PRESS RELEASE 14 NOVEMBER 2018
SERABI GOLD plc ("Serabi" or "the Company")

SERABI GOLD

Unaudited Interim Financial Results for the three and nine month periods to 30 September 2018 and Management's Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited interim financial results for the three and nine month periods ending 30 September 2018 and at the same time has published its Management's Discussion and Analysis for the same periods.

Key Financial Information

	9 months to 30 Sept 2018 US$	**3 months to 30 Sept 2018 US$**	9 months to 30 Sept 2017 US$	3 months to 30 Sept 2017 US$
Revenue	**33,223,837**	**7,523,203**	36,225,050	12,908,790
Cost of Sales	**(23,653,392)**	**(6,380,505)**	(24,558,180)	(7,695,870)
Gross Operating Profit	**9,570,445**	**1,142,698**	11,666,870	5,212,920
Administration and share based payments	**(4,075,015)**	**(1,230,206)**	(4,107,891)	(1,509,501)
EBITDA	**5,495,430**	**(87,508)**	7,558,979	3,703,419
Depreciation and amortisation charges	**(6,148,284)**	**(1,721,708)**	(7,414,251)	(2,919,365)
Operating (loss)/profit before finance and tax	**(652,854)**	**(1,809,216)**	144,728	784,054
Loss after tax	**(2,731,110)**	**(2,248,476)**	(770,629)	235,051
Earnings per ordinary share (basic)	**(5.59c)**	**(3.82c)**	(2.21c)	0.67c
Average gold price received	**US$1,285**	**US$1,213**	US$1,238	US$1,264

	As at 30 September 2018 (US$)	As at 31 December 2017 (US$)
Cash and cash equivalents	**15,204,568**	4,093,866
Net assets	**69,657,448**	60,770,712

Cash Cost and All-In Sustaining Cost ("AISC")

	9 months to 30 Sept 2018	9 months to 30 Sept 2017
Gold production for cash cost and AISC purposes	**26,852**	27,666
Total Cash Cost of production (per ounce)	**US$846**	US$795
Total AISC of production (per ounce)	**US$1,108**	US$1,058

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Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR 2018 YEAR TO DATE AND 2017

		Qtr 1 2018	**Qtr 2 2018**	**Qtr 3 2018**	**Year to Date 2018**	Qtr 1 2017	Qtr 2 2017	Qtr 3 2017	Qtr 4 2017	Total 2017
Horizontal development – Total	Metres	**2,353**	**2,744**	**2,814**	**7,911**	2,251	1,855	2,996	2,762	9,864
Mined ore – Total	Tonnes	**39,669**	**36,071**	**42,725**	**118,465**	36,918	41,684	41,263	49,011	168,876
	Gold grade (g/t)	**7.49**	**8.12**	**6.23**	**7.23**	10.12	7.80	9.80	8.25	8.92
Milled ore	Tonnes	**43,145**	**38,155**	**41,405**	**122,705**	41,722	43,294	44,205	43,345	172,565
	Gold grade (g/t)	**7.04**	**7.71**	**6.11**	**6.93**	7.62	6.29	7.28	7.27	7.11
Gold production (1) (2)	Ounces	**9,188**	**9,563**	**8,101**	**26,852**	9,861	8,148	9,657	9,337	37,004

(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 2018 include treatment of 13,449 tonnes of flotation tails at a grade of 3.70 g/t (2017 full year : 4,568 tonnes)
(3) The table may not sum due to rounding.

Financial Highlights

- Cash holdings at period end of over US$15 million (31 December 2017: US$4.1 million).
- Successful exploration results generated from programme that has cost US$3.2 million for the year to date.
- US$1.8 million spend in the nine month period on the continuing development and licencing of the Coringa gold project.
- Final maturity date of additional US$3 million loan from Sprott extended to 30 June 2020.
- Revenue, gross profit and EBITDA affected by timing of gold shipments with these sales now to be completed in fourth quarter.

2018 Guidance

- Management does not anticipate a major shift in mine performance and therefore hard rock gold production, in 2018 compared with 2017. However, the delay in our ability to process the substantial surfaced stockpiled ore suggests 2018 production is likely to be in the range of 36,000-37,000 ounces.

Operational Highlights

- Third quarter production of 8,101 ounces of gold, with production for the year to date totalling 26,852 ounces.
- Highest level of mined tonnage for the year with a total of 42,725 tonnes at 6.23 grammes per tonne ("g/t") of gold.
- 41,405 tonnes of run of mine ("ROM") ore processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 6.11 g/t of gold, a nine per cent increase in throughput rates compared with the second quarter.
- Additional 6,825 tonnes of historical tailings processed through the leaching circuit at a grade of 3.5 g/t of gold.
- The highest quarterly total of horizontal mine development in 2018, with 2,814 metres completed.

Exploration and Development Highlights

- Completion of a 4,343 line kilometre airborne HeliTEM Electro-magnetic ("EM") and Magnetic survey.
- Completion of 80 line kilometres of a terrestrial Induced Polarisation ("IP") geophysical survey.
- 4,237 metres of surface exploration drilling completed over the Sao Chico deposit, successfully intersecting the strike extension of the Sao Chico orebody up to 300 metres west of the current mine limit.

- 1,520 metres of surface drilling at the Palito deposit, targeting the north extension of the main G3 vein, with the most significant intersection recording 19 g/t of gold over a width of 0.55 metres.
- Commencement of surface drilling at Coringa in preparation for a new mineral resource update to be issued in the first quarter of 2019.
- Start-up of the portal development and underground access at Coringa.

Mike Hodgson, CEO of Serabi commented:

"As reported in the news release of 30 October 2018, the third quarter has been very encouraging. We have had some excellent exploration success at Sao Chico and Palito, completed the excavation in readiness for the mine portal at the recently acquired Coringa project, and enjoyed a solid third quarter of production, producing 8,101 ounces of gold, bringing total gold production for the year to date to 26,852 ounces.

"Production for the year to date is at a similar level to that for the same nine month period of 2017, but the reduction in production during this last quarter is reflected in a reduced level of gold sales completed during the quarter, which has been challenging in terms of revenue generation. Quarterly revenue has also been affected by the timing of gold sales, and therefore the ability to recognise revenue, and as of the end of the quarter the Company had two shipments of gold concentrate with a sales value of approximately US$1.6 million which had been delayed in their planned departure and will now only be shipped during the fourth quarter.

"With reduced sales, the Group's levels of inventory of goods awaiting sale have increased, negatively impacting on working capital and the quarter end cash position, although this remained relatively strong with a cash balance at the end of September 2018 of US$15.2 million.

"Finance costs for the first nine months of 2018 are significantly higher than the comparative period, in part reflecting the increased loan arrangement that the Group had compared with September 2017, but in fact many of these are non-cash items, with actual interest charges on loans being US$530,000. Arrangement fees were settled through the issue of shares, whilst the balance arises from the accounting treatment that the regulations require for derivative transactions and the future payment obligations for Coringa.

"The Company has increased development rates during the year and we have introduced our new generation 'mini-scoops', the first of which arrived on site during the second quarter. These, along with the use of narrow-width face drilling jumbos, are allowing us to advance much faster breaking a lot less rock in the process. This increased rate of development together with much needed increased levels of underground drilling has, however, had a short-term impact on our cost base. This, combined with a lower production rate compared with the previous two quarters, has impacted on the Group's reported AISC for the year to date. However, we are confident that the benefits of the smaller equipment will become apparent with time, and we are making further additions before the year end, most notably a narrow profile mine haulage truck, which will allow the Company to reduce the dimensions of accesses to new areas, which up to now have been made to accomodate conventional trucks. This will present a huge opportunity to reduce waste handling and mine development cost.

"The income tax expense, reflecting the reported profits in Brazil, is also impacted by accounting requirements with the actual liability being approximately US$114,060 and the balance being deferred tax charges reflecting the benefit of past tax losses which are being used to reduce the tax changes in Brazil.

"We have continued to step up the exploration effort and, during the quarter, in addition to the on-going drilling programmes, completed a 4,300 line kilometre airborne EM and magnetic survey. This complimented the previous surveys undertaken in 2008 and 2011, and means Serabi has now flown airborne geophysics over all of the Palito Complex and its surrounding exploration licenses. We anticipate that the results from this, which should be available later this month, will identify some excellent new exploration targets for future evaluation. The equity placings completed in the first six months of the year have enabled the

Company to significantly step up its exploration activity in 2018 with a total of US$3.2 million having been spent in the nine months to the end of September 2018.

"The licencing of and development of the Coringa project has continued to move forward and with the award of the trial mining licences we have more recently been able to prepare the start-up of the mine access and initial mine development. This continues alongside the on-going refurbishment work of the process plant that was acquired with the project. Over the last quarter, expenditure has continued to be fairly modest at approximately US$550,000. The next key milestone on the licencing process will be a formal approval from the environmental agency of the Environmental Impact Assessment ("EIA") that was submitted late in 2017. We understand that they are happy with the content and findings and their final approval will then allow us to hold the necessary public hearings, the next key step in obtaining the Preliminary Licence ("Licencia Previa")."

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Condensed Consolidated Statements of Comprehensive Income

(expressed in US$)	Notes	For the three months ended 30 September 2018 (unaudited)	For the three months ended 30 September 2017 (unaudited)	For the nine months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2017 (unaudited)
CONTINUING OPERATIONS					
Revenue		**7,523,203**	12,908,790	**33,223,837**	36,225,050
Cost of sales		**(6,380,505)**	(7,295,870)	**(23,853,392)**	(23,938,180)
Release of provision for impairment of inventory		—	(400,000)	**200,000**	(620,000)
Depreciation of plant and equipment		**(1,765,849)**	(2,934,986)	**(6,256,749)**	(7,545,847)
Gross (loss)/profit		**(623,151)**	2,277,934	**3,313,696**	4,121,023
Administration expenses		**(1,171,660)**	(1,407,836)	**(3,860,898)**	(3,828,194)
Share based payments		**(58,546)**	(101,665)	**(214,117)**	(279,697)
Gain on disposal of assets		**44,141**	15,621	**108,465**	131,596
Operating (loss)/profit		**(1,809,216)**	784,054	**(652,854)**	144,728
Foreign exchange loss		**260,606**	(24,021)	**(295,027)**	(144,420)
Finance expense	2	**(403,759)**	(269,532)	**(1,103,277)**	(337,543)
Finance income		**440**	31	**474**	100
(Loss) / profit before taxation		**(1,951,929)**	490,532	**(2,050,684)**	(337,135)
Income tax expense		**(296,547)**	(255,481)	**(680,426)**	(433,494)
(Loss) / profit for the period from continuing operations (1) (2)		**(2,248,476)**	235,051	**(2,731,110)**	(770,629)
Exchange differences on translating foreign operations		**(2,708,319)**	2,367,977	**(11,968,323)**	1,710,282
Total comprehensive loss for the period		**(4,956,795)**	2,603,028	**(14,699,433)**	939,653
(Loss) / profit per ordinary share (basic) (1) (2)	4	**(3.82c)**	0.67c	**(5.59c)**	(2.21c)
(Loss) / profit per ordinary share (diluted) (1) (2)	4	**(3.82c)**	0.63c	**(5.59c)**	(2.21c)

(1) All revenue and expenses arise from continuing operations.

(2) On 19 September 2018, the Group completed a capital reorganisation with every 20 existing shares being consolidated into one new share. The total number of existing ordinary shares in issue immediately prior to the capital reorganisation was 1,175,281,440. The total number of ordinary shares in issue following the capital reorganisation was 58,764,072. For comparative purpose the weighted average ordinary shares in issue and the diluted ordinary shares in issue for the three and nine month periods ended 30 September 2017, have been adjusted to reflect the share consolidation of 20 existing shares being consolidated into one new share.

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Condensed Consolidated Balance Sheets

(expressed in US$)	As at 30 September 2018 (unaudited)	As at 30 September 2017 (unaudited)	As at 31 December 2017 (audited)
Non-current assets			
Deferred exploration costs	25,578,156	10,235,454	23,898,819
Property, plant and equipment	40,834,470	44,260,723	48,980,381
Taxes receivable	1,551,593	—	1,474,062
Deferred taxation	2,170,458	3,164,441	2,939,634
Total non-current assets	70,134,677	57,660,618	77,292,896
Current assets			
Inventories	7,335,282	7,196,529	6,934,438
Trade and other receivables	898,773	1,433,010	1,277,142
Prepayments and accrued income	4,379,203	4,950,976	3,237,412
Cash and cash equivalents	15,204,568	9,753,385	4,093,866
Total current assets	27,817,826	23,333,900	15,542,858
Current liabilities			
Trade and other payables	5,755,426	5,313,706	5,347,964
Interest bearing loan	3,636,360	1,290,000	1,980,000
Amounts due on acquisition	—	—	5,000,000
Trade and asset finance facilities	934,766	1,054,632	865,712
Derivative financial liabilities	168,609	732,470	709,255
Accruals	342,632	450,867	614,198
Total current liabilities	10,837,793	8,841,675	14,517,129
Net current assets	16,980,033	14,492,225	1,025,729
Total assets less current liabilities	87,114,710	72,152,843	78,318,625
Non-current liabilities			
Trade and other payables	2,150,732	2,276,769	2,753,409
Provisions	1,788,844	1,905,230	2,047,131
Amounts due on acquisition	10,736,702	—	9,997,961
Interest bearing loan	2,705,307	3,125,000	2,500,000
Trade and asset finance liabilities	75,677	247,521	249,412
Total non-current liabilities	17,457,262	7,554,520	17,547,913
Net assets	69,657,448	64,598,323	60,770,712
Equity			
Share capital	8,882,803	5,540,960	5,540,960
Share premium reserve	21,752,430	1,722,222	1,722,222
Option reserve	1,247,865	1,355,583	1,425,024
Other reserves	5,066,796	3,404,624	4,015,369
Translation reserve	(43,167,891)	(28,897,566)	(31,199,568)
Retained earnings	75,875,445	81,472,500	79,266,705
Equity shareholders' funds	69,657,448	64,598,323	60,770,712

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 2017 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. The auditor's report on these accounts was unqualified. 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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SERABI GOLD PLC
Condensed Consolidated Statements of Changes in Shareholders’ Equity

(expressed in US$)

(unaudited)	Share capital	Share premium	Share option reserve	Other reserves (1)	Translation reserve	Retained Earnings	Total equity
Equity shareholders’ funds at 31 December 2016	**5,540,960**	**1,722,222**	**1,338,652**	**3,051,862**	**(30,607,848)**	**82,333,125**	**63,378,973**
Foreign currency adjustments	—	—	—	—	1,710,282	—	1,710,282
Loss for the period	—	—	—	—	—	(770,629)	(770,629)
Total comprehensive income for the period	—	—	—	—	1,710,282	(770,629)	939,653
Transfer to taxation reserve	—	—	—	352,762	—	(352,762)	—
Share options lapsed in period	—	—	(262,766)	—	—	262,766	—
Share option expense	—	—	279,697	—	—	—	279,697
Equity shareholders’ funds at 30 September 2017	**5,540,960**	**1,722,222**	**1,355,583**	**3,404,624**	**(28,897,566)**	**81,472,500**	**64,598,323**
Foreign currency adjustments	—	—	—	—	(2,302,002)	—	(2,302,002)
Loss for the period	—	—	—	—	—	(1,627,274)	(1,627,274)
Total comprehensive income for the period	—	—	—	—	(2,302,002)	(1,627,274)	(3,929,276)
Transfer to taxation reserve	—	—	—	610,745	—	(610,745)	—
Share options lapsed in period	—	—	(32,224)	—	—	32,224	—
Share option expense	—	—	101,665	—	—	—	101,665
Equity shareholders’ funds at 31 December 2017	**5,540,960**	**1,722,222**	**1,425,024**	**4,015,369**	**(31,199,568)**	**79,266,705**	**60,770,712**
Foreign currency adjustments	—	—	—	—	(11,968,323)	—	(11,968,323)
Profit for the period	—	—	—	—	—	(2,731,110)	(2,731,110)
Total comprehensive income for the period	—	—	—	—	(11,968,323)	(2,731,110)	(14,699,433)
Transfer to taxation reserve	—	—	—	1,051,427	—	(1,051,427)	—
Share options lapsed in period	—	—	(391,277)	—	—	391,277	—
Shares issued in period	3,341,843	20,030,208	—	—	—	—	23,372,051
Share option expense	—	—	214,118	—	—	—	214,118
Equity shareholders’ funds at 30 September 2018	**8,882,803**	**21,752,430**	**1,247,865**	**5,066,796**	**(43,167,891)**	**75,875,445**	**69,657,448**

Other reserves comprise a merger reserve of US$361,461 and a taxation reserve of US$4,705,335 (31 December 2017: merger reserve of US$361,461 and a taxation reserve of US$3,653,908)

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Condensed Consolidated Cash Flow Statements

(expressed in US$)	For the three months ended 30 September 2018 (unaudited)	For the three months ended 30 September 2017 (unaudited)	For the nine months ended 30 September 2018 (unaudited)	For the nine months ended 30 September 2017 (unaudited)
Operating activities				
Post tax loss for period	**(2,248,476)**	235,051	**(2,731,110)**	(770,629)
Depreciation – plant, equipment and mining properties	**1,765,849**	2,934,986	**6,256,749**	7,545,847
Net financial expense	**52,713**	293,522	**1,217,830**	481,863
Provision for impairment of inventory	**—**	400,000	**(200,000)**	620,000
Provision for taxation	**296,547**	255,481	**680,426**	433,494
Share-based payments	**148,546**	101,665	**394,117**	279,697
Foreign exchange (loss) / gain	**259,258**	(136,681)	**413,608**	(96,121)
Changes in working capital				
(Increase)/decrease in inventories	**(1,733,345)**	(1,013,005)	**(1,616,199)**	(25,641)
(Increase)/decrease in receivables, prepayments and accrued income	**(628,425)**	1,341,038	**(2,131,720)**	(1,236,247)
Increase/(decrease) in payables, accruals and provisions	**841,546**	(258,459)	**954,626**	(254,870)
Net cash inflow from operations	**(1,245,787)**	4,153,598	**3,238,327**	6,977,393
Investing activities				
Acquisition payment for subsidiary	**—**	—	**(4,740,928)**	—
Purchase of property, plant and equipment and projects in construction	**(1,457,399)**	(265,246)	**(2,775,325)**	(1,349,085)
Capitalised mine development costs	**(934,169)**	(1,191,322)	**(2,964,658)**	(3,155,641)
Geological exploration expenditure	**(1,222,559)**	—	**(3,234,361)**	(2,501)
Pre-operational project costs	**(562,969)**	—	**(1,852,448)**	—
Proceeds from sale of assets	**44,141**	59,659	**108,465**	175,634
Interest received	**440**	31	**474**	100
Net cash outflow on investing activities	**(4,132,515)**	(1,396,878)	**(15,458,781)**	(4,331,493)
Financing activities				
Issue of ordinary share capital	**—**	—	**23,807,346**	—
Costs associated with issue of share capital	**—**	—	**(566,518)**	—
Drawdown of secured loan	**—**	3,628,511	**3,000,000**	3,628,511
Repayment of secured loan	**(333,333)**	—	**(1,333,333)**	—
Payment of finance lease liabilities	**(156,519)**	(346,566)	**(582,729)**	(478,730)
Interest paid and other finance costs	**(122,803)**	(166,363)	**(509,390)**	(233,818)
Net cash inflow / (outflow) from financing activities	**(612,655)**	3,115,582	**23,815,376**	2,915,963
Net (decrease)/increase in cash and cash equivalents	**(5,990,957)**	5,872,302	**11,594,922**	5,561,863
Cash and cash equivalents at beginning of period	**21,052,325**	3,832,218	**4,093,866**	4,160,923
Exchange difference on cash	**143,200**	48,865	**(484,220)**	30,599
Cash and cash equivalents at end of period	**15,204,568**	9,753,385	**15,204,568**	9,753,385

Notes

1. Basis of preparation

These interim condensed consolidated financial statements are for the three and nine month periods ended 30 September 2018. Comparative information has been provided for the audited three and nine month periods ended 30 September 2017 and, where applicable, the audited twelve month period from 1 January 2017 to 31 December 2017. These condensed consolidated financial statements do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2017 annual report.

The condensed consolidated financial statements 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 2017 and those envisaged for the financial statements for the year ending 31 December 2018.

The Group has not adopted any standards or interpretations in advance of the required implementation dates.

As of 1 January 2018, IFRS 9 - Financial Instruments, and IFRS 15 - Revenue from Contracts, became effective and have been adopted. The effect of implementation has not had a material impact on the financial results of the Group

As of the date of authorisation of these financial statements, IFRS 16 – Leases, was in issue but not effective and has not been applied to these financial statements.

IFRS 16 will require the recognition of an asset and liability with respect to the material operating lease commitments that the group have. Management are currently considering the impact that this will have on the financial statements. The Group does not at this time anticipate voluntary early adoption of IFRS 16.

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

(i) Going concern

On 12 April 2018 the Company completed a Subscription Agreement with Greenstone Resources II LP ("Greenstone"), whereby Greenstone agreed to subscribe ("the Subscription") for 297,759,419 New Ordinary Shares ("the Subscription Shares") at a price of 3.6 pence per share (the "Subscription Price"). The New Ordinary Shares issued pursuant to the Subscription rank pari passu with the existing Ordinary Shares.

On 15 May 2018 the Company completed the placing of a further 176,678,445 new ordinary shares ("Placing Shares") at a price of 3.6 pence per Placing Share (the "Placing Price"), raising gross proceeds of £6.36 million for the Company. The Placing Shares rank pari passu with the existing ordinary shares.

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 fund planned exploration and development activity on its other gold properties. However additional funding will be required to bring the newly acquired Coringa gold project into production including the final acquisition payment. The secured loan facility is repayable by 30 June 2020 and at 30 September 2018, the amount outstanding under this facility was US$6.34 million (31 December 2017: US$4.48 million).

The Directors consider that the Group's operations are performing at the levels that they anticipate but the Group remains a small-scale gold producer. Any unplanned interruption or reduction in gold production, unforeseen reductions in the gold price or appreciation of the Brazilian currency, could adversely affect the level of free cash flow that the Group can generate on a monthly basis.

On this basis, the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

(ii) Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the 2017 annual financial statements.

(iii) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out of impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell. Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

(i) sufficient data exists that render the resource uneconomic and unlikely to be developed

(ii) title to the asset is compromised

(iii) budgeted or planned expenditure is not expected in the foreseeable future

(iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

(i) a significant deterioration in the spot price of gold

(ii) a significant increase in production costs

(iii) a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

2. Finance Costs

	3 months ended 30 September 2018 US$	**3 months ended 30 September 2017 US$**	**9 months ended 30 September 2018 US$**	**9 months ended 30 September 2017 US$**
Interest on secured loan	**(172,284)**	(122,063)	**(530,183)**	(190,074)
Unwinding of discount on acquisition payment	**(254,858)**	—	**(738,741)**	—
Amortisation of fair value of derivatives	**(90,000)**	(65,000)	**(195,000)**	(65,000)
Arrangement fee for secured loan	**(65,000)**	—	**(180,000)**	—
	(582,142)	(187,063)	**(1,643,924)**	(255,074)
Gain / (loss) on revaluation of derivatives	**178,383**	(82,469)	**540,647**	(82,469)
Interest income	**440**	31	**474**	100
Net finance expense	**(403,319)**	(269,501)	**(1,102,803)**	(337,443)

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3. Taxation

The Group has recognised a deferred tax asset to the extent that the Group has reasonable certainty as to the level and timing of future profits that might be generated and against which the asset may be recovered. The Group has released the amount of US$283,183 as a deferred tax charge during the nine month period to 30 September 2018.

The Group has also incurred a tax charge for the period in Brazil of US$397,243.

4. Earnings per share

	3 months ended 30 September 2018 (unaudited)	3 months ended 30 September 2017 (unaudited)	9 months ended 30 September 2018 (unaudited)	9 months ended 30 September 2017 (unaudited)
(Loss)/profit attributable to ordinary shareholders (US$)	**(2,248,476)**	235,051	**(2,731,110)**	(770,629)
Weighted average ordinary shares in issue(2)	**58,790,954**	34,935,089	**48,865,897**	34,935,089
Basic loss per share (US cents)	**(3.82c)**	0.67c	**(5.59c)**	(2.21c)
Diluted ordinary shares in issue(1)	**58,790,954**(1)	37,423,089	**48,865,897**(1)	34,935,089(1)
Diluted loss per share (US cents)	**(3.82c)** (1)	0.63c	**(5.59c)** (1)	(2.21c) (1)

(1) 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.

(2) On 19 September 2018, the Group completed a capital reorganisation with every 20 existing shares being consolidated into one new share. The total number of existing ordinary shares in issue immediately prior to the capital reorganisation was 1,175,281,440. The total number of ordinary shares in issue following the capital reorganisation was 58,764,072. For comparative purpose the weighted average ordinary shares in issue and the diluted ordinary shares in issue for the three and nine month periods ended 30 September 2017, have been adjusted to reflect the share consolidation of 20 existing shares being consolidated into one new share.

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

The person who arranged for the release of this announcement on behalf of the Company was Clive Line, Director.

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

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

The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Interim Financial Statements and the Management Discussion and Analysis for the three and nine month periods ended 30 September 2018 on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

Serabi's Directors Report and Financial Statements for the year ended 31 December 2017 together the Chairman's Statement and the Management Discussion and Analysis, are available from the Company's website – www.serabigold.com and on SEDAR at www.sedar.com.

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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.

"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 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.

"stoping 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.

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 30 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.