PRESS RELEASE 14 NOVEMBER 2013
SERABI GOLD plc ("Serabi" or "the Company")

Financial Results for third quarter 2013 for the nine months to 30 September 2013 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 three month and nine month periods ending 30 September 2013 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

- The Palito mine remains on schedule to commence plant commissioning at the end of 2013, with gold production expected for the first quarter of 2014.
  - New mine management team and contract mining personnel in place.
  - All new mining fleet delivered to site and operational.
  - Refurbishment of primary crushing plant complete and the plant operational.
  - Gravity concentrator at site, and gravity section infrastructure under construction.
  - Ball mill foundations completed, ball mill overhauled and milling section building nearing completion.
  - Flotation section building and infrastructure complete, with refurbished flotation cells being installed.
  - Filtration section building complete, and filter press being installed.
  - Gold room construction close to completion.
  - Total uncrushed ore stockpile of approximately 21,000 tonnes averaging 7.4 grammes per tonne ("g/t") as at end October 2013. .

- Contract negotiations at an advanced stage for the refining and purchase of the copper/gold concentrate that will be produced at the Palito Mine.

- Completion of a successful exploration drilling programme at Sao Chico.
  - Sao Chico, located approximately 25 kilometres from Serabi's Palito Gold Mine, hosts a NI 43-101 compliant combined Measured and Indicated Mineral Resource of 25,275 ounces of gold at 29.77 grammes per tonne ("g/t") and an Inferred Mineral Resource of 71,385 ounces gold at 26.03 g/t.
  - High–grade gold intersections (ten intercepts have been recorded in excess of 100g/t) confirm a consistent high grade zone within the Main Vein as well as potential extensions or additional veins to the South, East and West.
  - Strike length of Main Vein has now more than doubled.
  - Structural continuity now confirmed over 350 metres.
  - Potential for further significant strike and depth extension remains, particularly to the west.

- On 17 January 2013 the Company completed the placement of 270 million new ordinary shares to raise in aggregate GBP£16.2 million to finance the development of the Palito Mine project as outlined in the PEA. The placement of new shares was underwritten by Fratelli Investments Limited, one of the Company's major shareholders.

- Completion of the acquisition of Kenai Resources Limited on 18 July 2013

- Mr Nicolas Banados, Managing Director, Equities for Megeve Investments Limited, joined the Board as a Non-Executive director on 13 May 2013 and is a representative of Fratelli Investments Limited, the Company's largest shareholder,

- Mr Dan Kunz, the former Chairman of Kenai, was appointed to the Board, as a Non-Executive director, on 26 July 2013.

- Appointment of Peel Hunt LLP as UK Broker

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Michael Hodgson CEO said:

"Operationally, the last quarter has been very successful. The remediation of the process plant continues to progress according to our timetable with most of the major construction works now complete and we expect to be in a position to start commissioning before the end of 2013. With a stockpile of over 20,000 tonnes already on surface at Palito, I am looking forward to reporting the start-up of production in the first quarter of 2014.
At Sao Chico the drilling programme produced some very exciting high grade intersections with several result in excess of 100 grammes per tonne being reported. The overall programme has more than doubled the original 150 metre strike length with the possibility that it could become substantially larger. As well as significantly enhancing the resource at Sao Chico we are increasing our understanding of the deposit. We are currently in the process of preparing the Final Exploration Report which is the first submission required in the process of obtaining a full mining licence for the property."

Click on this link to see a video interview with Mike Hodgson:

http://www.brrmedia.co.uk/event/preview/kbmtslbewl/118369?popup=true

Financial Highlights

	3 months ended 30 September 2013 (unaudited)	3 months ended 30 September 2012 (unaudited)	**9 months ended 30 September 2013 (unaudited)**	9 months ended 30 September 2012 (unaudited)
Loss attributable to ordinary shareholders (US$)	**1,201,929**	715,548	**3,518.670**	2,884,774
Basic and diluted loss per share (US cents)	**0.27**	0.78	**0.95**	3.24

	9 months ended 30 September 2013 (unaudited)	9 months ended 30 September 2012 (unaudited)
Property, plant , equipment additions during the period	**3,223,256**	57,377
Additions to Projects in construction during the period	**9,252,989**	699,970
Exploration and development expenditures during the period	**1,682,097**	2,163,291
Cash at end of period	**7,945,203**	408,708
Equity Shareholders funds at end of period	**65,183,401**	41,459,600

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

Forward-looking statements
Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should" ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

Qualified Persons Statement
The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 25 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

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

The following information, comprising the Finance Review, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity and Group Cash Flow, is extracted from the Unaudited Condensed Interim Financial Statements and the Management Discussion and Analysis.

The Company will, in compliance with Canadian regulatory requirements, post its Management Discussion and Analysis for the three months and nine months ended 30 September 2013 together with the Condensed Interim Financial Statements on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

Outlook

Remediation and development works at the Palito Mine are progressing well and the Company remains on schedule with the underground mine development work benefitting from the earlier than planned completion of the de-watering of the mine. Mine development is well underway, with the main ramp now at the next new production level, ore development should accelerate substantially. Mine services continue to be overhauled and the rehabilitation of the processing plant continues with a view to having the milling, gravity concentration, gold room and flotation sections all completed and being commissioned by year end. The plant remediation and design has taken into account the processing requirements of future ore mined from Sao Chico.

The Company's exploration activities will remain limited whilst the Company focuses its attention and personnel resources at Palito towards the completion of the plant remediation and commencement of production which it is expected will start in the first quarter of 2014. The directors expect that future exploration activity at Palito will be financed from the cash flow from gold production and may therefore not be undertaken until such time as sufficient and sustainable levels of cash flow are achieved. Exploration work recently undertaken at Sao Chico was a priority given the short period prior to the expiry of the exploration licence and the desire to secure a mining licence as quickly as possible to allow development and gold production from this project to be started at the earliest possible opportunity.

A number of refining and trading groups were approached to provide terms for the refining and purchase of the copper/gold concentrate that will be produced at the Palito Mine and which is expected to account for between 55% and 60% of the revenues of the operation. The Company has completed the evaluation of these submissions and is in the process of finalising contract terms with the preferred bidder.

The Company's strategy has been to develop additional satellite high grade gold mining opportunities in relatively close proximity to Palito, taking advantage of surplus capacity that exists in the gold plant, the rationale being that ore mined could be treated through the centralised processing facility located at the Palito site. Kenai's high grade Sao Chico property is at a more advanced stage than Serabi's own discoveries at Currutela, Palito South and Piaui, and therefore obviously falls into this category of being a satellite opportunity. The acquisition of Kenai on 18 July 2013 therefore presents the Company with the opportunity to reduce the timeframe for the development of its first satellite deposit to augment Palito mine production with additional high grade feed, taking advantage of the excess plant capacity available.

The current Sao Chico gold resource comprises approximately 25,000 Measured and Indicated ounces of gold and 71,000 Inferred ounces, both averaging over 26 g/t. and contained within just three veins with ten more veins identified. This resource was confined to an area with a strike length of some 150 metres.

The Sao Chico exploration licence is in force until March 2014, before which time the Company will apply to convert the concession to a full mining licence. To acquire the full mining licence status, the Company is following a two stage process. Following completion of the on-going drilling and geophysics programmes, a Final Exploration Report ("FER") will be compiled and submitted to the Departamento Nacional de Produção Mineral ("DNPM") for approval. On approval of the FER, the Company will then submit the Plano de Approveimento Economico ("PAE"), which concludes the permitting process to acquire the licence. The Company anticipates the approval of both documents will take much of 2014, and therefore expects that it will be in a position to commence development of the project late in 2014 following the award of a mining licence.

The DNPM have already issued a trial mining licence ("GUIA") for the Sao Chico property, which will expire in April 2014 and management consider that, at the very least, this illustrates the DNPM's willingness to see the project developed. Discussions with the DNPM suggest that as the FER and PAE will demonstrate that all processing of Sao Chico ore will be undertaken at Palito, where a fully permitted process facility will already be in place, the application for a mining licence at Sao Chico can be rapidly processed.

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SERABI GOLD

FINANCE REVIEW

Results of Operations

Three month period ended 30 September 2013 compared to the three month period ended 30 September 2012

The loss from operations increased by US$550,000 from US$706,000 for the 3 months ended 30 September 2012 to US$1,256,000 for the 3 month period ended 30 September 2013. This increase is in part a reflection of the increased costs associated with the acquisition of Kenai, both in terms of the legal and other costs associated with the transaction and the costs involved in the re-organisation and severance arrangements following the completion of the transaction in July 2013. General administration costs have increased in Brazil as activities progress towards the reopening of the Palito mine.

Administration costs have shown an overall increase from US$450,000 for the 3 month period ended 30 September 2012 to US$1,080,000 for the 3 month period to 30 September 2013. This increase is primarily due to the legal costs associated with the acquisition of Kenai which occurred during the period of approximately US$280,000. In addition the group has incurred additional administrative expenses (primarily salary and termination expenses) relating to Kenai and its personnel during the 3 month period ended 30 September 2013 of US$167,000.. Administrative staffing levels have increased compared with the same period in 2012 reflecting the increased level of support activity relating to the commencement of production operations at Palito. These personnel are involved in the accounting, information technology and personnel departments.

The reduction in depreciation charges between the two periods reflects many of the Company's assets reaching the end of their original forecasted lives for amortisation purposes and have therefore now been fully amortised. Depreciation charges for the 3 months to 30 September 2013 are US$128,000 compared with US$223,000 for the 3 month period to 30 September 2012. New equipment has been purchased and in particular the underground mining fleet delivered during the third quarter of 2013, is being depreciated but in accordance with normal practice the depreciation charges are capitalised as a pre-production cost. Depreciation charges recorded in the income and expenditure account will increase once the company has declared commercial production.

The Company recorded a foreign exchange gain of US$98,000 in the 3 month period to 30 September 2013 which compares with a foreign exchange gain of US$9,000 recorded for the 3 months ended 30 September 2012. These foreign exchange gains are primarily incurred in respect of the cash holdings of the Company in currencies other than US Dollars as at the period end and do not necessarily reflect actual realised profits or losses. The Company holds funds in certain currencies in anticipation of future expenditures that are anticipated to be settled in those currencies. The currency gain recorded in the 3 month period to 30 September 2013 in addition to the currency gain in the 3 month period to 30 June 2013 in part reverses the losses on currency holdings reported in the 3 month period to 31 March 2013 and reflects the appreciation on certain currencies in particular the GB Pound against the US Dollar as at 30 September 2013 compared with earlier in the year.

Net interest charges for the 3 month period to 30 September 2013 were US$44,174 compared with US$18,541 for the corresponding period 3 month period to 30 September 2012. An analysis of the composition of these charges is set out in the table below:

	2013	2012
	US$	US$
Interest expense on convertible loan stock	18,576	15,453
Asset finance charges	34,518	-
Other interest and finance expenses	(1,493)	4,353
	51,601	19,806
Interest income	(7,427)	(1,256)
	44,174	18,541

Asset finance charges relate to the acquisition of new mining equipment under suppler credit terms. The first instalment was settled in June 2013 when the first item was received in Brazil.

Nine month period ended 30 September 2013 compared to the nine month period ended 30 September 2012

The loss from operations has increased by US$380,000 from a loss of US$2,907,000 for the nine months ending 30 September 2012 to US$3,287,000 for the nine month period to 30 September 2013. This variance has in part arisen from a change in the manner in which costs associated with maintenance activities of the plant are treated for accounting purposes and reduced depreciation costs. In addition administration costs have increased by US$961,000 reflecting the acquisition expenses and re-organisation costs relating to Kenai as well as the increased levels of activity during the nine month period ended 30 September 2013 compared with the corresponding nine month period ended 30 September 2012.

In the nine months to 30 September 2012 all costs relating to the maintenance of the process plant were treated as an operating expense as they were incurred, this cost for that nine month period being BrR$341,000 (US$178,000). Since the decision was taken by the Board at the end of June 2012 to proceed with the development of the Palito Mine, the plant has been considered to be in a state of refurbishment and all costs related to the plant are being capitalised as part of the overall mine development costs and therefore there is no comparable expense reported in the income statement for the nine month period to 30 September 2013.

Administration costs have shown an overall increase from US$1,834,000 for the nine month period ended 30 September 2012 to US$2,795,000 for the nine month period to 30 September 2013. The expense for the nine months to 30 September 2012 included a charge in respect of labour claims amounting to US$216,000 whilst during the nine month period to 30 September 2013 the comparable cost reported in the income and expenditure account has been only US$5,000. The Company has incurred an expense in the nine month period ended 30 September 2013 of US$327,000 in respect of bonus payments made to senior management personnel in respect of the preceding financial year's performance review period and recognised one-off tax liabilities amounting to US$144,000. Excluding these items from the analysis, administration costs for the nine months to 30 September 2103 show an increase of US$701,000 by comparison with the nine months to 30 September 2012.

During the most recent three month period the Company has incurred legal and other costs directly related to the Kenai acquisition amounting to US$280,000. In addition costs of Kenai in this last quarter are now borne by the group and administrative expenses, principally relating to the re-organisation of that business and terminations, generated a cost in the quarter of US$167,000. Additionally, an increased level of cost has been incurred in Brazil and reflects the increased level of administrative support, particularly in the areas of accounting, information technology and personnel, required to manage the construction and start-up of the Palito Mine and includes the opening of a support office in Belem, the Para state capital, to allow improved communication with State and Government departments. The total increase in administration costs in Brazil including the integration of Gold Aura do Brasil Mineracao Ltda, has been approximately US$220,000.

The reduction in depreciation charges between the two periods reflects many of the Company's assets reaching the end of their original forecast lives for amortisation purposes and have therefore now been fully amortised. Depreciation charges for the nine months to 30 September 2013 are US$342,000 compared with US$808,000 for the nine month period to 30 September 2012. New equipment has been purchased and in particular the underground mining fleet delivered during the third quarter of 2013, is being depreciated but in accordance with normal practice the depreciation charges are capitalised as a pre-production cost. Depreciation charges recorded in the income and expenditure account will increase once the company has declared commercial production.

The Company recorded a foreign exchange loss of US$134,000 in the nine month period to 30 September 2013 which compares with a foreign exchange gain of US$74,000 recorded for the nine months ended 30 September 2012. The loss for the nine months to 30 September 2013 primarily comprises losses on cash holdings denominated in GB Pounds Sterling and Euros. The Company holds funds in certain currencies in anticipation of future expenditures that are anticipated to be settled in those currencies. These currency holdings were acquired early in the nine month period, which saw a period of strengthening of the US Dollar against most major currencies resulting in these book exchange losses. Subsequent strengthening of Sterling during the second and third quarters of 2013 has allowed the group to recover some 50% of the original book loss recorded in the first quarter of 2013.

Net interest charges for the nine month period to 30 September 2013 were US$98,378 compared with US$51,321 for the corresponding nine month period to 30 September 2012. An analysis of the composition of these charges is set out in the table below:

	2013 US$	2012 US$
Interest on short term loan	26,630	-
Interest expense on convertible loan stock	49,868	42,774
Asset finance charges	38,713	-
Other interest and finance expenses	(358)	14,676
	114,853	57,450
Interest income	(16,475)	(6,129)
	98,378	51,321

Interest charges on the short term loan relate to a US$6.0 million facility provided by Fratelli Investments Limited ("Fratelli") which was entered into on 1 October 2012. Under the loan agreement a facility fee of 3% was payable to Fratelli and interest accrued at the rate of 12% per annum. The facility was repaid in January 2013 from the proceeds of a GB£16.2 million placement of new ordinary shares that was completed on 17 January 2013.

Asset finance charges relate to the acquisition of new mining equipment under suppler credit terms. The first instalment was settled in June 2013 when the first item was received in Brazil. The lease terms are for a three year period and bear interest at the rate of 6.45% per annum..

Liquidity and Capital Resources

The Company had a working capital position of US$5,671,000 at 30 September 2013 compared to US$(2,760,000) at 31 December 2012. The working capital position at 31 December 2012 was inclusive of a US$4.5 million short term loan received from a major shareholder which was repaid in January 2013, following the successful completion of a share placement on 17 January 2013 raising gross proceeds of GB£16.2 million This share placement and the repayment of the loan comprise the principle reasons for the significant improvement in the working capital position of the Company which has resulted in an increase in cash resources available to the company of US$5,363,000 compared with 31 December 2012.

The levels of inventories have increased by US$269,000 compared with 31 December 2012, reflecting the increasing levels of activity and comprise consumables for the development mining activities that are on-going. Equally the level of creditors has increased by approximately US$1,654,000 as orders for equipment, contractor services and consumables are placed as well as commitments for items acquired under lease arrangements. Interest bearing liabilities of US$569,000 due in less than one year represent capital payments due under finance leases.

The Company does not have any asset backed commercial paper investments. As the Company has no revenue and has in recent years primarily supported its activities by the issue of further equity, the working capital position at any time reflects the timing of the most recent share placement completed by the Company.

During the nine month period ended 30 September 2013 the Company issued 270,000,000 Ordinary Shares for gross cash proceeds of GB£16.2 million. The placement had been underwritten by one of the Company's major shareholders who received an underwriting fee of 8,135,035 Warrants in respect of the placement. Each Warrant entitles the holder to subscribe for one Ordinary Share at a price of GB£0.10 at any time until 16 January 2015.
The company issued a further 95,120,675 Ordinary Shares in consideration of the acquisition of Kenai which was completed on 18 July by way of a Plan of Arrangement. The consideration for this acquisition has been valued at US$7.59 million and as part of the transaction the company acquired cash of US$222,211.

The Company has, during the nine month period ended 30 September 2013, incurred costs of US$1.7 million for development and exploration expenditures on its mineral properties of which US$1.4 million has been spent on the Sao Chico property since the time of acquisition of that project. A further US$470,000 was spent at Sao Chico during the period April to June 2013 which was also funded by Serabi through loans made to Kenai, the previous owners of the property. US$1.0 million has been committed to the purchase of tangible fixed assets with a further US$2.2 million being acquired under finance lease arrangements and US$9.3 million spent on the rehabilitation and development of the Palito Mine. Working capital for the nine months to support general operating activities, including an increase in inventory values of US$0.3 million, has been US$3.0 million. Further details of the exploration and development activities conducted during the period are set out elsewhere in this MD&A document.

On 30 September 2013 the Company's total assets amounted to US$72.7 million which compares to US$48.2 million as reported at 31 December 2012. The current asset component has increased by some US$6.1 million primarily reflecting the higher cash balances following the completion of the share placement in January 2013 with the non-current asset component increasing by US$18.3 million. Of this increase US$8.4 million is attributable to the fair value of fixed assets and exploration interest acquired through the acquisition of Kenai. A further US$14.2 million of the increase is the result of asset purchases, investments into the Palito Mine and exploration activity at Sao Chico. However the exchange rate movement between the Brazilian Real and the United States Dollar has resulted in exchange variations decreasing the carrying value of exploration interests by US$1.3 million and of mining property, plant and equipment by US$2.7 million. Depreciation charges of US$348,000 during the 9 months ended 30 September 2013 account for the remaining change in value compared to 31 December 2012.

Total assets are mostly comprised of property, plant and equipment, which as at 30 September 2013 totalled US$36.6 million (December 2012: US$26.8 million), of which US$10.3 million relates to recent project development expenditures at the Palito Mine, and deferred exploration and developments cost which as at 30 September 2013 totalled US$26.0 million (December 2012: US$17.4 million), of which US$15.4 million relates to capitalised exploration expenditures at, or in close proximity to, the Palito Mine and US$9.6 million relates to the Sao Chico property. The Company's total assets also included cash holdings of US$7,945,000 (December 2012: US$2,582,000).

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Receivables of US$98,000 as at 30 September 2013 has increased slightly compared to the balance of US$86,000 at 31 December 2012. The balance mainly represents deposits paid by the Company.

Prepayments as of 30 September 2013 were US$1.1 million compared with US$603,000 million as at 31 December 2012, an increase of US$496,000. The prepayments represent:

(i) Prepaid taxes in Brazil amounting to US$765,000, of which the majority is federal and state sales taxes which the Company expects to recover either through off-set against other federal tax liabilities or through recovery directly. The amount recoverable is consistent with amounts owed to the Company at 31 December 2012;

(ii) Supplier down-payments - reflecting the level of development and construction activity currently being undertaken for the opening of the Palito Mine the Company has made advances to suppliers in respect of goods purchased or items being fabricated of US$217,000 (31 December 2012 US$12,000).

The Company's total liabilities at 30 September 2013 were US$7.5 million (December 2012: US$8.9 million). The total liabilities at 31 December 2012 included the short term loan payable to Fratelli Investments Limited which, including interest amounted to US$4,581,000 as well as accounts payable to suppliers and other accrued liabilities of US$2,385,000. At 30 September 2013 accounts payable to suppliers and other accrued liabilities totalled US$4,080,000. The major items contributing to the overall increase of US$1,695,000 are:

(i) An increase of approximately US$0.7 million on trade creditors due to the increase in activity and operating equipment being utilised for mine development;

(ii) Liabilities to contractors for drilling and other exploration services at the Sao Chico property of US$145,000;

(iii) An increase on the wage accrual and social welfare accrual versus prior year of approximately US$330,000 reflecting provisions for 13th salaries that are settled in the final quarter of the year and accrued holiday pay. The increase is in part due to timing in particular for the 13th salary provision but also the increased staffing levels compared to the year ended 31 December 2012;

(iv) A severance provision for a former employee of Gold Aura do Brasil Mineracao amounting to some BrR$500,000 (US$225,000). This cost will be recovered by Serabi from a third party under an indemnity agreement.

Interest bearing liabilities include US$1,533,000 due in respect of capital payments due under finance leases. Of this amount, US$569,000 is due in less than one year. The finance leases relate to mining equipment deployed at Palito. The leases are for three years and carry interest at a rate of 6.45% per annum. Also included is US$414,000 including accrued interest (December 2012: US$365,000) attributable to the £300,000 loan from a related party, which has a repayment date of 31 October 2014 subject to the right of the holder at any time, on one or more occasions, on or before the repayment date, to convert any of the outstanding amounts owed by the Company to Ordinary Shares at a price of 15 pence per Ordinary Share. It also includes the amount of US$1,478,000 (December 2012: US$1,612,000) in respect of provisions including US$1,241,000 (December 2012: US$1,224,000) for the cost of remediation of the current Palito Mine site at the conclusion of operational activity.

During the early part of 2012 the Company commissioned a Preliminary Economic Assessment ("PEA") of the viability of re-commencing mining operations at the Palito Mine. The report which was completed and published in June 2012 was positive and the Company entered into a conditional subscription agreement with Fratelli Investments Limited ("Fratelli") on 2 October 2012 to subscribe for and underwrite a placement of new shares to finance the development and start-up of production at the Palito Gold Mine. In addition, Fratelli agreed to provide an interim secured loan facility of US$6.0 million to provide additional working capital to the Company and to enable it to commence the initial works at Palito. The placing of 270 million new Ordinary Shares with Fratelli and other subscribers was completed on 17 January 2013, raising gross proceeds of GB£16.2 million. The Company has repaid out of the proceeds the amount of the loan facility that had been drawn down, which at that time was US$4.5 million plus accrued interest.

In July 2013 the Company completed the acquisition of Kenai including the Sao Chico gold project. Whilst this acquisition has necessitated additional expenditures which were not foreseen, management considers that the company holds and can access adequate capital to be able to complete the necessary mine development and process plant and infrastructure rehabilitation works that are required in order to be able to commence commissioning of its gold process plant before the end of 2013 and start gold sales in the first quarter of 2014.

From the time that production operations commence at planned rates management anticipates that the Company will have sufficient cash flow to be able to meet all its obligations as and when they fall due and to, at least in part, finance the exploration and development activities that it would like to undertake on its other exploration projects.

There are, however, risks associated with the commencement of any new mining and processing operation whereby unforeseen technical and logistical events result in additional time being required for commissioning or additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required to fund these delays or additional capital requirements. Should additional working capital be required the Directors consider that further sources of finance could be secured within the required timescale.

SERABI GOLD

SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

(expressed in US$)	For the three months ended 30 September **2013 (unaudited)**	2012 (unaudited)	For the nine months ended 30 September **2013 (unaudited)**	2012 (unaudited)
CONTINUING OPERATIONS				
Revenue	—	—	—	—
Operating expenses	—	—	—	(178,119)
Gross loss	—	—	—	(178,119)
Administration expenses	**(1,080,137)**	(450,047)	**(2,794,523)**	(1,834,000)
Share based payments	**(47,846)**	(33,244)	**(143,538)**	(95,638)
Gain on asset disposals	—	—	—	8,355
Depreciation of plant and equipment	**(127,850)**	(223,150)	**(348,491)**	(807,991)
Operating loss	**(1,255,833)**	(706,441)	**(3,286,552)**	(2,907,393)
Foreign exchange gain/(loss)	**98,078**	9,434	**(133,740)**	73,940
Finance expense	**(51,601)**	(19,806)	**(114,853)**	(57,450)
Investment income	**7,427**	1,265	**16,475**	6,129
Loss before taxation	**(1,201,929)**	(715,548)	**(3,518,670)**	(2,884,774)
Income tax expense	—	—	—	—
Loss for the period from continuing operations (1) (2)	**(1,201,929)**	(715,548)	**(3,518,670)**	(2,884,774)
Other comprehensive income (net of tax)				
Exchange differences on translating foreign operations	**(183,758)**	(199,904)	**(3,598,944)**	(3,268,882)
Total comprehensive loss for the period (2)	**(1,385,687)**	(915,452)	**(7,117,614)**	(6,153,656)
Loss per ordinary share (basic and diluted) (1)	**(0.27c)**	(0.78c)	**(0.95c)**	(3.24c)

(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.

SERABI GOLD PLC
Condensed Consolidated Balance Sheets

(expressed in US$)	**As at 30 September 2013 (unaudited)**	As at 30 September 2012 (unaudited)	As at 31 December 2012 (audited)
Non-current assets			
Development and deferred exploration costs	**25,950,041**	18,249,489	17,360,805
Property, plant and equipment	**36,603,692**	25,514,742	26,848,991
Total non-current assets	**62,553,733**	43,764,231	44,209,796
Current assets			
Inventories	**991,800**	980,832	722,868
Trade and other receivables	**98,045**	87,449	85,509
Prepayments and accrued income	**1,099,336**	577,310	603,005
Cash and cash equivalents	**7,945,203**	408,708	2,582,046
Total current assets	**10,134,384**	2,054,299	3,993,428
Current liabilities			
Trade and other payables	**3,656,063**	2,114,143	2,001,683
Interest bearing liabilities	**568,671**	—	4,580,745
Accruals	**238,329**	114,659	171,102
Total current liabilities	**4,463,063**	2,228,802	6,753,530
Net current assets/(liabilities)	**5,671,321**	(174,503)	(2,760,102)
Total assets less current liabilities	**68,225,054**	43,589,728	41,449,694
Non-current liabilities			
Trade and other payables	**185,429**	233,825	211,939
Provisions	**1,477,671**	1,546,176	1,612,098
Interest bearing liabilities	**1,378,553**	350,127	364,656
Total non-current liabilities	**3,041,653**	2,130,128	2,188,693
Net assets	**65,183,401**	41,459,600	39,261,001
Equity			
Share capital	**60,003,212**	31,416,993	31,416,993
Share premium	**54,399,399**	50,306,920	50,182,624
Option reserve	**2,168,002**	1,979,610	2,019,782
Other reserves	**868,828**	780,028	780,028
Translation reserve	**(8,205,255)**	(4,344,049)	(4,606,311)
Accumulated loss	**(44,050,785)**	(38,679,902)	(40,532,115)
Equity shareholders' funds	**65,183,401**	41,459,600	39,261,001

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 2012 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

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 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**
Foreign currency adjustments	—	—	—	—	(262,262)	—	(262,262)
Loss for the period	—	—	—	—	—	(1,939,489)	(1,939,489)
Total comprehensive income for the period	—	—	—	—	(262,262)	(1,939,489)	(2,201,751)
Costs associated with issue of new ordinary shares for cash	—	(124,296)	—	—	—	—	(124,296)
Share options lapsed	—	—	(87,276)	—	—	87,276	—
Share option expense	—	—	127,448	—	—	—	127,448
Equity shareholders' funds at 31 December 2012	**31,416,993**	**50,182,624**	**2,019,782**	**780,028**	**(4,606,311)**	**(40,532,115)**	**39,261,001**
Foreign currency adjustments	—	—	—	—	(3,598,944)	—	(3,598,944)
Loss for the period	—	—	—	—	—	(3,518,670)	(3,518,670)
Total comprehensive income for the period	—	—	—	—	(3,598,944)	(3,518,670)	(7,117,614)
Issue of new ordinary shares for cash	21,357,000	4,183,400	—	88,800	—	—	25,628,400
Costs associated with issue of new ordinary shares for cash	—	(327,286)	—	—	—	—	(327,286)
Warrants lapsed in period	—	—	—	(441,213)	—	441,213	—
Issue of ordinary shares	7,229,219	361,461	—	—	—	—	7,590,680
Share option expense	—	—	148,220	—	—	—	148,220
Equity shareholders' funds at 30 September 2013	**60,003,212**	**54,399,399**	**2,168,002**	**427,615**	**(8,205,255)**	**(43,609,572)**	**65,183,401**

SERABI GOLD

SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 30 September 2013 (unaudited)	2012 (unaudited)	For the nine months ended 30 September 2013 (unaudited)	2012 (unaudited)
Operating activities				
Operating loss	**(1,255,833)**	(706,441)	**(3,286,552)**	(2,907,393)
Depreciation – plant, equipment and mining properties	**127,850**	223,150	**348,491**	807,991
Gain on asset disposals	**—**	—	**—**	(8,355)
Option costs	**47,846**	33,244	**143,538**	95,638
Interest paid	**(33,024)**	(4,954)	**(145,729)**	(15,277)
Foreign exchange gain/(loss)	**432,372**	(17,210)	**66,528**	(111,113)
Changes in working capital				
(Increase)/ decrease in inventories	**(218,228)**	(937)	**(346,016)**	51,383
Decrease/(increase) in receivables, prepayments and accrued income	**2,022,705**	(50,205)	**(360,917)**	78,217
Decrease/(increase) in payables, accruals and provisions	**(588,288)**	136,710	**545,711**	(321,751)
Net cash flow from operations	**535,400**	(386,643)	**(3,034,946)**	(2,330,660)
Investing activities				
Proceeds from sale of fixed assets	**—**	—	**—**	9,647
Purchase of property, plant and equipment and projects in construction	**(4,482,422)**	(5,425)	**(10,266,889)**	(57,377)
Exploration and development expenditure	**(1,478,164)**	(914,305)	**(1,682,097)**	(2,863,261)
Interest received	**7,427**	1,265	**16,475**	6,129
Net cash outflow on investing activities	**(5,953,159)**	(918,465)	**(11,932,511)**	(2,904,862)
Financing activities				
Issue of ordinary share capital	—	—	**25,628,400**	4,250,883
Repayment of short term loan	**—**	—	**(4,500,000)**	—
Payment of finance lease liabilities	**(676,137)**	—	**(676,137)**	—
Acquisition of subsidiary – cash acquired	**222,211**	—	**222,211**	—
Payment of share issue costs	**—**	—	**(327,286)**	(32,645)
Net cash (outflow)/ inflow from financing activities	**(453,926)**	—	**20,347,188**	4,218,238
Net (decrease)/ increase in cash and cash equivalents	**(5,871,685)**	(1,305,108)	**5,379,731**	(1,017,284)
Cash and cash equivalents at beginning of period	**13,993,629**	1,697,434	**2,582,046**	1,406,458
Exchange difference on cash	**(176,741)**	16,382	**(16,574)**	19,534
Cash and cash equivalents at end of period	**7,945,203**	408,708	**7,945,203**	408,708

1. Basis of preparation

These interim accounts are for the three and nine month periods ended 30 September 2013. Comparative information has been provided for the unaudited three and nine month periods ended 30 September 2012 and, where applicable, the audited twelve month period from 1 January 2012 to 31 December 2012.

The 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 2012 and those envisaged for the financial statements for the year ending 31 December 2013. 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.

(i) Going concern and availability of project finance

In common with many companies in the exploration and development stages, the Company raises its finance for exploration and development programmes in discrete tranches. During the early part of 2012 the Company commissioned a Preliminary Economic Assessment ("PEA") of the viability of re-commencing mining operations at the Palito Mine. The report which was completed and published in June 2012 was positive and the Company entered into a conditional subscription agreement with Fratelli Investments Limited ("Fratelli") on 2 October 2012 to subscribe for and underwrite a placement of new shares to finance the development and start-up of underground mining activities at the Palito Gold Mine. In addition Fratelli agreed to provide an interim secured loan facility of US$6 million to provide additional working capital to the Company and to enable it to commence the initial works at Palito. The placing of 270 million new Ordinary Shares with Fratelli and other subscribers was completed on 17 January 2013, raising gross proceeds of GB£16.2 million. The Company has repaid out of the proceeds the amount of the loan facility that had been drawn down, which at that time was US$4.5 million plus accrued interest.

In July 2013 the Company completed the acquisition of Kenai Resources Ltd. Whilst this acquisition has necessitated additional expenditures which were not foreseen, management considers that the Company holds and can access adequate capital to be able to complete the necessary mine development and process plant and infrastructure rehabilitation works that are required at Palito in order to be able to commence commissioning of its gold process plant before the end of 2013. From the time that production operations commence at planned rates management anticipate the Company will have sufficient cash flow to be able to meet all its obligations as and when they fall due and to, at least in part, finance the exploration and development activities that it would like to undertake on its other exploration projects.

There are, however, risks associated with the commencement of any new mining and processing operation whereby unforeseen technical and logistical events result in additional time being required for commissioning or additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required to fund these delays or additional capital requirements. 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 will be forthcoming. These conditions indicate the existence of a material uncertainty which may cast doubt over the Group's and the Company'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.

These financial statements do not reflect the adjustments to carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary should the going concern assumption be inappropriate. These adjustments could be material.

(ii) Impairment

The Directors have undertaken a review of the carrying value of the mining and exploration assets of the Group and given particular consideration to the results of the PEA, the current operational status of Palito and the potential risks and implications of starting up a past producing gold mine. As part of this review they have assessed the value of the existing Palito Mine asset on the basis of the projected value in use that could be expected should the Company follow the re-development, start-up and future mining plans proposed in the PEA. 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 and assets in construction

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.

Costs related to work on the remediation, rehabilitation and development of the Palito Mine, the process plant and other site infrastructure are being capitalised together with a portion of general administration costs incurred in Brazil as Assets in Construction. Upon the successful commencement of commercial production, these costs will be transferred to Mining Assets and amortised 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 is held as inventory and valued at production cost until sold.

(vii) Currencies

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

(**viii) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

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