PRESS RELEASE 14 NOVEMBER 2012
SERABI GOLD plc ("Serabi" or "the Company")

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Interim Results for the Nine Months to 30 September 2012, Financial Results for the Third Quarter 2012 and Management Discussion and Analysis

Serabi Gold plc (AIM:SRB, TSX:SBI and SBI.WT), the Brazilian focused gold exploration and development company, advises that it has today published its unaudited financial results for the 3 month and 9 month periods ended 30 September 2012 and at the same time has also published its Management Discussion and Analysis for the same periods. Both documents, together with this announcement, have been posted on the Company's website at www.serabigold.com and are also available on SEDAR at www.sedar.com.

Corporate and Operational Highlights

- On 1 October 2012 the Company entered into a conditional subscription agreement with Fratelli Investments Limited, one of the Company's major shareholders, to subscribe for and underwrite a conditional placement of new shares to raise in aggregate UK£16.2 million to finance the development and start-up of underground mining operations at its Palito gold mine. In addition, Fratelli Investments Limited provided an interim secured short term loan facility of US$6 million (equivalent to approximately UK£3.8 million) to the Company to provide additional working capital to the Company and to enable it to commence the initial works at Palito.

- NCL completed the preliminary economic assessment on the Palito project ("PEA") in June 2012. The results of the PEA were reported on 13 June 2012 and the completed NI 43-101 compliant Technical Report was filed on 29 June 2012.

- Highlights of the PEA were as follows:

  - After-tax Internal Rate of Return ("IRR") of 68 per cent. at a realised gold price of US$1,400 per ounce;
  - Project payback within two years of first gold production;
  - Net after-tax cash flow generated over project life of US$72.2 million at a realized gold price of US$1,400 per ounce;
  - After-tax Net Present Value ("NPV") of US$38.2 million; based on a 10% discount rate and a realised gold price of US$1,400 per ounce;
  - Average Life of Mine ("LOM") cash operating costs of US$739 per ounce (gold equivalent) including royalties and refining costs;
  - Average annual free cash flow (after tax and sustaining capital expenditure) of US$11.0 million;
  - Average gold grade of 8.98 g/t gold producing a total gold equivalent production of 201,300 ounces;
  - Average annual production of 24,400 gold equivalent ounces over the initial 8 year period with ranges between 19,000 to 30,000 ounces gold equivalent per annum;
  - Initial capital expenditures of US$17.8 million prior to production start-up;

- The Operational Environmental Licence for the Palito Mine was renewed by Secretaria de Estado de Meio Ambiente ("SEMA"), the state Environmental Agency for the State of Para on 27 April 2012.

- The Company completed a placing of 27,300,000 units on 24 January 2012 raising gross proceeds of UK£2.73 million. Each of the 27,300,000 units were comprised of one ordinary share and one-sixth of one ordinary share purchase warrant of the Company, with each whole warrant being exercisable to acquire one Ordinary Share at an exercise price of UK£0.15 until 23 January 2014.

Financial Highlights

	3 months ended 30 September 2012 (unaudited) US$	3 months ended 30 September 2011 (unaudited) US$	**9 months ended 30 September 2012 (unaudited) US$**	9 months ended 30 September 2011 (unaudited) US$
Operating Loss for period	**715,548**	1,739,684	**2,884,774**	4,044,961
Loss per ordinary share (basic and diluted)	**0.78 cents**	2.72 cents	**3.24 cents**	7.01 cents

	9 months ended 30 September 2012 (unaudited) US$	12 months ended 31 December 2011 (audited) US$
Exploration and development expenditures during the period	**2,863,261**	8,663,471
Cash at end of period	**408,708**	1,406,458
Equity Shareholders funds at end of period	**41,459,600**	43,284,480

3 month period ended 30 September 2012

For the three month period ended 30 September 2012 the Company recorded a net loss of US$715,548 (0.78 US cents per share) compared to a net loss of US$1,739,684 (2.72 US cents per share) for the comparative period last year. The decrease in the loss for the period reflects lower depreciation charges of US$223,150 for the quarter compared with US$580,845 for the quarter ended 30 September 2011. This lower level of depreciation arises as assets, particularly those in Brazil, have been subject to depreciation on a straight line basis, and whilst not necessarily in use recently and whilst still being available for use, are reaching the point where the original purchase price of these items has now been fully depreciated.

The company has been incurring expenditures on the maintenance of the current process plant. Up until the issue of the PEA on 28 June 2012, which demonstrated the economic viability of the Palito project, the Company was deemed to be in an evaluation phase and it was considered appropriate that such expenditures should be expensed at the time of being incurred. With the project's economic viability having been demonstrated and the Board having announced the decision to proceed with the project development leading to a start-up of production, costs relating to the refurbishment and maintenance of the process plant will be capitalised as part of the project development costs until such time as commercial production is declared. This change of accounting treatment in accordance with accepted accounting practise has the effect that no costs have been classified in the 3 month period ended 30 September 2012 as being operating costs.

Administration costs as reported have reduced by some US$295,943 from US$745,990 for the three months ended 30 September 2011 to US$450,047 for the same three month period in 2012. There have been two significant variances contributing to this reduction. As noted previously, during the 3 month period ended 30 September 2011 the Company was providing waste rock for road construction. The sales of this material, not being sales of metals, did not fall within the revenue definition adopted by the Company and were treated as other income and classified as part of administrative expenses. For the 3 months to September 2011 this amounted to BrR$122,825 (US$75,432). Also in the 3 months ended 31 September 2011, the Company made a provision of BrR$299,250 (US$183,781) in respect of settlement of employment claims made by former employees in Brazil. The charge recorded in the 3 months ended 30 September 2012 was approximately US$14,800. The net effect of these items accounts for US$93,549.

Excluding the above items administration costs incurred in Brazil were US$161,794 for the three months ended 30 September 2012 compared with US$249,272 for the 3 months ended 30 September 2011.

Administration cost incurred outside of Brazil were US$273,451 for the 3 months ended 30 September 2012 a reduction of US$115,000 compared with the 3 month period ended 30 September 2011. Reductions have been achieved in the area of professional fees and also reflect higher levels of investor relations activity in 2011 including branding and web-site development expenditures.

The Company reported an exchange gain of US$9,434 for the 3 months ended 30 September 2012 (3 months to 30 September 2011; exchange loss of US$168,309). The significant exchange loss incurred during 2011 was in part due to greater volatility in exchange rates over this period but also reflects the exchange element of US$70,500 relating to the adjustment of the rehabilitation provision.

Investment income has reduced from US$18,330 to US$1,265 reflecting the reduced levels of cash held by the Company during the quarter ended 30 September 2012 compared with the corresponding quarter of 2011.

9 month period ended 30 September 2012

For the nine month period ended 30 September 2012 the Company recorded a net loss of US$2,884,774 (3.24 US cents per share) compared to a net loss of US$4,044,961 (7.01 US cents per share) for the comparative period last year.

The reduction in the loss of approximately US$1,160,000 is in part explained by variations which have also influenced the results for the three months to 30 September 2012 namely the reductions in depreciation charges, the reduction in provisions for employment claims and the effect of sales of waste rock In addition with the viability of the project to commence gold production at Palito having been demonstrated by the PEA released in June 2012, costs related to the maintenance of the plant are from 1 July 2012 being capitalised as part of the plant development costs. Previously such expenditure was being expensed as incurred.

Administration costs have reduced slightly from US$2,113,195 for the nine months to 30 September 2011 to US$1,834,000, but this has been affected by the lack of waste rock sales in the nine month period of the current year offset by the reduction in labour claim charges. For the nine months to 30 September 2011 the charges established for employment claims brought against the Company in Brazil totalled BrR$999,451 (US$613,800) compared with BrR$414,677 (US$216,440) for the same nine month period in 2012 creating a saving of US$397,360. Waste rock sales for the nine months to 30 September 2011 amounted to BrR$700,949 (US$430,479) whilst there has been no similar sales income in 2012. The net impact of these items is US$33,119 and thus excluding these effects administration costs have reduced by US$312,314 for the period ended 30 September 2012 compared with the period ended 30 September 2011. Of this, US$186,962 is attributable to costs incurred in Brazil and reflects the reduced headcount and lower levels of activity during the nine months ended 30 September 2012 compared with the corresponding period in 2011 with the balance of US$125,352 being reductions in administration cost incurred outside of Brazil, principally related to lower professional fees and reductions in investor relations activities.

During the nine month period ended 30 September 2011 the company benefitted from a one–off income arising from the settlement of a claim with a supplier which contributed a book income derived from the release of a liability that had been established in respect of the claim of U$540,441.

Depreciation charges for plant and equipment which have reduced by US$933,986 from US$1,741,977 for the nine month period ended 30 September 2011 to US$807,991 for the nine month period to 30 September 2012.

The charges made in respect of the amortisation of share option awards has reduced by approximately US$91,000 from US$186,710 in the nine month period ended 30 September 2011 to US$95,638 in the corresponding period in 2012. This reflects the completion of the amortisation of older option awards during 2011 and the lower level of awards made during the nine month period to 30 September 2011 compared with preceding years.

The Company has realised foreign exchange gains of US$73,940 in the nine month period ended 30 September 2012 compared with a loss for the same period in 2011 of US$26,000. The loss in 2011 included a charge of US$70,500 relating to the foreign exchange element of the increase in the rehabilitation reserve and excluding this one-off exchange loss the exchange gain for the comparable nine month period in 2011 was US$44,500.

Reduced levels of cash holdings explain the reduced level of interest income derived in the nine months ended 30 September 2012 compared with the corresponding period of 2011 falling from US$52,107 to US$6,129.

Exchange differences on the currency translation of foreign operations reflect the revaluation of the assets and liabilities of those foreign operations. The Brazilian Real has fallen in value relative to the United States Dollar over the nine month period ended 30 September 2012. The rate as at 30 September 2012 was 2.0306 Brazilian Real to one United States Dollar compared with a rate as at 31 December 2011 of 1.8758. This decline has resulted in a reduction in US Dollar terms of the book value of the assets of the Company's Brazilian subsidiary in particular the values attributable to the Palito Mine and the deferred exploration interests. Any appreciation in the Brazilian Real will result in a reversal of this exchange loss.

Outlook

Exploration and development activities will continue to be limited. The proceeds of the funding announced on 1 October 2012 will be allocated to the development programme for the start-up of gold production at Palito. The directors expect that future exploration activity will be financed from the cash flow from gold production at Palito and may therefore not be undertaken until such time as sufficient and sustainable levels of cash flow are achieved. With a positive PEA and the financing required for the capital development of Palito now underwritten, the development plan outlined in the PEA can be set in motion. Key elements of this development plan are as follows:

- De-watering of the mine;
- Appointment of a mining contractor;
- Appointment of key project personnel;

- Placement of orders for mining equipment and mobile mining fleet;
- Underground mine development, with stoping areas defined and prepared and a stockpile of ore produced; and
- Refurbishment of the crushing and processing plant in preparation for commencing ore processing in the fourth quarter of 2013.

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SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

(expressed in US$)	For the three months ended 30 September 2012 (unaudited)	2011 (unaudited)	For the nine months ended 30 September 2012 (unaudited)	2011 (audited)
CONTINUING OPERATIONS				
Revenue	—	2,843	—	3,906
Operating expenses	—	(152,001)	**(178,119)**	(468,083)
Gross (loss)/profit	—	(149,158)	**(178,119)**	(464,177)
Administration expenses	**(450,047)**	(745,990)	**(1,834,000)**	(2,113,195)
Settlement of supplier claim	—	—	—	540,441
Option costs	**(33,244)**	(92,399)	**(95,638)**	(186,710)
(Loss)/gain on asset disposals	—	(5,204)	**8,355**	(7,541)
Depreciation of plant and equipment	**(223,150)**	(580,845)	**(807,991)**	(1,741,977)
Operating loss	**(706,441)**	(1,573,596)	**(2,907,393)**	(3,973,159)
Foreign exchange gain/(loss)	**9,434**	(168,309)	**73,940**	(26,000)
Finance costs	**(19,806)**	(16,109)	**(57,450)**	(97,909)
Investment income	**1,265**	18,330	**6,129**	52,107
Loss before taxation	**(715,548)**	(1,739,684)	**(2,884,774)**	(4,044,961)
Income tax expense	—	—	—	—
Loss for the period from continuing operations (1) (2)	**(715,548)**	(1,739,684)	**(2,884,774)**	(4,044,961)
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	**(199,904)**	(7,489,207)	**(3,268,882)**	(4,699,101)
Total comprehensive (loss) for the period (2)	**(915,452)**	(9,228,891)	**(6,153,656)**	(8,744,062)
Loss per ordinary share (basic and diluted) (1)	**(0.78c)**	(2.72c)	**(3.24c)**	(7.01c)

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

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

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SERABI GOLD PLC
Condensed Consolidated Balance Sheets

(expressed in US$)	**As at 30 September 2012 (unaudited)**	As at 30 September 2011 (unaudited)	As at 31 December 2011 (audited)
Non-current assets			
Development and deferred exploration costs	**18,249,489**	15,122,184	16,648,884
Property, plant and equipment	**25,514,742**	29,132,327	28,266,092
Total non-current assets	**43,764,231**	44,254,511	44,914,976
Current assets			
Inventories	**980,832**	1,242,439	1,114,255
Trade and other receivables	**87,449**	97,539	87,440
Prepayments and accrued income	**577,310**	1,003,371	701,669
Cash at bank and cash equivalents	**408,708**	4,033,410	1,406,458
Total current assets	**2,054,299**	6,376,759	3,309,822
Current liabilities			
Trade and other payables	**2,114,143**	3,110,201	2,538,055
Accruals	**114,659**	300,732	146,165
Total current liabilities	**2,228,802**	3,410,933	2,684,220
Net current (liabilities)/ assets	**(174,503)**	2,965,826	625,602
Total assets less current liabilities	**43,589,728**	47,220,337	45,540,578
Non-current liabilities			
Trade and other payables	**233,825**	163,167	508,680
Provisions	**1,546,176**	1,454,715	1,451,296
Interest bearing liabilities	**350,127**	273,766	296,122
Total non-current liabilities	**2,130,128**	1,891,648	2,256,098
Net assets	**41,459,600**	45,328,689	43,284,480
Equity			
Share capital	**31,416,993**	29,291,551	29,291,551
Share premium	**50,306,920**	48,278,626	48,292,057
Option reserve	**1,979,610**	1,864,893	1,956,349
Other reserves	**780,028**	702,095	702,095
Translation reserve	**(4,344,049)**	(816,933)	(1,075,167)
Accumulated loss	**(38,679,902)**	(33,991,543)	(35,882,405)
Equity shareholders’ funds	**41,459,600**	45,328,689	43,284,480

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 2011 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 last 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 and the future availability of project finance. The auditor’s report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

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SERABI GOLD PLC
Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in US$) (unaudited)	Share capital	Share premium	Share option reserve	Other reserves	Translation reserve	Accumulated loss	Total equity
Equity shareholders' funds at 31 December 2010	**27,752,834**	**40,754,032**	**1,648,484**	**260,882**	**3,882,168**	**(29,946,582)**	**44,351,818**
Foreign currency adjustments	—	—	—	—	(4,699,101)	—	(4,688,101)
Loss for the period	—	—	—	—	—	(4,044,961)	(4,044,961)
Total comprehensive income for the period	—	—	—	—	(4,699,101)	(4,044,961)	(8,744,062)
Issue of new ordinary shares for cash	731,412	4,229,767	—	208,229	—	—	5,169,408
Issue of new ordinary shares on exercise of special warrants	807,305	4,004,807	—	232,984	—	—	5,045,096
Costs associated with issue of new ordinary shares for cash	—	(709,980)	—	—	—	—	(709,980)
Share option expense	—	—	216,409	—	—	—	216,409
Equity shareholders' funds at 30 September 2011	**29,291,551**	**48,278,626**	**1,864,893**	**702,095**	**(816,933)**	**(33,991,543)**	**45,328,689**
Foreign currency adjustments	—	—	—	—	(258,234)	—	(258,234)
Loss for the period	—	—	—	—	—	(1,890,862)	(1.890,862)
Total comprehensive income for the period	—	—	—	—	(258,234)	(1,890,862)	(2,149,096)
Costs associated with issue of new ordinary shares for cash	—	13,431	—	—	—	—	13,431
Share option expense	—	—	91,456	—	—	—	198,159
Equity shareholders' funds at 31 December 2011	**29,291,551**	**48,292,057**	**1,956,349**	**702,095**	**(1,075,167)**	**(35,882,405)**	**43,284,480**
Foreign currency adjustments	—	—	—	—	(3,268,882)	—	(3,268,882)
Loss for the period	—	—	—	—	—	(2,884,774)	(2,884,774)
Total comprehensive income for the period	—	—	—	—	(3,268,882)	(2,884,774)	(6,153,656)
Issue of new ordinary shares for cash	2,125,442	2,047,508	—	77,933	—	—	4,250,883
Costs associated with issue of new ordinary shares for cash	—	(32,645)	—	—	—	—	(32,645)
Share option expense	—	—	23,261	—	—	87,277	110,538
Equity shareholders' funds at 30 September 2012	**31,416,993**	**50,306,920**	**1,979,610**	**780,028**	**(4,344,049)**	**(38,679,902)**	**41,459,600**

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Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 30 September 2012 (unaudited)	2011 (unaudited)	For the nine months ended 30 September 2012 (unaudited)	2011 (unaudited)
Operating activities				
Operating loss	**(706,441)**	(1,573,596)	**(2,907,393)**	(3,973,159)
Depreciation – plant, equipment and mining properties	**223,150**	580,845	**807,991**	1,741,977
Gain/(loss) on asset disposals	**---**	5,204	**(8,355)**	7,541
Option costs	**33,244**	92,399	**95,638**	186,710
Interest paid	**(4,954)**	(5,255)	**(15,277)**	(33,941)
Foreign exchange (loss) / gain	**(17,210)**	78,789	**(111,113)**	(159,159)
Changes in working capital				
(Increase) / decrease in inventories	**(937)**	100,315	**51,383**	35,862
(Increase) / decrease / in receivables, prepayments and accrued income	**(50,205)**	166,121	**78,217**	(54,013)
Increase/(decrease) in payables, accruals and provisions	**136,710**	(119,697)	**(321,751)**	152,475
Net cash flow from operations	**(386,643)**	(674,875)	**(2,330,660)**	(2,095,707)
Investing activities				
Proceeds from sale of fixed assets	**---**	14,302	**9,647**	129,457
Purchase of property, plant and equipment	**(5,425)**	(92,761)	**(57,377)**	(138,397)
Exploration and development expenditure	**(914,305)**	(2,854,925)	**(2,863,261)**	(6,969,901)
Interest received	**1,265**	18,330	**6,129**	52,107
Net cash outflow on investing activities	**(918,465)**	(2,915,054)	**(2,904,862)**	(6,926,734)
Financing activities				
Issue of ordinary share capital	—	—	**4,250,883**	4,961,180
Issue of warrants	**—**	—	**—**	208,229
Capital element of finance lease payments	**—**	—	**—**	—
Payment of share issue costs	—	---	**(32,645)**	(709,980)
Payment of special warrant issue costs	**—**	—	**—**	(14,900)
Net cash inflow from financing activities	—	---	**4,218,238**	4,444,529
Net (decrease) in cash and cash equivalents	**(1,305,108)**	(3,589,929)	**(1,017,284)**	(4,577,912)
Cash and cash equivalents at beginning of period	**1,697,434**	7,859,831	**1,406,458**	8,598,754
Exchange difference on cash	**16,382**	(236,492)	**19,534**	12,568
Cash and cash equivalents at end of period	**408,708**	4,033,410	**408,708**	4,033,410

1. Basis of preparation

These interim accounts are for the three and nine month periods ended 30 September 2012. Comparative information has been provided for the unaudited three and nine month periods ended 30 September 2011 and, where applicable, the audited twelve month period from 1 January 2011 to 31 December 2011.

The interim accounts for the periods have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2011 and those envisaged for the financial statements for the year ending 31 December 2012. 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. The Group comprises Serabi Gold plc and its wholly owned subsidiary entities.

(i) Going concern and availability of project finance

In common with many companies in the exploration and development stages, the Group raises its finance for exploration and development programmes in discrete tranches. The Group has completed, during the first half of 2012, the preparation of a Preliminary Economic Assessment ("PEA") into the viability of re-commencing mining operations at the Palito Mine. The results of the PEA were announced on 13 June 2012 and indicated a project after tax internal rate of return of 68% based on employing a selective underground mining operation and exploiting only the previously declared mineral resource estimates. The directors believe that the PEA results support a small scale, high grade operation using selective mining techniques and the Board intends, subject to financing, to undertake the necessary mine development and remedial works as soon as possible.

On 2 October 2012, the Company announced that it had entered into a conditional subscription agreement with Fratelli Investments Limited ("Fratelli"), one of its major shareholders, to subscribe for and underwrite a placement of new shares to raise in aggregate UK£16.2 million to finance the development and start-up of underground mining operations at its Palito gold mine. In addition, Fratelli has provided an interim secured short term loan facility of US$6 million to the Company ("Loan Agreement") to provide additional working capital to the Company and to enable it to commence the initial works at Palito. In the opinion of the Board this conditional subscription, if completed, will provide sufficient funds to undertake the mine development and plant and infrastructure improvements and rehabilitation required to commence gold production operations at Palito and will provide working capital for the Company during this period. The Directors consider that thereafter the Group will have sufficient funds to finance the Group and its commitments for the foreseeable future. The Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Whilst the Directors are confident that the share subscription will be completed there can be no certainty that this will be the case. Whilst Fratelli have provided an interim loan facility were the additional funding not to become available in an appropriate timescale, the Directors would need to consider alternative strategies and an impairment review would be required in respect of the carrying value of the assets relating to the Palito Mine and other deferred exploration costs. 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. No adjustments to asset carrying values that may be necessary should the Group be unsuccessful in raising the required finance have been recognised in these financial statements.

(ii) Impairment

The Directors have undertaken a review of the carrying value of the mining and exploration assets of the Group, and considered the implications of the operational difficulties experienced and the current operational status of Palito. Following this review they have assessed the value of the existing assets on the basis of value in use involving a future recommencement of underground mining operations which is dependent on the ability of the Group to raise future finance and to operate the mine in line with the mine plan that forms the basis of the value in use calculation. The carrying values of assets have not been adjusted to reflect a failure to raise sufficient funds, not achieving the projected levels of operation or that, if a sale transaction were undertaken, the proceeds may not realise the value as stated in the accounts.

(iii) Inventories

Inventories - are valued at the lower of cost and net realisable value.

(iv) Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives.

(v) Mining property

The Group commenced commercial production at the Palito mine effective 1 October 2006. Prior to this date all revenues and operating costs were capitalised as part of the development costs of the mine. Effective from 1 October 2006 the accumulated development costs of the mine were re-classified as Mining Property costs and such cost will be amortised over the anticipated life of the mine on a unit of production basis. As the underground mine is currently on care and maintenance and there is no depletion of the reserves and resources attributable to the mine, no amortisation charge has been recorded in the period. The

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Company announced on 2 October 2012 that it had conditionally secured the funding that the Board considers necessary to undertake the mine development and plant and infrastructure improvements and rehabilitation required to commence gold production operations at Palito. Costs associated with the redevelopment works at the Palito mine will be capitalised until such time as the Group achieves commercial production levels of gold after which time the Group will amortise Mine Property costs on a unit of production basis.

(vi) Revenue

Revenue represents amounts receivable in respect of sales of gold and by-products. Revenue represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Revenue is stated net of any applicable sales taxes. Any unsold production and in particular concentrate are held as inventory and valued at production cost until sold.

(vii) Currencies

The condensed financial statements are presented in United States dollars ("US$" or "$"). Other currencies referred to in these condensed financial statements are UK pounds ("UK£"), Canadian dollars ("C$") and Brazilian Reais ("BrR$").

Transactions in currencies other than the functional currency of a company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the amounts prevailing at the balance sheet date and any gains or losses arising are recognised in profit or loss.

On consolidation, the assets and liabilities of the Group's overseas operations that do not have a US Dollar functional currency are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

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Forward-looking statements

This press release contains forward-looking statements. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding the estimation of mineral resources, exploration results, potential mineralization, potential mineral resources and mineral reserves) are forward-looking statements. Forward-looking statements are often identifiable by the use of words such as "anticipate", "believe", "plan", may", "could", "would", "might" or "will", "estimates", "expect", "intend", "budget", "scheduled", "forecasts" and similar expressions or variations (including negative variations) of such words and phrases. Forward-looking statements are subject to a number of risks and uncertainties, many of differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Company's expectations, the price of gold and other risks identified in the Company's most recent annual information form filed with the Canadian securities regulatory authorities on SEDAR.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement.

Qualified Persons Statement

The information contained within this announcement has been reviewed and verified by Michael Hodgson, CEO 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.