PRESS RELEASE 31 MARCH 2015

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

SERABI GOLD

Audited Results for the year ended 31 December 2014

Serabi (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its audited results for the year ended 31 December 2014.

Key Financial Information

	2014 US$	2013 US$
Revenue	12,627,784	–
Cost of Sales	(9,697,665)	–
Depreciation and amortisation charges	(2,633,578)	–
Gross profit	**296,541**	**–**
Loss before and after tax	(174,701)	(6,264,233)
Loss per ordinary share	**(0.03c)**	**(1.60c)**
Cash and Cash equivalents	**9,813,602**	**3,789,263**
Net assets	**66,918,551**	**60,034,707**

	Q3 2014	Q4 2014	Total July to December 2014
Gold ounces produced	5,515	7,819	13,334

	Q3 2014	Q4 2014	Average July to December 2014
Total cash cost of production (per ounce)	US$908	US$712	US$793
Total All-In Sustaining Cost of production (per ounce)	US$1,192	US$922	US$1,034

Financial Highlights

- Sales since the declaration of commercial production on 1 July 2014 have been 780 tonnes of copper/gold concentrate generating sales of 8,149 ounces of gold.
- Production of gold bullion has been 1,866 ounces of gold.
- Average gold price received through 2014 was US$1,230 per ounce.
- Cash holdings at 31 December 2014 of US9.8 million.
- Brazilian Real has devalued by approximately 20% since year end providing potential cost benefits for 2015.
- Impairment provision of US$2.59 million reversed in the year.
- US$8.0 million loan facility completed with Sprott Resource Lending Partnership on 26 September 2014.
- Commercial production at Palito declared with effect from 1 July 2014.

Post Period Highlights

- Current forecast for combined gold production from Palito and Sao Chico in 2015 is approximately 35,000 ounces with All-In Sustaining Costs ("AISC") of between US$900 and US$950 per ounce.

- Monthly gold production at Palito during the first two months of 2015 has been maintained at the same monthly levels achieved in the fourth quarter of 2014.

- The Company commenced a surface drilling programme at Sao Chico during March 2015, and intends to release an updated resource estimation before the end of the third quarter of 2015.

- In January 2015, the underground development at Sao Chico reached the principal vein, where a 4.7 metre wide sub-vertical mineralized zone has been intersected recording gold assays of over 40 g/t over a 3.6 metre wide interval. Over 70 metres of development has now been completed and where results have been obtained, the zone continues to exhibit similar widths to the original intersection and grades in excess of 15g/t.

- A surface stockpile of some 5,000 tonnes of ore from Sao Chico has been established and processing of this material at Palito will commence in the second quarter of 2015.

Operational Highlights – For three and twelve month periods ending 31 December 2014

Palito

- Gold production for 2014 was 18,452 ounces(1)

- 7,819 ounces(1) were produced in the fourth quarter, a 42% increase over the third quarter.

- Mine production for the year totaled 76,500 tonnes of ore averaging 9.95 g/t gold, containing 24,400 ounces.

- Mill throughput for the year totaled 85,987 tonnes @ 8.84 g/t gold for the year.

- The fourth quarter saw the Carbon in Pulp plant ("CIP") fully operational with gold recoveries increasing to over 90% as a result.

Sao Chico

- The mine portal was established at the end of September 2014 and over 90 metres of underground development was completed by the end of 2014.

- The first ore zones were intersected underground before the end of 2014 and a small surface ore stockpile was being generated.

- Five newly discovered gold bearing veins were identified in the excavated cutback and three further veins intersected underground, all exhibiting mineable widths and grades, indicating considerable opportunity for increased levels of ore development at Sao Chico than are currently planned.

- During November 2014, the Final Exploration Report ("FER"), submitted in the first quarter of 2014, was approved by the Departamento Nacional De Produção Mineral ("DNPM").

- An application has been submitted and now successfully protocoled by the DNPM for a new exploration licence immediately to the west of the existing Sao Chico licence area.

- All mining and surface mobile fleet, power generation and other necessary initial site infrastructure required for execution of the 2015 mine plan are at site and operational.

(1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate that is being sold to a refinery.

Mike Hodgson, CEO of Serabi commented,

"I am very proud of our achievements over the past 15 months and the huge progress that has been made. To summarise, 2014 saw Palito mine and plant enter commercial production and the final quarter of 2014 saw our gold production from Palito consistently achieving planned rates, and I am pleased to say that that has continued through the first quarter of 2015, and should continue for the remainder of this year.

"Sao Chico is our new high grade mine, and this year we will be developing the upper levels, to both evaluate and prepare the mine for subsequent production. During the second quarter, we will start to process this development ore through our Palito plant. In addition we have just commenced a surface drilling programme at Sao Chico, which combined with the underground mine development will allow us to complete a new geological resource estimation by the end of the third quarter of 2015.

"Sao Chico will be in a state of development during 2015 and not expected to achieve full production potential until 2016. The drilling and mine development that we will carry out this year will confirm exactly what this might be but I have been very excited by the information we have gathered over the past few months.

"It has been very rewarding to have seen the successful transition of Serabi from an exploration and development company through to a cash generative producer. I am sure 2015 will see us consolidate this position".

The latest interviews with Mike Hodgson, discussing the highlights of the 2014 financial year and progress at Palito and Sao Chico can be accessed using the following links:

http://brrmedia.co.uk/event/137020?popup=true

http://brrmedia.co.uk/event/136911?popup=true

Chairman's Statement

2014 has been an exciting and successful year for Serabi and has laid a strong foundation which the Company will continue to build on. The Palito mine and process plant are now fully operational and during the second quarter of 2015 we expect to start processing ore from our second mine at Sao Chico. The Board originally announced its plan to bring the Palito Mine into production in June 2012 and, less than three years later, we will, during 2015, have two mines in operation. It is very rewarding to be a part of a junior mining company that continues to deliver on its plans.

The Palito Mine is operating smoothly and is now consistently producing the tonnages and grades that were projected in the Preliminary Economic Assessment issued back in 2012. Following completion and commissioning of the carbon in pulp circuit at the end of the third quarter of 2014, the gold recoveries are also now reaching the forecast levels. With Palito settling into a steady routine, we are now switching our attention to the successful development of Sao Chico.

All of the initial indications for Sao Chico are highly encouraging both in the short and longer term. The first intersection of the Main Vein from the mine development, in January 2015, yielded a result of 3.6 metres with a gold grade of over 40 g/t. With more than 70 metres of development now completed to the east and west of this initial intersection we are seeing excellent continuity of the mineralised structures all of which is highly encouraging. This development ore is being stockpiled and will shortly start being transported to Palito for processing. The short term production outlook is therefore very positive. A new drill programme has also just started at Sao Chico and with the discovery of additional veins during the development of the mine portal the long term potential for Sao Chico and further resource growth is excellent.

Whilst we anticipate that Sao Chico will still be in development for much of 2015, combined gold production from Palito and Sao Chico for the year will almost double from the 2014 production level of 18,452 ounces with a full year 2015 production target of 35,000 ounces. We also expect further growth in 2016 when Sao Chico is in production for a full twelve month period. It is important to note that we are anticipating our All-In Sustaining Costs for 2015 to be below US$950 and with increased production levels anticipated for 2016, we would hope that this will allow the Company to reduce this cost statistic further in 2016.

Whilst the gold price has traded between US$1,145 and US$1,380 over the last 15 months, over that same period the Brazilian Real has fallen in value from around BrR$2.35 to US$1.00 to recent levels in the range of BrR$3.20 to US$1.00 a 26% decline. Our base case economics in 2012 were predicated on a gold price of US$1,400 per ounce equivalent at that time to around BrR$2,800 per ounce. The declining value of the Real has however insulated Serabi's operations against the fall in gold price by bringing down the effective operating costs. We estimate that some 80% of our operational costs are denominated in Brazilian Real. Whilst the current exchange rate is at a 10 year low, it would appear that the economic woes that have driven this decline in the Real are unlikely to be reversed quickly. Inflation is at 6.5%, local interest rates have recently risen to 12.75% and unemployment rates, which had long been falling, had been a driver in wage growth particularly in the state sponsored public sector and been below 5% for much of 2014, increased in January 2015 to 5.4%. Austerity measures are being introduced and with the economy expected to contract in 2015, it seems likely that the Real will remain weak in the near to medium term.

Compared with many of our peers in Brazil we are now in the fortunate position of generating income and, with much of the capital requirements for Sao Chico being incurred in the first half of 2015, we are expecting to be producing positive cash flow which will allow us to retire our current debt arrangements and start to look for new growth opportunities both organically and potentially through acquisition. We are indebted to our major shareholder, Fratelli Investments, for the strong support that they continue to provide and I am confident that their faith will be rewarded.

Finally I would like to say a huge thank you to all our staff for their continued commitment and diligence. With so many stories of problems arising from cost over-runs, poor management or failure to grasp technical issues, we are fortunate to have assembled a team that has successfully delivered at Palito and I am confident they will deliver the Sao Chico Mine on time and within budget. On behalf of the Board and the Company's shareholders I take this opportunity to express my gratitude to all our staff for their hard work over the past year.

I look forward to a successful and rewarding 2015.

Sean Harvey - Chairman

Serabi's Directors Report and Financial Statements for the year ended 31 December 2014 together the Chairman's Statement and the Management Discussion and Analysis, are available from the Company's website – www.serabigold.com and will be posted on SEDAR at www.sedar.com.

The Company will, in compliance with Canadian regulatory requirements, post its Management Discussion and Analysis for the year ended 31 December 2014 and its Annual Information Form on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

Annual Report

The Annual Report has been published by the Company on its website at www.serabigold.com and printed copies are expected to be available by 15 May 2015. Additional copies will be available to the public, free of charge, from the Company's offices at 2nd floor, 30 – 32 Ludgate Hill, London, EC4M 7DR and will be available to download from the Company's website at www.serabigold.com.

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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.

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FINANCE REVIEW

The data included in the selected annual information table below is taken from the Company's annual audited financial statements for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") and adopted for use within the European Union (IFRS) and with IFRS and their interpretations issued by the IASB. There are no material differences on application to the Group. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The audited financial statements for the year ended 31 December 2014 will be presented to shareholders for adoption at the Company's next Annual General Meeting and filed with the Registrar of Companies.

Statement of Comprehensive Income
For the year ended 31 December 2014

	Note	Group	
		For the year ended 31 December 2014 US$	For the year ended 31 December 2013 US$
CONTINUING OPERATIONS			
Revenue		12,627,784	–
Cost of sales		(9,697,665)	–
Depreciation and amortisation charges		(2,633,578)	–
Gross profit		296,541	–
Administration expenses		(4,257,540)	(3,253,924)
Provision for indirect taxes		–	(626,496)
Write-back of provision for contingencies		298,088	–
Share-based payments		(258,598)	(304,764)
Write back of impairment provision	4	2,590,532	–
Write-off of past exploration costs		–	(1,007,233)
Depreciation Charge		–	(534,491)
Operating loss		(1,330,977)	(5,726,908)
Foreign exchange loss		(33,742)	(170,358)
Finance expense		(687,282)	(374,542)
Income/(expense) on financial instruments	5	1,841,459	–
Finance income		36,141	7,575
Loss before taxation		(174,401)	(6,264,233)
Income tax expense		–	–
Loss for the period from continuing operations(1)		(174,401)	(6,264,233)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(7,965,119)	(6,164,862)
Total comprehensive loss for the period(1)		(8,139,520)	(12,429,095)
Loss per ordinary share (basic and diluted)	6	(0.03c)	(1.60c)

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

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Balance Sheet as at 31 December 2014

	Group	
	2014	2013
	US$	US$
Non-current assets		
Development and deferred exploration costs	11,799,271	24,659,003
Property, plant and equipment	54,103,898	36,008,318
Investments in subsidiaries	–	–
Other receivables	–	–
Total non-current assets	65,903,169	60,667,321
Current assets		
Inventories	8,070,215	3,890,880
Trade and other receivables	6,772,046	75,977
Prepayments	2,503,877	1,264,654
Cash and cash equivalents	9,813,602	3,789,263
Total current assets	27,159,740	9,020,774
Current liabilities		
Trade and other payables	4,601,337	2,871,546
Interest-bearing liabilities	16,228,220	3,790,363
Derivative financial liabilities	528,503	–
Accruals	167,377	266,924
Total current liabilities	21,525,437	6,928,833
Net current assets/ (liabilities)	5,634,303	2,091,941
Total assets less current liabilities	71,537,472	62,759,262
Non-current liabilities		
Trade and other payables	1,424,798	410,330
Provisions	2,829,468	1,480,665
Interest-bearing liabilities	364,655	833,560
Total non-current liabilities	4,618,921	2,724,555
Net assets	66,918,551	60,034,707

Equity		
Share capital	61,668,212	60,003,212
Share premium reserve	67,656,848	54,479,151
Option reserve	2,400,080	2,330,789
Other reserves	450,262	789,076
Translation reserve	(18,736,292)	(10,771,173)
Accumulated losses	(46,520,559)	(46,796,348)
Equity shareholders' funds attributable to owners of the parent	66,918,551	60,034,707

Statements of Changes in Shareholders' Equity
For the year ended 31 December 2014

Group	Share capital US$	Share premium US$	Share option reserve US$	Other reserves US$	Translation reserve US$	Accumulated losses US$	Total equity US$
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	–	–	–	–	(6,164,862)	–	(6,164,862)
Loss for year	–	–	–	–	–	(6,264,233)	(6,264,233)
Total comprehensive income for the year	–	–	–	–	(6,164,862)	(6,264,233)	(12,429,095)
Issue of new ordinary shares for cash	21,357,000	4,182,600	–	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 new ordinary shares for acquisition	7,229,219	–	–	361,461	–	–	7,590,680
Share option expense	–	–	311,007	–	–	–	311,007
Equity shareholders' funds at 31 December 2013	60,003,212	54,479,151	2,330,789	789,076	(10,771,173)	(46,796,348)	60,034,707
Foreign currency adjustments	–	–	–	–	(7,965,119)	–	(7,965,119)
Loss for year	–	–	–	–	–	(174,401)	(174,401)
Total comprehensive income for the year	–	–	–	–	(7,965,119)	(174,401)	(8,139,520)
Issue of new ordinary shares for cash	1,665,000	13,302,000	–		–	–	14,967,000
Costs associated with issue of new ordinary shares for cash		(202,235)	–	–	–	–	(202,235)
Convertible loan stock repaid	–	–	–	(260,882)	–	260,882	–
Warrants lapsed in period	–	77,932	–	(77,932)	–	–	–
Share options lapsed in period	–	–	(189,308)	–	–	189,308	–
Share option expense	–	–	258,599	–	–	–	258,599
Equity shareholders' funds at 31 December 2014	**61,668,212**	**67,656,848**	**2,400,080**	**450,262**	**(18,736,292)**	**(46,520,559)**	**66,918,551**

Other reserves comprise a merger reserve of US$361,461 (2013: US$361,461) and a warrant reserve of US$88,801 (2013: US$166,733).

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Cash Flow Statements
For the year ended 31 December 2014

	Group	
	For the year ended 31 December 2014 US$	For the year ended 31 December 2013 US$
Cash outflows from operating activities		
Operating loss	(174,401)	(6,264,233)
Net financial (income) /expense	(1,156,576)	537,325
Depreciation – plant, equipment and mining properties	2,633,578	534,491
Write back of impairment provision	(2,590,532)	–
Deferred asset write-off	–	1,007,233
Share-based payments	258,598	304,764
Write-back of provision for contingencies	(298,088)	–
Interest paid	(343,738)	(306,590)
Foreign exchange	462,326	411,860
Finance charges	(228,510)	–
Changes in working capital		
Increase in inventories	(4,157,262)	(3,541,962)
Increase in receivables, prepayments and accrued income	(8,218,764)	(663,125)
Increase in payables, accruals and provisions	1,153,538	72,116
Net cash flow from operations	(12,659,831)	(7,908,121)
Investing activities		
Sales Revenues – capitalised	4,079,663	–
Capitalised pre-operating costs	(7,665,510)	–
Purchase of property, plant, equipment and projects in construction	(5,613,297)	(11,504,538)
Exploration and development expenditure	(301,723)	(2,432,871)
Capital and loan investments in subsidiaries	–	–
Interest received	36,141	7,575
Net cash outflow on investing activities	(9,464,726)	(13,929,834)
Financing activities		
Issue of ordinary share capital	16,650,000	25,628,400
Receipts from short term secured loans	10,750,000	2,750,000
Repayment of short term secured loan	(5,500,000)	(4,500,000)
Repayment of convertible loan stock	(477,780)	–
Payment of finance lease liabilities	(706,457)	(719,654)
Receipts for short term trade finance	16,205,212	–
Repayment of short term trade finance	(8,441,166)	–
Acquisition of subsidiary – cash acquired	–	222,211
Payment of share issue costs	(202,235)	(327,286)
Net cash inflow from financing activities	28,277,574	23,053,671
Net increase in cash and cash equivalents	6,153,017	1,215,716
Cash and cash equivalents at beginning of period	3,789,263	2,582,046
Exchange difference on cash	(128,678)	(8,499)
Cash and cash equivalents at end of period	9,813,602	3,789,263

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Notes

1. General Information

The financial information set out above for the years ended 31 December 2014 and 31 December 2013 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, but is derived from those accounts. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. A copy of the statutory accounts for 2013 has been delivered to the Registrar of Companies and those for 2014 will be submitted for approval by shareholders at the Annual General Meeting. The full audited financial statements for the years end 31 December 2014 and 31 December 2013 do comply with IFRS.

2. Auditor's Opinion

The auditor has issued an unqualified opinion in respect of the financial statements which does not contain any statements under the Companies Act 2006, Section 498(2) or Section 498(3). The auditor has raised an Emphasis of Matter in relation to going concern and the availability of project finance as follows:

"In forming our opinion, which is not modified, we have considered the adequacy of the disclosures made in Note 1(a) to the financial statements concerning the group's ability to continue as a going concern. The group is dependent on its ability to successfully complete development and achieve commercial production at Sao Chico. However, there are risks associated with the commencement of a mining operation and additional working capital may be required to fund delays in the development of the mine should they occur. These conditions, along with the other matters explained in Note 1(a) to the financial statements indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the group were unable to continue as a going concern."

NB: The reference to note 1(a) in the above is a reference to the Basis of preparation note contained within the Financial Statements from which the extract reproduced below referring to Going concern is taken.

3. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 but are not yet effective will have a material impact on the Group's earnings or shareholders' funds. The Company has not adopted any new standards in advance of the effective dates.

Going concern and availability of project finance

The Group commenced gold production operations at the Palito Mine at the start of 2014 having completed the first phase construction of the gold recovery plant in December 2013. The operations during the first six months of 2014 were in a re-commissioning and ramp-up phase. On 23 July 2014 the Group announced that with effect from 1 July 2014 the Palito mine had achieved Commercial Production. During the 3 months ended 30 September 2014, the Group has completed work and commissioned the Carbon in Pulp ("CIP") leaching circuit allowing the Group to maximise the potential recovery of gold from the ore processed. The first "gold pour" of gold recovered from the CIP operations took place in October 2014. The Group plans over the first 3 months of 2015 to complete the initial development of its Sao Chico operation and thereafter during 2015 plans to steadily increase the production ore from Sao Chico for processing using the Palito gold process plant.

On 3 March 2014 the Group completed a share placement raising gross proceeds of UK£10 million which provided additional working capital to the Group during the start–up phase of production at Palito and also to fund the initial development and further evaluation of the Sao Chico gold project. On 26 September 2014 the Group also entered into a US$8 million secured loan facility for the period to 31 December 2015 with the Sprott Resource Lending Partnership ("the Facility") providing additional working and development capital. The first tranche of US$3 million of this Facility was drawdown on 26 September 2014 with the remaining tranches drawn down in full on 28 December 2014. Serabi is and has been in compliance with the terms of the Facility. The Group also makes use of a borrowing facility of US$7.5 million to provide advance payment on sales of copper/gold concentrate. This current facility extends to 31 December 2015.

The Directors anticipate the Group now has access to sufficient funding for its immediate projected needs. The Group expects to have sufficient cash flow from its forecast production to finance its on-going operational requirements and to, at least in part, fund exploration and development activity on its other gold properties. However the forecasted cash flow projections for the next twelve months include a significant contribution arising from the Sao Chico development. As noted above, whilst development has commenced commercial production has yet to be declared. There are risks associated with the commencement of any new mining 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 either for working capital or for future development will be forthcoming and these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

4. Write back of impairment provision

The Company's management have provided to the Directors an assessment of the expected future cash-flows that the Palito and Sao Chico operations can be expected to generate using management's current estimates of mining, processing and capital expenditure plans for a period starting in January 2015 and ending in December 2022. The resulting pre-tax Net Present Value of the project was significantly in excess of the carrying value of US$51.8 million and therefore the Directors also have decided that it is appropriate to write back the impairment provision of US$2.59 million that had been carried in the books of the Group as at 1 January 2014.

5. Gain on financial instruments

Gain on financial instruments includes an amount of US$1,350,827 relating to 100,000,000 warrants to subscribe for new ordinary shares issued by the Company on 3 March 2014. The Company accounted for the issue of these warrants in accordance with IAS32 and recorded a liability of US$1.68 million at the date of issue. As at 31 December 2014 the fair value of these warrants was assessed to be US$332,173 and the reduction in fair value has been recognised through the income statement.

6. Loss per Share

The calculation of the basic loss per share of 0.03 cents (2013 loss per share: 1.60 cents) is based on the loss attributable to ordinary shareholders of US$174,701 (2013: loss of US$6,264,233) and on the weighted average number of ordinary shares of 622,964,546 (2013: 392,693,275) in issue during the period. Diluted loss per share is the same as the basic loss per share because the exercise of share options would be anti-dilutive.

7. Post balance sheet events

Between the end of the financial period and the date of these financial statements, the Brazilian Real, the national currency of Brazil, has reduced in value in comparison to the United States dollar, the reporting currency of the Company by approximately 20%. On 31 December 2014 the exchange rate for US$1.00 was BrR$2.6556. As at 26 March 2015 the exchange rate for US$1.00 was BrR$3.25. Many of the Company's assets and liabilities and in particular the value attributed to non-current assets are recorded in Brazilian Reais. The value of the Company's net assets and liabilities will have been significantly impacted by this devaluation of the Brazilian Real. The Company sources the majority of its operational consumables in Brazilian Reais and salaries of all its Brazilian employees are denominated and paid in Brazilian Reais and therefore the Company's operating costs are subject to variation as a result of movements in the exchange rate between the United States Dollar and the Brazilian Real. With this exception there has been no item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the continuing operations of the entity, the results of these operations, or the state of affairs of the entity in future financial periods.