



PRESS RELEASE 23 OCTOBER 2017

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



Strong third quarter production consolidating 2017 production.

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to report third quarter production of 9,657 ounces of gold at its Palito/Sao Chico high grade gold operation in the Tapajos region of Para State, Northern Brazil.

HIGHLIGHTS

- Third quarter production of 9,657 ounces of gold.
- Mine production totalled 41,263 tonnes at 9.80 grammes per tonne ("g/t") of gold.
- 44,954 tonnes processed through the plant for the combined mining operations, with an average grade of 7.21 g/t of gold.
- 2,996 metres of horizontal mine development completed in the quarter.
- The Palito orebody saw development and production focus on the Senna, Pipocas, G3 and Mogno veins principally, with three other veins, (Zonta, G1, Jatoba) in development.
- The mine ramp accessing the Sao Chico orebody has now reached the 26mRL, approximately 230 vertical metres below surface. Production is coming from the 128mRL and 100mRL levels with levels 86mRL, 70mRL, 56mRL, 40mRL and now 26mRL all either developed or being development, comfortably ahead of production.
- By the end of the third quarter, surface ore stocks were approximately 15,000 tonnes (30 June 2017: 12,000 tonnes) with an average grade of 3.2 g/t of gold.
- An initial 8,000 metre surface drill programme to commence before the end of the year.

Mike Hodgson, CEO, said:

"Following an excellent first quarter and a moderate second quarter, it is very satisfying to report that the operation has bounced back and performed very well in the third quarter of the year. With approximately 9,700 ounces of gold produced in the quarter, the Company's total production for the year to date is now approximately 28,000 ounces.

"Mine production from both the Palito and Sao Chico orebodies progressed well, and there were improvements in the average grades mined from both orebodies during the third quarter, with average mined grades of over 9 g/t of gold being reported. Mine development from the Sao Chico orebody in particular has been very encouraging, especially on the 40mRL, the lowest level currently in development. To date, the 40mRL level exhibits greater than forecast payable strike lengths compared with the upper levels. We are eagerly anticipating the next level, the 26mRL, to see if this trend continues. The exciting results from level 40mRL has meant mill feed ore from the Sao Chico orebody is predominantly from development and relatively little from stoping. In addition, development is now comfortably ahead of stoping, with over two years of ore now developed and 'blast ready' at current production rates.

"At the Palito orebody, seven veins out of the 25 veins that comprise the total geological resource, are now in various stages of development and production. The Pipocas, G3, and Senna veins remain the backbone of our sources of ore, with smaller contributions from the newly developed Jatoba, Mogno, Zonta and G1 veins. As was reported in the Company's second



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quarter operational update, the G3 vein has been intersected on the -50mRL, the lowest level in the mine, and development on this level has been on-going through the third quarter. The mineralised vein remains strong, with very good grades being encountered. The Pipocas vein is in development on the 30mRL and 0mRL levels, with deepening underway to access the -30mRL level.

"In the plant, the performance during the quarter was excellent, with approximately 45,000 tonnes of run of mine ore ("ROM") milled. With 41,000 tonnes having been mined, the balance of the plant throughput was made up by processing the low grade surface stockpiled ore. However, with over 15,000 tonnes of coarse ore still in stockpiles and over 35,000 tonnes of flotation tails stockpiled (with an average grade of around 3g/t of gold) and this level having been fairly static since 2014, we remain plant constrained, which is both comforting and frustrating.

"With current plant limitations, we have had little success in running down the levels of the flotation tails, for two primary reasons. To date we have pumped the tailings 'wet' to the CIP plant, but this has proved to be slow and labour intensive. Passing the material 'dry' through the ore feed system is restricted by belt capacity, and therefore we would be displacing higher grade ore. We are now designing and constructing an independent conveyor to feed these tails directly into the ball mills, which means this material can be added to the current dry mill feed, and therefore increase the levels that can be treated each month. We hope to be operational with this solution by mid-November.

"One very encouraging development this year has been our test work on ore sorting on the Palito and Sao Chico ores. We are mining narrow veins with an approximate width of 0.5 metres, and whilst we employ the most selective methods possible, unavoidably our minimum stope mining width is generally 1.0 metre. Therefore, despite excellent mining quality, we still experience considerable dilution from stope mining with even higher levels in the development mining activities. Having undertaken test work initially in Brazil and more recently on bulk samples at the manufacturer's facilities in Poland, we have achieved excellent results using X-ray scanning to physically separate crushed ore between the sulphide bearing ore and granite waste. The contrast and results have been quite remarkable. The intention now is to introduce an X-ray ore sorter after the main crushing plant that will separate material ahead of milling and remove from the mill feed a significant percentage of the waste that would otherwise have formed part of the feed into the plant. Not only will this reduce process costs per ounce recovered, it will also liberate capacity in a mill constrained operation. We therefore hope we can debottleneck the plant using this technology, elevating mill feed grade in the process, and freeing up plant capacity for the future organic growth. This equipment is unfortunately built to order and we anticipate it will take between nine months and a year before it can be fabricated, installed and commissioned. Payback of the estimated US\$1.2 million cost is however expected to be less than 12 months.

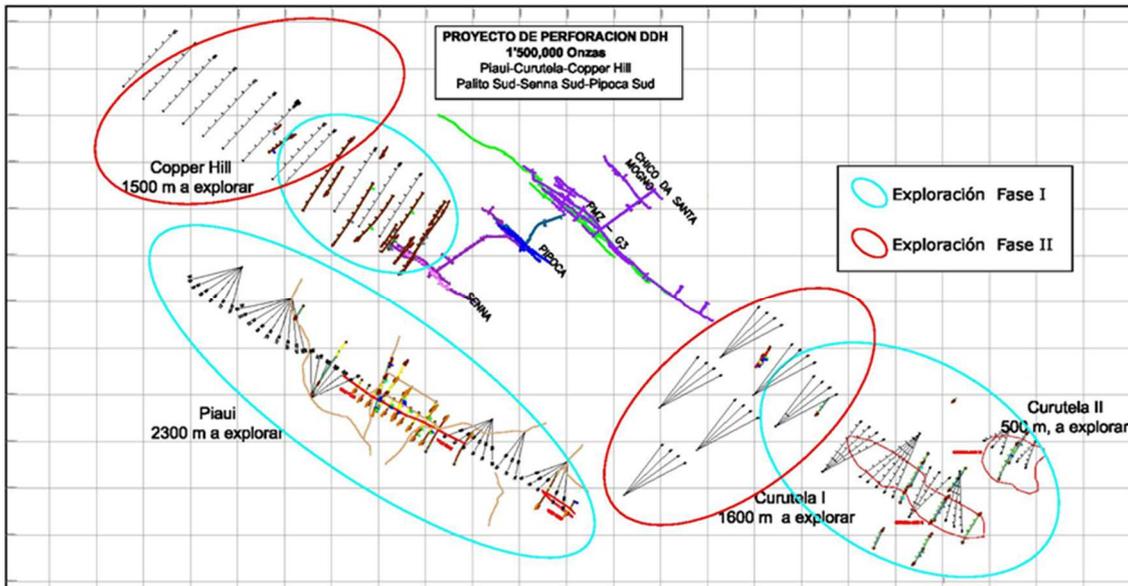
"On the subject of organic growth, with improved metal prices and exchange rates, we have recently been enjoying better margins and cash generation. We have now been able to commit to an initial 8,000 metre surface drill programme, which will focus on drilling the many potential vein extensions we have at Palito."

"The full programme that we would like to undertake is substantially greater than 8,000 metres, and, both orebodies could benefit from significantly higher levels of strike extension drilling. The Palito orebody hosts a resource that extends over a one kilometre strike length, but sits within a trend that now clearly indicates the veins mineralisation is traceable over approximately four kilometres. The continuity of the ore payability in these veins remains to be seen, but clearly only drilling will determine this. The Sao Chico orebody is completely open along strike with very little information outside the immediate mine limits. Again there are strong indications that substantial strike extensions of the principal vein and adjacent veins are waiting to be defined.

"Ultimately, we have plans that would involve a much more ambitious drilling programme targeting a two million ounce total mineral resource across the two ore-zones, with the full programme, totalling 60,000 meters, to be completed in two phases. This initial 8,000 metres forms part of phase one and is a programme we can start comfortably and commit to out of



operational cash flow. Drilling will get underway in November, and I look forward to updating you on this during the first quarter of 2018.



Indicative locations and allocation of the planned 8,000 metre drill programme

“This excellent third quarter has been extremely satisfying, after the slight disappointment of the second quarter. The plant is always full, and rarely misses a beat, and with the ore blocks to be mined in this current fourth quarter and a healthy stockpile in front of the plant, I see every reason to look forward to a good final three months of the year.”

Results

Total production for the third quarter of 2017 was 9,657 ounces of gold, generated from the processing of 44,954 tonnes of ore at overall average grades of 7.21 g/t of gold, which was sourced from mined ore from the Palito and Sao Chico orebodies, supplemented with lower grade surface stockpiled ROM and flotation tailings. Mined tonnage for the quarter totalled 41,263 tonnes with a grade of 9.80 g/t of gold.

At 30 September 2017, there were coarse ore stocks of approximately 15,000 tonnes of ore with an average grade of 3.20 g/t of gold, and approximately 35,000 tonnes of flotation tails with an average grade of 3.00 g/t of gold. This stock is being consumed, albeit not as quickly as forecast, and for now the operation remains plant constrained.

A total of 2,996 metres of horizontal development has been completed during the quarter, of which approximately 1,489 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

2017 Guidance

The Company forecast 40,000 ounces of gold production for the year, with an All In Sustaining Cost of between \$950 and \$975 per ounce, broadly in line with the cost guidance of 2016. Gold production for the first nine months remains broadly in line with the Company’s forecast.

With year to date production standing at 27,666 ounces, an additional fourth quarter of 10,000 ounces forecast should result in full year production of a minimum of approximately 38,000 ounces. Management hope that production for the fourth



quarter will improve on prior quarters with the addition of increased levels of processing of 2014 flotation tails during the final quarter, a benefit which will continue through 2018 as well.

		Quarter 1 2017	Quarter 2 2017	Quarter 3 2017	Total 2017	Total 2016	Total 2015
Horizontal development	Metres	2,251	1,855	2,996	7,102	11,209	9,600
Mined ore	Tonnes	36,918	42,075	41,263	120,256	158,864	135,847
	Gold grade (g/t)	10.12	7.80	9.80	9.20	9.74	9.80
Milled ore	Tonnes	46,663	43,905	44,954	135,522	158,966	130,299
	Gold grade (g/t)	7.09	6.26	7.21	6.86	8.11	8.43
Gold production	Ounces	9,861	8,148	9,657	27,666	39,390	32,629

- (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.
- (2) Gold production totals for 2017 include treatment of 4,941 tonnes of flotation tails (2016 full year: 16,716 tonnes)

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

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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.

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

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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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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 grammes per tonne (g/t), parts per million (ppm) or parts per billion (ppb).

“g/t” means grammes 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 stoping methods.

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