



Unaudited Interim Financial Results for the three month period to 31 March 2017 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 2017 and at the same time has published its Management's Discussion and Analysis for the same period.

Key Financial Information

SUMMARY FINANCIAL STATISTICS FOR THE THREE MONTHS ENDING 31 MARCH 2017

	3 months to 31 Mar 2017 US\$	12 months to 31 Dec 2016 US\$	3 months to 31 Mar 2016 US\$
Revenue	13,173,584	52,593,751	11,679,089
Cost of sales	(9,792,350)	32,906,426	(6,689,506)
Provision for impairment of inventory	(220,000)	–	–
Depreciation and amortisation charges	(1,900,704)	8,384,738	(1,216,727)
Gross profit	1,260,530	11,302,587	3,772,856
(Loss) / profit before tax	(33,941)	1,870,179	1,501,304
Profit / (loss) after tax	(114,043)	4,430,292	1,347,665
Earnings / (loss) per ordinary share (basic)	(0.016 cents)	0.659 cents	0.195 cents
Average gold price received	US\$1,204	US\$1,245	US\$1,165
		As at 31 Mar 2017	As at 31 Dec 2016
Cash and cash equivalents		3,407,117	4,160,923
Net assets		64,798,397	63,378,973
Cash Cost and All-In Sustaining Cost ("AISC")	3 months to 31 Mar 2017	12 months to 31 Dec 2017	3 months to 31 Mar 2016
Gold production for cash cost and AISC purposes	9,861	39,390	9,771
Total Cash Cost of production (per ounce)	US\$800	US\$770	US\$662
Total AISC of production (per ounce)	US\$1,043	US\$965	US\$858

Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR THE FIRST QUARTER TO 31 MARCH 2017

		Quarter 1 2017	Quarter 1 2016	Quarter 2 2016	Quarter 3 2016	Quarter 4 2016	Total 2016	Total 2015
Horizontal development – Total	Metres	2,251	2,925	2,941	2,649	2,694	11,209	9,600
Mined ore – Total	Tonnes	36,918	37,546	33,606	43,133	44,579	158,864	135,847
	Gold grade (g/t)	10.12	11.02	9.56	9.61	8.94	9.74	9.80



SUMMARY PRODUCTION STATISTICS FOR THE FIRST QUARTER TO 31 MARCH 2017

		Quarter 1 2017	Quarter 1 2016	Quarter 2 2016	Quarter 3 2016	Quarter 4 2016	Total 2016	Total 2015
Milled ore	Tonnes	46,663	36,615	39,402	42,464	40,485	158,966	130,299
	Gold grade (g/t)	7.09	8.58	8.17	8.08	7.60	8.11	8.43
Gold production ^{(1) (2)}	Ounces	9,861	9,771	9,896	10,310	9,413	39,390	32,629

(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 refineries.

(2) Gold production totals for the first quarter of 2016 include treatment of 4,941 tonnes of flotation tails.

Financial Highlights

- Cash Cost for the quarter of US\$800 per ounce (12 months to 31 December 2016: US\$770).
- All-In Sustaining Cost for the quarter of US\$1,043 per ounce (12 months to 31 December 2016: US\$965).
- Working capital increased by approximately US\$0.75 million since 31 December 2016.
- Cash holdings of US\$3.4 million at 31 March 2017.
- Average gold price of US\$1,204 received on gold sales in the first quarter of 2017.

2017 Guidance

- Forecast gold production for 2017 expected to be approximately 40,000 ounces.
- Cost guidance for 2017 of an All-In Sustaining Cost of US\$950 to US\$975 per ounce.

First Quarter 2017 Operational Highlights

- Strong first quarter production of 9,861 ounces of gold, on budget and in line with guidance.
- Mine production totalled 36,918 tonnes at 10.12 grammes per tonne (“g/t”) of gold.
- 46,663 tonnes of ore processed through the plant for the combined mining operations, at a combined grade of 7.09 g/t of gold.
- 2,251 metres of horizontal mine development completed in the quarter.
- At Palito, expansion of working areas continues, with development and production now coming from eight veins from the 25 included in the geological resource.
- Test stopes using long-hole mining are underway in the Senna vein, with good success to date. The Senna vein is showing wider widths, potentially allowing for an increased level of mechanisation. Four sublevels are already in development with a new cross cut being established at the 180 metre relative level (“mRL”).
- At Palito Main Zone, the main ramp has now reached the -50mRL, where the G3 vein is now under development.
- At Sao Chico the main ramp has now been deepened to the 56mRL, approximately 190 vertical metres below surface. Production is coming from the 140mRL, and with sublevels developed on levels 128mRL, 116mRL, 100mRL, 86mRL and 70mRL, development is well ahead of production.
- By the end of the first quarter, surface ore stocks were approximately 13,000 tonnes (31 December 2016: 21,000 tonnes) with an average grade of 4.0 g/t of gold.
- A ground induced polarisation (“IP”) survey undertaken at Sao Chico has identified some excellent targets within 500 metres of the current operation.

Mike Hodgson, CEO of Serabi commented,

“Following on from a very successful 2016, I am pleased that 2017 has started with a strong first quarter during which the Group produced almost 10,000 ounces of gold with a cash cost of US\$800.

“Cash holdings are slightly down compared with the end of December 2016 but this is simply a consequence of the timing of receipts from gold sales and at 31 March 2017 the Group was due approximately US\$1.8 million for sales made in March, which would otherwise have



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improved the cash position to US\$5.2 million compared with US\$4.2 million at the end of December 2016. The overall working capital position of the Group has improved by approximately US\$0.75 million over the last three months. This improvement also reflects the consumption of some of the surface stockpiles during the quarter although the release of the costs associated with these is reflected in our reported operating costs being slightly higher than in prior quarters. The treatment of this lower grade stockpiled material also impacted slightly on the overall grades processed during the quarter.

"Our quarterly operating costs, compared with the same quarter in 2016, are, in local currency terms, generally tracking well and are also, for the most part, close to or below our internal forecasts for 2017. The relative strength of the Brazilian Real compared with the exchange rate that prevailed in the first quarter of 2016, and even compared with the average exchange rate for 2016 calendar year masks this. We estimate that had we experienced the same exchange rate as prevailed for the first quarter of 2016 our AISC for the first quarter of 2017 would have reduced by approximately US\$170 per ounce. Even considering the average rate for the 2016 calendar year the effect is approximately US\$80 per ounce.

"We continue to look for improvements in the cost structure to improve margins but in the longer term increased production and the ability to spread costs over a larger production base will have the greatest effect on unit costs.

With this objective, I am keen to re-start the exploration programmes on both the Sao Chico and Palito orebodies, which were suspended late last year due to the wet season. The results were very encouraging, especially at Sao Chico with some excellent new targets identified within 500 metres of the current operation. Considering the extent of past artisanal activity in the vicinity, we feel very confident the programme will bring new discoveries. At Palito the down-the-hole geophysics programme was completed and we have a number of drill targets identified which I hope will confirm and prove up the current known discoveries."



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SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

(expressed in US\$)	Notes	For the three months ended	
		2017	2016
		31 March	31 March
		(unaudited)	(unaudited)
CONTINUING OPERATIONS			
Revenue		13,173,584	11,679,089
Cost of sales		(9,792,350)	(6,689,506)
Provision for impairment of Inventory		(220,000)	–
Depreciation and amortisation charges		(1,900,704)	(1,216,727)
Gross profit		1,260,530	3,772,856
Administration expenses		(1,241,455)	(1,132,200)
Share-based payments		(65,620)	(123,116)
Profit on sale of fixed assets		–	2,568
Operating (loss) / profit		(46,545)	2,520,108
Foreign exchange gain/(loss)		46,837	(40,799)
Finance expense		(33,817)	(978,040)
Finance income		34	35
(Loss) / profit before taxation		(33,491)	1,501,304
Income tax expense		(80,552)	(153,639)
(Loss) / profit for the period from continuing operations attributable to the owners of the parent⁽¹⁾		(114,043)	1,347,665
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		1,467,847	4,270,129
Total comprehensive profit for the period operations attributable to the owners of the parent		1,353,804	5,617,794
(Loss) / profit per ordinary share (basic) ⁽¹⁾	3	(0.016c)	0.205c
(Loss) / profit per ordinary share (diluted) ⁽¹⁾	3	(0.016c)	0.195c

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



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SERABI GOLD PLC
Condensed Consolidated Balance Sheets

	As at 31 March 2017 (unaudited)	As at 31 March 2016 (unaudited)	As at 31 December 2016 (audited)
(expressed in US\$)			
Non-current assets			
Deferred exploration costs	10,234,360	8,767,288	9,990,789
Property, plant and equipment	45,862,328	42,680,815	45,396,140
Deferred taxation	3,313,099	–	3,253,630
Total non-current assets	59,409,787	51,448,103	58,640,559
Current assets			
Inventories	6,534,060	9,709,839	8,110,373
Trade and other receivables	2,996,060	5,646,516	1,233,049
Prepayments and accrued income	4,417,677	3,325,117	3,696,550
Cash and cash equivalents	3,407,117	4,410,589	4,160,923
Total current assets	17,354,914	23,092,061	17,200,895
Current liabilities			
Trade and other payables	4,713,274	5,045,368	4,722,139
Interest bearing loan	1,371,489	3,812,500	1,371,489
Convertible loan facility	–	1,846,605	–
Trade and asset finance facilities	1,152,298	6,112,688	1,592,568
Derivative financial liabilities	–	674,145	–
Accruals	485,765	263,520	635,446
Total current liabilities	7,722,826	17,754,826	8,321,642
Net current assets	9,632,088	5,337,235	8,879,253
Total assets less current liabilities	69,041,875	56,785,338	67,519,812
Non-current liabilities			
Trade and other payables	2,260,691	2,042,840	2,211,078
Provisions	1,904,989	2,083,286	1,851,963
Interest bearing liabilities	77,798	134,657	77,798
Total non-current liabilities	4,243,478	4,260,783	4,140,839
Net assets	64,798,397	52,524,555	63,378,973
Equity			
Share capital	5,540,960	5,263,182	5,540,960
Share premium reserve	1,722,222	–	1,722,222
Option reserve	1,404,272	2,481,576	1,338,652
Other reserves	3,273,143	361,461	3,051,862
Translation reserve	(29,140,001)	(34,956,406)	(30,607,848)
Retained earnings	82,688,801	79,374,742	82,333,125
Equity shareholders' funds	64,798,397	52,524,555	63,378,973

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 2016 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 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
Foreign currency adjustments	—	—	—	—	4,348,558	—	4,348,558
Profit for the period	—	—	—	—	—	3,082,627	3,082,627
Total comprehensive income for the period	—	—	—	—	4,348,558	3,082,627	7,431,185
Transfer to taxation reserve	—	—	—	2,690,401	—	(2,690,401)	—
Shares Issued in period	277,778	1,722,222	—	—	—	—	2,000,000
Release of fair value provision on convertible loan	—	—	—	—	—	1,195,450	1,195,450
Share options lapsed in period	—	—	(1,370,707)	—	—	1,370,707	—
Share option expense	—	—	227,783	—	—	—	227,783
Equity shareholders' funds at 31 December 2016	5,540,960	1,722,222	1,338,652	3,051,862	(30,607,848)	82,333,125	63,378,973
Foreign currency adjustments	—	—	—	—	1,467,847	—	1,467,847
Loss for the period	—	—	—	—	—	(114,043)	(114,043)
Total comprehensive income for the period	—	—	—	—	1,467,847	(114,043)	1,353,804
Transfer to taxation reserve	—	—	—	221,281	—	(221,281)	—
Share option expense	—	—	65,620	—	—	—	65,620
Equity shareholders' funds at 31 March 2017	5,540,960	1,722,222	1,404,272	3,273,143	(29,140,001)	82,688,801	64,798,397

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$2,911,682 (31 December 2016: merger reserve of US\$361,461 and a taxation reserve of US\$2,690,401)



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SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

(expressed in US\$)	For the three months ended 31 March	
	2017 (unaudited)	2016 (unaudited)
Operating activities		
Operating (loss) / profit	(114,043)	1,347,665
Net financial expense	13,054	1,018,804
Depreciation – plant, equipment and mining properties	1,900,704	1,216,727
Provision for impairment of inventory	220,000	—
Provision for taxation	80,552	153,639
Share based payments	65,620	123,116
Foreign exchange	99,230	202,883
Changes in working capital		
Decrease / (Increase) in inventories	1,470,683	(607,704)
Increase in receivables, prepayments and accrued income	(2,243,810)	(26,441)
Decrease in payables, accruals and provisions	(891,243)	(255,977)
Net cash inflow from operations	600,747	3,172,712
Investing activities		
Purchase of property, plant and equipment and assets in construction	(267,915)	(520,141)
Capitalised mine development costs	(1,086,790)	(663,961)
Geological exploration expenditure	(2,521)	—
Proceeds from sale of assets	—	2,568
Interest received	34	35
Net cash outflow on investing activities	(1,357,192)	(1,181,499)
Financing activities		
Draw-down of short-term loan facility	—	2,000,000
Receipts from short-term trade finance	—	5,150,289
Repayment of short-term trade finance	—	(6,315,744)
Repayment of finance lease liabilities	—	(211,728)
Interest paid and finance charges	(11,648)	(225,396)
Net cash (outflow) / inflow from financing activities	(11,648)	397,421
Net (decrease) / increase in cash and cash equivalents	(768,093)	2,388,634
Cash and cash equivalents at beginning of period	4,160,923	2,191,759
Exchange difference on cash	14,287	(169,804)
Cash and cash equivalents at end of period	3,407,117	4,410,589



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 2016 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 2016 do comply with IFRS.

2. Basis of Preparation

These interim condensed consolidated financial statements are for the three month period ended 31 March 2017. Comparative information has been provided for the unaudited three month period ended 31 March 2016 and, where applicable, the audited twelve month period from 1 January 2016 to 31 December 2016. These condensed consolidated financial statements do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2016 annual report.

The condensed consolidated financial statements 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 2016 and those envisaged for the financial statements for the year ending 31 December 2017. 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.

These financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

(i) Going concern

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.

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 loan facilities and to, at least in part, fund exploration and development activity on its other gold properties. The secured loan facility is repayable by 31 August 2017 and at 31 March 2017, the amount outstanding under this facility was US\$1.37 million (31 December 2016: US\$1.37 million). The Group is currently in negotiations to increase and extend the terms of its loan facilities.

The Directors consider that the Group's operations are performing at the levels that they anticipate, but the Group remains a small scale gold producer with limited cash resources to support any unplanned interruption or reduction in gold production, unforeseen reductions in the gold price, or appreciation of the Brazilian currency, all of which could adversely affect the level of free cash flow that the Group can generate on a monthly basis. In the event that the Group is unable to generate sufficient free cash flow to meet its financial obligations as they fall due, or to allow it to finance exploration and development activity on its other gold properties, additional sources of finance may be required. 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.

(ii) Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the 2016 annual financial statements.

(iii) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out of impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell. Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:



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- (i) sufficient data exists that render the resource uneconomic and unlikely to be developed
- (ii) title to the asset is compromised
- (iii) budgeted or planned expenditure is not expected in the foreseeable future
- (iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

- (i) a significant deterioration in the spot price of gold
- (ii) a significant increase in production costs
- (iii) a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

3. Earnings per share

	3 months ended 31 March 2017 (unaudited)	3 months ended 31 March 2016 (unaudited)
(Loss) / profit attributable to ordinary shareholders (US\$)	(114,043)	1,347,665
Weighted average ordinary shares in issue	698,701,772	656,389,204
Basic (loss) / profit per share (US cents)	(0.016)	0.205
Diluted ordinary shares in issue ⁽¹⁾	748,611,772	692,774,989
Diluted (loss) / profit per share (US cents)	(0.016) ⁽²⁾	0.195

(1) Assumes the exercise of 49,910,000 share options that were in issue but not necessarily vested as at 31 March 2017.

(2) As the effect of dilution is to reduce the loss per share, the diluted loss per share is considered to be the same as the basic loss per share

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.



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Copies of this announcement are available from the Company's website at www.serabigold.com.

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

The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Interim Financial Statements and the Management Discussion and Analysis for the three month period ended 31 March 2017 on SEDAR at www.sedar.com. These documents will also be available from the Company's website – www.serabigold.com.

Serabi's Directors Report and Financial Statements for the year ended 31 December 2016 together with the Chairman's Statement and the Management Discussion and Analysis, are available from the Company's website – www.serabigold.com and on SEDAR at www.sedar.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.