



## Operational Review of First Quarter 2018

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Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to report gold production of 9,188 ounces for the first quarter of 2018 at its Palito Complex high grade gold operation in the Tapajos region of Para State, Northern Brazil. .

### CORPORATE HIGHLIGHTS

- Completion of US\$15 million investment by Greenstone Resource II LP.
- Announcement of brokered share placement raising gross proceeds of a further US\$9 million subject to shareholder approval.

### OPERATIONAL HIGHLIGHTS

- First quarter production of 9,188 ounces of gold.
- Mine production totalling 39,669 tonnes at 7.49 grammes per tonne (“g/t”) of gold.
- 43,145 tonnes processed through the plant for the combined mining operations, with an average grade of 7.04 g/t of gold.
- 2,353 metres of horizontal mine development completed during the quarter.
- Palito development and production continues to focus on the four main sectors of Senna, Pipocas, G3 and Mogno, whilst in the Sao Chico orebody, the main ramp has now reached level -3mRL, approximately 260 vertical metres below surface. Production is coming from levels 86, 70 and 56mRL. With levels 40mRL, 26mRL and 10mRL all either developed or being development, ahead of production.
- By the end of the quarter, surface ore stocks were approximately 10,200 tonnes, (December 2017: 15,000 tonnes) with an average grade of 3.0 g/t of gold, together with approximately 40,000 tonnes of flotation tailings grading approximately 3.0 g/t of gold.

Michael Hodgson, CEO of Serabi commented.

***“Another strong quarter has been achieved that is in line with guidance. The first quarter is often the most challenging, with more public holidays and a short month, and therefore 9,200 ounces of production is both very pleasing and sets the Company up well for achieving its annual production target. One of our key strengths over the past two years has been the consistency of our levels of gold production and quarter by quarter we have been generating 9,000 – 10,000 ounces with ore feed grades in the range of 7.50 to 10.00 g/t.***

***“During the quarter the first of our ‘new generation mini scoops’ arrived on site which, alongside a new face drilling jumbo with a narrower profile, allows us to pursue a new approach to viably exploit the narrower zones at the Palito orebody with minimal dilution.***

***“The plant performed very well during the quarter with over 46,000 tonnes being processed. The operation still remains plant constrained and whilst we have made slow inroads into the surface stockpiles, there is only limited progress that we can make to reduce these. The process of narrow vein mining generates considerable low-grade***



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*development ore during evaluation, and the introduction of smaller fleet will allow development faces to be reduced in size and therefore will be less dilutive without compromising the evaluation. These improvements continue to target maximising the grade and thus quality of the ore before it comes to surface.*

*"On the same theme, the Company has placed the order for an ore sorter, the successful test work for which was completed in 2017 and the merits discussed last year. The ore sorter will screen the crushed ore feed before it enters the milling circuit, eliminating the elevated level of waste that currently finds its way into the process plant. I am very excited about this clever piece of equipment which will effectively and at low cost separate out mine waste that our selective mining process cannot. We will initially install this to treat Palito ore and we expect to see a significant benefit in improving the effective plant feed grade, liberating much needed plant capacity and ultimately reducing the costs per ounce attributable to the processing operations.*

*"At the Palito orebody, seven veins out of the 25 veins that comprise the total geological resource are now in various stages of development and production. The Pipocas, G3, and Senna veins remain the backbone of our sources of ore, with smaller contributions from the newly developed Jatoba, Mogno, Zonta and G1 veins.*

*"During the first quarter of 2018, we had hoped to have an additional independent feed system installed to treat the 40,000 tonnes of flotation tails we have stockpiled. This has been slightly delayed but I now anticipate it will be operational by May. It will bring a modest but nonetheless welcome increase in our monthly gold production for very little effort.*

*"The surface drill programme, which commenced in December 2017, is continuing. The purpose of the programme is to drill some of the many potential vein extensions identified at Palito. The initial programme is for approximately 8,000 metres, of which approximately 4,000 metres has now been completed. The results have been delayed as we have been completing the commissioning of a new sample preparation facility in Novo Progresso, allowing all exploration samples to be treated independently of, and away from, our mining operations. Nevertheless, the drilling has returned the visual intersections we had hoped for, as we test the strike extensions of the various veins we are mining.*

*"Shortly after the end of the quarter, we agreed the contract for a second drilling campaign, this time on the Sao Chico orebody, which will commence in May 2018. The Sao Chico orebody is completely open along strike with very little information outside the immediate mine limits. Again, there are strong indications that substantial strike extensions of the principal vein and adjacent veins are waiting to be defined.*

*"On the corporate front, the share placements, announced at the end of March 2018, are excellent news for the Company and will generate, in aggregate, gross proceeds of approximately US\$24 million. These funds will allow significant acceleration of our organic growth plans and outstanding capital programmes whilst continuing the progress at Coringa, where completing the first stages of the initial permitting remains the immediate objective.*

*"During the year we expect to generate steady positive news flow from a successful exploration campaign from Palito and Sao Chico as well as progress at Coringa, as we pursue our ambition to establish ourselves as a significant gold producer in Brazil with a target of an annualised production rate of 100,000 ounces within the next two years."*

## Results

Total production for the first quarter of 2018 was 9,188 ounces of gold, generated from the processing of 43,145 tonnes of ore at overall average grade of 7.04 g/t of gold. The processed ore was sourced from mined ore from the



Palito and Sao Chico orebodies, supplemented with lower grade surface stockpiled ROM and flotation tailings. Mined tonnage for the quarter totalled 39,669 tonnes with a grade of 7.49 g/t of gold.

At 31 March 2018, there were coarse ore stocks of approximately 10,200 tonnes of ore with an average grade of 3.0 g/t of gold, and approximately 40,000 tonnes of flotation tails with an average grade of 3.0 g/t of gold. These stockpiles are being consumed, albeit not as quickly as forecast, and for now the operation remains plant constrained.

A total of 2,353 metres of horizontal development has been completed during the quarter, of which approximately 1,540 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

## 2018 Production Guidance

Management does not anticipate a major shift in mine performance and therefore hard rock gold production, in 2018 compared with 2017. However, with the ability to process increased levels of stockpiled flotation tails in 2018, management expects that gold production for 2018 will exceed that of 2017 and be up to 40,000 ounces.

## Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR 2018 YEAR TO DATE AND 2017

		Qtr 1 2018	Year to Date 2018	Qtr 1 2017	Qtr 2 2017	Qtr 3 2017	Qtr 4 2017	Total 2017
Horizontal development – Total	Metres	<b>2,353</b>	<b>2,353</b>	2,251	1,855	2,996	2,762	9,864
Mined ore – Total	Tonnes	<b>39,669</b>	<b>39,669</b>	36,918	41,684	41,263	49,011	168,876
	Gold grade (g/t)	<b>7.49</b>	<b>7.49</b>	10.12	7.80	9.80	8.25	8.92
Milled ore	Tonnes	<b>43,145</b>	<b>43,145</b>	41,722	43,294	44,205	43,345	172,565
	Gold grade (g/t)	<b>7.04</b>	<b>7.04</b>	7.62	6.29	7.28	7.27	7.11
Gold production <sup>(1) (2)</sup>	Ounces	<b>9,188</b>	<b>9,188</b>	9,861	8,148	9,657	9,337	37,004

- (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 2018 include treatment of 1,763 tonnes of flotation tails at a grade of 2.70 g/t (2017 full year : 4,568 tonnes)
- (3) The table may not sum due to rounding.



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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.

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

**The person who arranged for the release of this announcement on behalf of the Company was Clive Line, Director.**

## GLOSSARY OF TERMS

The following is a glossary of technical terms:

"Au" means gold.

"assay" in economic geology, means to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"development" - excavations used to establish access to the mineralised rock and other workings

"DNPM" is the Departamento Nacional de Produção Mineral.

"grade" is the concentration of mineral within the host rock typically quoted as grammes per tonne (g/t), parts per million (ppm) or parts per billion (ppb).

"g/t" means grams per tonne.

"granodiorite" is an igneous intrusive rock similar to granite.

"igneous" is a rock that has solidified from molten material or magma.

"Intrusive" is a body of igneous rock that invades older rocks.

"on-lode development" - Development that is undertaken in and following the direction of the Vein

"mRL" - depth in metres measured relative to a fixed point - in the case of Palito and Sao Chico this is sea-level. The mine entrance at Palito is at 250mRL.

"saprolite" is a weathered or decomposed clay-rich rock.

"stopping blocks" - a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stopping methods.

"vein" is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.

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### 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

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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



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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.*