PRESS RELEASE 30 JUNE 2022
SERABI GOLD plc ("Serabi" or "the Company")

SERABI GOLD

Unaudited interim results for the three month period ended 31 March 2022

Serabi (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited results for the three month period ended 31 March 2022.

A copy of the full interim statements together with commentary can be accessed on the Company's website using the following link – https://bit.ly/3A9o7VP

Financial Highlights

- Post tax profit of US$1.73 million a small decrease compared with 2021(US$1.91 million)
- Earnings per share of 2.28 cents compared with 2.96 cents for the same three month period of 2021.
- EBITDA of US$2.05 million (2021: US$4.8 million) reflects US$2.9 million revenue reduction following lower than forecast production levels
- Net cash outflow from operations (after mine development capital of US$1.1million) of US2.5 million (2021: US$4.7 million inflow).
- Net cash and cash equivalents of US$6.9 million (31 December 2021: US$12.2 million)
- Average gold price of US$1,844 per ounce received on gold sales during the period. (2021: US$1,763)
- Cash Cost for the three month period of US$1,483 per ounce (2021 full year: US$1,090 per ounce)
- All-In Sustaining Cost for the three month period of US$1,810 per ounce (2021 full year: US$1,429 per ounce)
- US$5.0 million unsecured loan twelve month taken out in May 2022 to provide additional short term working capital.

Key Financial Information

SUMMARY FINANCIAL STATISTICS

	3 months to 31 March 2022 US$	3 months to 31 March 2021 US$
Revenue	12,885,020	15,828,812
Cost of sales	(9,273,472)	(8,976,167)
Gross operating profit	3,611,548	6,852,645
Administration and share based payments	(1,559,142)	(2,050,291)
EBITDA	2,052,406	4,802,354
Depreciation and amortisation charges	(1,171,888)	(1,163,802)
Operating profit / (loss) before finance and tax	880,518	3,638,552
Profit / (loss) after tax	1,729,603	1,906,906
Earnings per ordinary share (basic)	**2.28c**	2.96c
Average gold price received (US$/oz)	**US$1,844**	US$1,763

	As at 31 March 2022 US$	As at 31 December 2021 US$
Cash and cash equivalents	**6,932,625**	12,217,751
Net assets	**90,586,685**	79,885,501

Cash Cost and All-In Sustaining Cost ("AISC")	**3 months to 31 March 2022**	12 months to 31 December 2021
Gold production for cash cost and AISC purposes	7,061 ozs	33,848 ozs
Total Cash Cost of production (per ounce)	US$1,438	US$1,090
Total AISC of production (per ounce)	US$1,810	US$1,429

Clive Line, CFO of Serabi commented,

"Post tax profit for the period at US$1.7 million was down 10% on the result for the same period of 2021 reflecting the 13% reduction in gold production achieved in the quarter and the 20% reduction in ounces sold with 6,675 ounces sold in the period compared with 8,346 in the same quarter of 2021. A sale that had been scheduled for this first quarter was delayed in its shipping date and would have otherwise provided an additional US$2.0 million of revenue in the quarter. This revenue will be recognised in the second quarter. Combined with production for April and May of 2022 totalling almost 5,900 ounces and with continuing excellent progress being made on the development of Coringa we are therefore expecting a strong result for the second quarter of the year.

"Lower production has also impacted the cash cost and AISC for the period. Had initial average production guidance been achieved (9,500 ounces per quarter) the comparable figures could have been approximately US$1,070 and US$1,345 per ounce respectively. With improved production levels in the second quarter, it would be expected that these average unit production costs will reduce.

"The acquisition of additional mining fleet has been a major objective for the first part of the year. US$2.0 million of new fleet has been acquired in the first 6 months either as outright purchase or through supplier finance arrangements and all of the mobile mining fleet that had been identified as being required is now on site and operational. Two new underground drill rigs are being delivered in the coming weeks and will boost the efficiency of the underground resource and mine planning drill programmes.

In May 2022, we completed a 12-month unsecured loan for US$5 million with one of the major Brazilian banks. This additional working capital offsets the unexpected reduction in revenue and cash for the first quarter of 2022 and, whilst we are continuing to restrict some discretionary expenditure to offset the lower revenues anticipated for the rest of the year, this should allow the Company to continue its progress with the development of Coringa until such time as the longer-term funding for the main project development and site construction is in place."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018.

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

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 / Michael Cornish — **t** +44 (0)20 7628 3396

PEEL HUNT LLP
Joint UK Broker
Ross Allister / Alexander Allen — **t** +44 (0)20 7418 9000

TAMESIS PARTNERS LLP
Joint UK Broker
Charlie Bendon/ Richard Greenfield **t** +44 (0)20 3882 2868

CAMARCO
Financial PR
Gordon Poole / Nick Hennis **t** +44 (0)20 3757 4980

Copies of this announcement 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 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.

See www.serabigold.com for more information and follow us on twitter @Serabi_Gold

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 the unaudited interim financial statements for the three months to 31 March 2022.

Statement of Comprehensive Income
For the three month period ended 31 March 2022

(expressed in US$)	Notes	For the three months ended 31 March **2022 (unaudited)**	2021 (unaudited)
CONTINUING OPERATIONS			
Revenue		**12,885,020**	15,828,812
Cost of Sales		(9,273,472)	(8,976,167)
Depreciation and amortisation charges		(1,171,888)	(1,163,802)
Total cost of sales		**(10,445,360)**	**(10,139,969)**
Gross profit		**2,439,660**	**5,688,843**
Administration expenses		(1,445,953)	(1,992,594)
Share-based payments		(112,125)	(68,100)
Gain on sales of assets disposal		(1,064)	10,403
Operating profit		**880,518**	**3,638,552**
Foreign exchange loss		176,586	19,014
Finance expense	2	(1,839)	(65,543)
Finance income	2	104,780	–
Profit before taxation		**1,160,045**	**3,592,023**
Income and other tax income/(charges)	3	569,558	(1,685,117)
Profit after taxation		**1,729,603**	**1,906,906**
Other comprehensive income (net of tax)			
Exchange differences on translating foreign operations		8,859,456	(3,472,358)
Total comprehensive profit /(loss) for the period[(1)]		**10,589,059**	**(1,565,452)**
Profit per ordinary share (basic)	4	**2.28c**	2.96c
Profit per ordinary share (diluted)	4	**2.25c**	2.85c

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

Balance Sheet as at 31 March 2022

(expressed in US$)	As at 31 March 2022 (unaudited)	As at 31 March 2021 (unaudited	As at 31 December 2021 (audited)
Non-current assets			
Deferred exploration costs	41,624,903	28,715,969	34,857,905
Property, plant and equipment	30,748,907	23,755,812	27,575,335
Right of use assets	4,481,942	3,009,604	2,600,631
Deferred taxation	1,456,454	579,878	1,224,360
Taxes receivable	824,172	1,169,621	605,125
Total non-current assets	**79,136,378**	**57,230,884**	**66,863,356**
Current assets			
Inventories	10,271,853	6,243,802	6,973,207
Trade and other receivables	3,247,685	5,709,937	2,307,458
Prepayments and accrued income	3,592,942	1,195,793	2,316,669
Cash and cash equivalents	6,932,625	15,945,065	12,217,751
Total current assets	**24,045,105**	**29,094,597**	**23,815,085**
Current liabilities			
Trade and other payables	6,860,327	6,333,201	5,624,511
Interest bearing liabilities	769,698	3,825,290	290,060
Accruals	378,868	290,058	397,400
Total current liabilities	**8,008,893**	**10,448,549**	**6,311,971**
Net current assets	**16,036,212**	**18,646,048**	**17,503,114**
Total assets less current liabilities	**95,172,590**	**75,876,932**	**84,366,470**
Non-current liabilities			
Trade and other payables	499,042	83,838	427,663
Interest bearing liabilities	935,698	669,688	444,950
Deferred tax liability	–	998,092	861,430
Derivative financial liabilities	60,175	–	165,495
Provisions	3,090,450	1,314,548	2,581,431
Total non-current liabilities	**4,585,905**	**3,066,166**	**4,480,969**
Net assets	**90,586,685**	**72,810,766**	**79,885,501**
Equity			
Share capital	11,213,618	11,213,618	11,213,618
Share premium reserve	36,158,068	36,158,068	36,158,068
Option reserve	1,187,473	1,241,144	1,075,348
Other reserves	14,114,049	11,145,669	13,694,731
Translation reserve	(59,788,714)	(67,477.316)	(68,648,170)
Retained surplus	87,702,191	80,529,583	86,391,906
Equity shareholders' funds	**90,586,685**	**72,810,766**	**79,885,501**

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 2021 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

SERABI GOLD

Statements of Changes in Shareholders' Equity
For the three month period ended 31 March 2022

(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 2020	**8,905,116**	**21,905,976**	**1,173,044**	**10,254,048**	**(64,004,958)**	**79,514,298**	**57,747,524**
Foreign currency adjustments	—	—	—	—	(3,472,358)	—	(3,472,358)
Profit for the period	—	—	—	—	—	1,906,906	1,906,906
Total comprehensive income for the period	—	—	—	—	(3,472,358)	1,906,906	(2,699,842)
Shares issued in the period	2,308,502	14,252,092	—	—	—	—	16,560,594
Transfer to taxation reserve	—	—	—	891,621	—	(891,621)	—
Share option expense	—	—	68,100	—	—	—	68,100
Equity shareholders' funds at 31 March 2021	**11,213,618**	**36,158,068**	**1,241,144**	**11,145,669**	**(67,477,316)**	**80,529,583**	**72,810,766**
Foreign currency adjustments	—	—	—	—	(1,170 ,854)	—	(1,170 ,854)
Profit for the period	—	—	—	—	—	8,043,058	8,043,058
Total comprehensive income for the period	—	—	—	—	(1,170 ,854)	8,043,058	6,872,204
Transfer to taxation reserve	—	—	—	2,549,062	—	(2,549,062)	—
Share options exercised in period	—	—	(368,327)	—	—	368,327	—
Share option expense	—	—	202,531	—	—	—	202,531
Equity shareholders' funds at 31 December 2021	**11,213,618**	**36,158,068**	**1,075,348**	**13,694,731**	**(68,648,170)**	**86,391,906**	**79,885,501**
Foreign currency adjustments	—	—	—	—	8,859,456	—	8,859,456
Profit for the period	—	—	—	—	—	1,729,603	1,729,603
Total comprehensive income for the period	—	—	—	—	8,859,456	1,729,603	10,589,059
Transfer to taxation reserve	—	—	—	419,318	—	(419,318)	—
Share option expense	—	—	112,125	—	—	—	112,125
Equity shareholders' funds at 31 March 2022	**11,213,618**	**36,158,068**	**1,187,473**	**14,114,049**	**(59,788,714)**	**(87,702,191)**	**90,586,685**

(1) Other reserves comprise a merger reserve of US$361,461 and a taxation reserve of US$13,752,588 (31 December 2021: merger reserve of US$361,461 and a taxation reserve of US$13,333,270).

Cash Flow Statement
For the three month period ended 31 March 2022

(expressed in US$)	For the three months ended 31 March 2022 (unaudited)	2021 (unaudited)
Operating activities		
Post tax profit for period	1,729,603	1,906,906
Depreciation – plant, equipment and mining properties	1,171,888	1,163,802
Net financial income/(expense)	(279,527)	46,529
Loss/(gain) on asset disposals	1,064	(10,403)
Provision for taxation	(569,558)	1,685,117
Share-based payments	112,125	68,100
Taxation Paid	(127,649)	—
Interest Paid	(20,226)	(211,180)
Foreign exchange (loss) / gain	(139,928)	
Changes in working capital		
(Increase)/decrease in inventories	(1,899,699)	100,649
(Increase/decrease in receivables, prepayments and accrued income	(1,747,341)	758,558
Increase in payables, accruals and provisions	317,743	72,697
Net cash (outflow)/inflow from operations	**(1,451,505)**	**5,790,397**
Investing activities		
Purchase of property, plant and equipment and assets in construction	(968,887)	(377,152)
Mine development expenditure	(1,065,885)	(1,073,153)
Geological exploration expenditure	(469,250)	(800,841)
Pre-operational project costs	(1,141,582)	(661,608)
Acquisition payment for subsidiary	—	(3,000,000)
Acquisition of other property rights	—	(99,550)
Proceeds from sale of assets	13,157	12,239
Net cash outflow on investing activities	**(3,632,447)**	**(6,000,065)**
Financing activities		
Issue of ordinary share capital (net of costs)	—	12,162,950
Repayment of convertible loan	—	(2,000,000)
Payment of convertible loan arrangement fee		(300,000)
Payment of finance lease liabilities	(187,317)	(177,733)
Net cash (outflow) / inflow from financing activities	**(187,317)**	**9,685,217**
Net increase / (decrease) in cash and cash equivalents	**(5,271,269)**	**9,475,549**
Cash and cash equivalents at beginning of period	**12,217,751**	**6,603,620**
Exchange difference on cash	(13,857)	(134,104)
Cash and cash equivalents at end of period	**6,932,625**	**15,945,065**

SERABI GOLD PLC
The Long Barn, Cobham Park Road, Downside, Surrey KT11 3NE
t +44 (0)20 7246 6830 **f** +44 (0)20 7246 6831 **e** contact@serabigold.com www.serabigold.com
Registered Office 66 Lincoln's Inn Fields, London, WC2A 3LH **Company Number** 5131528

Notes

1. Basis of preparation

These interim condensed consolidated financial statements are for the three-month period ended 31 March 2022. Comparative information has been provided for the unaudited three-month period ended 31 March 2021 and, where applicable, the audited twelve month period from 1 January 2021 to 31 December 2021. 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 2021 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 2021 and those envisaged for the financial statements for the year ending 31 December 2021.

Accounting standards, amendments and interpretations effective in 2021

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

The following Accounting standards came into effect as of 1 January 2022

	Effective Date
Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16)	1 January 2022
Onerous Contracts- Cost of Fulfilling a Contract (Amendments to IAS 37)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020	1 January 2022
Reference to Conceptual Framework (Amendments to IFRS 3)	1 January 2022

The adoption of these standards has had no effect to date on the financial results of the Group. The updated standard Property, Plant and Equipment – Proceeds before Intended Use (amendments to IAS 16) which is effective 1 January 2022 will impact the Group as it develops the Coringa mine. At such time as the Group generates revenues from the processing of ore from Coringa in future periods, this will be reflected as operational revenue of the business and the Group will account for the costs incurred in relation to this income as a cost of sale. Previously, under IAS16, the sales would have been treated as a deduction from the cost of bringing an item (or items) of property, plant and equipment to the location and condition necessary to be capable of operating in the manner intended by management.

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.

	Effective Date
IFRS 17 Insurance Contracts, including Amendments to IFRS 17	1 January 2023
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 January 2023

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

(i) Going concern

At 31 March the Group held cash of US$6.9 million with a further receipt of US$1.6 million for a sale of copper/gold concentrate due to be received in early April having been delayed from March following late changes in sailing schedules. The reduction in cash reflects the continued development expenditure of Coringa during the quarter, and the reduced level of sales revenue generated in the period as a result of lower production.

The Group has advised that in light of the issues encountered in the mining of the Julia Vein at São Chico, it has reduced its production guidance for the remainder of 2022 whilst it reconfigures the Julia Vein for selective mining and undertakes further evaluation and development of other sectors of the São Chico deposit. This will reduce revenue for the rest of 2022 and will therefore impact on the ability of the Group to generate positive cash flow for the rest of 2022. Management have already taken actions to reduce some of the operational costs and is evaluating further options to generate additional gold production to improve cash generation. This includes the transportation and processing of high grade ore recovered from the current mine development being undertaken at Coringa. The first trucks began transporting ore during May 2022. In addition, in the short term, the Group has arranged a US$5 million unsecured loan with a Brazilian bank for an initial 12 month period to ease any immediate working capital pressure. These funds were received during May 2022.

The Directors have prepared an operational plan and cash flow forecast based on their best judgement of the operational performance of the Group for the next 18 months using economic assumptions that the Directors consider are reasonable in the current global economic climate. This plan assumes, *inter alia*, that during the rest of 2022 and for 2023, the Group will be successful in mining higher levels of gold from its Palito orebody than it originally planned for and will continue to generate a limited level of gold production from São Chico, albeit at lower levels than 2021 and those previously planned for 2022, due to the issues encountered at the Julia Vein. In addition, the Group will, as a temporary measure, transport Coringa ore for processing at the Palito Complex. To manage costs, discretionary expenditures will be minimised including further regional exploration drilling which has now been suspended.

Although the Group's near-term operational plan incorporates the processing of some of the ore recovered from the planned development of the Coringa mine at the Palito complex, in the longer term it remains the intention to construct a gold processing plant at Coringa. The estimated cost of the full-scale development of the Coringa project reported in the Coringa PEA, including necessary mine development, the erection of a gold processing plant and other site infrastructure was estimated to be approximately US$24.7 million before sustainable positive cash flow is achieved.

While the Group plans to restrict development activity to a level that can be supported by available financial resources, in order to fund the longer term continued development of Coringa including a gold processing facility, and repay the Group's debt, which comprises a 12 month, US$5 million bank loan maturing in May 2023, the Group intends to obtain additional funding. This funding may be generated from a variety of sources which could include a combination of bank debt, royalty, streaming of gold and copper revenues, new equity capital and cash flow from the current operations. The Group has been successful in raising funding as and when required in the past and the Directors 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 such, whilst the expenditure on the development of Coringa will be incurred over a period of nine to twelve months it is the intention of management that firm commitments for the majority of this funding must have been secured and there is strong confidence that the balance of any remaining financing requirement is available prior to commencing the full-scale development.

Whilst recognising the uncertainty that has been created by the need to adjust the operational plan during the first half of the year and the lower levels of gold production that are now forecast as a result, the Directors and management are confident of their ability to raise additional finance and that the Group's operations will perform at the levels that they now anticipate over the next 18 month period. However, an inability to raise new finance, unplanned interruptions or further reductions in gold production, unforeseen reductions of the gold price or appreciation of the Brazilian Real could adversely affect the level of free cash flow available to the Group.

These material uncertainties may cast significant doubt upon the Group's ability to continue as a going concern and therefore its ability to settle its debts and realise its assets in the normal course of business. Notwithstanding these material uncertainties, the Directors have a reasonable expectation that the Group has adequate resources to continue in existence for the foreseeable future and have concluded it is appropriate to adopt the going concern basis of accounting in the preparation of the financial statements. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

2. Finance expense and income

	3 months ended 31 March 2022 (unaudited) US$	3 months ended 31 March 2021 (unaudited) US$
Interest expense on secured loan	**—**	(18,041)
Interest expense on convertible loan	**—**	(47,502)
Amortisation of arrangement fee	**—**	(150,000)
Other	**(1,839)**	—
	(1,839)	(215,543)
Gain on revaluation of warrants	**104,780**	—
Interest income	**—**	—
Net finance expense	**102,941**	(215,543)

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 deferred tax liability arising on unrealised exchange gains has been eliminated in the three-month period to 31 March 2022 reflecting the stronger Brazilian Real exchange rate at the end of the period and resulting in deferred tax income of US$932,133 (three months to 31 March 2021 – charge of US$891,621).

The Group has also incurred a tax charge in Brazil for the three-month period of US$362,575 (three months to 31 March 2021 tax charge - US$1,685,117).

4. Earnings per Share

	3 months ended 31 March 2022 (unaudited)	3 months ended 31 March 2021 (unaudited)
Profit attributable to ordinary shareholders (US$)	**1,729,603**	1,906,906
Weighted average ordinary shares in issue	**75,734,551**	64,390,594
Basic profit per share (US cents)	**2.28**	2.96
Diluted ordinary shares in issue (1)	**76,901,221**	66,907,264
Diluted profit per share (US cents)	**2.25**	2.85

(1) Based on 1,166,670 options vested and exercisable as at 31 March 2022 (31 March 2021: 2,516,670 options)

5. Post balance sheet events

On 19 April 2022, the Company advised that dilution in the Julia Vein which forms part of the Sao Chico deposit and which is being mined by mechanised long hole open stoping was higher than expected as a consequence of the presence of parallel and cross cutting faults and intrusive dykes which post-date the ore. This level of faulting appears to be unique to the Julia Vein. The Company advised that it would introduce selective open stoping, the method used successfully on the Palito orebody, and which over time is expected to improve grades by minimising dilution through greater selectivity in the mining. 1,000 ounces of production which had been scheduled from São Chico in February by long hole, would now be mined selectively during the second quarter and over the rest of the year.

The Company further advised that as a result of the decision to mine selectively on the Julia Vein, the reliance on production ounces would, in the near term, focus on the Palito orebody, with operations at São Chico focusing more on mine development with a view to a return to planned production levels later in the year and into 2023. In the short term the Company advised that it would be focusing on producing profitable ounces and maximising operational cashflow rather than production growth for the rest of the year. The Company reduced production guidance for 2022 from the previously declared level of 36,000 to 38,000 ounces to being in the region of 30,000 ounces.

On 17 May 2022, the Company completed a US$5.1 million unsecured loan arrangement with a Brazilian bank. The loan is repayable as a bullet payment on 12 May 2023 and carries an interest coupon of 6.6 per cent.

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.