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

SERABI GOLD

Audited Results for the year ended 31 December 2019

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, today releases its audited results for the year ended 31 December 2019.

Key Financial Information

SUMMARY FINANCIAL STATISTICS FOR THE THREE AND TWELVE MONTHS ENDING 31 DECEMBER 2019

	12 months to 31 Dec 2019 US$	**3 months to 31 Dec 2019 US$**	12 months to 31 Dec 2018 US$	3 months to 31 Dec 2018 US$
Revenue	**59,948,092**	**16,008,582**	43,261,743	10,037,906
Cost of Sales	**(37,203,445)**	**(9,541,572)**	(31,101,016)	(7,447,624)
Gross Operating Profit	**22,744,647**	**6,467,010**	12,160,727	2,590,282
Administration and share based payments	**(5,524,320)**	**(1,354,697)**	(5,867,918)	(1,792,903)
EBITDA	**17,220,327**	**5,112,313**	6,292,809	797,379
Depreciation and amortisation charges	**(8,857,203)**	**(2,520,390)**	(9,004,411)	(2,856,127)
Operating profit/(loss) before finance and tax	**8,363,124**	**2,591,923**	(2,711,602)	(2,058,748)
Profit/(loss) after tax	**3,832,984**	**983,643**	(5,754,541)	(3,023,431)
Earnings per ordinary share (basic)	**6.51 cents**	**1.67 cents**	(11.20 cents)	(5.13 cents)
Average gold price received	**US$1,376**	**US$1,475**	US$1,258	US$1,213

	As at 31 December 2019	As at 31 December 2018
Cash and cash equivalents	**14,234,612**	9,216,048
Net assets	**69,733,388**	69,110,287

<u>Cash Cost and All-In Sustaining Cost ("AISC")</u>

	12 months to 31 December 2019	12 months to 31 December 2018
Gold production for cash cost and AISC purposes	**40,101 ozs**	37,108 ozs
Total Cash Cost of production (per ounce)	US$832	US$821
Total AISC of production (per ounce)	US$1,081	US$1,093

Financial Highlights

- Cash Cost for the year of US$832 per ounce.
- All-In Sustaining Cost for the year of US$1,081 per ounce.
- EBITDA of US$17.2 million (2018: US$6.3 million).
- Post tax profit of US$3.83 million reflecting higher level of gold sales realised during the period compared with 2018 as well as higher average gold prices in 2019 when compared with 2018.

- Earnings per share of 6.51 cents for 2019.
- Net cash generated in the year of US$5.0 million resulting in cash holdings of US$14.23 million at 31 December 2019 (31 December 2018: US$9.2 million).
- Average gold price of US$1,376 received on gold sales in 2019

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Operational Highlights

- Fourth quarter gold production of 10,223 ounces of gold, resulting in total annual gold production within guidance for the year of 40,101 ounces, a seven per cent improvement over 2018.
- Total ore mined for the year of 176,243 tonnes an increase of over eight per cent compared with 2018 at an average grade of 7.0 grammes per tonne ("g/t").
- 177,335 tonnes of run of mine ("ROM") ore were processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 7.02 g/t of gold an improvement of over five per cent compared with 2018.
- 9,628 metres of horizontal development completed during 2019.
- Scrubber unit installed in early 2019 has resulted in 82% increase in processing of historic tailings generating over 3,000 ounces of gold.

Exploration and Development Highlights

- A 5,700 metre surface drilling programmes at Coringa resulted in a 44 per cent increase in mineral resources.
- Positive results of Preliminary Economic Analysis of Coringa gold project with Post Tax IRR at US$1,450 of 46%, Capital Requirement of US$25 million and AISC of US$852 per ounce.
- The public hearing for the Coringa gold project held on 6 February 2020 passed off well and the Company is now awaiting a final decision of State Environmental Council for award of the Preliminary License.
- Drilling at Palito has identified a northerly extension of Compressor vein and a 500 metre northerly extension and a 250 metre southerly extension of the Ipe and Mogno vein sets.
- Step out surface diamond drilling at Sao Chico has identified westerly extension for 300 metres with mineable widths and grades and for over 200 metres to the east.
- Underground drilling at Sao Chico has continued to test the depth extension with an intersection reported of over 25g/t over 4.08 metres at a depth of over 200 metres below the current mine workings.
- Approximately 6,700 metres of stream sediment, rock and soil geochemistry and field mapping of the electro-magnetic ("EM") geophysical targets generated in 2018, has resulted in the identification of 10 new anomalous multi-element geochemical areas, each exhibiting signatures associated with known gold deposit in the region.

Post Year End Highlights

- Agreement reached with Equinox Gold Corp. allowing the Company to pay, in monthly instalments, the remaining US$12 million consideration for the purchase of Coringa, until travel restrictions caused by Coronavirus are lifted.
- New ore sorter is now fully operational. Commissioning finished in early 2020 following completion of installation between the crushing and the milling sections before the end of 2019.

Key Objectives for 2020

- Implement measures to minimise short term impacts of Coronavirus ("CV-19") on current operations and provide a safe and responsible work environment for staff during the crisis.

- Complete the licencing process for Coringa and complete all desktop planning activity.
- Secure financing package for the Coringa project to fund plant erection and other site developments.
- complete, as soon as practical, exploration programmes at Sao Chico to expand the resource with a view to producing a new resource estimation.
- Complete exploration drilling programme over geophysical anomalies around Sao Chico.
- Complete acquisition of the Coringa gold project.

Mike Hodgson, CEO of Serabi commented,

"2019 was an extremely satisfying year for Serabi. Operationally we reached record levels of gold production of 40,101 ounces, as announced 14 January 2020 and as these annual financial results demonstrate, this operational success has translated into an excellent financial performance, with the achievement of record revenues and profitability, and the generation of over US$14 million of post-tax cash flow after accounting for on-going mine development costs. This cash flow has allowed the Company to pursue a comprehensive exploration programme, which has generated excellent results. As well as these activities we have made good progress with the permitting and licencing of the Coringa project along with undertaking some initial pre-development activity.

"We made a number of operational improvements during 2019 which contributed to our best year's gold production to date. During the first quarter we installed a scrubber unit, which allows us to feed the plant with and process some historic gold bearing tailings material. During the year the processing of this material contributed over 3,000 ounces to the annual production without any associated mining, crushing or milling cost. We expect to see continued contribution from the scrubber for the majority of 2020. During the year, an ore-sorter was acquired and delivered to site with the installation completed during the final quarter. The first quarter of 2020 has seen the sorter commissioned and it is now fully operational. Whilst we are still studying how much we can extend the use of the sorter, the results to date have been excellent and we are very confident it will bring significant benefits to the production. Simply put, it removes waste rock that is in the Run of Mine "ROM" feed ore, post crushing and pre-milling. This waste consumes critical plant capacity. By removing this waste plant capacity is liberated, which in turn allows higher grade ROM to be fed into the plant in its place, thereby increasing gold production without any further significant plant expansion. The sorter was primarily purchased to treat the development ore from the Palito ore body, the ore that contained the most dilution. Following the excellent results during commissioning, we are now not only passing low grade development ore through the sorter, but a significant portion of the medium grade stope ore too. The next steps will be to see if the sorter has application on the Sao Chico orebody and this will be underway this year.

"Exploration success and organic growth is a key part of our business and we have enjoyed a number of successes recently. In March 2019, we started by increasing the resource at Coringa by approximately 44 per cent, and this was the foundation for our Preliminary Economic Assessment on Coringa issued in September 2019. Following this, we concentrated on mine-site exploration at both Palito and Sao Chico, focusing mostly on the latter, where we have been achieving excellent results from drilling. The drilling has focused on step outs from the Sao Chico orebody which is open in all directions. Drilling to date has confirmed extensions to the west, east and at depth all of which bodes well for a significant increase in the overall mineral resource of the Sao Chico deposit in due course. Sao Chico has, in my view, the potential to be a significant deposit and the step out results to the west and at depth may well, in time allow production rates to increase. These results are all very significant, and with plant capacity being liberated, we will probably look to Sao Chico as the ore source to feed the expansion of our gold production. In addition, we have commenced drilling of the terrestrial geophysics anomalies at Cicada, Abelha and Besouro some two kilometres to the west of the western limit of Sao Chico. Early results show abundant sulphides, which are gold bearing and with intersections over mineable widths. As the drilling to the west of Sao Chico continues, we are excited to see whether continuity can be established between these anomalies and the main Sao Chico orebody.

On the regional front we have also started ground exploration work for the very first time on other parts of our tenement holding, initially focussed on the very large magnetic anomaly running east to west across the tenement and which was highlighted by the airborne survey that was undertaken in 2018. Already this has highlighted a number of new and exciting areas that we will want to follow up on at the earliest opportunity.

"The production increases that the development of Coringa will bring, together with being able to identify additional resources at Sao Chico and Palito which could support increased levels of gold production from the Palito Complex in the future, will be key to making significant inroads to reducing our unit costs of production. Whilst we have and, in the near term, expect to continue to benefit from strong gold prices and favourable exchange rates, reduction of our cost base through spreading our fixed costs over larger production is the best solution to securing long term sustainability for the Company and its current operations The ore bodies of Palito, Sao Chico and Coringa will, I am sure, continue to be expanded and therefore support production for many years to come.

"Whilst we will have to deal with the short-term challenges that the current global events present, , over the last few years we have established a resilient and robust operation. At the current time we have put in place plans that we expect will allow mining operations and gold production to continue without interruption and I am encouraged that in Brazil mining has been included in a list of essential business activities, which should help guarantee the continuity of our supply chain as well. We have, nonetheless, as a matter of caution, temporarily suspended exploration programmes at site. These activities rely heavily on contractors, and this action will reduce personnel at site as much as possible and therefore limit the potential for the introduction of the Coronavirus to site, as well as conserving cash at this moment in time.

"Notwithstanding the current issues I still have strong hopes for the year. The Company is in a relatively strong position financially, we will have settled the loan with Sprott by the end of June and have reached a good arrangement which will allow us to settle the final payment due for Coringa. Whilst Serabi's operations are not isolated, we do enjoy a moderately remote location, and this could well be hugely advantageous these coming months. The workforce is showing huge flexibility in supporting the business with many workers willing to stay at site and abandon normal rotation, thereby reducing risk to themselves and families. With our location and this attitude I am very optimistic we can continue with minimal interruption to our business, and ensure that we emerge in a relatively strong position once restrictions are lifted and resume our development and exploration plans as quickly as possible thereafter."

Chairman's Statement

It is a pleasure to report the continued progress and improvements for Serabi for 2019 achieving record levels of production of 40,101 ounces of gold, an increase over 2018 of eight per cent, plus record levels of revenue, profit and positive cash generation. The average gold price received in 2019 of $1,376 per ounce was an increase of nine per cent over 2018.

The 2019 cash performance allowed the Group to invest in opportunities for growth, both near and long term. Management continued with the development of the Coringa project purchased in December 2017, plus ore sorting improvements at the Palito plant and the extensive exploration programs at Palito, Sao Chico and Coringa.

However, recent global events have made it necessary to revisit our short-term objectives and the immediate focus is currently on safeguarding the existing operations, maintaining a safe and responsible work environment for those staff that continue to be based at the mine site and conserving cash resources. At the current time mining and processing operations are continuing and the Company has put in place plans that we hope will allow gold production to be maintained throughout this crisis. As with all of us, I hope the effects will be relatively short lived and that normal operations can be resumed later in the year. In the meantime, our employees have already demonstrated significant personal commitment and flexibility to keep the current operations running smoothly, for which we should all be grateful.

I am also pleased that, notwithstanding the current uncertainties, we have identified a solution that we hope should allow the acquisition of Coringa to be completed. The ability to fund the final stage payment had been a concern for the Board, and we are grateful for the flexibility and understanding of both Greenstone Resources and Equinox Gold to achieve a solution that works for all parties. We have completed the new agreement with Equinox Gold and whilst at this time the final arrangements with Greenstone remain to be completed, both parties are working to a put in place an agreement that meets the needs of each other.

On 20 March 2020, the mining industry was designated by the Brazilian government as an essential business sector and action is being taken to try and guarantee the continuity of the supply chain, transport of materials and processing and transport of mineral products. However, there does remain significant uncertainty and the situation could change very quickly, placing risk on the Group and the levels of cash flow that can be generated over the coming months. Further details are discussed within the Directors Report and have been considered in the basis of preparation of the Financial Statements contained within this Annual Report.

The mining and processing operations at the Palito Complex performed well during 2019 and the record gold production of 40,101 ounces was an eight per cent improvement over 2018, with mined ore from Palito and Sao Chico increasing by 8 per cent in comparison to 2018 and ore processed through the plant at 177,335 tonnes being 4 per cent better with the grade of ore processed at 7.02 g/t being very consistent with the 7.06 g/t achieved in 2018. The introduction of the ore sorter, through the plant capacity that is expected to be liberated, is expected to allow the existing plant to produce up to 20 per cent more gold production as a result of the increased ore-feed grade that can be achieved. The ore sorter is a good example of being able to use technology and increase gold production without the expense of having to increase milling and process plant capacity. We are confident of the benefits that the sorter will bring and feel that it is a solution well suited to our current and future needs and orebodies and we will include a study of it in our development of the Coringa orebody.

The progress with licensing of the Coringa project was unavoidably delayed as a consequence of the Brumadinho dam failure, early in 2019. In the light of concerns from the general public and investors, and with the support of local government agencies, we revised our plans, and in particular the environmental impact studies, to incorporate filtration and dry stacking technology to eliminate the requirement for a conventional tailings dam. The revised study was provisionally approved by the environmental authority for the State of Para ("SEMAS"), and the public hearing was held on 6 February 2020. This public hearing passed off as expected and we are confident that the project will now be submitted by SEMAS to the environmental council for the State of Para (COEMA) for the approval of the Licençia Previa ("LP"), which we consider to be the key licence and hurdle to the development of the project.

The updated Preliminary Economic Assessment for Coringa, the initial results of which were issued in September 2019, was very encouraging. At a base case gold price of US$1,250 the projected post tax IRR was 31 per cent increasing to 46 per cent at a gold price of US$1,450. With current market uncertainty, it is impossible to predict the long term trend for the gold price but, nonetheless, the economics are very sound and with our operational experience in the region, having a very similar orebody at Palito, we are confident in our ability to deliver the projected returns. We will be doing everything possible to fast track the remaining permits and licences that will allow development to commence.

Whilst 12 months ago we had hoped that the development of Coringa might already be underway the delay has been beneficial in allowing us to concentrate on the immediate needs of and progressing our overall exploration opportunities from which we hope to derive our longer term growth and these continue to provide exciting results. At the Palito orebody, exploration activity tends to be focussed on following the immediate strike extensions. With a strike trend of four kilometres already established and with additional parallel vein structures being identified as well, this, we are sure, will be a long-life asset generating steady production for a number of years to come.

At Sao Chico, the full potential of the area is still being evaluated, but it is a very exciting opportunity. Drilling results received to date indicate an extension of the strike of the Main Vein at Sao Chico for a further 300 metres to the west as well as intersecting extensions of the parallel Highway and Julia veins. We are looking to extend this strike extension with further drilling to the west for a further 200 meters at least. This would bring us into close proximity with the first and largest of the western geophysical anomalies where a concurrent drill programme is also in progress. Drilling has also confirmed potential extensions to the east for 220 metres and almost 200 metres at depth. Success from this exploration could impact significantly on the potential of Sao Chico and result in a significant increase in the ore tonnage that could be mined. This is without even considering the potential of the Cinderella zone to the south east of the current mining operation where we hope that we might be able to commence drilling later in 2020.

We continue to enjoy the strong support of our major shareholder groups, Fratelli Investment and Greenstone Resources. The delay with Coringa, did have a consequence for the Group's financing plans in 2019 and in particular the settlement of the final US$12 million acquisition payment that was owed for the purchase of Coringa. It made little sense to spend significant sums on this project until the final deferred consideration was paid in full. We had expected that this final settlement payment would form part of the development finance package required to build the project. As announced in January 2020 and approved by shareholders in late February 2020 Greenstone Resources had undertaken to subscribe for US$12 million of Convertible Loan Notes. With the current world uncertainties, it was felt that a delay in completing this transaction was necessary. We any now hoping to finalise a revised arrangement with Greenstone to draw this funding down in instalments until such time as both parties are satisfied that longer term operational plans can be resumed, and the transaction, as originally envisaged, completed.

Despite current events I remain very positive of the outlook for Serabi. Once the current crisis abates, the plans and opportunities moving forward are very exciting and would see the achievement of further record levels of gold production, completion of the necessary permitting and licensing of Coringa and hopefully the enhancement of the potential for Sao Chico which will provide, I hope, an opportunity for our future production growth target of 100,000 ounces per annum. I am anticipating that there will now be some unavoidable delays in reaching these goals, but I know that our team will be working hard to achieve them as rapidly as is feasible.

Finally, I express my thanks to the management team and the staff of Serabi for a record year. As a small company our success is driven by the skill, endeavour and commitment of our staff. I am aware of the lengths and sacrifices that, at times, they make, and their professionalism and dedication has made Serabi the success that it is today. Current events make the future uncertain but, in the hope that matters are resolved without significant impact, I look forward to a good and safe 2020.

Mel Williams - Chairman

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.

The following information, comprising, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity, and Group Cash Flow, is extracted from these financial statements.

The Company will, in compliance with Canadian regulatory requirements, post its Management Discussion and Analysis for the year ended 31 December 2019 and its Annual Information Form on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

Annual Report

The Annual Report has been published by the Company on its website at www.serabigold.com and printed copies are expected to be available by 15 May 2020. Additional copies will be available to the public, free of charge, from the Company's offices at Mercury House, 117 Waterloo Road, London SE1 8UL and will be available to download from the Company's website at www.serabigold.com.

The data included in the selected annual information table below is taken from the Company's annual audited financial statements for the year ended 31 December 2019, which were prepared in accordance with International Financial Reporting Standards in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") and adopted for use within the European Union (IFRS) and with IFRS and their interpretations issued by the IASB. There are no material differences on application to the Group. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The audited financial statements for the year ended 31 December 2019 will be presented to shareholders for adoption at the Company's next Annual General Meeting and filed with the Registrar of Companies.

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Statement of Comprehensive Income
For the year ended 31 December 2019

	Notes	Group For the year ended 31 December 2019 US$	 For the year ended 31 December 2018 US$
CONTINUING OPERATIONS			
Revenue		59,948,092	43,261,743
Cost of sales		(36,986,923)	(31,501,016)
Release of provision for impairment of inventory		500,000	400,000
Provision for impairment of state taxes receivable		(716,522)	–
Depreciation and amortisation charges		(9,023,843)	(9,281,387)
Total cost of sales		(46,227,288)	(40,382,403)
Gross profit		13,720,804	2,879,340
Administration expenses		(5,262,380)	(5,538,298)
Share-based payments		(261,940)	(329,620)
Gain on disposal of fixed assets		166,640	276,976
Operating profit / (loss)		8,363,124	(2,711,602)
Foreign exchange gain / (loss)		210,988	(594,596)
Finance expense	4	(2,465,321)	(2,385,313)
Finance income	4	82,125	861,430
Profit / (loss) before taxation		6,190,916	(4,830,081)
Income tax expense		(2,357,932)	(924,460)
Profit / (loss) for the period from continuing operations(1)		3,832,984	(5,754,541)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		(3,471,823)	(9,607,555)
Total comprehensive profit / (loss) for the period(1)		361,161	(15,362,096)
Profit / (loss) per ordinary share (basic) (1)	5	6.51c	(11.20c)
Profit / (loss) per ordinary share (diluted) (1)	5	6.28c	(11.20c)

(1) The Group has no non-controlling interests and all losses are attributable to the equity holders of the parent company.

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Balance Sheet as at 31 December 2019

	Group	
	2019	2018
	US$	US$
Non-current assets		
Deferred exploration costs	30,686,652	27,707,795
Property, plant and equipment	37,597,100	42,342,102
Right of use assets	1,997,176	–
Taxes receivable	848,845	1,555,170
Deferred taxation	1,321,782	2,162,180
Total non-current assets	72,451,555	73,767,247
Current assets		
Inventories	6,577,968	8,511,474
Trade and other receivables	802,275	758,209
Prepayments	3,473,288	4,166,916
Cash and cash equivalents	14,234,612	9,216,048
Total current assets	25,088,143	22,652,647
Current liabilities		
Trade and other payables	6,113,789	6,273,321
Interest-bearing liabilities	6,952,542	4,302,798
Acquisition payment outstanding	12,000,000	10,997,757
Derivative financial liabilities	–	390,976
Accruals	319,670	372,327
Total current liabilities	25,386,001	22,337,179
Net current assets	(297,858)	315,468
Total assets less current liabilities	72,153,697	74,082,715
Non-current liabilities		
Trade and other payables	183,043	955,521
Provisions	2,237,266	1,543,811
Interest-bearing liabilities	–	2,473,096
Total non-current liabilities	2,420,309	4,972,428
Net assets	69,733,388	69,110,287
Equity		
Share capital	8,882,803	8,882,803
Share premium reserve	21,752,430	21,752,430
Option reserve	1,019,589	1,363,367
Other reserves	7,149,274	4,763,819
Translation reserve	(44,278,946)	(40,807,123)
Retained surplus	75,208,238	73,154,991
Equity shareholders' funds attributable to owners of the parent	69,733,388	69,110,287

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Statements of Changes in Shareholders' Equity
For the year ended 31 December 2019

Group	Share capital US$	Share premium US$	Share option reserve US$	Other reserves US$	Translation reserve US$	Retained surplus US$	Total equity US$
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	–	–	–	–	(9,607,555)	–	(9,607,555)
Loss for year	–	–	–	–	–	(5,754,541)	(5,754,541)
Total comprehensive income for the year	–	–	–	–	(9,607,555)	(5,754,541)	(15,362,096)
Transfer to taxation reserve	–	–	–	748,450	–	(748,450)	–
Shares issued in period	3,341,843	20,030,208	–	–	–	–	23,372,051
Share options lapsed in period	–	–	(391,277)	–	–	391,277	–
Share option expense	–	–	329,620	–	–	–	329,620
Equity shareholders' funds at 31 December 2018	**8,882,803**	**21,752,430**	**1,363,367**	**4,763,819**	**(40,807,123)**	**73,154,991**	**69,110,287**
Foreign currency adjustments	–	–	–	–	(3,471,823)	–	(3,471,823)
Profit for year	–	–	–	–	–	3,832,984	3,832,984
Total comprehensive income for the year	–	–	–	–	(3,471,823)	3,832,984	361,161
Transfer to taxation reserve	–	–	–	2,385,455	–	(2,385,455)	–
Share options lapsed in period	–	–	(605,718)	–	–	605,718	–
Share option expense	–	–	261,940	–	–	–	261,940
Equity shareholders' funds at 31 December 2019	**8,882,803**	**21,752,430**	**1,019,589**	**7,149,274**	**(44,278,946)**	**75,208,238**	**69,733,388**

Other reserves comprise a merger reserve of US$361,461 and a taxation reserve of US$6,787,813 (2018: merger reserve of US$361,461 and taxation reserve of US$4,402,358).

Cash Flow Statement
For the year ended 31 December 2019

	Group	
	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Cash outflows from operating activities		
Profit / (loss) for the period	3,832,984	(5,754,541)
Net financial expense	2,172,208	1,938,479
Depreciation – plant, equipment and mining properties	9,023,843	9,281,387
Inventory impairment expense	(500,000)	(400,000)
Taxation expense	2,357,932	924,460
Share-based payments	261,940	509,620
Interest paid	(596,286)	(770,100)
Foreign exchange	(431,127)	(155,484)
Changes in working capital		
Decrease / (increase) in inventories	2,143,212	(2,520,338)
(Increase) / decrease in receivables, prepayments and accrued income	(228,496)	(1,425,384)
Increase / (decrease) in payables, accruals and provisions	470,787	(20,870)
Increase / (decrease) in short term intercompany payables	–	–
Net cash inflow / (outflow) from operations	18,506,997	1,607,229
Investing activities		
Acquisition payment for subsidiary net of cash acquired	–	(4,740,928)
Acquisition of other property rights	(1,541,457)	–
Purchase of property, plant, equipment and projects in construction	(3,073,334)	(4,048,391)
Mine development expenditure	(4,478,420)	(4,090,860)
Geological exploration expenditure	(2,249,338)	(4,610,450)
Pre-operational project costs	(1,634,647)	(2,274,133)
Proceeds from sale of assets	240,524	301,480
Loans to subsidiaries	–	–
Interest received and other finance income	2,325	4,780
Net cash outflow on investing activities	(12,734,347)	(19,458,502)
Financing activities		
Issue of ordinary share capital	–	23,807,346
Costs associated with issue of ordinary shares	–	(615,295)
Draw-down of short term loan facility	–	3,000,000
Repayment of short term secured loan	(285,135)	(1,939,394)
Payment of lease liabilities	(340,196)	(797,945)
Net cash (outflow) / inflow from financing activities	(625,331)	23,454,712
Net increase in cash and cash equivalents	5,147,319	5,603,439
Cash and cash equivalents at beginning of period	9,216,048	4,093,866
Exchange difference on cash	(128,755)	(481,257)
Cash and cash equivalents at end of period	14,234,612	9,216,048

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Notes

1. General Information

The financial information set out above for the years ended 31 December 2019 and 31 December 2018 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006 but is derived from those accounts. 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 2018 has been delivered to the Registrar of Companies and those for 2019 will be delivered to the Registrar of Companies following approval by shareholders at the Annual General Meeting. The full audited financial statements for the years end 31 December 2019 and 31 December 2018 comply with IFRS.

2. Auditor's Opinion

The auditor has issued an unqualified opinion in respect of the financial statements for both 2019 and 2018 which do not contain any statements under the Companies Act 2006, Section 498(2) or Section 498(3). The auditor's opinion in respect of the financial statements for 2019, does however contain an emphasis of matter/(material uncertainty) regarding the Group and the Company's ability to continue as a going concern and specifically

(i) The availability of funding required for the Group and the Company to settle, in full, the deferred consideration of US$12 million payable for the acquisition of Coringa.

(ii) the significant uncertainty for all business sectors including Serabi created by the Coronavirus (COVID-19) pandemic and in particular the short term effects and actions that may need to be implemented by the Group or that may be imposed on the Group by new regulations implemented by governments, and the impact that this pandemic may have on the availability of funding.

It is however emphasised that the auditor's opinion is not qualified in respect of this uncertainty.

3. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Accounting standards, amendments and interpretations effective in 2019

As of 1 January 2019, IFRS 16 Leases became effective and has been adopted. The effect of implementation has not had a material impact on the financial results of the Group. The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application would be recognised in retained earnings at January 1, 2019. However, the nature of the leases held by the Group was such that there has been no effect on the group's retained earnings at initial recognition. The comparative information presented for 2018 has not required to be restated and is presented, as previously reported, under IAS 17 and related interpretations.

Other Accounting standards that have come into effect as of 1 January 2019 have been

IAS 19: Employee Benefits on plan amendment, curtailment or settlement
IFRS 9: Financial Instruments on prepayment features with negative compensation and modification of financial liabilities
IFRIC 23: Uncertainty over Income Tax Treatments

The adoption of these standards has had no effect on the financial results of the Group.

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective in future periods and which the Group has chosen not to adopt early. None of these are expected to have a significant effect on the Group, in particular

IAS 1 Presentation of Financial Statements
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
IFRS 3 Business Combinations (Amendment – Definition of a Business)

Going concern and availability of finance

As at 31 December 2019 the Group had cash in hand of $14.2 million and net assets of $69.7 million.

The occurrence of the Coronavirus (COVID- 19) pandemic has created significant uncertainty for all business sectors including Serabi and in particular the short-term effects and actions that may need to be implemented either by the Group or that may be imposed on the Group by new regulations of measures taken by government. Already there are limitations imposed which restrict the ability of certain of the Group's personnel and contractors to attend the Group's operations. The Group has and is implementing measures that will permit the Group to maintain operations albeit at potentially reduced levels of production than previously envisaged.

The Group has renegotiated the terms relating to the settlement of a final acquisition payment of US$12 million due to Equinox Gold Inc ("Equinox") in respect of the purchase of Chapleau Resources Limited and its Coringa gold project (the "Coringa Deferred Consideration"). Under the revised arrangement the Group will pay monthly instalments commencing 1 May 2020 of US$500,000 per month, increasing to US$1 million per month from 1 August 2020 and payable thereafter ("the "Deferral Period") until such time as certain conditions relating to travel into and within Brazil are lifted (the "Travel Restriction Conditions"). Within 6 weeks of the satisfaction of the Travel Restriction Conditions the remaining portion of the Coringa Deferred Consideration will become payable.

The Company announced on 22 January 2020 that it had entered into an agreement with Greenstone Resources II LP ("Greenstone") for the issue of and subscription by Greenstone of US$12 million of Convertible Loan Notes the proceeds of which would be used to satisfy the Coringa Deferred Consideration. However, due to the uncertainties created by the impact of the Coronavirus, the Company and Greenstone agreed to extend the period for the satisfaction of the conditions required for completion of the subscription by Greenstone. As of the date of the approval and signing of these financial statements, the Company is in advanced discussions with Greenstone to amend the Loan Note subscription deed (the "Subscription Deed") to allow for partial subscriptions of Loan Notes in individual amounts of US$500,000 (the "Amended Subscription Deed"). If the Amended Subscription Deed is entered into by the Company and Greenstone, the partial subscriptions would then provide funds to the Group that could be applied to pay the monthly instalments to Equinox, during the Deferral Period, until such time as any remaining balance of the Coringa Acquisition Payment can be satisfied in full. In addition, Greenstone and the Company then anticipate that shortly after the Travel Restriction Conditions have been satisfied, they would be able to satisfy all the other conditions required to close the issue and subscription for the remaining portion of the Loan Notes and allow the Group to settle any remaining balance of the Coringa Acquisition Payment in accordance with the terms of the revised arrangements with Equinox. The Amended Subscription Deed is expected to include certain covenants and undertakings that are in accordance with normal market practice for these types of arrangements. These are expected to include an undertaking that at each month end (i) the cash position of the Group should be at least US$3 million and (ii) the Group should have positive working capital (excluding the value of the Loan Notes) of at least US$2.5 million. During the Deferral Period the minimum cash requirement is expected to be reduced to the higher of US$1 million or 25% of the amount drawn down. Based on the management accounts of the Group, the Group would have been in compliance with these covenants at the end of each calendar month during 2019 and , notwithstanding the potential impact of COVID 19, based on the cash flow forecast the Group would be compliant at each required draw down.

The Directors have prepared an operational plan and cash flow forecast based on their best judgement of the likely impact of the Coronavirus on the Group's activities and on the assumption that the Amended Subscription Deed is entered into prior to 31 May 2020. Based on this forecast, which anticipated, for a period of up to three months, reduced levels of gold production, compared the Group's 2019 budget, of 50 per cent, and assuming that the Group continues to be able, with the assistance of the proceeds of the Loan Notes subscribed for by Greenstone in accordance with the Amended Subscription Deed, to meet its obligations to Equinox, the Directors consider that the Group will have sufficient cash flows to settle, in full, the Coringa Deferred Consideration, all other trade and other liabilities as they fall due and will also be able to settle its existing secured loan with Sprott.

At the date of signing of this report and whilst both Greenstone and the Board of Directors have provided assurances that it is their intention to execute the Amended Subscription Deed, there can be no guarantee that the amended Subscription Deed will be entered into in the form that the Directors currently anticipate or at all. In the event that the Amended Subscription Deed were substantially amended or not completed, whilst the date on which the Travel Restriction Conditions will be satisfied is uncertain, it is possible that in the event this date falls prior to 31 December 2020, the Group may not have generated sufficient cash from its operation to be able to satisfy any remaining balance of the Coringa Acquisition Payment at that time. The Group may be able to renegotiate the timing of any remaining balance of the Coringa Acquisition Payment or may be able to raise funds from other sources at that time in order to be able to satisfy any remaining balance of the Coringa Acquisition Payment. However, in the event that this is not possible, Equinox would be entitled subject to certain conditions, to exercise security rights that it holds over the shares of Chapleau Resources Limited, the parent company of Chapleau Exploração Mineral Ltda, which holds the Coringa gold project, and as a result the Group may forfeit its title and ownership of the Coringa gold project. In such event the Group would be required to write down the carrying value of the Coringa gold project which as at 31 December 2019 was approximately US$25 million. At the time of any forfeiture the carrying value will have been adjusted to reflect any additional capitalised cost that the Group may have incurred on the project after 31 December 2019, including normal monthly running, security and maintenance costs which, for the fourth quarter of 2019 were approximately US$360,000, any exploration or development costs incurred after 1 January 2020, which at the current time the Directors consider will be negligible, and any further payments that the Group makes to Equinox in settlement of the Coringa Deferred Acquisition.

Whilst the Directors consider that the assumptions they have used are reasonable and based on the information currently available to them, there remains significant uncertainty regarding further actions that have not been anticipated but which may be required or imposed and may impact on the ability of the Group to meet the operational plan and cash flow forecast.

At the current time the Directors have assumed that mining operations and gold production will continue at the Palito Complex. There is no evidence, at this time, to suggest that the authorities in Brazil have any intention to try and close down or suspend mining activities as a result of the current Coronavirus pandemic. On 20 March 2020, it was stipulated in Decree 10,282/20 that mineral activity was considered an essential business sector and further actions have subsequently been invoked to prevent any restrictive measures being applied to the supplies required by the mining industry including transportation of supplies, availability of materials required for processing, and the sale and transportation of the mineral products.

Whilst recognising all of the above uncertainties, the Directors have prepared the financial statements on a going concern basis. In the event that additional short term funding is required, the Directors believe there is a reasonable prospect of the Group securing further funds as and when required in order that the Group can meet all liabilities including the Coringa Deferred Consideration and the secured loan with Sprott as and when they fall due in the next 12 months. The Directors have been successful in raising funding as and when required in the past and consider that the Group continues to have strong support from its major shareholders who been supportive of and provided additional funding when required on previous occasions.

As at the date of this report both the impact of COVID-19 on the underlying operations, and the outcome of raising any further funds that may be required, remains uncertain and this represents a material uncertainty surrounding going concern. If the Group fails to achieve the operational plan or to raise any additional necessary funds, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The matters explained indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. These financial statements do not show the adjustments to the assets and liabilities of the Group or the Company if this was to occur.

4. Finance expense and income

	Group	
	For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Finance cost on secured loan facility	–	(180,000)
Interest payable on secured loan facility	(646,516)	(685,517)
Unwinding of discount on rehabilitation provision	(284,652)	–
Loss upon revaluation of derivative	(531,910)	–
Unwinding of discount on acquisition payment	(1,002,243)	(999,796)
Amortisation of fair value of derivative	–	(520,000)
Interest payable	(2,465,321)	(2,385,313)

	Group For the year ended 31 December 2019 US$	For the year ended 31 December 2018 US$
Release of fair value for call options granted	–	318,279
Gain on non-substantial modification	79,800	–
Unwinding of discount on rehabilitation provision	–	538,371
Finance income on short term deposits	2,325	4,780
Finance income	82,125	861,430
Net finance expense	(2,383,196)	(1,523,883)

5. Earnings per Share

	For the year ended 31 December 2019	For the year ended 31 December 2018
Profit / (loss) attributable to ordinary shareholders (US$)	3,832,984	(5,754,541)
Weighted average ordinary shares in issue	58,909,551	51,396,253
Basic profit / (loss) per share (US cents)	6.51	(11.20)
Diluted ordinary shares in issue	60,997,138(1)	51,396,253(2)
Diluted profit / (loss) per share (US cents)	6.28	(11.20)

(1) Based on 2,087,587 options vested and exercisable as at 31 December 2019

(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.

6. Post balance sheet events

On 21 January 2020, the Group entered into a subscription deed for the issue of US$12 million of Convertible Loan Notes ("the Loan Notes") by Greenstone Resources II LP ("Greenstone") the proceeds of which were to be applied inter-alia to settle a payment of US$12 million due to Equinox Gold Corp ("Equinox") representing a final payment for the acquisition of the Coringa gold project (the "Coringa Acquisition Payment"). The subscription deed was subject to shareholder approval and certain other conditions being fulfilled at the time of initial drawdown. However, as a consequence of the uncertainties caused by Coronavirus, the Group subsequently agreed with Greenstone to extend the period for the satisfaction of all the conditions necessary for the completion of the subscription for and issue to Greenstone of the Loan Notes.

The Group has reached an agreement with Equinox whereby the date for the completion of the Coringa Acquisition Payment has been extended (the "Deferral Period") until such time as there are no international travel restrictions imposed by the Brazilian authorities and also no travel restrictions within or into the State of Para, Brazil, (the "Travel Restriction Condition") where the Group's Palito Complex gold production operations and the Coringa gold project are located. Under the terms of the extension the Group will start to make instalment payments in respect the Coringa Acquisition Payment of US$500,000 per month payable on each of 1 May 2020, 1 June 2020 and 1 July 2020 which will increase to US$1 million per month thereafter until such time as the Travel Restriction Condition is satisfied. The balance outstanding of the Coringa Acquisition Payment is expected to be settled within six weeks of the Travel Restriction Condition being satisfied.

As of the date of the approval and signing of these financial statements, the Group is in advanced discussions with Greenstone to amend the Loan Note subscription deed (the "Subscription Deed") to allow for partial subscriptions in respect of the Loan Notes in individual amounts of US$500,000 (the "Amended Subscription Deed"). If the Amended Subscription Deed is entered into by the Company and Greenstone, the partial subscriptions would then provide funds to the Group that could be applied to pay the monthly instalments to Equinox, during the Deferral Period, until such time as any remaining balance of the Coringa Acquisition Payment can be satisfied in full. In addition, Greenstone and the Company anticipate that shortly after the Travel

Restriction Conditions have been satisfied, they would be able to satisfy all the other conditions required to close the issue and subscription for the remaining portion of the Loan Notes and allow the Group to settle any remaining balance of the Coringa Acquisition Payment in accordance with the terms of the revised arrangements with Equinox. The Amended Subscription Deed is expected to include certain covenants and undertakings that are in accordance with normal market practice for these types of arrangement. These are expected to include an undertaking that at each month end (i) the cash position of the Group should be at least US$3 million and (ii) the Group should have positive working capital (excluding the value of the Loan Notes) of at least US$2.5 million. During the Deferral Period the minimum cash requirement is expected to be reduced to the higher of US$1 million or 25% of the amount drawn down. Based on the management accounts of the Group, the Group would have been in compliance with these covenants at the end of each calendar month during 2019.

At the date of signing of this report and whilst both Greenstone and the Board of Directors have provided assurances that it is their intention to execute the Amended Subscription Deed, there can be no guarantee that the Amended Subscription Deed will be entered into in the form that the Directors currently anticipate or at all.

The occurrence of the Coronavirus (COVID-19) pandemic has created significant uncertainty for all business sectors including the Group and in particular the short-term effects and actions that may need to be implemented either by the Group or that may be imposed on the Group by new regulations or measures taken by government. Already there are limitations imposed which restrict the ability of certain of the Company's personnel and contractors to attend the Group's operations. The Company has and is implementing measures that will permit the Company to maintain operations albeit at potentially reduced levels of production than previously envisaged. The Group has implemented measures to reduce the numbers of personnel and camp and has ceased all exploration activity to liberate on site accommodation for personnel dedicated to mining and gold production. In the short term, current staff at site have agreed to extend their rosters in order to minimise crew changeovers in the immediate term, thereby minimising the potential for the virus to be introduced to the mine site. The Group is hoping to introduce a testing regime during April 2020 which will in time allow for crew changeovers to be re-introduced and keep the mine site virus-free.

Except as set out above. 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 operation of the entity, the results of these operations, or the state of affairs of the entity in future financial periods.

Enquiries

SERABI GOLD plc
Michael Hodgson — **t** +44 (0)20 7246 6830
Chief Executive — **m** +44 (0)7799 473621

Clive Line — **t** +44 (0)20 7246 6830
Finance Director — **m** +44 (0)7710 151692

e contact@serabigold.com

www.serabigold.com

BEAUMONT CORNISH Limited
Nominated Adviser & Financial Adviser
Roland Cornish — **t** +44 (0)20 7628 3396
Michael Cornish — **t** +44 (0)20 7628 3396

PEEL HUNT LLP
UK Broker
Ross Allister — **t** +44 (0)20 7418 8900

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

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 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.

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