280,250	33,951,140

7. Contractual commitments

The following table sets out the maturity profile of the Group's contractual commitments excluding trade liabilities as at 30 September 2011 and commitments under operating leases.

	Payments due by period				
	Total $	Less than 1 year $	1-3 years $	4-5 years $	After 5 years $
Long term debt	273,766	–	–	273,766	–
Capital Lease Obligations	–	–	–	–	–
Operating Leases	118,306	96,307	22,269	–	–
Purchase Obligations	–	–	–	–	–
Other Long Term Obligations	–	–	–	–	–
Total Contractual Obligations	**392,072**	**96,037**	**22,269**	**273,766**	–

8. Share capital

(a) Ordinary and deferred shares

	30 September 2011 (unaudited)		30 September 2010 (unaudited)		31 December 2010 (audited)	
Ordinary Shares	Number	$	Number	$	Number	$
Opening balance	44,774,059	3,731,439	327,740,595	2,827,419	327,740,595	2,827,419
Issue of shares for cash	19,194,470	1,538,717	120,000,000	904,020	120,000,000	904,020
Consolidation of shares	—	—	—	—	(402,966,536)	—
Balance at end of period	63,968,529	5,270,156	447,740,595	3,731,439	44,774,059	3,731,439

On 21 December 2010, the shareholders approved the consolidation of the existing issued and unissued ordinary shares of the Company on the basis of one new ordinary share of 5 pence par value for every ten old ordinary shares of 0.5 pence par value. Following the approval of this resolution the number of shares in issue was reduced from 447,740,595 to 44,774,059.

Deferred Shares	30 September 2011 (unaudited) Number	$	30 September 2010 (unaudited) Number	$	31 December 2010 (audited) Number	$
Opening balance and balance at end of period	140,139,065	24,021,395	140,139,065	24,021,395	140,139,065	24,021,395

The following issues of Ordinary Shares have occurred during the 9 month period ended 30 September 2011:

28 January 2011	Issue of 98,000 Ordinary shares at a price of 41.0 pence each
28 January 2011	Issue of 26,470 Ordinary shares at a price of 37.0 pence each
30 March 2011	Placing of 9,000,000 Ordinary shares at a price of C$0.55 each
30 March 2011	Issue of 10,070,000 Ordinary shares pursuant to the automatic exercise of 10,070,000 special warrants

On 30 March 2011, the Company completed a placement of 9,000,000 Units through its appointed agent at a price of C$0.55 for gross proceeds of C$4,950,000. Each unit consisted of one ordinary share of 5 pence nominal value (a "Share") and one half of a share purchase warrant. Each whole share purchase warrant ("a Warrant") entitles the holder to acquire one Share at a price of C$0.75 at any time until 2 December 2012. The Company paid to the agent cash commissions of C$286,380 and also issued 494,800 broker warrants entitling the holder to purchase one ordinary share at a price of C$0.55 until 2 December 2012.

On 30 March 2011, the Company also completed the listing of its Shares and the Warrants on the TSX and this event triggered the exercise of 10,070,000 Special Warrants that the Company had issued on 2 December 2010, whereby each Special Warrant converted into one Share and one half of a share purchase warrant. Each whole share purchase warrant ("a Warrant") entitles the holder to acquire one Share at a price of C$0.75 at any time until 2 December 2012. The Company had issued 435,600 broker warrants entitling the holder to purchase one ordinary share at a price of C$0.55 until 2 December 2012 in connection with this placement of the Special Warrants.

The deferred shares carry no voting or dividend rights or any right to participate in the profits or assets of the Company and all the deferred shares may be purchased by the Company, in accordance with the Companies Act 2006, at any time for no consideration. In the event of a return of capital, after the holders of the Ordinary shares have received in aggregate the amount paid up thereon plus £100 per ordinary share, there shall be distributed amongst the holders of deferred shares an amount equal to the nominal value of the deferred shares and thereafter any further surplus shall be distributed amongst the holders of ordinary shares.

(b) Warrants

As at 30 September 2011 there remain outstanding the following warrants.

	Number	Exercise Price	Expiry
Share purchase warrants (1)	9,535,000	C$0.75	2 December 2012
Broker warrants	930,400	C$0.55	2 December 2012
Other warrants	155,000	UK£0.15	8 November 2013
Other warrants	1,500,000	UK£0.40	16 June 2012

(1) The share purchase warrants are traded under the symbol SBI.WT

The Company has calculated the value of each of the share purchase warrants as C$0.045 and accordingly has established a warrant reserve in relation to that portion of the proceeds received that relates to the Warrants from (a) the issue of the Units at the time of the IPO and (b) the Units issued on exercise of the Special Warrants.

(c) Stock Option Reserve

Contributed Surplus

	US$
Balance at 31 December 2010	1,648,484
Option costs for period	216,409
Balance at 30 September 2011	1,864,893

Under the Company's Stock Option Plan (the "2011 Plan"), stock options may be granted only to directors, officers, employees and consultants of the Company or to their permitted assignees and may be granted for a term not exceeding ten years. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. Unless otherwise directed by the board of directors at the date of the grant, each award shall vest as to one third on the date of grant, one third on the first anniversary of grant and the balance vesting on the second anniversary of the date of grant. The board of directors shall also be entitled to establish performance criteria, which may affect the vesting of the options or the rights of the holder to exercise the options. The 2011 Plan reserves for issuance, pursuant to its terms, up to 10% of the number of Ordinary Shares issued or issuable and outstanding from time to time.

The Company has operated other plans which have now been discontinued but certain options granted to individuals no longer employed by the Company continue to be outstanding under these plans.

The following summarises the outstanding options in issue under the various plans that have been operated by the Company:

Issue date	Options outstanding	Options vested	Exercise price	Expiry
31 May 2011	1,630,000	563,340	C$0.60	30 May 2015
28 January 2011	1,455,000	598,334	UK£0.41	27 January 2021
28 January 2011	450,000	150,002	UK£0.37	27 January 2021
21 December 2009	1,900,000	1,333,336	UK£0.15	20 December 2019
01 April 2006	278,360	278,360	UK£1.50	01 April 2016
01 April 2006	274,925	274,925	UK£3.00	01 April 2016
15 November 2007	25,000	25,000	UK£2.64	14 November 2017
28 March 2007	7,500	7,500	UK£3.84	27 March 2017
	6,020,785	3,230,797		

The approximate weighted average exercise price is UK£0.501

During the nine months ended 30 September 2011, the following stock options were issued and valued using the Black-Scholes option pricing model parameters listed below (in each case with no dividends)

				Black Scholes Option Pricing Parameters		
Grant Date	Number of options	Exercise price	Grant Date stock price	Risk Free Interest Rate	Expected Life	Volatility Factor
31 May 2011	1,630,000	C$0.60	C$0.48	1.00%	3 years	50%
28 January 2011	1,455,000	UK£0.41	UK£0.3075	1.00%	4 years	50%
28 January 2011	450,000	UK£0.37	UK£0.3075	1.00%	4 years	50%

9. Impairment

Consistent with the review process performed as at 31 December 2010, management has undertaken an impairment review of the Group's exploration, development and production assets.

The carrying value of the assets relating to the Palito Mine has decreased compared with the value at 31 December 2010 by US$4.82 million. This is primarily a result of variations in exchange rates which have had the effect of decreasing the net carrying value by US$3.08 million. Depreciation charges for the nine month period of US$1.74 million have also contributed to this decrease in carrying value. At the same time the Net Present Value of the Palito project has increased in comparison with the calculation undertaken as of 31 December 2010 principally as a result of the prevailing exchange rates at 30 September which have had the effect of increasing the US$ margins that are projected to be achieved.

Overall the carrying value continues to be supported by management's estimate of the value in use and accordingly management has determined that there is no requirement to amend the current impairment provision. The matter will continue to be reviewed in future periods.

In deriving an estimate of the value in use in respect of the Palito mine management has calculated a Net Present Value of the projected cash flow to be derived from the exploitation of the previously declared reserves of 187,538 gold equivalent ounces as estimated at the end of March 2008. The key assumptions underlying the Net Present Value are generally unchanged from those detailed in the Annual Report 2010, save that in accordance with IAS 36, the exchange rate BrR$ to US$ has been set at 1.8544 (December 2010 - 1.6662). The production commencement date remains as 1 January 2014 and the long term gold price remains at US$1,100.

10. Approval of the interim financial statements

These unaudited interim financial statements for the three month and nine month periods ended 30 September 2011 were approved by the board of directors on 11 November2011.