



## Second quarter update on gold operations at Palito and Sao Chico

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Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to provide an operational update for the second quarter of 2015 on its wholly owned Palito and Sao Chico gold operations in the Tapajos region of Para State, Northern Brazil.

### HIGHLIGHTS

- Gold production for the quarter totaled 8,237 ounces<sup>(1)</sup>; 7,141 ounces from the processing of Palito run of mine ore and surface stockpiles, 783 ounces from Sao Chico ore, with the balance from processing of some of 2014 flotation tailings
- Quarterly Mill production combined for both Palito and Sao Chico ore totalled 33,279 tonnes.
- Quarterly Mine production for Palito and Sao Chico ore totalled 29,052 tonnes @ 9.56 g/t gold, and 2,436 tonnes @ 4.58 g/t gold respectively.
- Quarterly mine development at Palito totalled 1,608 metres, exceeding plan by 6%. At Sao Chico, the quarterly total was 470 metres.
- By the end of the quarter, the first production stope was underway at Sao Chico, with 2,800 tonnes broken and stockpiled in the stope.
- The main ramp at Sao Chico has now reached the next planned development level, 182mRL, with the ore zone intersected as expected in early July
- At the end of the second quarter, surface stockpiles at Palito and Sao Chico totaled 11,392 tonnes @ 3.50 g/t gold.
- By the end of June, over 4,300 metres had been completed of the planned 5,000 metre Sao Chico surface drill programme.
- Current forecast for gold production in 2015 remains at approximately 35,000 ounces with All-In Sustaining Costs ("AISC") of between US\$900 and US\$950 per ounce.

### Mike Hodgson, CEO said:

***"As we enter the third quarter of 2015, it is very satisfying to report that the second quarter has continued the trend of excellent production results. Overall production was approximately 8,200 ounces<sup>(1)</sup> of gold, the best production quarter to date from the combined Palito and Sao Chico operations.***

***"At Palito, we improved on our planned level of mined tonnage and at the same time maintained a mine head grade of 9.56 g/t which is very pleasing. At Sao Chico, mine development continued in line with our plan with the first production stope commencing in June. The second quarter also saw the first lower grade development ore extracted from Sao Chico being transported to the Palito plant and successfully processed. We initially opted to process lower grade whilst testing the production line with full scale production volumes, and we can anticipate an increased contribution to our gold production from Sao Chico in the coming months.***



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*“Also at the Sao Chico Mine we have now completed some 600 metres of development on the first level. This initial development, along with surface and underground drilling, is providing us with a significantly improved understanding of the mineralisation. To date the deposit is, as hoped, displaying some spectacular grades, with some 250 metres of the development, divided in four distinct ore zones, having been in high grade ore. As is the case with most vein mines, drilling alone does not provide the full story and it is the underground ‘on-lode’ development that ultimately defines the ore blocks.*

*“I am encouraged by the initial results although Sao Chico is proving challenging from the perspective of fully understanding the geology. A significant portion of the planned surface drilling campaign has now been completed although results remain pending for a number of the holes drilled to date. The results from this exploration campaign will be announced in the near future.*

*“For three consecutive quarters we have been able to demonstrate steady growth in gold production since our declaration of commercial production one year ago, Palito is very much in regime and the next six months will see increasing levels of gold production from Sao Chico. This will be very welcome in what are clearly becoming very challenging times for gold developers and producers.*

*I anticipate Sao Chico entering commercial production later in the year, and our 2015 production forecast of approximately 35,000 ounces and All-In Sustaining Cost guidance of US\$900-US\$950 per ounce being maintained. I look forward to updating the market on further production increases being achieved over the next six months.”*

The latest interview with Serabi’s Chief Executive, Mike Hodgson can be accessed using the following link  
<http://brrmedia.co.uk/event/139822?popup=true>

## Results

Total production for the second quarter was 8,237 ounces<sup>(1)</sup> of gold. During the quarter, gold production was derived from the processing of run of mine (“ROM”) ore from the Palito Mine, combined with the Palito surface coarse ore stockpiles, the stockpiled flotation tailings established during Palito mine production in 2014 and the beginning of processing of Sao Chico ROM ore.

With a total stockpile of over 45,000 tonnes of flotation tails recovered from 2014 plant production, the Company will continue processing of this material when possible. However, with excellent levels of Palito and Sao Chico ROM feed available, combined with the surface coarse ore stockpiles, available plant capacity for processing of the flotation tailings is limited.

At the Sao Chico Mine over 470 metres of horizontal development was achieved during the quarter, of which 163 metres involved deepening of the ramp. Over 600 metres of lode development has now been completed, mostly on the 216mRL. The second development level, 182mRL is also now underway and before the end of June, the first production stope on the 216mRL had been started. During the quarter over 2,400 tonnes of development ore were processed through the plant. Lower grade development ore has initially been used to test the process line. The Company intends to accelerate processing of Sao Chico ore during the second half of this year.

The Company expects to produce 28,000 – 29,000 ounces of gold during 2015 from the processing of Palito ROM and the Palito stockpiles. With the Sao Chico Mine now under development, the Company also anticipates production of 6,000 - 7,000 ounces of gold from ore mined at Sao Chico, and as a result remains confident of achieving its production forecast of 35,000 ounces of gold for the year.



**SUMMARY PRODUCTION STATISTICS FOR THE TWO QUARTERS ENDING 30<sup>th</sup> JUNE 2015 (Palito & Sao Chico)**

		Quarter 1	Quarter 2	Year to Date
Horizontal development	Metres	1,491	2,078	3,569
Mined ore	Tonnes	25,812	31,488	57,300
	Gold grade (g/t)	10.90	9.18	9.95
Milled ore	Tonnes	31,412	33,279	64,691
	Gold grade (g/t)	8.52	8.28	8.40
Gold production <sup>(1)</sup>	Ounces	7,389	8,237	15,626

(1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and the gold bullion when smelting and refining processes are completed.

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Copies of this release are available from the Company's website at [www.serabigold.com](http://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.

*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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#### **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.