

Serabi Gold Plc: AGM Statement

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LONDON, June 16, 2016 - [Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian focused gold mining 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 Mr. Mike Hodgson the Chief Executive of the Company. Highlights of the statement are:

- Gold production for the second quarter of 2016 from the Company's Palito and Sao Chico Mines continues to follow the trend set by the first quarter of 2016.
- Underground exploration programmes for production planning and resource extension are about to commence.
- Geophysics programmes for Currutela, Piaui and new tenements located to the west of Sao Chico planned for the second half of 2016.

The Company has also released today a new video update of operational progress at its Palito and Sao Chico Mines. This update can be accessed by using the following link:
<http://www.brrmedia.co.uk/broadcasts-embed/57612cb2e94e69ed4a4770a3/event/?livelink=true>

"As I noted in April's first quarter operational update, gold production from our Palito and Sao Chico Mines continues to be excellent with the second quarter following the trend set by the first quarter of 2016 and our strong finish to 2015. The first quarter yielded gold production of 9,771 ounces, a record level since operations commenced in 2014. At this current time and barring any unforeseen circumstances, I anticipate that gold production for the second quarter will be at a similar level. This puts us well on target to achieving our guidance for the full year of 37,000 ounces.

"Mining at Palito continues to progress well. As I noted earlier this year we have expanded the mine horizontally and opened up two key new sectors being the Senna and Chico da Santa zones. In addition, we have also had success with some smaller zones within the deposit that can be accessed from existing ramp development. These are adding further improvement in the levels of gold production that we can achieve from each vertical metre. This in turn allows us to slow down the rate at which further deepening of the mine is required, meaning that we can replace vertical development with horizontal development generating cost and efficiency benefits, as well as helping to increase the potential life of the mine.

"At Sao Chico, we have found a very good solution to the geological complexity of the deposit that hindered the mining and extraction rates experienced in 2015. Mine production continues to focus on the central portion of the Main Vein where we have the greatest confidence in the down-dip extension and we are continuing to push the ramp down towards the 84mRL, some 150 metres below surface. From here we will establish underground drill locations to assess the further extension at depth, as well as the potential strike extensions to the east and west of the Central Zone. The short term plan at Sao Chico has been to secure production for up to eighteen months in advance, consistent with our successful approach at Palito. This establishes an adequate cushion to allow time for us to concentrate on assessing the potential strike extensions and parallel structures. These ensure that we can maximize the benefit of existing development in the longer term. Serabi has purchased an underground exploration drill rig which has now arrived at site and following commissioning will start on this work. A contractor operated underground drill rig is also now on site that will assist with accelerating the programme over the next four to five months.

"A similar programme will also be undertaken at Palito once the initial phase of work is completed at Sao Chico. Initially work will focus on the extension at depth of the Main Zone comprising the G1, G2 and G3 veins, but will also look for parallel structures which lie between the Main Zone and Palito West and Chico da Santa with the expectation that a number of small but viable veins will be identified that can be easily accessed from the existing mine development.

"During this second quarter we had anticipated to have a third ball mill commissioned and operating.

However, the failure of a key component in one of the other mills has delayed this start up because, to keep production going we borrowed the trunnion bearing from the third mill. A new bearing has now been delivered and the commissioning of the third mill will start in the coming week. Despite this small setback, our recent production has not been impacted and illustrates the requirement for building contingency and flexibility when operating in the more remote locations, which in this instance has allowed the Company to maintain operations at close to maximum levels.

"The gold price has clearly been favourable over recent months, and whilst our focus for 2016 is to use cash flow to retire the borrowings that the Company has with Sprott, we have been able to set aside some funding for the start of the next stages of wider exploration activity at Palito and Sao Chico. This will involve a down-the-hole electromagnetic survey at Palito using the past drilling undertaken at the Currutela and Piaui prospects. The contractor is due to arrive on site during July and we anticipate the programme and subsequent evaluation of results taking some three to four months to complete. It is intended that this work will allow the Company to better plan the next stage of exploration drilling that is anticipated to be undertaken during 2017.

"At Sao Chico a surface Induced Polarisation programme will be undertaken over an area to the west of the original Sao Chico exploration tenement. Serabi has secured the exploration licences over this area and feels it offers excellent potential for hosting strike extensions of the current Sao Chico veins. Results are expected to be available towards the end of 2016. Both geophysical programmes are using well established techniques to identify conductive bodies and sulphide mineralisation as pathfinders to locating gold occurrences which are associated with these features.

"Whilst operations are going very well, and I remain optimistic for the remainder of 2016, being essentially a single asset entity and operating in a relatively remote region of Brazil, there will continue to be challenges. Whilst many economic commentators expected to see the Brazilian currency continue to decline during 2016, in the face of an uncertain political climate and a weakening economy, it has however confounded expectation and strengthened. It appears that there remain strong inflows of currency into the country, and whilst these may include investment from multinational companies having to support their local businesses, this will place pressure on our reported US Dollar costs should the situation continue. At this time it remains unclear how the political situation will resolve itself and how this will impact on the perceptions of Brazil. However, neither this, nor the concerns over Zika, are having any current impact on our operations.

"Palito is now in a steady state and Sao Chico, having entered Commercial Production in January 2016, is performing in line with our expectations. I am often asked what the next move is for the Company. I am far from complacent about our two existing mines, but I feel that we are now able to divert some time and resources to growing the Company. We have already implemented the first part of the potential for organic growth by starting to evaluate some of the potential within our existing tenement holdings. This is, however, a process that will take time but, if successful it will provide an opportunity for resource and production growth at a relatively low cost. We will also continue to look at the opportunity for potential acquisitions of other projects. The recent surge in gold prices has started to change seller expectations supported by the recent rally in valuations ascribed to Canadian listed junior development and exploration companies which appear to have out-paced the UK market. I am keen to grow the Company, as I believe that we will benefit from greater critical mass and runway to attract wider investor support and a concurrent re-rating of the Company's shares in due course. Nevertheless, I constantly reiterate that Serabi will only consider acquisitions that management feels will genuinely increase value for shareholders. Whilst a strong market is good for all of us and should be welcomed after the experience of the last few years, I have concern that some valuations and expectations may spiral and become unrealistic.

"Before closing I would like to acknowledge again the support and commitment of our major shareholder, Fratelli Investments and the Company's loyal and experienced management team. We have low staff turnover and I can only put this down to creating a work environment that, whilst challenging, is rewarding and has brought people together with a strong sense of common purpose."

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Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

Glossary of terms

The following is a glossary of technical terms:

"Au" means gold.

"assay" in economic geology, means to analyze the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"development" - excavations used to establish access to the mineralised rock and other workings

"DNPM" is the Departamento Nacional de Produção Mineral.

"grade" is the concentration of mineral within the host rock typically quoted as grams per tonne (g/t), parts per million (ppm) or parts per billion (ppb).

"g/t" means grams per tonne.

"granodiorite" is an igneous intrusive rock similar to granite.

"igneous" is a rock that has solidified from molten material or magma.

"Intrusive" is a body of igneous rock that invades older rocks.

"on-lode development" - Development that is undertaken in and following the direction of the Vein

"mRL" – depth in metres measured relative to a fixed point – in the case of Palito and Sao Chico this is sea-level. The mine entrance at Palito is at 250mRL.

"saprolite" is a weathered or decomposed clay‐rich rock.

"stopping blocks" – a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stopping methods.

"vein" is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.

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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