

# Serabi Gold plc: Chairman's Annual General Meeting Statement

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LONDON -- (Marketwire) -- 06/18/12 -- [Serabi Gold plc](#) (AIM: SRB) (TSX: SBI) (TSX: SBI.WT), the Brazilian focused gold exploration and development company, advises that at 11.00 am today (UK time), it will be holding its Annual General Meeting.

The following is the text of the statement that will be made by T. Sean Harvey, Chairman of the Company:

"This time last year we set out our exploration plans, following the successful listing of the Company's shares on the main board of the TSX stock exchange. That listing enabled the closing of a \$10M share placement, which saw our cornerstone investor, Eldorado, continue to support Serabi's endeavours. During 2011 we undertook an aggressive mine-site exploration around our 660,000oz (gold equivalent) Palito gold resource, with the objective of discovering additional gold deposits in the immediate vicinity of the Palito mine. Our initial target has been to increase the Company's existing total mineral resource inventory to 1.5 million ounces and the close proximity of the targets that we have been investigating means that it should be possible for any additional mineral resource inventory to be incorporated into the existing Palito production infrastructure.

The Board has been very pleased with the results, which exceeded our expectations. The programme, which drew to a close at the end of 2011, both within budget and on schedule, comprised the successful execution of an airborne geophysical survey, follow-up ground geophysics and geochemistry and culminated in over 12,000m of surface discovery diamond drilling.

Gold mineralisation was encountered in seven of the nine targets drilled with the key discoveries being made at Piaui, Palito South and Currutela. Perhaps most significantly the discovery at Currutela, whilst encouraging in itself, also opened up the strong possibility, which is further supported by the drilling undertaken at Palito South, of strike continuity between the Palito resource and Currutela, which lies some two kilometres to the south east of Palito. If this potential is confirmed it would give rise to a mineralised zone approaching some four kilometres in length.

However, over the last year the markets have not been supportive of smaller exploration companies and while our exploration success has been acknowledged, we have found that, unlike the past, such success has not been reflected in the share price at a time when the gold price continues to be very buoyant.

Our strategy has been and remains to focus on resource growth, with a commitment to increasing the resource base at Palito, concentrating initially on the recent mine site discoveries. What has always differentiated Serabi from its junior gold exploration peers is its established infrastructure, resources and necessary permits to commence production activities within a relatively short time frame. We have been unwilling in the past to consider a restart of production until we had clear evidence of the future growth potential of the immediate mine-site area which is fundamental to being able to grow the Company's future production.

The success of the 2011 exploration work has given the Board the confidence that there is sufficient potential resource growth to justify restarting production and to use this organic cash flow to finance the future exploration requirements. After a positive 'in house' assessment, the Board took the decision to commission a Preliminary Economic Assessment ("PEA") on re-establishing gold production at Palito. NCL Ingenieria y Construccion SA ("NCL") were retained as the competent person to undertake this study, The headline results were published last week and in summary, the PEA shows strong economic viability at \$1400/oz gold, with a payback period of less than two years and returning an after tax cash-flow of approximately \$11M per annum.

The Directors believe that the results support a small scale 90,000 tpa operation using selective mining techniques and the Board intends, subject to financing, to undertake the necessary mine development and remedial works as soon as possible with the intention of the first gold being produced in the third quarter of 2013. The PEA has considered only the previously declared mineral resource estimates for the Palito gold mine and does not consider any additional resources that could be developed from the three discovery areas, established in 2011, of Palito South, Currutela and Piaui, which could, in time, provide incremental production.

The focus on both high-grade quality ounces through the introduction of selective mining and the use of an experienced mining contractor with a proven track record in these types of deposits are key to the success of the project, and at current gold prices the operation is a very attractive proposition. With the benefit of significant existing infrastructure already in place, the capital requirements are relatively modest and an initial capital estimate of US\$17.8 million is considered by NCL to be sufficient to see the mine into full production during the latter half of 2013. We are further encouraged that the PEA only considers 30% of the existing total mineral inventory. In addition, with historic plant capacity more than double the projected PEA production rate, an opportunity exists in the future to increase plant throughput further to take ore feed from new satellite deposits.

The cash flow generated will be used to fund the Company's exploration and in so doing insulate the Company going forward from the need to periodically look to its shareholders and the capital markets for future finance, which as we all appreciate, is dilutive. Slightly further afield we will continue to use our well-established systematic exploration approach to explore the rest of our JDO tenement.

Whilst we will concentrate on organic growth, we will continue to look at the acquisition of new projects which fit the Company's profile. Within the Tapajos there exist opportunities that we feel could be value-enhancing and add to our production base. These will help to diversify risk and capitalise on the technical and operational expertise that we will establish at Palito.

The Board considers that it is establishing an excellent platform from which to develop and which will allow Serabi to transition from an explorer into a developer, and then a modest producer, without compromising our strategy to pursue near-term growth at our Tapajos assets.

Finally, I would like to extend my welcome and great thanks to Mr. Christopher Kingsman who joined the Board of Directors late last year. Christopher's support and presence as a cornerstone investor over the last two and a half years has been instrumental in helping Serabi to reach this point.

The next year or so promises to be an exciting time for the Company with the prospects of an operational start-up and continued mine-site exploration achieving further resource growth. I hope that our work will be rewarded with the necessary milestones being reached and some good exploration results which will in turn allow us to build on the initial mining operations."

Copies of this release are available from the Company's website at [www.serabigold.com](http://www.serabigold.com)

### **Forward-looking statements**

This press release contains forward-looking statements. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding the estimation of mineral resources, exploration results, potential mineralization, potential mineral resources and mineral reserves) are forward-looking statements. Forward-looking statements are often identifiable by the use of words such as "anticipate", "believe", "plan", "may", "could", "would", "might" or "will", "estimates", "expect", "intend", "budget", "scheduled", "forecasts" and similar expressions or variations (including negative variations) of such words and phrases. Forward-looking statements are subject to a number of risks and uncertainties, many of which differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Company's expectations, the price of gold or copper and other risks identified in the Company's most recent annual information form filed with the Canadian securities regulatory authorities on SEDAR.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement.

### **Qualified Persons Statement**

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, CEO of the Company. Mr. Hodgson is an Economic Geologist by training with over 25 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009

Neither the Toronto Stock Exchange, nor any other securities regulatory authority, has approved or

disapproved of the contents of this news release.

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