



Unaudited Interim Financial Results for the three and nine month periods to 30 September 2016 and Management's Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company has reported record gold production for the third quarter of 2016 and Cash Costs of production for the year to date of US\$772 per ounce. Today, the Company releases its unaudited interim financial results for the three and nine month periods ending 30 September 2016 and, at the same time, has published its Management's Discussion and Analysis for the same period.

Key Financial Information

SUMMARY FINANCIAL STATISTICS FOR THE THREE AND NINE MONTHS ENDING 30 SEPTEMBER 2016

| | 3 months to 30 Sept 2016 US\$ | 9 months to 30 Sept 2016 US\$ | 3 months to 30 Sept 2015 ⁽¹⁾ US\$ | 9 months to 30 Sept 2015 ⁽¹⁾ US\$ |
|--|-------------------------------------|-------------------------------------|--|--|
| Revenue | 16,209,753 | 42,120,928 | 8,365,289 | 27,043,682 |
| Cost of Sales | (10,216,119) | (25,828,941) | (6,302,006) | (19,350,056) |
| Depreciation and amortisation charges | (2,907,161) | (6,552,101) | (871,576) | (3,603,810) |
| Gross profit | 3,086,473 | 9,739,886 | 1,191,707 | 4,089,816 |
| Profit before tax | 743,503 | 2,305,731 | 114,176 | 191,073 |
| Profit after tax | 465,480 | 1,471,662 | 114,176 | 191,073 |
| Earnings per ordinary share (basic) | 0.11c | 0.35c | 0.02c | 0.03c |
| Average gold price received | | US\$1,256 | | US\$1,156 |
| | | | As at 30 Sept 2016 | As at 31 Dec 2015 |
| Cash and cash equivalents | | | 3,116,123 | 2,191,759 |
| Net assets | | | 60,741,839 | 46,783,645 |
| Cash Cost and All-In Sustaining Cost ("AISC") | | | 9 months to 30 Sept 2016 | 9 months to 30 Sept 2015 |
| Gold production for cash cost and AISC purposes | | | 29,900 ⁽³⁾ | 22,720 ⁽²⁾⁽³⁾ |
| Total Cash Cost of production (per ounce) | | | US\$772 | US\$702 |
| Total AISC of production (per ounce) | | | US\$951 | US\$894 |

- (1) The Sao Chico Mine was only declared to be in Commercial Production with effect from 1 January 2016 and all costs and revenues relating to this mine were capitalised prior to this date. The Income Statements for 2015 therefore only reflect the revenues and costs arising from the gold produced from the Palito Mine and the Cash Cost and AISC for 2015 comparative period therefore also only reflect the activities from the Palito Mine.
- (2) Excludes gold production of 1,984 ounces from the Sao Chico Mine which was not in commercial production during 2015.
- (3) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and gold doré that is delivered to refineries.



Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR THE THREE QUARTERS ENDING 30 SEPTEMBER 2016 (PALITO AND SAO CHICO)

| | | Quarter 1 2016 | Quarter 2 2016 | Quarter 3 2016 | 9 months 2016 | 9 months 2015 |
|---|------------------|-------------------|-------------------|-------------------|-----------------------|------------------|
| Horizontal development | Metres | 2,925 | 2,941 | 2,649 | 8,515 | 6,911 |
| Mined ore | Tonnes | 37,546 | 33,606 | 43,133 | 114,285 | 101,888 |
| | Gold grade (g/t) | 11.02 | 9.56 | 9.61 | 10.06 | 10.07 |
| Milled ore | Tonnes | 36,615 | 39,402 | 42,464 | 118,481 | 96,480 |
| | Gold grade (g/t) | 8.58 | 8.17 | 8.08 | 8.27 | 8.75 |
| Gold production ^{(1) (2)} | Ounces | 9,771 | 9,896 | 10,233 | 29,900 ⁽¹⁾ | 24,704 |

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

(2) Gold production totals for 2016 include treatment of 13,227 tonnes of flotation tails

Financial Highlights

- Cash Cost for the year to date of US\$772 per ounce.
- All-In Sustaining Cost for the year to date of US\$951 per ounce.
- Gross profit from operations of US\$9.74 million for the first nine months of 2016 which represents an improvement of 138 per cent compared to the same period in 2015.
- Post tax profit of US\$1.47 million compared with US\$0.19 million for the same nine month period in 2015.
- Earnings per share of 0.35 cents for the first nine months of 2016.
- Cash holdings of US\$3.12 million at 30 September 2016.
- Average gold price of US\$1,256 received on gold sales in the first nine months of 2016.
- Negligible borrowings with secured debt facilities outstanding at 30 September of only US\$1.4 million (30 June 2016: US\$4.7 million)

2016 Guidance

- Forecast gold production for 2016 expected to be approximately 39,000 ounces.
- The Company maintains its cost guidance for the full year of an All-In Sustaining Cost of US\$950 to US\$985 per ounce reflecting the continued strength of the Brazilian Real with has appreciated by 19 per cent since March 2016.

Operational Highlights

- Record quarterly gold production of 10,233 ounces for the third quarter of 2016 (Q2 2016 - 9,896 ounces).
- Mine production totalled 43,133 tonnes, a 28 per cent increase over the preceding quarter.
 - 31,916 tonnes at a grade of 9.52 grammes per tonne ("g/t") of gold from Palito.
 - 11,217 tonnes at 9.88 g/t of gold from Sao Chico.
- 42,464 tonnes of ore processed through the plant for the combined mining operations at an average grade of 8.27 g/t including the processing of low grade stockpiles.
- 2,649 metres of horizontal mine development completed in the quarter with 1,607 metres completed at Palito and 1,042 metres at Sao Chico.
- With the third ball mill operational from the end of the second quarter, along with a second flotation line and enhancements in the carbon in pulp ("CIP"),



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- These plant enhancements have increased plant capacity from 380-400 tonnes per day (“tpd”) to over 500 tpd. This additional capacity of approximately 100 tpd is being used to consume the surface stockpile as much as practically possible.
- Work has commenced on the installation of a new carbon regeneration kiln which should be completed in the early part of the fourth quarter. The kiln will regenerate ‘fouled’ carbon and enhance gold recoveries.
- Sao Chico has now been deepened to the 86m level, some 150 vertical metres below surface. The ramp is continuing at a slower rate to the 71m level.
- During the third quarter, underground exploration drilling continued at both sites. At Sao Chico the first 17 holes of a 6,000 metre programme were completed. The programme is testing the continuity of the central ore-zone below the current deepest workings at 86m down to level -20m.
- At the end of the third quarter, the combined surface ore stockpiles at Palito and Sao Chico totalled 11,000 tonnes at an average grade of 3.3 g/t of gold.

Clive Line, CFO of Serabi commented,

“The third quarter has produced another satisfying result, both operationally and financially. Gold production of 10,233 ounces was another successive record quarter being a three per cent improvement on the preceding quarter. Record levels of mined and milled tonnages were also achieved in the quarter. Gross profit from operations has improved quarter on quarter and the pre-tax profit of US\$743,000 is a significant improvement over the preceding quarter. At the same time, we continue to strengthen the balance sheet and pay down debt reflected in the improvement in the current asset position of the Company.”

“During the third quarter we have changed customer for our copper/gold concentrate production. This change has brought with it improved payment terms but under IFRS, it has also accelerated the date on which the sale of a consignment copper/gold concentrate occurs. As a result, the third quarter results have benefitted from the recognition of a one-off additional sale, together with the associated production costs, of 160 tonnes of concentrate being recognised in the quarter. This also reflected in the balance sheet as the production costs of this 160 tonne shipment are no longer carried as inventory (valued at the cost of production) as they would have been in preceding periods, but as a receivable for the sales value of the shipment.”

“The balance sheet has also been strengthened by the retirement in the quarter of approximately US\$3.33 million of debt. We continue to repay the US\$8 million debt facility from Sprott Resource Lending Partnership which as at the end of October 2016 has been reduced to approximately US\$1.0 million. In addition, the financial position has been improved through the conversion, by Fratelli Investment Limited, of its US\$2 million convertible loan which occurred during August 2016.”

“The cash position is slightly lower than at the end of June 2016, but this reflects the settlement for this 160 tonnes shipment of concentrate that left Brazil at the end of September for which payment only occurred in the first few days of the following month. The change in customer has eliminated the need for the US\$7.5 million short term trade finance arrangements that the Company has had in place for some three years which financed the concentrate sales for approximately four months prior to any initial settlement being received from the smelter. This change is therefore expected to bring significant savings in finance costs in the future.”

“Whilst our costs, in local currency terms, continue to be relatively steady, the Brazilian economy and therefore the Brazilian Real have continued to benefit from high inward investment flows, supplemented by tax inflows from previously undeclared foreign income and investment holdings that have been stimulated by a short-term amnesty. These inward flows have continued to support the currency, though with the amnesty coming to an end, there has been some recent weakening. We continue to evaluate all opportunities to improve our cost base and improve gold recovery to maintain and improve margins.”



SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

| (expressed in US\$) | Notes | For the three months ended 30 September | | For the nine months ended 30 September | |
|--|-------|--|---------------------|---|---------------------|
| | | 2016 (unaudited) | 2015 (unaudited) | 2016 (unaudited) | 2015 (unaudited) |
| CONTINUING OPERATIONS | | | | | |
| Revenue | | 16,209,753 | 8,365,289 | 42,120,928 | 27,043,682 |
| Operating expenses | | (10,216,119) | (6,302,006) | (25,828,941) | (19,350,056) |
| Depreciation of plant and equipment | | (2,907,161) | (871,576) | (6,552,101) | (3,603,810) |
| Gross profit | | 3,086,473 | 1,191,707 | 9,739,886 | 4,089,816 |
| Administration expenses | | (1,267,898) | (871,153) | (3,812,218) | (3,024,671) |
| Share based payments | | (101,072) | (101,019) | (249,828) | (303,056) |
| Gain on disposal of assets | | 2,070 | — | 29,039 | — |
| Operating profit | | 1,719,573 | 219,535 | 5,706,879 | 762,089 |
| Foreign exchange loss | | (28,860) | (364,869) | (101,268) | (171,238) |
| Finance expense | 3 | (947,250) | (388,074) | (3,299,989) | (1,206,276) |
| Investment income | 3 | 40 | 647,584 | 109 | 806,498 |
| Profit before taxation | | 743,503 | 114,176 | 2,305,731 | 191,073 |
| Income tax expense | | (278,023) | — | (834,069) | — |
| Profit for the period from continuing operations ^{(1) (2)} | | 465,480 | 114,176 | 1,471,662 | 191,073 |
| Other comprehensive income | | | | | |
| Items that may be reclassified subsequently to profit or loss | | | | | |
| Exchange differences on translating foreign operations | | (588,314) | (11,995,969) | 9,041,254 | (21,183,302) |
| Total comprehensive loss for the period ⁽²⁾ | | (122,834) | (11,881,793) | 10,512,916 | (20,992,229) |
| Profit / (loss) per ordinary share (basic) ⁽¹⁾ | 4 | 0.11c | 0.02c | 0.35c | 0.03c |
| Profit / (loss) per ordinary share (diluted) ⁽¹⁾ | 4 | 0.10c | 0.01c | 0.32c | 0.02c |

(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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SERABI GOLD PLC
Condensed Consolidated Balance Sheets

| | As at 30 September 2016 (unaudited) | As at 30 September 2015 (unaudited) | As at 31 December 2015 (audited) |
|--|--|--|---|
| (expressed in US\$) | | | |
| Non-current assets | | | |
| Deferred exploration costs | 9,731,144 | 9,018,777 | 8,679,246 |
| Property, plant and equipment | 44,860,837 | 39,181,535 | 40,150,484 |
| Total non-current assets | 54,591,981 | 48,200,312 | 48,829,730 |
| Current assets | | | |
| Inventories | 7,865,290 | 7,677,056 | 6,908,790 |
| Trade and other receivables | 9,165,344 | 6,683,465 | 6,133,284 |
| Prepayments and accrued income | 2,652,081 | 2,248,960 | 2,429,506 |
| Cash and cash equivalents | 3,116,123 | 3,814,439 | 2,191,759 |
| Total current assets | 22,798,838 | 20,423,920 | 17,663,339 |
| Current liabilities | | | |
| Trade and other payables | 6,564,033 | 4,788,850 | 4,212,803 |
| Interest bearing liabilities | 1,425,058 | 4,928,000 | 4,000,000 |
| Trade and asset finance facilities | 3,260,272 | 7,892,830 | 7,385,155 |
| Derivative financial liabilities | 262,000 | 70,038 | — |
| Accruals | 367,646 | 167,237 | 226,197 |
| Total current liabilities | 11,879,009 | 17,846,954 | 15,824,155 |
| Net current assets | 10,919,829 | 2,576,966 | 1,839,184 |
| Total assets less current liabilities | 65,511,810 | 50,777,278 | 50,668,914 |
| Non-current liabilities | | | |
| Trade and other payables | 2,275,312 | 2,226,238 | 1,857,914 |
| Provisions | 2,284,002 | 2,075,105 | 1,898,714 |
| Interest bearing liabilities | 210,657 | 246,557 | 128,641 |
| Total non-current liabilities | 4,769,971 | 4,547,900 | 3,885,269 |
| Net assets | 60,741,839 | 46,229,378 | 46,783,645 |
| Equity | | | |
| Share capital | 5,540,960 | 5,263,182 | 5,263,182 |
| Share premium | 1,722,222 | — | — |
| Option reserve | 1,237,581 | 2,646,397 | 2,747,415 |
| Other reserves | 361,461 | 450,262 | 450,262 |
| Translation reserve | (30,185,281) | (39,919,594) | (39,226,535) |
| Distributable surplus | 82,064,896 | 77,789,131 | 77,549,321 |
| Equity shareholders' funds | 60,741,839 | 46,229,378 | 46,783,645 |

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 2015 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 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.



SERABI GOLD PLC
Condensed Consolidated Statements of Changes in Shareholders' Equity

| (expressed in US\$) | Share capital | Share premium | Share option reserve | Other reserves ⁽¹⁾ | Translation reserve | Accumulated loss | Total equity |
|--|-------------------|-------------------|----------------------|-------------------------------|---------------------|---------------------|-------------------|
| Equity shareholders' funds at 31 December 2014 (audited) | 61,668,212 | 67,656,848 | 2,400,080 | 450,262 | (18,736,292) | (46,520,559) | 66,918,551 |
| Foreign currency adjustments | — | — | — | — | (9,187,333) | — | (9,187,333) |
| Profit for the period | — | — | — | — | — | 76,897 | 76,897 |
| Total comprehensive income for the period | — | — | — | — | (9,187,333) | 76,897 | (9,110,436) |
| Share options lapsed in period | — | — | (56,739) | — | — | 56,739 | — |
| Share option expense | — | — | 202,037 | — | — | — | 202,037 |
| Equity shareholders' funds at 30 June 2015 (unaudited) | 61,668,212 | 67,656,848 | 2,545,378 | 450,262 | (27,923,625) | (46,386,923) | 58,010,152 |
| Foreign currency adjustments | — | — | — | — | (11,302,910) | — | (11,302,910) |
| Loss for the period | — | — | — | — | — | (125,634) | (125,634) |
| Total comprehensive income for the period | — | — | — | — | (11,302,910) | (125,634) | (11,428,544) |
| Cancellation of share premium | — | (67,656,848) | — | — | — | 67,656,848 | — |
| Cancellation of deferred shares | (56,405,030) | — | — | — | — | 56,405,030 | — |
| Share option expense | — | — | 202,037 | — | — | — | 202,037 |
| Equity shareholders' funds at 31 December 2015 (audited) | 5,263,182 | — | 2,747,415 | 450,262 | (39,226,535) | 77,549,321 | 46,783,645 |
| Foreign currency adjustments | — | — | — | — | 9,041,254 | — | 9,041,254 |
| Profit for the period | — | — | — | — | — | 1,471,662 | 1,471,662 |
| Total comprehensive income for the period | — | — | — | — | 9,041,254 | 1,471,662 | 10,512,916 |
| Shares issued in period | 277,778 | 1,722,222 | — | — | — | — | 2,000,000 |
| Release of Fair Value provision on convertible loan | — | — | — | — | — | 1,195,450 | 1,195,450 |
| Warrants lapsed | — | — | — | (88,801) | — | 88,801 | — |
| Share options lapsed in period | — | — | (1,759,662) | — | — | 1,759,662 | — |
| Share option expense | — | — | 249,828 | — | — | — | 249,828 |
| Equity shareholders' funds at 30 September 2016 (unaudited) | 5,540,960 | 1,722,222 | 1,237,581 | 361,461 | (30,185,281) | 82,064,896 | 60,741,839 |

(1) Other reserves comprise a merger reserve of US\$361,461 (2015: US\$361,461 and a warrant reserve US\$88,801)



SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

| (expressed in US\$) | For the three months ended | | For the nine months ended | |
|--|----------------------------------|---------------------|----------------------------------|---------------------|
| | 30 September 2016 (unaudited) | 2015 (unaudited) | 30 September 2016 (unaudited) | 2015 (unaudited) |
| Operating activities | | | | |
| Profit before taxation | 465,480 | 114,176 | 1,471,662 | 191,073 |
| Depreciation – plant, and equipment | 2,907,161 | 871,576 | 6,552,101 | 3,603,810 |
| Net financial expense | 976,071 | 105,359 | 3,401,148 | 571,016 |
| Taxation | 278,023 | — | 834,069 | — |
| Share-based payments | 101,072 | 101,019 | 249,828 | 303,056 |
| Foreign exchange gain | 38,109 | 112,300 | 207,785 | 276,788 |
| Changes in working capital | | | | |
| Decrease / (increase) in inventories | 1,286,509 | (1,103,999) | 505,768 | (2,552,479) |
| Decrease / (increase) in receivables, prepayments and accrued income | 330,084 | 791,116 | (2,434,886) | (775,400) |
| (Decrease) / increase in payables, accruals and provisions | (68,421) | 1,219,436 | 1,411,427 | 2,860,354 |
| Net cash inflow from operations | 6,314,088 | 2,210,983 | 12,198,902 | 4,478,218 |
| Investing activities | | | | |
| Sales revenues recognised to date | — | 1,340,259 | — | 2,267,350 |
| Capitalised pre-operating costs | — | (1,724,903) | — | (2,392,111) |
| Purchase of property, plant and equipment and projects in construction | (713,069) | (997,540) | (2,840,740) | (4,285,435) |
| Mine development expenditures | (469,608) | (150,801) | (1,718,759) | (948,633) |
| Exploration and development expenditure | (247,479) | (108,083) | (247,479) | (570,318) |
| Proceeds from sale of assets | 2,070 | — | 29,039 | — |
| Interest received | 40 | 1 | 109 | 842 |
| Net cash outflow on investing activities | (1,428,046) | (1,641,067) | (4,777,830) | (5,928,305) |
| Financing activities | | | | |
| Repayment of short-term secured loan | (1,333,334) | (1,000,000) | (2,666,667) | (3,000,000) |
| Drawdown of convertible loan and subsequent conversion of shares | — | — | 2,000,000 | — |
| Receipts from short-term trade finance | 4,454,632 | 6,435,952 | 16,355,730 | 17,123,401 |
| Repayment of short-term trade finance | (9,411,663) | (6,130,683) | (20,921,538) | (16,994,618) |
| Payment of finance lease liabilities | (161,210) | (303,380) | (542,731) | (570,445) |
| Interest paid and other finance costs | (125,901) | (84,406) | (624,233) | (854,276) |
| Net cash (outflow) from financing activities | (6,577,476) | (1,082,517) | (6,399,439) | (4,295,938) |
| Net (decrease) / increase in cash and cash equivalents | (1,691,434) | (512,601) | 1,021,633 | (5,746,025) |
| Cash and cash equivalents at beginning of period | 4,774,537 | 4,481,970 | 2,191,759 | 9,813,602 |
| Exchange difference on cash | 33,020 | (154,930) | (97,269) | (253,138) |
| Cash and cash equivalents at end of period | 3,116,123 | 3,814,439 | 3,116,123 | 3,814,439 |



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 2015 was filed with the Registrar of Companies following their adoption by shareholders at the next Annual General Meeting. The full audited financial statements for the years end 31 December 2015 do comply with IFRS.

2. Basis of Preparation

These interim accounts are for the three and nine month periods ended 30 September 2016. Comparative information has been provided for the unaudited three and nine month periods ended 30 September 2015 and, where applicable, the audited twelve month period from 1 January 2015 to 31 December 2015.

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 2015 and those envisaged for the financial statements for the year ending 31 December 2016.

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.

These financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

Going concern and availability of project finance

Having commenced initial development activities for the Sao Chico Mine at the end of 2014, this mine was in development throughout 2015. On 1 February 2016, the Group announced that, with effect from 1 January 2016, the Sao Chico Mine had achieved Commercial Production. The Palito Mine has been in Commercial Production since 1 July 2014.

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 to repay its secured loan facilities and to, at least in part, fund exploration and development activity on its other gold properties. The secured loan facility is repayable by 31 December 2016 and at 30 September 2016, the amount outstanding under this facility was US\$1.33 million.

However, the forecasted cash flow projections for the remainder of 2016 include a continuing significant increase in production from the Sao Chico Mine compared with the preceding calendar year. Whilst the Group has declared Commercial Production at the Sao Chico Mine, there are risks associated with the commencement of any new mining operation whereby unforeseen technical and logistical events result in additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required. Additionally, the Group is exposed to changes in gold price and currency exchange rates. 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. Finance income and expense

| Finance expense | 3 months ended 30 September 2016 US\$ (unaudited) | 3 months ended 30 September 2015 US\$ (unaudited) | 9 months ended 30 September 2016 US\$ (unaudited) | 9 months ended 30 September 2015 US\$ (unaudited) |
|--|--|--|--|--|
| Interest and fees on loans and finance facilities | 146,229 | 388,074 | 684,561 | 1,206,276 |
| Effective interest charge of the fair value, and loss on revaluation, of derivatives | 378,719 | — | 1,699,175 | — |
| Finance cost on gold trading | 422,302 | — | 916,253 | — |
| | 947,250 | 388,074 | 3,299,989 | 1,206,276 |

| Finance income | 3 months ended 30 September 2016 US\$ (unaudited) | 3 months ended 30 September 2015 US\$ (unaudited) | 9 months ended 30 September 2016 US\$ (unaudited) | 9 months ended 30 September 2015 US\$ (unaudited) |
|------------------------------------|--|--|--|--|
| Gain on revaluation of derivatives | — | 474,336 | — | 458,465 |
| Finance income on gold trading | — | 173,246 | — | 347,191 |
| Interest income | 40 | 2 | 109 | 842 |
| | 40 | 647,584 | 109 | 806,498 |

4. Earnings per share

| | 3 months ended 30 September 2016 | 3 months ended 30 September 2015 | 9 months ended 30 September 2016 | 9 months ended 30 September 2015 | 12 months ended 31 December 2015 |
|--|---|---|---|---|---|
| Profit / (loss) attributable to ordinary shareholders (US\$) | 743,503 | 114,176 | 2,305,731 | 191,073 | (48,738) |
| Weighted average ordinary shares in issue | 678,005,407 | 656,389,204 | 663,647,199 | 656,389,204 | 656,389,204 |
| Basic profit/(loss) per share (US cents) | 0.11 | 0.02 | 0.35 | 0.03 | (0.01) |
| Diluted ordinary shares in issue | 727,915,407 ⁽¹⁾ | 792,265,830 ⁽¹⁾ | 713,557,199 ⁽¹⁾ | 792,265,830 ⁽¹⁾ | 656,389,204 |
| Diluted profit /(loss) per share (US cents) | 0.10 | 0.01 | 0.32 | 0.02 | (0.01) ⁽²⁾ |

(1) Assumes exercise of all options and warrants outstanding as of that date.

(2) As the effect of dilution is to reduce the loss per share, the diluted loss per share is considered to be the same as the basic loss per share.



PRESS RELEASE 14 NOVEMBER 2016
SERABI GOLD plc ("Serabi", "the Company" or "the Group")



5. Post balance sheet events

Between the end of the financial period and the date that the financial statements were approved by the Board of Directors 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 company, the results of these operations, or the state of affairs of the Company in future financial periods.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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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 with 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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