



PRESS RELEASE 29 OCTOBER 2015  
SERABI GOLD plc ("Serabi" or "the Company")



## Third 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, provides an operational update for the third quarter of 2015 on its wholly owned Palito and Sao Chico gold operations in the Tapajos region of Para State, Northern Brazil.

### HIGHLIGHTS

- Record gold production for the quarter totalled 9,078 ounces<sup>(1)</sup> a 10.1% increase compared with the second quarter; 7,878 ounces from the processing of Palito run of mine ore ("ROM") and surface stockpiles, and 1,200 ounces from Sao Chico ore.
- Combined quarterly mill throughput, for both Palito and Sao Chico ore, totalled 31,789 tonnes.
- Quarterly mine production totalled 36,587 tonnes, 28,625 tonnes at 11.04 g/t for Palito and 7,962 tonnes at 9.27 g/t gold for Sao Chico.
- Quarterly mine development at Palito totalled 1,850 metres, exceeding internal plans by 35%. At Sao Chico, the quarterly total was 841 metres.
- The main ramp at Sao Chico has now almost reached the next planned development level at 156mRL. Ore development is on-going on the three higher levels at 216mRL, 199mRL and 186mRL.
- At the end of the third quarter, surface stockpiles at Palito and Sao Chico totalled 14,799 tonnes @ 3.66 g/t gold.
- A third Ball mill has been purchased and is planned to be installed and operational together with other improvements in throughput for the Flotation and Carbon in Pulp ("CIP") process circuits at the start of the second quarter 2016.
- At the end of September 2015, 6,014 metres of the current Sao Chico surface diamond drilling programme had been completed.
- 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:

***"The third quarter of 2015, was our best quarter year to date, as we continued to average 3,000 ounces of gold production per month. For the year to date, we have now produced approximately 25,000 ounces and we remain on track to achieve our forecast of 35,000 ounces which will represent a doubling of the production for 2014.***

***"The Palito Mine continued to perform very well with both mined tonnage and grade exceeding our planning targets. Mined grades for the year to date remain over 10 g/t, which is an excellent result. The mine is very much in regime, but we remain keen to establish additional operational flexibility. During this last quarter we therefore began driving long cross-cuts to the Chico da Santa and Senna sectors to the north and south of the Palito Main Zone, two areas which have previously been drilled and have excellent potential. These two new sectors will open up more ore faces, and in time production areas, especially on the upper levels.***

***"At Sao Chico, ore development is now on three development levels, with over 2,000 metres of development mining now completed. This initial development, along with surface and underground drilling, is providing us with a significantly improved understanding of the mineralisation. As is the case***



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***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. The grades at Sao Chico are, at times, truly spectacular and often in excess of 100 g/t of gold, though as I reported last week, unlike Palito, the high grade ore zones at Sao Chico are not as easily visible. As a result, in the mining of Sao Chico we are more reliant on assay control, requiring close spaced sampling. Nevertheless, each month sees an improved level of contribution from Sao Chico to the Company's gold production.***

***"One thing that has become clear over the past few months is that the operation will require increased milling capacity. Since the commencement of production, we have never been able to run down our ROM stockpiles, albeit that they are of relatively low grade. The generation of low grade ore in narrow vein mining is 'part and parcel' of the business, as lode development is an unavoidable and very necessary part of the exploration and evaluation process. As a result we have approximately 14,800 tonnes of ROM stock, which we cannot process without increased throughput capacity. A third ball mill identical to the two mills already operating, has been purchased in Brazil and will be operational early in the second quarter of 2016. This, along with some improvements in the flotation and cyanidation plant, will see our daily throughput increase from the current levels of approximately 400 tonnes per day. We anticipate being able to average 500 tonnes per day once the improvements are complete but importantly will also create excess capacity to catch up any lost production caused by unplanned stoppages.***

***"The surface diamond drilling programme has now exceeded 6,000m and whilst we have had to 'tighten' up the drill spacing due to the complexity of Sao Chico, some of the results have been excellent; the grades are very good, holes 47 and 93 are the deepest holes and both show grades in excess of 40 g/t over mineable widths. We have been complementing this programme with additional underground drilling from within the development galleries.***

***"For the third consecutive quarter this year we have been able to demonstrate steady growth in gold production, in what has been a tough nine months for gold producers. With Palito in a steady state of production, over the next months I expect that we will see increasing levels of gold production from Sao Chico.***

***"I anticipate Sao Chico entering commercial production late this year, and our 2015 production forecast of approximately 35,000 ounces and All-In Sustaining Cost guidance of US\$900-US\$950 per ounce remains. As usual I look forward to updating the market on further production increases being achieved over the coming months."***

The latest interview with Serabi's Chief Executive, Mike Hodgson, can be accessed using the following link

<http://brrmedia.co.uk/event/140562?popup=true>

## Results

Total production for the third quarter was 9,078 ounces<sup>(1)</sup> of gold. During the quarter, gold production was derived from the processing of 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 processing of Sao Chico ROM ore.

With a total stockpile of over 42,000 tonnes of flotation tails recovered from 2014 plant production, the Company will continue processing 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 840 metres of horizontal development was achieved during the quarter, of which 250 metres involved deepening of the ramp. Over 950 metres of lode development has now been completed on the levels 216mRL, 199mRL and 186mRL. Production is now underway, albeit limited as the focus remains on lode development and evaluation. During the quarter, approximately 6,200 tonnes of development and stope ore were



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processed through the plant. Whilst the majority of the ore is being derived from the development drives, the Sao Chico ore processed this quarter showed an improved average grade of 7.40 g/t of gold.

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 THREE QUARTERS ENDING 30<sup>th</sup> SEPTEMBER 2015 (Palito & Sao Chico)

		Quarter 1	Quarter 2	Quarter 3	Year to Date
Horizontal development	Metres	1,491	2,078	2,691	6,260
Mined ore	Tonnes	25,812	31,488	36,587	93,887
	Gold grade (g/t)	10.90	9.18	10.65	10.23
Milled ore	Tonnes	31,412	33,279	31,789	96,480
	Gold grade (g/t)	8.52	8.28	9.47	8.75
Gold production <sup>(1)</sup>	Ounces	7,389	8,237	9,078	24,704

(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

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This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



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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.

### **Preliminary Assay Results**

Certain of the assay results reported in the table within this release are those provided by the Company’s own on-site laboratory facilities and have not been independently verified. Serabi closely monitors the performance of its own facility against results from independent laboratory analysis for quality control purpose. As a matter of normal practice the Company sends duplicate samples derived from a variety of the Company’s activities

to accredited laboratory facilities for independent verification. Based on the results of this work, the Company’s management are satisfied that the Company’s own facility shows good correlation with independent laboratory facilities.

The Company would expect that in the preparation of any future independent Reserve/Resource statement undertaken in compliance with a recognised standard, the independent authors of such a statement would not use Preliminary assay results but only use assay results reported by an appropriately certificated laboratory.

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

## 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.

“development” - excavations used to establish access to the mineralised rock and other workings

“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.

“on-lode development” - Development that is undertaken in and following the direction of the Vein

“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.

“stopping blocks” – a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stopping methods.

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