



## Unaudited Interim Financial Results for the three and nine month periods to 30 September 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 and nine month periods ending 30 September 2017 and at the same time has published its Management's Discussion and Analysis for the same period.

### Key Financial Information

<b>SUMMARY FINANCIAL STATISTICS FOR THE THREE AND NINE MONTHS ENDING 30 SEPTEMBER 2017</b>				
	<b>3 months to 30 September 2017 US\$</b>	<b>9 months to 30 September 2017 US\$</b>	<b>3 months to 30 September 2016 US\$</b>	<b>9 months to 30 September 2016 US\$</b>
Revenue	12,908,790	36,225,050	16,209,753	42,120,928
Cost of Sales	(7,695,870)	(24,558,180)	(10,216,119)	(25,828,941)
Depreciation and amortisation charges	(2,934,986)	(7,545,847)	(2,907,161)	(6,552,101)
Gross profit	2,277,934	4,121,023	3,086,473	9,739,886
Profit / (loss) before tax	490,532	(337,135)	743,503	2,305,731
Profit after tax	235,051	(770,629)	465,480	1,471,662
Earnings per ordinary share (basic)	0.03c	(0.11c)	0.07c	0.22c
Average gold price received		US\$1,238		US\$1,256
			<b>As at 30 September 2017 US\$</b>	<b>As at 31 December 2016 US\$</b>
Cash and cash equivalents			9,753,385	4,160,923
Net assets			64,598,323	63,378,973
<b><u>Cash Cost and All-In Sustaining Cost ("AISC")</u></b>				
			<b>9 months to 30 September 2017</b>	<b>9 months to 30 September 2016</b>
Gold production for cash cost and AISC purposes			27,666	29,900
Total Cash Cost of production (per ounce)			US\$795	US\$772
Total AISC of production (per ounce)			US\$1,058	US\$951



## Key Operational Information

### SUMMARY PRODUCTION STATISTICS FOR THE THREE QUARTERS TO 30 SEPTEMBER 2017

		Quarter 1 2017	Quarter 2 2017	Quarter 3 2017	Year to Date 2017	Quarter 1 2016	Quarter 2 2016	Quarter 3 2016	Quarter 4 2016	Total 2016
Horizontal development – Total	Metres	2,251	1,855	2,996	7,102	2,925	2,941	2,649	2,694	11,209
Mined ore – Total	Tonnes	36,918	42,075	41,263	120,256	37,546	33,606	43,133	44,579	158,864
	Gold grade (g/t)	10.12	7.80	9.80	9.20	11.02	9.56	9.61	8.94	9.74
Milled ore	Tonnes	46,663	43,905	44,954	135,522	36,615	39,402	42,464	40,485	158,966
	Gold grade (g/t)	7.09	6.26	7.21	6.86	8.58	8.17	8.08	7.60	8.11
Gold production <sup>(1)(2)</sup>	Ounces	9,861	8,148	9,657	27,666	9,771	9,896	10,310	9,413	39,390

(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.

(2) Gold production totals for 2017 include treatment of 4,941 tonnes of flotation tails (2016 full year : 16,716 tonnes)

## Financial Highlights

- Cash Cost for the year to date of US\$795 per ounce of gold.
- All-In Sustaining Cost for the year to date of US\$1,058 per ounce of gold.
- Gross profit from operations for the first nine months of 2017 of US\$4.12 million.
- Profit per share of 3 cents for Q3 and loss per share of 11 cents for the first nine months of 2017.
- Cash holdings of US\$9.75 million at 30 September 2017.
- Average gold price of US\$1,238 per ounce received on gold sales in the first nine months of 2017.

## 2017 Guidance

- Forecast gold production for the fourth quarter of 2017 of approximately 10,000 ounces to achieve full year production of approximately 38,000 ounces.
- Cost guidance for 2017 of an All-In Sustaining Cost ("AISC") of US\$1,000 to US\$1,025 per ounce.

## Operational Highlights

- Third quarter production of 9,657 ounces of gold.
- Mine production totalled 41,263 tonnes at 9.80 grammes per tonne ("g/t") of gold.
- 44,954 tonnes processed through the plant for the combined mining operations, with an average grade of 7.21 g/t of gold.
- 2,996 metres of horizontal mine development completed in the quarter.
- The Palito orebody saw development and production focus on the Senna, Pipocas, G3 and Mogno veins principally, with three other veins, (Zonta, G1, Jatoba) in development.
- The mine ramp accessing the Sao Chico orebody has now reached the 26mRL, approximately 230 vertical metres below surface. Production is coming from the 128mRL and 100mRL levels with levels 86mRL, 70mRL, 56mRL, 40mRL and now 26mRL all either developed or in development, comfortably ahead of production.
- By the end of the third quarter, surface ore stocks were approximately 15,000 tonnes (30 June 2017: 12,000 tonnes) with an average grade of 3.2 g/t of gold.
- A surface diamond drill programme of approximately 10,000 metres has commenced and will principally focus on the strike extensions of the veins in the Palito orebody.



## PRESS RELEASE 14 NOVEMBER 2017

SERABI GOLD plc ("Serabi" or "the Company")



- The results of a new 43-101 Technical Report comprising the geological resource and mineable reserve are close to completion and are expected to be issued before the end of November.

### **Mike Hodgson, CEO of Serabi commented,**

"It was very pleasing to see third quarter production returning to expected levels, after a slightly disappointing second quarter. We have now achieved total production for the first nine months of the year of 27,666 ounces. Whilst a little below the production for the same period in 2016, the shortfall was simply due to a short term operational problem at Sao Chico during April and May, when we lost remote scoop capability and therefore had to rely on lower grade development ore for this period. By June the problem was over, and we have seen strong monthly productions figures since.

"Even more pleasing is the relative financial strength of the Company at the end of the quarter, with cash holdings increasing to over US\$9.7 million. We have benefitted during the third quarter from a relatively weak Real and a good gold price and with so much of our costs being in Reais, it is the gold price in Reais that really dictates our margins and cash generation.

"We have earmarked some of this cash to be reinvested back into the operations and in addition to the acquisition of an ore-sorter, other major capital investment include the acquisition of some new mine trucks, and expansion our tailings management facilities.

"We have also commenced a 10,000 metre surface drilling programme which is concentrating on the strike extensions of the veins at the Palito orebody. We anticipate this is just the start of a larger programme which will identify new orebodies, expand the resource base and support increased levels of gold production in the longer term.

"Whilst profitability is down compared with 2016, it must be remembered that not only is production slightly down, resulting in lower revenue, but the Group has been impacted by the relative strength of the Real in 2017 when compared with 2016. The average exchange rate for the nine months to 30 September 2016 was BrR\$3.55 to US\$1.00 and BrR\$3.15 to US\$1.00 for the first nine months of 2017 a swing of almost eleven per cent. Nonetheless our operating costs for the nine months have fallen by almost US\$2 million or over 7 percent, a reflection of the improvements and efficiencies that we are constantly seeking to implement.

"We have reported a small profit before tax of US\$0.5 million for the third quarter which is a pleasing turnaround after the loss reported for the second quarter and I hope that, if production during the fourth quarter is in line with expectation, this can be continued."



PRESS RELEASE 14 NOVEMBER 2017  
SERABI GOLD plc ("Serabi" or "the Company")



SERABI GOLD PLC  
Condensed Consolidated Statements of Comprehensive Income

(expressed in US\$)	Notes	For the three months ended 30 September		For the nine months ended 30 September	
		2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<b>CONTINUING OPERATIONS</b>					
Revenue		12,908,790	16,209,753	36,225,050	42,120,928
Operating expenses		(7,295,870)	(10,216,119)	(23,938,180)	(25,828,941)
Provision for impairment of inventory		(400,000)	—	(620,000)	—
Depreciation of plant and equipment		(2,934,986)	(2,907,161)	(7,545,847)	(6,552,101)
<b>Gross profit</b>		<b>2,277,934</b>	<b>3,086,473</b>	<b>4,121,023</b>	<b>9,739,886</b>
Administration expenses		(1,407,836)	(1,267,898)	(3,828,194)	(3,812,218)
Share based payments		(101,665)	(101,072)	(279,697)	(249,828)
Gain on disposal of assets		15,621	2,070	131,596	29,039
<b>Operating profit</b>		<b>784,054</b>	<b>1,719,573</b>	<b>144,728</b>	<b>5,706,879</b>
Foreign exchange loss		(24,021)	(28,860)	(144,420)	(101,268)
Finance expense		(269,532)	(947,250)	(337,543)	(3,299,989)
Investment income		31	40	100	109
<b>Profit / (loss) before taxation</b>		<b>490,532</b>	<b>743,503</b>	<b>(337,135)</b>	<b>2,305,731</b>
Income tax expense		(255,481)	(278,023)	(433,494)	(834,069)
<b>Profit / (loss) for the period from continuing operations</b> <sup>(1) (2)</sup>		<b>235,051</b>	<b>465,480</b>	<b>(770,629)</b>	<b>1,471,662</b>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translating foreign operations		2,367,977	(588,314)	1,710,282	9,041,254
<b>Total comprehensive profit / (loss) for the period</b> <sup>(2)</sup>		<b>2,602,028</b>	<b>(122,834)</b>	<b>939,653</b>	<b>10,512,916</b>
Profit / (loss) per ordinary share (basic) <sup>(1)</sup>	3	0.03c	0.07c	(0.11c)	0.22c
Profit / (loss) per ordinary share (diluted) <sup>(1)</sup>	3	0.03c	0.06c	(0.11c)	0.21c

(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.



PRESS RELEASE 14 NOVEMBER 2017

SERABI GOLD plc ("Serabi" or "the Company")



**SERABI GOLD PLC**  
**Condensed Consolidated Balance Sheets**

	As at 30 September 2017 (unaudited)	As at 30 September 2016 (unaudited)	As at 31 December 2016 (audited)
<i>(expressed in US\$)</i>			
<b>Non-current assets</b>			
Deferred exploration costs	10,235,454	9,731,144	9,990,789
Property, plant and equipment	44,260,723	44,860,837	45,396,140
Deferred Taxation	3,164,441	—	3,253,630
<b>Total non-current assets</b>	<b>57,660,618</b>	<b>54,591,981</b>	<b>58,640,559</b>
<b>Current assets</b>			
Inventories	7,196,529	7,865,290	8,110,373
Trade and other receivables	1,433,010	9,165,344	1,233,049
Prepayments and accrued income	4,950,976	2,652,081	3,696,550
Cash and cash equivalents	9,753,385	3,116,123	4,160,923
<b>Total current assets</b>	<b>23,333,900</b>	<b>22,798,838</b>	<b>17,200,895</b>
<b>Current liabilities</b>			
Trade and other payables	5,313,706	6,564,033	4,722,139
Secured loan	1,290,000	1,425,058	1,371,489
Trade and asset finance facilities	1,054,632	3,260,272	1,592,568
Derivative financial liabilities	732,470	262,000	—
Accruals	450,867	367,646	635,446
<b>Total current liabilities</b>	<b>8,841,675</b>	<b>11,879,009</b>	<b>8,321,642</b>
<b>Net current assets</b>	<b>14,492,225</b>	<b>10,919,829</b>	<b>8,879,253</b>
<b>Total assets less current liabilities</b>	<b>69,135,527</b>	<b>65,511,810</b>	<b>67,519,812</b>
<b>Non-current liabilities</b>			
Trade and other payables	2,276,769	2,275,312	2,211,078
Secured loan	3,125,000	—	—
Provisions	1,905,230	2,284,002	1,851,963
Trade and asset finance facilities	247,521	210,657	77,798
<b>Total non-current liabilities</b>	<b>7,554,520</b>	<b>4,769,971</b>	<b>4,140,839</b>
<b>Net assets</b>	<b>64,598,323</b>	<b>60,741,839</b>	<b>63,378,973</b>
<b>Equity</b>			
Share capital	5,540,960	5,540,960	5,540,960
Share premium	1,722,222	1,722,222	1,722,222
Option reserve	1,355,583	1,237,581	1,338,652
Other reserves	3,404,624	361,461	3,051,862
Translation reserve	(28,897,566)	(30,185,281)	(30,607,848)
Distributable surplus	81,472,500	82,064,896	82,333,125
<b>Equity shareholders' funds</b>	<b>64,598,323</b>	<b>60,741,839</b>	<b>63,378,973</b>

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 have been 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\$)	Share capital	Share premium	Share option reserve	Other reserves <sup>(1)</sup>	Translation reserve	Retained earnings	Total equity
<b>Equity shareholders' funds at 31 December 2015 (audited)</b>	<b>5,263,182</b>	<b>—</b>	<b>2,747,415</b>	<b>450,262</b>	<b>(39,226,535)</b>	<b>77,549,321</b>	<b>46,783,645</b>
Foreign currency adjustments	—	—	—	—	9,041,254	—	9,041,254
Profit for the period	—	—	—	—	—	1,471,662	1,471,662
Total comprehensive income for the period	—	—	—	—	9,041,254	1,471,662	10,512,916
Warrants lapsed	—	—	—	(88,801)	—	88,801	—
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	—	—	(1,759,662)	—	—	1,759,662	—
Share option expense	—	—	249,828	—	—	—	249,828
<b>Equity shareholders' funds at 30 September 2016 (unaudited)</b>	<b>5,540,960</b>	<b>1,722,222</b>	<b>1,237,581</b>	<b>361,461</b>	<b>(30,185,281)</b>	<b>82,064,896</b>	<b>60,741,839</b>
Foreign currency adjustments	—	—	—	—	—	2,958,630	2,958,630
Loss for the period	—	—	—	—	(422,567)	—	(422,567)
Total comprehensive income for the period	—	—	—	—	(422,567)	2,958,630	2,536,063
Transfer to taxation reserve	—	—	—	2,690,401	—	(2,690,401)	—
Share option expense	—	—	101,071	—	—	—	101,071
<b>Equity shareholders' funds at 31 December 2016 (audited)</b>	<b>5,540,960</b>	<b>1,722,222</b>	<b>1,338,652</b>	<b>3,051,862</b>	<b>(30,607,848)</b>	<b>82,333,125</b>	<b>63,378,973</b>
Foreign currency adjustments	—	—	—	—	1,710,282	—	1,710,282
Loss for the period	—	—	—	—	—	(770,629)	(770,629)
Total comprehensive income for the period	—	—	—	—	1,710,282	(770,629)	939,653
Transfer to taxation reserve	—	—	—	352,762	—	(352,762)	—
Share options lapsed in period	—	—	(262,766)	—	—	262,766	—
Share option expense	—	—	279,697	—	—	—	279,697
<b>Equity shareholders' funds at 30 September 2017 (unaudited)</b>	<b>5,540,960</b>	<b>1,722,222</b>	<b>1,355,583</b>	<b>3,404,624</b>	<b>(28,897,566)</b>	<b>81,472,500</b>	<b>64,598,323</b>

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$3,043,163 (2016: merger reserve of US\$ 361,461 and a taxation reserve of US\$2,690,401)



SERABI GOLD PLC  
Condensed Consolidated Cash Flow Statements

(expressed in US\$)	For the three months ended 30 September		For the nine months ended 30 September	
	2017 (unaudited)	2016 (unaudited)	2017 (unaudited)	2016 (unaudited)
<b>Operating activities</b>				
Profit / (loss) before taxation	235,051	465,480	(770,629)	1,471,662
Depreciation – plant, and equipment	2,934,986	2,907,161	7,545,847	6,552,101
Net financial expense	293,522	976,071	481,863	3,401,148
Provision for impairment of inventory	400,000	—	620,000	—
Taxation	255,481	278,023	433,494	834,069
Share-based payments	101,665	101,072	279,697	249,828
Foreign exchange (gain) / loss	(359,590)	38,109	(319,030)	207,785
<b>Changes in working capital</b>				
(Increase) / decrease in inventories	(374,877)	1,286,509	612,487	505,768
Decrease / (increase) in receivables, prepayments and accrued income	1,076,370	330,084	(1,500,915)	(2,434,886)
(Decrease) / increase in payables, accruals and provisions	(409,010)	(68,421)	(405,421)	1,411,427
<b>Net cash inflow from operations</b>	<b>4,153,598</b>	<b>6,314,088</b>	<b>6,977,393</b>	<b>12,198,902</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment and projects in construction	(265,246)	(713,069)	(1,349,085)	(2,840,740)
Mine development expenditures	(1,191,322)	(469,608)	(3,155,641)	(1,718,759)
Exploration and development expenditure	—	(247,479)	(2,501)	(247,479)
Proceeds from sale of assets	59,659	2,070	175,634	29,039
Interest received	31	40	100	109
<b>Net cash outflow on investing activities</b>	<b>(1,396,878)</b>	<b>(1,428,046)</b>	<b>(4,331,493)</b>	<b>(4,777,830)</b>
<b>Financing activities</b>				
Repayment of short-term secured loan	—	(1,333,334)	—	(2,666,667)
Draw-down of short-term loan facility	3,628,511	—	3,628,511	—
Draw-down of short-term convertible loan facility	—	—	—	2,000,000
Receipts from short-term trade finance	—	4,454,632	—	16,355,730
Repayment of short-term trade finance	—	(9,411,663)	—	(20,921,538)
Payment of finance lease liabilities	(346,566)	(161,210)	(478,730)	(542,731)
Interest paid and other finance costs	(166,363)	(125,901)	(233,818)	(624,233)
<b>Net cash inflow / (outflow) from financing activities</b>	<b>3,115,582</b>	<b>(6,577,476)</b>	<b>2,915,963</b>	<b>(6,399,439)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>5,872,302</b>	<b>(1,691,434)</b>	<b>5,561,863</b>	<b>1,021,633</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>3,832,218</b>	<b>4,774,537</b>	<b>4,160,923</b>	<b>2,191,759</b>
Exchange difference on cash	48,865	33,020	30,599	(97,269)
<b>Cash and cash equivalents at end of period</b>	<b>9,753,385</b>	<b>3,116,123</b>	<b>9,753,385</b>	<b>3,116,123</b>



PRESS RELEASE 14 NOVEMBER 2017

SERABI GOLD plc ("Serabi" or "the Company")



## 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 has been filed with the Registrar of Companies following their adoption by shareholders at the last Annual General Meeting. The full audited financial statements, for the year end 31 December 2016, do comply with IFRS.

### 2. Basis of Preparation

These interim condensed consolidated financial statements are for the three and nine month periods ended 30 September 2017. Comparative information has been provided for the unaudited three and nine month periods ended 30 September 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. On 30 June the Group completed a re-negotiation of an increased secured loan facility of US\$5 million (including the existing loan to US\$1.37 million). The new facility is repayable by 31 December 2019 and the incremental funds were received by the Company on 5 July 2017.

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 condensed consolidated 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



## PRESS RELEASE 14 NOVEMBER 2017

SERABI GOLD plc ("Serabi" or "the Company")



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:

- (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

	<b>3 months ended 30 September 2017 US\$ (unaudited)</b>	3 months ended 30 September 2016 US\$ (unaudited)	<b>9 months ended 30 September 2017 US\$ (unaudited)</b>	9 months ended 30 September 2016 US\$ (unaudited)
Profit / (loss) attributable to ordinary shareholders (US\$)	235,051	465,480	(770,629)	1,471,662
Weighted average ordinary shares in issue	698,701,772	678,005,407	698,701,772	663,647,199
Basic profit / (loss) per share (US cents)	0.03	0.07	(0.11)	0.22
Diluted ordinary shares in issue <sup>(1)</sup>	748,461,772	727,915,407	698,701,772	713,557,199
Diluted profit / (loss) per share (US cents)	0.03	0.06	(0.11) <sup>(2)</sup>	0.21

(1) Assumes exercise of all options and warrants outstanding as of that date where the Group has reported a profit for the period.

(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

On 13 November 2017, Serabi signed a conditional acquisition agreement to acquire 100 per cent. of the issued share capital and inter-company debt of Chapleau Resources Ltd ("Chapleau"), a Canadian registered company wholly-owned by Anfield Gold Corp ("Anfield"), which holds the Coringa gold project ("Coringa") located in the Tapajos gold province in Para, Brazil.

Serabi will acquire the entire issued share capital of Chapleau together with its outstanding inter-company debts owed to Anfield. Serabi will make an initial payment to Anfield on closing of the transaction ("Closing") of US\$5 million in cash from



## PRESS RELEASE 14 NOVEMBER 2017

SERABI GOLD plc ("Serabi" or "the Company")



existing resources. A further US\$5 million in cash is payable within three months of Closing. A final payment of US\$12 million in cash will be due upon the earlier of either the first gold being produced or 24 months from the date of Closing. The total proposed consideration for the acquisition amounts to US\$22 million in aggregate.

The Agreement is conditional on a number of items including:

- Completion by Serabi of its due diligence, including the receipt of satisfactory legal opinions as to mining title, labour, environmental and tax matters;
- Approval of the shareholders of Anfield and approval of the TSX-V; and
- Approval of Serabi's secured lender (Sprott).

Pursuant to the Agreement, Anfield has provided Serabi with certain indemnities in respect of future claims relating to activities prior to Closing, including labour and tax liabilities. In addition, the Agreement includes representations and warranties from Anfield in favour of Serabi as would be customary for a transaction of this nature both on execution of the Agreement and at Closing.

Serabi has agreed, on Closing, to grant to Anfield, subject to the approval of Serabi's secured lender and, if required, subordinated to any security granted by Serabi to its secured lender, a pledge over the shares of Chapleau as security for the full and irrevocable payment of the Deferred Consideration.

Anfield proposes to hold its shareholder meeting to approve the proposed transaction on 19 December 2017, and Closing is anticipated to occur shortly thereafter.

Chapleau is not required to prepare audited financial statements. Based on information provided by Anfield and extracted from the unaudited consolidated financial statements of Anfield to 31 December 2016, Chapleau on a consolidated basis, reported a loss before taxation of C\$22.3 million for the 12 month period ended 31 December 2016 after (i) expensing exploration and evaluation expenditure of C\$7.9 million, (ii) recognising a foreign exchange loss of the capitalisation of intergroup loans into shares of Chapleau Brazil of C\$13.7 million, and (iii) other one-off costs estimated at C\$1.3 million. Chapleau had no revenues. As at 30 June 2017 total assets and shareholders' equity amounted to C\$19.6 million and C\$(20.3 million) respectively, with shareholder loans totalling C\$38.6 million. The balance sheet carrying value of property, plant and equipment associated with the Coringa project as at 30 June 2017 amounted to C\$16.6 million which excludes past exploration costs as these have been expensed. As at 30 June 2017 Chapleau had net cash and cash equivalents of C\$2.5 million and except for intercompany loans (amounting to C\$38.6 million), which will be assigned to Serabi on Closing, had no borrowings.

## Enquiries

### SERABI GOLD plc

**Michael Hodgson**  
Chief Executive

t +44 (0)20 7246 6830  
m +44 (0)7799 473621

**Clive Line**  
Finance Director

t +44 (0)20 7246 6830  
m +44 (0)7710 151692

e [contact@serabigold.com](mailto:contact@serabigold.com)

[www.serabigold.com](http://www.serabigold.com)

### BEAUMONT CORNISH Limited

**Nominated Adviser & Financial Adviser**

Roland Cornish t +44 (0)20 7628 3396  
Michael Cornish t +44 (0)20 7628 3396

### PEEL HUNT LLP

**UK Broker**

Ross Allister t +44 (0)20 7418 8900  
Chris Burrows t +44 (0)20 7418 8900

### Blytheweigh

**UK Financial PR**

Tim Blythe t +44 (0)20 7138 3204  
Camilla Horsfall t +44 (0)20 7138 32

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

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

### SERABI GOLD PLC

2nd Floor, 30-32 Ludgate Hill, London EC4M 7DR  
t +44 (0)20 7246 6830 f +44 (0)20 7246 6831 e [contact@serabimining.com](mailto:contact@serabimining.com) [www.serabigold.com](http://www.serabigold.com)  
Registered Office 66 Lincoln's Inn Fields, London, WC2A 3LH Company Number 5131528

This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



**PRESS RELEASE 14 NOVEMBER 2017**  
SERABI GOLD plc ("Serabi" or "the Company")



The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Interim Financial Statements and the Management Discussion and Analysis for the three and nine month periods ended 30 September 2017 on SEDAR at [www.sedar.com](http://www.sedar.com). These documents will also be available from the Company's website – [www.serabigold.com](http://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](http://www.serabigold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

**This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.**

#### **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 30 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.*