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

SERABI GOLD

Unaudited Financial Results for the First Quarter 2015 and Management's Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited financial results for the three month period ending 31 March 2015 and at the same time has published its Management's Discussion and Analysis for the same period.

Key Financial Information

	3 months to 31 March 2015 US$	3 months to 31 March 2014 US$
Revenue	**7,484,215**	–
Cost of Sales	**(4,859,909)**	–
Depreciation and amortisation charges	**(1,117,720)**	–
Gross profit	**1,506,586**	–
Profit / (loss) before and after tax	**191,398**	(1,257,621)
Profit / (loss) per ordinary share (basic)	**0.029c**	(0.241c)
	As at 31 March 2015	As at 31 December 2014
Cash and cash equivalents	**5,794,982**	9,813,602
Net assets	**56,197,442**	66,918,551

Cash Costs and All-In Sustaining Costs

	Q1 2015
Gold ounces produced	**7,759**
	Q1 2015
Total Cash Cost of production (per ounce)	**US$599**
Total All-In Sustaining Cost of production (per ounce)	**US$759**

Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR THE QUARTER ENDING 31 MARCH 2015

		Quarter 1
Horizontal development	Metres	**1,491**
Mined ore	Tonnes	**25,812**
	Gold grade (g/t)	**10.90**
Milled ore	Tonnes	**31,412**
	Gold grade (g/t)	**8.52**
Gold production [(1)]	Ounces	**7,759**

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Financial Highlights

- All-In Sustaining Costs for the first quarter of 2015 of US$759
- Cash holdings of US$5.8 million at 31 March 2015.
- The Brazilian Real has devalued by approximately 13% since 31 December 2014, providing potential cost benefits for 2015.
- Average gold price of US$1,212 received on gold sales in the first quarter of 2015.

Operational Highlights

- Gold production for the quarter totaled 7,759 ounces(1), with March production of 3,005 ounces(1), the highest monthly production level to date with steady production now reached.
- Current forecast for gold production in 2015 remains at approximately 35,000 ounces.
- Processing of ore from Sao Chico commenced at the end of April 2015.

Palito

- Mine production for the quarter totaled 25,812 tonnes of ore averaging 10.90 g/t gold, containing 9,040 ounces.
- Mill throughput for the quarter totaled 31,412 tonnes at a grade of 8.52 g/t.
- Gold recoveries were approximately 91%(1) with Copper recovery estimated at 92(1).
- Over 300 ounces(1) of gold production from the processing 6,300 tonnes of the surface stockpile of flotation tailings at a grade of 2.64 g/t. A further 50,000 tonnes at approximately 2.5 g/t remains, and this material will be treated through the Carbon in Pulp ("CIP") plant over the next 6 to 8 months.
- At the end of the quarter, the Palito surface stockpiles of coarse ore were estimated at approximately 8,000 tonnes at 5.0 g/t gold.

(1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and gold dore that is delivered to the refineries.

Sao Chico

- Over 773 metres of sub-horizontal development has now been completed at Sao Chico, 440 metres of which has been in ore through the development of the Main Vein on the first 216mRL development level.
- The Main Vein was initially intersected in January this year exhibiting a true thickness of 3.6 metres at 42.0 g/t gold.
- The main ramp is being driven to the next planned development level, and is currently mid-way between the 216mRL and the next planned 178mRL main level.
- During the first quarter of 2015, a high grade stockpile of 2,900 tonnes at 9.75 g/t gold was generated and the transportation of this material to Palito commenced in March 2015. The Sao Chico ore is now being processed concurrently with Palito ore.
- A new surface diamond drill programme at Sao Chico commenced in late March 2015 with 2,200 metres completed to date out of approximately 5,000 metres that are planned. The Company intends to issue a new resource estimation by the end of the third quarter of 2015.

Mike Hodgson, CEO of Serabi commented,

"As I said at the time of issuing our first quarter update on 16 April 2015, we achieved excellent production results at Palito during the first quarter of 2015 and have benefitted from a cost perspective during this first quarter from the sudden devaluation of the Brazilian Real that occurred especially during March 2015. The currency has made a small recovery since the end of March 2015 and this currency effect may therefore not be sustained for the remainder of 2015.

"Development of Sao Chico continues and the surface exploration drill programme started late in March and is progressing well with over 2,200 metres drilled to date. Processing of Sao Chico ore through the Palito gold recovery process plant started in April in accordance with our schedule. We had established a high-grade stockpile of approximately 2,900 tonnes by the end of March 2015 and mined a further 2,000 tonnes during April. We therefore remain confident that Sao Chico will deliver the gold production that we have targeted for the current year."

An interview with Clive Line, Finance Director of Serabi, can be accessed using the following link
http://brrmedia.co.uk/event/138624?popup=true

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Condensed Consolidated Statements of Comprehensive Income
For the three month period ended 31 March 2015

(expressed in US$)	For the three months ended 31 March **2015 (unaudited)**	2014 (unaudited)
CONTINUING OPERATIONS		
Revenue	**7,484,215**	—
Operating expenses	**(4,859,909)**	—
Depreciation and amortisation charges	**(1,117,720)**	—
Gross profit	**1,506,586**	—
Administration expenses	**(905,505)**	(911,979)
Share based payments	**(101,019)**	(29,587)
Depreciation of plant and equipment	—	(125,983)
Operating profit / (loss)	**500,062**	(1,067,549)
Foreign exchange gain / (loss)	**228,663**	(9,918)
Finance expense	**(697,415)**	(180,154)
Finance income	**160,088**	—
Profit / (loss) before taxation	**191,398**	(1,257,621)
Income tax expense	—	—
Profit / (loss) for the period from continuing operations (1) (2)	**191,398**	(1,257,621)
Other comprehensive income (net of tax)		
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	**(11,013,526)**	1,920,750
Total comprehensive profit/(loss) for the period (2)	**(10,882,128)**	663,129
Profit/(loss) per ordinary share (basic) (1)	**0.029c**	(0.241c)
Profit/(loss) per ordinary share (diluted) (1)	**0.024c**	(0.241c)

(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.

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Condensed Consolidated Balance Sheets

(expressed in US$)	**As at 31 March 2015 (unaudited)**	**As at 31 March 2014 (unaudited)**	As at 31 December 2014 (audited)
Non-current assets			
Deferred exploration costs	**9,769,327**	25,607,411	11,799,271
Property, plant and equipment	**47,508,148**	38,549,235	54,103,898
Total non-current assets	**57,277,475**	64,156,646	65,903,169
Current assets			
Inventories	**8,701,256**	5,858,849	8,070,215
Trade and other receivables	**5,596,179**	733,899	6,772,046
Prepayments and accrued income	**2,699,898**	1,745,676	2,503,877
Cash and cash equivalents	**5,794,982**	11,616,470	9,813,602
Total current assets	**22,792,315**	19,954,894	27,159,740
Current liabilities			
Trade and other payables	**4,803,134**	3,003,401	4,601,337
Interest-bearing liabilities	**13,886,719**	1,016,770	16,228,220
Derivative financial liabilities	**763,171**	—	528,503
Accruals	**133,376**	276,800	167,377
Total current liabilities	**19,586,400**	4,296,971	21,525,437
Net current assets	**3,205,915**	15,657,923	5,634,303
Total assets less current liabilities	**60,483,390**	79,814,569	71,537,472
Non-current liabilities			
Trade and other payables	**1,738,040**	424,768	1,424,798
Provisions	**2,342,687**	1,532,760	2,829,468
Interest bearing liabilities	**205,221**	681,854	364,655
Total non-current liabilities	**4,285,948**	2,639,382	4,618,921
Net assets	**56,197,442**	77,175,187	66,918,551
Equity			
Share capital	**61,668,212**	61,668,212	61,668,212
Share premium reserve	**67,656,848**	69,041,915	67,656,848
Option reserve	**2,501,099**	2,360,376	2,400,080
Other reserves	**450,262**	1,009,076	450,262
Translation reserve	**(29,749,818)**	(8,850,423)	(18,736,292)
Accumulated losses	**(46,329,161)**	(48,053,969)	(46,520,559)
Equity shareholders' funds	**56,197,442**	77,175,187	66,918,551

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 2014 prepared under IFRS as adopted in the EU and with IFRS and their interpretations adopted by the International Accounting Standards Board will be filed with the Registrar of Companies following their adoption by shareholders at the next Annual General Meeting. The auditor's report on these accounts was unqualified but did contain an Emphasis of Matter with respect to the Company and the Group regarding Going Concern. The auditor's report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

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Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in US$) (unaudited)	Share capital	Share premium	Share option reserve	Other reserves [1]	Translation reserve	Accumulated losses	Total equity
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	—	—	—	—	1,920,750	—	1,920,750
Loss for the period	—	—	—	—	—	(1,257,621)	(1,257,621)
Total comprehensive income for the period	—	—	—	—	1,920,750	(1,257,621)	663,129
Issue of new ordinary shares for cash	1,665,000	14,765,000	—	220,000	—	—	16,650,000
Costs associated with issue of new ordinary shares for cash	—	(202,236)	—	—	—	—	(202,236)
Warrants lapsed in period							
Share option expense	—	—	29,587	—	—	—	29,587
Equity shareholders' funds at 31 March 2014	**61,668,212**	**69,041,915**	**2,360,376**	**1,009,076**	**(8,850,423)**	**(48,053,969)**	**77,175,187**
Foreign currency adjustments	—	—	—	—	(9,885,869)	—	(9,885,869)
Profit / (loss) for the period	—	—	—	—	—	1,083,220	1,083,220
Total comprehensive income for the period	—	—	—	—	(9,885,869)	1,083,220	(8,802,649)
Correction relating to treatment of warrants	—	(1,462,999)	—	(220,000)	—	—	(1,682,999)
Convertible loan stock repaid	—	—	—	(260,882)	—	260,882	—
Warrants lapsed in period	—	77,932	—	(77,932)	—	—	—
Share option lapsed in period	—	—	(189,308)	—	—	189,308	—
Share option expense	—	—	229,012	—	—	—	229.012
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**
Foreign currency adjustments	—	—	—	—	(11,013,526)	—	(11,013,526)
Loss for the period	—	—	—	—	—	191,398	191,398
Total comprehensive income for the period	—	—	—	—	(11,013,526)	191,398	(10,822,128)
Share option expense	—	—	101,019	—	—	—	101,019
Equity shareholders' funds at 31 March 2015	**61,668,212**	**67,656,848**	**2,501,099**	**450,262**	**(29,749,818)**	**(46,329,161)**	**56,197,442**

Other reserves comprise a merger reserve of US$361,461 (2014: US$ 361,461) and a warrant reserve of US$88,801 (2014: US$88,801).

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Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 31 March **2015 (unaudited)**	2014 (unaudited)
Operating activities		
Operating profit / (loss)	**191,398**	(1,257,621)
Net financial expense	**308,664**	190,072
Depreciation – plant, equipment and mining properties	**1,117,720**	125,983
Option costs	**101,019**	29,587
Interest paid	**(434,167)**	(159,907)
Foreign exchange	**75,080**	152,448
Changes in working capital		
Increase in inventories	**(1,916,783)**	(1,757,207)
Increase in receivables, prepayments and accrued income	**352,624**	(1,058,545)
Increase/(decrease) in payables, accruals and provisions	**834,947**	52,638
Net cash inflow/ (outflow) from operations	**630,502**	(3,682,552)
Investing activities		
Purchase of property, plant and equipment and projects in construction	**(1,739,544)**	(1,633,902)
Exploration and development expenditure	**(227,750)**	(374,959)
Interest received	**775**	—
Net cash outflow on investing activities	**(1,966,519)**	(2,008,861)
Financing activities		
Issue of ordinary share capital	**—**	16,650,000
Draw-down of short-term loan facility	**—**	2,750,000
Repayment of short-term secured loan	**(2,000,000)**	(5,500,000)
Receipts for short-term trade finance	**5,420,758**	—
Repayment of short-term trade finance	**(5,840,180)**	—
Repayment of finance lease liabilities	**(156,480)**	—
Payment of share issue costs	**—**	(202,236)
Payment of finance lease liabilities	**—**	(145,800)
Net cash (outflow) / inflow from financing activities	**(2,575,902)**	13,551,964
Net increase in cash and cash equivalents	**(3,911,919)**	7,860,551
Cash and cash equivalents at beginning of period	**9,813,602**	3,789,263
Exchange difference on cash	**(106,701)**	(33,344)
Cash and cash equivalents at end of period	**5,794,982**	11,616,470

Notes

1. General Information

The financial information set out above does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. A copy of the statutory accounts for 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. 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. The financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

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 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. During the first three months of 2015 the Group has been undertaking the initial development of its Sao Chico operation and thereafter during 2015 plans to steadily increase the production of ore from Sao Chico for processing using the Palito gold process plant. The Group began processing of ore from its Sao Chico operation during April 2015.

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 which is required to be repaid in full on or before 31 March 2016 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. 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.

3. Loss per Share

The calculation of the basic profit per share of 0.029 cents (2014 basic loss per share: 0.241 cents) is based on the profit attributable to ordinary shareholders of US$191,398 (2014: loss of US$1,257,621) and on the weighted average number of ordinary shares of 656,389,204 (2014: 520,833,648) in issue during the period.

The diluted profit per share of 0.024 cents (2014 diluted loss per share: 0.241 cents) is based on a diluted share capital of 789,035,498 ordinary shares which assumes the exercise of 100,000,000 warrants and 32,646,294 options that have vested as of 31 March 2015. The diluted loss per share for 2013 is the same as the basic loss per share because the exercise of share options would be anti-dilutive.

4. Post balance sheet events

Between the end of the financial period and the date of this management discussion and analysis, the Brazilian Real, the national currency of Brazil, has appreciated in value in comparison to the United States dollar, the reporting currency of the Group by approximately 7%, having suffered a reduction in its value in the period between 31 December 2014 and 31 March 2015 of approximately 20%. On 31 December 2014 the exchange rate for US$1.00 was BrR$2.6556. As at 31 March 2015 the exchange rate for US$1.00 was BrR$3.2074. As at 11 May 2015 the exchange rate for US$1.00 was BrR$3.055. Many of the Group's assets and liabilities and in particular the value attributed to non-current assets are recorded in Brazilian Reais. The value of the Group's net assets and liabilities were significantly impacted by the devaluation of the Brazilian Real during the first quarter of 2015. The Group 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 Group'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 Group, 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.

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

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 26 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, recognising 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.

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.

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

The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Financial Statements and the Management Discussion and Analysis for the quarter ended 31 March 2015 on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

GLOSSARY OF TERMS

The following is a glossary of technical terms:

“Au” means gold.

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

“DNPM” is the Departamento Nacional de Produção Mineral.

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

“g/t” means grams per tonne.

“granodiorite” is an igneous intrusive rock similar to granite.

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

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

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

“saprolite” is a weathered or decomposed clay-rich rock.

“Vein” is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.