



Unaudited Interim Financial Results for the three month period to 31 March 2016 and Management's Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited interim financial results for the three month period ending 31 March 2016 and at the same time has published its Management's Discussion and Analysis for the same period.

Key Financial Information⁽¹⁾

SUMMARY FINANCIAL STATISTICS FOR THE FIRST QUARTER ENDING 31 MARCH 2016

	3 months to 31 Mar 2016 US\$	3 months to 31 Mar 2015 US\$
Revenue ⁽¹⁾	11,679,089	7,484,215
Cost of Sales ⁽¹⁾	(6,689,506)	(4,859,909)
Depreciation and amortisation charges	(1,216,727)	(1,117,720)
Gross profit	3,772,856	1,506,586
Profit / (loss) before tax	1,501,304	191,398
Profit after tax	1,347,665	191,398
Earnings per ordinary share (diluted)	0.195 cents	0.024 cents
Average gold price received	1,165	1,212
	As at 31 Mar 2016	As at 31 Dec 2015
Cash and cash equivalents	4,410,589	2,191,759
Net assets	52,524,555	46,783,645
Cash Cost and All-In Sustaining Cost ("AISC")		
	3 months to 31 Mar 2016	3 months to 31 Mar 2015
Gold production for cash cost and AISC purposes	9,771	7,759
Total Cash Cost of production (per ounce)	US\$662	US\$599
Total AISC of production (per ounce)	US\$858	US\$759

(1) The Sao Chico Mine was only declared to be in Commercial Production with effect from 1 January 2016 and all costs and revenues relating to this mine were capitalised prior to this date. The Income Statements for 2015 therefore only reflect the revenues and costs arising from the gold produced from the Palito Mine and the Cash Cost and AISC for the 2015 comparative period therefore also only reflect the activities from the Palito Mine.



Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR THE FIRST QUARTER ENDING 31 MARCH 2016 (PALITO AND SAO CHICO)

		Quarter 1 2016	Quarter 1 2015
Horizontal development	Metres	2,925	1,825
Mined ore	Tonnes	37,546	32,504
	Gold grade (g/t)	11.02	10.51
Milled ore	Tonnes	36,615	30,384
	Gold grade (g/t)	8.58	8.52
Gold production ⁽¹⁾	Ounces	9,771	7,389

(1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and gold doré that is delivered to the refineries.

Financial Highlights

- Cash Cost for the first quarter of 2015 of US\$662
- All-In Sustaining Cost for the first quarter of 2016 of US\$858.
- Gross profit from operations has increased by over 140% from US\$1.57 million to US\$3.77 million compared to the fourth quarter of 2015 and by over 150% compared to the first quarter of 2015.
- Post tax profit of US\$1.35 million compared with US\$0.19 million for the same quarter in 2015
- Earnings per share increased to 0.195 cents.
- Cash holdings of US\$4.4 million at 31 March 2016.
- Average gold price of US\$1,165 received on gold sales in the first quarter of 2016.

2016 Guidance

- Forecast gold production for 2016 of approximately 37,000 ounces with All-In Sustaining Cost between US\$840 to US\$870 per ounce.

Operational Highlights

- 9,771 ounces of gold produced for the first quarter of 2016 (fourth quarter of 2015 - 7,924 ounces).
- Mine production totalled 37,546 tonnes.
 - 26,752 tonnes at a grade of 11.84 grammes per tonne (g/t) of gold from the Palito Mine.
 - 10,794 tonnes at 9.00 g/t of gold from the Sao Chico Mine.
- 36,615 tonnes of ore processed through the plant for the combined mining operations.
- 2,926 metres of horizontal mine development completed in the quarter with 1,901 metres completed at the Palito Mine and 1,025 metres at the Sao Chico Mine.
- Installation of the third ball mill is almost complete, along with the second flotation line and enhancements in the carbon in pulp ("CIP") plant. The works are on schedule to be completed in May 2016. A carbon regeneration kiln is also being acquired which will assist in enhancing gold recoveries once the kiln is operational in the second half of the year.
- The Sao Chico Mine was declared to be in Commercial Production from 1 January 2016.
- The Sao Chico Mine is now being developed on the 171mRL, 156mRL and 141mRL, with production ore being mined from the 186mRL level. The ramp continues to be deepened to the 126mRL, the next planned development level, and will continue this year to the 96mRL to accommodate underground drilling of the Sao Chico deposit extension at depth.



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- At the end of the first quarter of 2016, the combined surface coarse ore stockpiles from the Palito and Sao Chico Mines totalled 17,000 tonnes at a grade of 5.3 g/t of gold.

Mike Hodgson, CEO of Serabi commented,

“The Board and management of Serabi feel that a production level of 9,771 ounces at an All-In-Sustaining Cost of US\$858 per ounce is an extremely satisfying performance for this first quarter of 2016. It is an excellent start to the year and puts Serabi in a strong position to meet our guidance of 37,000 ounces with an All-In-Sustaining Cost of between US\$840 and US\$870 per ounce.

“Gross profit from operations has increased by over 150% from US\$1.5 million to US\$3.8 million compared to the same quarter in 2015 with post tax profit rising to US\$1.35 million compared with US\$0.19 million for the same quarter in 2015. This improvement in revenue reflects the increased level of gold production which, as was reported in April 2016, represented a 32% improvement compared to the same quarter in 2015. Whilst, in part, this reflects the contribution from the Sao Chico Mine, it also reflects the increase in plant capacity that was achieved with the installation of a second ball mill during the second quarter of 2015. Plant capacity will be further increased by the introduction of a third ball mill later this month.

“Serabi’s cash generation and revenue recognition always lags behind production because approximately 50% of the Group’s production is from sales of copper / gold concentrate which is shipped to a refinery outside of Brazil for processing and sale. This affects when the actual sale occurs and also when cash is received. During this first quarter of 2016 we have also experienced an increase in the level of unsold production of copper/gold concentrate that is waiting to be shipped from Brazil and therefore waiting to be sold. At the end of the quarter the volume of production waiting to be sold has increased since 31 December 2015 by approximately 180 tonnes having an estimated sales value of US\$1.75 million with 140 tonnes of this increase being held in Brazil at the quarter end. This is simply a timing issue linked to vessel sailing dates and we expect an increased level of shipments during the second quarter. These shipments will be reflected in the reported revenues in the second quarter and increased level of cash receipts once the copper/gold concentrate leaves Brazil.”



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SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

(expressed in US\$)	Notes	For the three months ended 31 March	
		2016 (unaudited)	2015 (unaudited)
CONTINUING OPERATIONS			
Revenue		11,679,089	7,484,215
Cost of sales		(6,689,506)	(4,859,909)
Depreciation and amortisation charges		(1,216,727)	(1,117,720)
Gross profit		3,772,856	1,506,586
Administration expenses		(1,132,200)	(905,505)
Share-based payments		(123,116)	(101,019)
Profit on sale of fixed assets		2,568	—
Operating profit		2,520,108	500,062
Foreign exchange (loss) / gain		(40,799)	228,663
Finance expense		(978,040)	(697,415)
Finance income		35	160,088
Profit before taxation		1,501,304	191,398
Income tax expense		(153,369)	—
Profit for the period from continuing operations ^{(1) (2)}		1,347,665	191,398
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		4,270,129	(11,013,526)
Total comprehensive profit for the period ⁽²⁾		5,617,794	(10,882,128)
Profit per ordinary share (basic) ⁽¹⁾	3	0.205c	0.029c
Profit per ordinary share (diluted) ⁽¹⁾	3	0.195c	0.024c

(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

	As at 31 March 2016 (unaudited)	As at 31 March 2015 (unaudited)	As at 31 December 2015 (audited)
(expressed in US\$)			
Non-current assets			
Deferred exploration costs	8,767,288	9,769,327	8,679,246
Property, plant and equipment	42,680,815	47,508,148	40,150,484
Total non-current assets	51,448,103	57,277,475	48,829,730
Current assets			
Inventories	9,709,839	8,701,256	6,908,790
Trade and other receivables	5,646,516	5,596,179	6,133,284
Prepayments and accrued income	3,325,117	2,699,898	2,429,506
Cash and cash equivalents	4,410,589	5,794,982	2,191,759
Total current assets	23,092,061	22,792,315	17,663,339
Current liabilities			
Trade and other payables	5,045,368	4,803,134	4,212,803
Interest bearing loan	3,812,500	5,808,000	4,000,000
Convertible loan facility	1,846,605	–	–
Trade and asset finance facilities	6,112,668	8,078,719	7,385,155
Derivative financial liabilities	674,145	763,171	–
Accruals	263,520	133,376	226,197
Total current liabilities	17,754,826	19,586,400	15,824,155
Net current assets	5,337,235	3,205,915	1,839,184
Total assets less current liabilities	56,785,338	60,483,390	50,668,914
Non-current liabilities			
Trade and other payables	2,042,840	1,738,040	1,857,914
Provisions	2,083,286	2,342,687	1,898,714
Interest bearing liabilities	134,657	205,221	128,641
Total non-current liabilities	4,260,783	4,285,948	3,885,269
Net assets	52,524,555	56,197,442	46,783,645
Equity			
Share capital	5,263,182	61,668,212	5,263,182
Share premium reserve	–	67,656,848	–
Option reserve	2,481,576	2,501,099	2,747,415
Other reserves	361,461	450,262	450,262
Translation reserve	(34,956,406)	(29,749,818)	(39,226,535)
Retained earnings	79,374,742	(46,329,161)	77,549,321
Equity shareholders' funds	52,524,555	56,197,442	46,783,645

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 2015 prepared under IFRS as adopted in the EU and with IFRS and their interpretations adopted by the International Accounting Standards Board will be filed with the Registrar of Companies following their adoption by shareholders at the next 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. 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 ⁽¹⁾	Translation reserve	Retained Earnings	Total equity
Equity shareholders' funds at 31 December 2014	61,668,212	67,656,848	2,400,080	450,262	(18,736,292)	(46,520,559)	66,918,551
Foreign currency adjustments	—	—	—	—	(11,013,526)	—	(11,013,526)
Profit for the period	—	—	—	—	—	191,398	191,398
Total comprehensive income for the period	—	—	—	—	(11,013,526)	191,398	(10,822,128)
Warrants lapsed in period							
Share option expense	—	—	101,019	—	—	—	101,019
Equity shareholders' funds at 31 March 2015	61,668,212	67,656,848	2,501,099	450,262	(29,749,818)	(46,329,161)	56,197,442
Foreign currency adjustments	—	—	—	—	(9,476,717)	—	(9,476,717)
Loss for the period	—	—	—	—	—	(240,136)	(240,136)
Total comprehensive income for the period	—	—	—	—	(9,476,717)	(240,136)	(9,716,853)
Cancellation of share premium	—	(67,656,848)	—	—	—	67,656,848	—
Cancellation of deferred shares	(56,405,030)	—	—	—	—	56,405,030	—
Share options lapsed in period	—	—	(56,740)	—	—	56,740	—
Share option expense	—	—	303,056	—	—	—	303,056
Equity shareholders' funds at 31 December 2015	5,263,182	—	2,747,415	450,262	(39,226,535)	77,549,321	46,783,645
Foreign currency adjustments	—	—	—	—	4,270,129	—	4,270,129
Profit for the period	—	—	—	—	—	1,347,665	1,347,665
Total comprehensive income for the period	—	—	—	—	4,270,129	1,347,665	5,617,794
Share options lapsed in period	—	—	(388,955)	—	—	388,955	—
Warrants lapsed	—	—	—	(88,801)	—	88,801	—
Share option expense	—	—	123,116	—	—	—	123,116
Equity shareholders' funds at 31 March 2016	5,263,182	—	2,481,576	361,461	(34,956,406)	79,374,742	52,524,555

(1) Other reserves comprise a merger reserve of US\$361,461 (2015: US\$361,461 and a warrant reserve US\$88,801)



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SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

	For the three months ended 31 March	
(expressed in US\$)	2016 (unaudited)	2015 (unaudited)
Operating activities		
Operating profit	1,347,665	191,398
Net financial expense	1,018,804	308,664
Depreciation – plant, equipment and mining properties	1,216,727	1,117,720
Provision for taxation	153,639	—
Share based payments	123,116	101,019
Foreign exchange	202,883	75,080
Changes in working capital		
Increase in inventories	(607,704)	(1,916,783)
Increase in receivables, prepayments and accrued income	(26,441)	352,624
(Decrease)/increase in payables, accruals and provisions	(255,977)	834,947
Net cash inflow from operations	3,172,712	1,064,669
Investing activities		
Purchase of property, plant and equipment and assets in construction	(520,141)	(1,739,544)
Capitalised mine development costs	(663,961)	(227,750)
Proceeds from Sale of Assets	2,568	—
Interest received	35	775
Net cash outflow on investing activities	(1,181,499)	(1,966,519)
Financing activities		
Draw-down of short-term loan facility	2,000,000	—
Repayment of short-term secured loan	—	(2,000,000)
Receipts from short-term trade finance	5,150,289	5,420,758
Repayment of short-term trade finance	(6,315,744)	(5,840,180)
Repayment of finance lease liabilities	(211,728)	(156,480)
Interest paid	(187,896)	(434,167)
Finance charges	(37,500)	—
Net cash inflow / (outflow) from financing activities	397,421	(3,010,069)
Net increase / (decrease) in cash and cash equivalents	2,388,634	(3,911,919)
Cash and cash equivalents at beginning of period	2,191,759	9,813,602
Exchange difference on cash	(169,804)	(106,701)
Cash and cash equivalents at end of period	4,410,589	5,794,982



Notes

1. General Information

The financial information set out above 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. A copy of the statutory accounts for 2015 will be filed with the Registrar of Companies following their adoption by shareholders at the next Annual General Meeting. The full audited financial statements for the years end 31 December 2015 do comply with IFRS.

2. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

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 but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective dates.

Going concern and availability of project finance

Having commenced initial development activities for the Sao Chico Mine at the end of 2014, this mine has been in development during 2015. On 1 February 2016, the Group announced that, with effect from 1 January 2016, the Sao Chico Mine had achieved Commercial Production. The Palito Mine has been in Commercial Production since 1 July 2014.

On 30 December 2015, the Group entered into an agreement with Fratelli Investments Ltd ("Fratelli"), its major shareholder, whereby Fratelli agreed to provide an unsecured short term working capital convertible loan facility of US\$5 million ("the Facility") to provide additional working capital facilities. On 6 January 2016, the Group announced that it had made an initial draw down of US\$2 million against the Facility. The balance of the Facility may be drawdown at any time up to 30 June 2016. The facility is to be repaid by 31 January 2017.

The Group has an additional secured loan facility which is repayable by 31 December 2016. At 31 March 2016, the amount outstanding under this facility was US\$4.0 million.

The Directors anticipate the Group now has access to sufficient funding for its immediate projected needs. The Group expects to have sufficient cash flow from its forecast production to finance its on-going operational requirements to repay its secured and unsecured loan facilities and to, at least in part, fund exploration and development activity on its other gold properties.

However, the forecasted cash flow projections for the next twelve months include a significant increase in production from the Sao Chico Mine compared with the preceding calendar year. Whilst the Group has declared Commercial Production at the Sao Chico Mine, there are risks associated with the commencement of any new mining operation whereby unforeseen technical and logistical events result in additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required. Additionally the Group is exposed to changes in gold price and currency exchange rates. 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 either for working capital or for future development will be forthcoming and these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group'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. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.



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3. Earnings per Share

	3 months ended 31 March 2016 (unaudited)	3 months ended 31 March 2015 (unaudited)
Profit attributable to ordinary shareholders (US\$)	1,347,665	191,398
Weighted average ordinary shares in issue	656,389,204	656,389,204
Basic profit per share (US cents)	0.205	0.029
Diluted ordinary shares in issue ⁽¹⁾	692,774,989	789,035,498
Diluted profit per share (US cents)	0.195	0.024

(1) Assumes the exercise of 36,385,785 share options that were in issue as at 31 March 2016

4. Post balance sheet events

Between the end of the financial period and the date of this management discussion and analysis, there has been no item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Group, to affect significantly the continuing operations of the entity, the results of these operations, or the state of affairs of the entity in future financial periods.

Enquiries

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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.

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

SERABI GOLD PLC

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