



## Unaudited interim results for the three and six month periods ended 30 June 2022

**Serabi (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited results for the three and six month periods ended 30 June 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/3CFrUvd>

### Financial Highlights

- Gold production for the second quarter of 8,419 ounces an improvement on the first quarter of the year (7,061 ounces) of 19 per cent. Gold production for the first six months of 15,480 ounces.
- Cash held at 30 June 2022 of US\$9.8 million (31 December 2021 : US\$12.2 million) with a further US\$1.9 million from a delayed gold sale received in early July.
- Post tax profit for the six month period of US\$2.1 million, a decrease compared with 2021(US\$6.3 million) reflecting US\$1.3 million revenue reduction and cost increases for fuel and power and significantly enhanced underground drilling programme.
- Earnings per share of 2.74 cents compared with 9.06 cents for the same six month period of 2021.
- EBITDA of US\$5.2 million (2021: US\$11.1 million).
- Net cash outflow from operations for the six month period (after mine development expenditure of US\$1.85million) of US1.55 million (2021: US\$6.47 million inflow).
- Average gold price of US\$1,869 per ounce received on gold sales during the six month period. (2021: US\$1,807).
- Cash Cost for the three month period to June 2022 of US\$1,395 per ounce (Q1 2022 : US\$1,438 per ounce).
- All-In Sustaining Cost for the three month period to June 2021 of US\$1,637 per ounce (Q1 2022 : US\$1,810 per ounce) represents a 10% improvement compared to Q1 2022.
- US\$5.0 million unsecured twelve month loan taken out in May 2022 to provide additional short-term working capital.

### Key Financial Information

#### SUMMARY FINANCIAL STATISTICS

	6 months to 30 June 2022	6 months to 30 June 2021	3 months to 30 June 2022	3 months to 30 June 2021
	US\$	US\$	US\$	US\$
Revenue	31,200,863	32,530,473	18,315,843	16,701,661
Cost of sales	(23,268,585)	(18,357,673)	(13,995,113)	(9,381,506)
Gross operating profit	7,932,278	14,172,800	4,320,730	7,320,155
Administration and share based payments	(2,766,776)	(3,122,460)	(1,207,634)	(1,222,169)
EBITDA	5,165,502	11,050,340	3,113,096	6,097,986
Depreciation and amortisation charges	(2,923,245)	(2,716,607)	(1,751,357)	(1,552,805)
Operating profit before finance and tax	2,242,257	8,333,733	1,361,739	4,545,181
Profit after tax	2,072,939	6,352,653	343,336	4,445,747
Earnings per ordinary share (basic)	2.74c	9.06c	0.45c	6.34c
Average gold price received (US\$/oz)	US\$1,869	US\$1,810	US\$1,870	US\$1,816



	As at 30 June 2022 US\$	As at 31 December 2021 US\$
Cash and cash equivalents	9,819,882	12,217,751
Net assets	84,159,135	79,885,501

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

	6 months to 30 June 2022	3 months to 30 June 2022	3 months to 31 March 2022	12 months to 31 December 2021
Gold production for cash cost and AISC purposes	15,480 ozs	8,419 ozs	7,061 ozs	33,848 ozs
Total Cash Cost of production (per ounce)	US\$1,415	US\$1,395	US\$1,438	US\$1,090
Total AISC of production (per ounce)	US\$1,716	US\$1,637	US\$1,810	US\$1,429

**Clive Line, CFO of Serabi commented,**

*"It is pleasing to report a reduction in cash costs and all-in-sustaining costs in the second quarter compared with the first quarter, driven by improved production levels and despite cost inflation pressures that are being felt worldwide.*

*"Compared with the same six-month period in 2021, we have incurred a 46 per cent increase in spending on underground drilling to grow the mineral resource inventory and build long term mining plans, a 48 per cent increase in power costs which includes diesel for generators and grid supplied electricity as well as increased costs of reagents and other consumables across both the mining and processing activities.*

*"In the first quarter of this year, we experienced a net cash outflow from operation (including mine development) of US\$2.5 million, driven by the lower production in the quarter. With the 19% improvement in production achieved in the second quarter, the net cash generation from operations was US\$780,000 which is a satisfying improvement in such a short period. As well as the continued investment in underground drilling to grow the mineral resource at Palito, we have continued to update the mining fleet with an additional US\$1.5 million spent on capital equipment in the second quarter compared with less than \$400,000 in the same period of 2021 and we continue to progress the mine development at Coringa. This capital programme together with the underground drilling activities are the platform for building the future production growth and complement the continued potential presented by the regional exploration that is attracting external interest."*

*"Whilst production of 8,419 ounces of gold for the three months to June represented an improvement of 1.358 ounces compared with the quarter to 31 March, sales in the last three months were 9,427 ounces. This sales growth is reflected in the higher level of production costs compared to the first quarter of 2022. Whilst some of this increase reflects the release of inventory, the balance reflects the increased unit costs of consumable items. Headcount has been reduced since the start of 2022 by seven per cent although the costs savings associated with these reductions will only be fully realised in future periods."*

*"The cash position remains strong, with cash held at 30 June 2022 of US\$9.8 million with a further US\$1.9 million received shortly after the month end for a sale of copper/gold concentrate following a small delay to sailing schedules."*

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.



PRESS RELEASE 31 AUGUST 2022  
SERABI GOLD plc ("Serabi" or "the Company")



## Enquiries

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Copies of this announcement are available from the Company's website at [www.serabigold.com](http://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 35 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](http://www.serabigold.com) for more information and follow us on twitter @Serabi\_Gold

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This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



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 and six months to 30 June 2022.

**Statement of Comprehensive Income**

For the three and six month periods ended 30 June 2022

(expressed in US\$)	Notes	For the six months ended 30 June		For the three months ended 30 June	
		2022 <b>(unaudited)</b>	2021 (unaudited)	2022 <b>(unaudited)</b>	2021 (unaudited)
<b>CONTINUING OPERATIONS</b>					
<b>Revenue</b>		<b>31,200,863</b>	32,530,473	<b>18,315,843</b>	16,701,661
Cost of sales		<b>(23,268,585)</b>	(18,357,673)	<b>(13,995,113)</b>	(9,381,506)
Depreciation and amortisation charges		<b>(2,923,245)</b>	(2,716,607)	<b>(1,751,357)</b>	(1,552,805)
<b>Total cost of sales</b>		<b>(26,191,830)</b>	(21,074,280)	<b>(15,746,470)</b>	(10,934,311)
<b>Gross profit</b>		<b>5,009,033</b>	11,456,193	<b>2,569,373</b>	5,767,350
Administration expenses		<b>(2,596,017)</b>	(3,006,414)	<b>(1,150,064)</b>	(1,163,820)
Share-based payments		<b>(213,922)</b>	(136,200)	<b>(101,797)</b>	(68,100)
Gain on asset disposals		<b>43,163</b>	20,154	<b>44,227</b>	9,751
<b>Operating profit</b>		<b>2,242,257</b>	8,333,733	<b>1,361,739</b>	4,545,181
Foreign exchange gain / (loss)		<b>139,105</b>	(43,743)	<b>(37,481)</b>	(62,757)
Finance expense	2	<b>(66,525)</b>	(340,558)	<b>(64,686)</b>	(125,015)
Finance income	2	<b>152,624</b>	–	<b>47,844</b>	–
<b>Profit before taxation</b>		<b>2,467,461</b>	7,949,432	<b>1,307,416</b>	4,357,409
Income tax expense	3	<b>(394,522)</b>	(1,596,779)	<b>(964,080)</b>	88,338
<b>Profit after taxation</b>		<b>2,072,939</b>	6,352,653	<b>343,336</b>	4,445,747
<b>Other comprehensive income (net of tax)</b>					
Exchange differences on translating foreign operations		<b>1,986,773</b>	2,227,950	<b>(6,872,683)</b>	5,700,308
<b>Total comprehensive profit / (loss) for the period<sup>(1)</sup></b>		<b>4,059,712</b>	8,580,603	<b>(6,529,347)</b>	10,146,055
Profit per ordinary share (basic)	4	<b>2.74c</b>	9.06c	<b>0.45c</b>	6.34c
Profit per ordinary share (diluted)	4	<b>2.68c</b>	8.75c	<b>0.44c</b>	6.12c

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



PRESS RELEASE 31 AUGUST 2022

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



Balance Sheet as at 30 June 2022

(expressed in US\$)	As at 30 June 2022 (unaudited)	As at 30 June 2021 (unaudited)	As at 31 December 2021 (audited)
<b>Non-current assets</b>			
Deferred exploration costs	39,608,630	31,956,193	34,857,905
Property, plant and equipment	28,254,138	27,277,248	27,575,335
Right of use assets	4,801,117	2,951,714	2,600,631
Taxes receivable	961,290	747,499	1,224,360
Deferred taxation	685,650	1,022,227	605,125
<b>Total non-current assets</b>	<b>74,310,825</b>	<b>63,954,881</b>	<b>66,863,356</b>
<b>Current assets</b>			
Inventories	7,724,300	7,354,165	6,973,207
Trade and other receivables	4,952,331	2,057,413	2,307,458
Prepayments and accrued income	3,883,897	2,376,924	2,316,669
Cash and cash equivalents	9,819,882	18,121,392	12,217,751
<b>Total current assets</b>	<b>26,380,410</b>	<b>29,909,894</b>	<b>23,815,085</b>
<b>Current liabilities</b>			
Trade and other payables	5,626,540	7,418,052	5,624,511
Interest bearing liabilities	5,726,808	238,017	290,060
Accruals	399,970	298,758	397,400
<b>Total current liabilities</b>	<b>11,753,328</b>	<b>7,954,827</b>	<b>6,311,971</b>
<b>Net current assets</b>	<b>14,627,092</b>	<b>21,955,067</b>	<b>17,503,114</b>
<b>Total assets less current liabilities</b>	<b>88,937,917</b>	<b>85,909,948</b>	<b>84,366,470</b>
<b>Non-current liabilities</b>			
Trade and other payables	466,292	91,040	427,663
Interest bearing liabilities	1,152,087	673,971	444,950
Deferred tax liability	381,483	172,837	861,430
Derivative financial liabilities	12,871	412,669	165,495
Provisions	2,766,049	1,534,510	2,581,431
<b>Total non-current liabilities</b>	<b>4,778,782</b>	<b>2,885,027</b>	<b>4,480,969</b>
<b>Net assets</b>	<b>84,159,135</b>	<b>83,024,921</b>	<b>79,885,501</b>
<b>Equity</b>			
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	1,289,270	1,309,244	1,075,348
Other reserves	14,472,400	12,151,873	13,694,731
Translation reserve	(66,661,397)	(61,777,008)	(68,648,170)
Retained surplus	87,687,176	83,969,126	86,391,906
<b>Equity shareholders' funds</b>	<b>84,159,135</b>	<b>83,024,921</b>	<b>79,885,501</b>

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.



**Statements of Changes in Shareholders' Equity**  
For the six month period ended 30 June 2022

(expressed in US\$)

(unaudited)	Share capital	Share premium	Share option reserve	Other reserves <sup>(1)</sup>	Translation reserve	Retained Earnings	Total equity
<b>Equity shareholders' funds at 31 Dec 2020</b>	<b>8,905,116</b>	<b>21,905,976</b>	<b>1,173,044</b>	<b>10,254,048</b>	<b>(64,004,958)</b>	<b>79,514,298</b>	<b>57,747,524</b>
Foreign currency adjustments	—	—	—	—	2,227,950	—	2,227,950
Profit for the period	—	—	—	—	—	6,352,653	6,352,653
Total comprehensive income for the period	—	—	—	—	2,227,950	6,352,653	8,580,603
Transfer to taxation reserve	—	—	—	1,897,825	—	(1,897,825)	—
Share Premium	2,308,502	—	—	—	—	—	2,308,502
Share Issued during period	—	14,252,092	—	—	—	—	14,252,092
Share incentives expense	—	—	136,200	—	—	—	136,200
<b>Equity shareholders' funds at 30 June 2021</b>	<b>11,213,618</b>	<b>36,158,068</b>	<b>1,309,244</b>	<b>12,151,873</b>	<b>(61,777,008)</b>	<b>(83,969,126)</b>	<b>83,024,921</b>
Foreign currency adjustments	—	—	—	—	(6,871,162)	—	(6,871,162)
Profit for the period	—	—	—	—	—	3,597,311	3,597,311
Total comprehensive income for the period	—	—	—	—	(6,871,162)	3,597,311	<b>(3,273,851)</b>
Transfer to taxation reserve	—	—	—	1,542,858	—	(1,542,858)	—
Share incentives lapsed	—	—	(368,327)	—	—	368,327	—
Share incentives expense	—	—	134,431	—	—	—	<b>134,431</b>
<b>Equity shareholders' funds at 31 Dec 2021</b>	<b>11,213,618</b>	<b>36,158,068</b>	<b>1,075,348</b>	<b>13,694,731</b>	<b>(68,648,170)</b>	<b>86,391,906</b>	<b>79,885,501</b>
Foreign currency adjustments	—	—	—	—	1,986,773	—	1,986,773
Profit for the period	—	—	—	—	—	2,072,939	2,072,939
Total comprehensive income for the period	—	—	—	—	1,986,773	2,072,939	4,059,712
Transfer to taxation reserve	—	—	—	777,669	—	(777,669)	—
Share incentives expense	—	—	213,922	—	—	—	213,922
<b>Equity shareholders' funds at 30 June 2022</b>	<b>11,213,618</b>	<b>36,158,068</b>	<b>1,289,922</b>	<b>14,472,400</b>	<b>(66,661,397)</b>	<b>87,687,176</b>	<b>84,159,135</b>

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$14,110,939 (31 December 2021: merger reserve of US\$361,461 and a taxation reserve of US\$13,333,270).



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SERABI GOLD plc (“Serabi” or “the Company”)



**Cash Flow Statement**

For the three and six month periods ended 30 June 2022

(expressed in US\$)	For the six months ended 30 June		For the three months ended 30 June	
	2022 (unaudited)	2021 (unaudited)	2022 (unaudited)	2021 (unaudited)
<b>Operating activities</b>				
Post tax (loss) / profit for period	2,072,939	6,352,653	343,336	4,445,747
Depreciation – plant, equipment and mining properties	2,923,245	2,716,607	1,751,357	1,552,805
Net financial expense	(225,204)	384,301	54,323	187,772
Provision for taxation	394,522	1,596,779	964,080	(88,338)
Gain / (Loss) on Sale	(43,163)	(20,154)	(44,227)	(9,751)
Share-based payments	213,922	136,200	101,797	68,100
Taxation Paid	(131,462)	(130,701)	(3,813)	(130,701)
Interest Paid	(51,838)	(1,282,833)	(31,612)	(1,071,653)
Foreign exchange (loss) / gain	(211,323)	131,590	(71,395)	71,968
<b>Changes in working capital</b>				
(Increase)/decrease in inventories	(394,806)	(99,292)	1,504,893	(199,941)
(Increase) in receivables, prepayments and accrued income	(3,912,322)	(845,173)	(2,164,981)	(1,603,731)
(Decrease)/increase in payables, accruals and provisions	(339,994)	90,892	(657,737)	18,195
<b>Net cash inflow from operations</b>	<b>294,516</b>	<b>9,030,869</b>	<b>1,746,021</b>	<b>3,240,472</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment and assets in construction	(2,490,502)	(741,303)	(1,521,615)	(364,151)
Mine development expenditure	(1,849,462)	(2,558,341)	(783,577)	(1,485,188)
Geological exploration expenditure	(692,980)	(1,799,969)	(223,730)	(999,128)
Pre-operational project costs	(2,266,252)	(1,265,891)	(1,124,670)	(604,283)
Acquisition payment for subsidiary	—	(5,500,000)	—	(2,500,000)
Acquisition of other property rights	—	(101,386)	—	(1,836)
Proceeds from sale of assets	64,762	25,081	51,605	12,842
<b>Net cash outflow on investing activities</b>	<b>(7,234,434)</b>	<b>(11,941,809)</b>	<b>(3,601,987)</b>	<b>(5,941,744)</b>
<b>Financing activities</b>				
Issue of Ordinary share capital (net of costs)	—	16,560,593	—	—
Issue of warrants	—	333,936	—	333,936
Drawdown of third party loan	4,923,586	—	4,923,586	—
Repayment of convertible loan	—	(2,000,000)	—	(2,000,000)
Payment of convertible loan arrangement fee	—	(300,000)	—	(300,000)
Payment of finance lease liabilities	(502,225)	(263,278)	(314,908)	(85,545)
<b>Net cash inflow from financing activities</b>	<b>4,421,361</b>	<b>14,331,251</b>	<b>4,608,678</b>	<b>4,646,034</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,518,557)</b>	<b>11,420,311</b>	<b>2,752,712</b>	<b>1,944,762</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>12,217,751</b>	<b>6,603,620</b>	<b>6,932,625</b>	<b>15,945,065</b>
Exchange difference on cash	120,688	97,461	134,545	231,565
<b>Cash and cash equivalents at end of period</b>	<b>9,819,882</b>	<b>18,121,392</b>	<b>9,819,882</b>	<b>18,121,392</b>



Notes

**1. Basis of preparation**

These unaudited interim condensed consolidated financial statements are for the three and six month periods ended 30 June 2022. Comparative information has been provided for the unaudited three and six month periods ended 30 June 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 2022.

**Accounting standards, amendments and interpretations effective in 2022**

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

	<u>Effective Date</u>
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.

	<u>Effective Date</u>
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 30 June 2022, the Group held cash of US\$9.8 million with a further receipt of US\$1.9 million for a sale of copper/gold concentrate due to be received in early July having been delayed from June following a small delay to sailing schedules. The reduction in cash reflects the continued development expenditure of Coringa during the quarter].

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 negotiated 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 prepared, in March 2022, 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



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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 an interim 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 operational plan incorporates the processing of some of the ore recovered from the planned development of the Coringa mine at the Palito complex, the Group's plan is 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 have 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

	6 months ended 30 June 2022 US\$	6 months ended 30 June 2021 US\$	3 months ended 30 June 2022 US\$	3 months ended 30 June 2021 US\$
Interest expense on convertible loan	—	(47,502)	—	—
Interest expense on mineral property acquisition	—	(23,854)	—	(5,831)
Interest expense on short term loan	<b>(53,859)</b>	—	<b>(53,859)</b>	—
Interest expense on short term trade loan	<b>(12,666)</b>	—	<b>(10,827)</b>	—
Loss in respect of non-substantial modification	—	(40,469)	—	(40,469)
Loss on revaluation of warrants	—	(78,733)	—	(78,733)
Amortisation of arrangement fee for convertible	—	(150,000)	—	—
	<b>(66,525)</b>	(340,558)	<b>(64,686)</b>	(125,015)
Gain on revaluation of warrants	<b>152,624</b>	—	<b>47,844</b>	—
Net finance income /(expense)	<b>86,099</b>	(340,558)	<b>(16,842)</b>	(125,015)

### SERABI GOLD PLC

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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 deferred tax liability arising on unrealised exchange gains has been eliminated in the six-month period to 30 June 2022 reflecting the stronger Brazilian Real exchange rate at the end of the period and resulting in deferred tax income of US\$199,222 (six months to 30 June 2021 – charge of US\$1,930,025).

The Group has also incurred a tax charge in Brazil for the six month period of US\$593,744 (six months to 30 June 2021 - US\$889,802).

### 4. Earnings per Share

	<b>6 months ended 30 June 2022 (unaudited)</b>	6 months ended 30 June 2021 (unaudited)	<b>3 months ended 30 June 2022 (unaudited)</b>	3 months ended 30 June 2021 (unaudited)
Profit attributable to ordinary shareholders (US\$)	<b>2,072,939</b>	6,352,653	<b>343,336</b>	4,445,747
Weighted average ordinary shares in issue	<b>75,734,551</b>	70,123,225	<b>75,734,551</b>	70,123,225
Basic profit per share (US cents)	<b>2.74c</b>	9.06c	<b>0.45c</b>	6.34c
Diluted ordinary shares in issue <sup>(1)</sup>	<b>77,484,551</b>	72,639,895	<b>77,484,551</b>	72,639,895
Diluted profit per share (US cents)	<b>2.68c</b>	8.75c	<b>0.44c</b>	6.12c

(1) Based on 1,750,000 options vested and exercisable as at 30 June 2022 (30 June 2021: 2,516,670 options)

### 5. Post balance sheet events

Subsequent to the end of the period, 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.

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