

Serabi Gold plc  
("Serabi" or the "Company")

High gold grades maintained, as Serabi produces almost 10,000 ounces for the first quarter of 2017

[Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to report first quarter production of almost 10,000 ounces of gold, in line with production guidance and provides an accompanying operational update on its Palito and Sao Chico high grade gold operations in the Tapajos region of Para State, Northern Brazil.

## HIGHLIGHTS

- Strong first quarter production of 9,861 ounces of gold, on budget and in line with guidance.
- Mine production totalled 36,918 tonnes at 10.12 grammes per tonne ("g/t") of gold.
- 46,663 tonnes of ore processed through the plant for the combined mining operations, at a combined grade of 7.09 g/t of gold.
- 2,251 metres of horizontal mine development completed in the quarter.
- At Palito, expansion of working areas continues, with development and production now coming from eight veins from the 25 included in the geological resource.
- Test stopes using long-hole mining are underway in the Senna vein, with good success to date. The Senna vein is showing wider widths, potentially allowing for an increased level of mechanisation. Four sublevels are already in development with a new cross cut being established at the 180mRL.
- At Palito Main Zone, the main ramp has now reached the -50mRL, where the G3 vein is now under development.
- At Sao Chico the main ramp has now been deepened to the 56mRL, approximately 190 vertical metres below surface. Production is coming from the 140mRL, and with sublevels developed on levels 128mRL, 116mRL, 100mRL, 86mRL and 70mRL, development is well ahead of production.
- By the end of the first quarter, surface ore stocks were approximately 13,000 tonnes (31 December 2016: 21,000 tonnes) with an average grade of 4.0 g/t of gold.
- Ground induced polarisation ("IP") survey undertaken at Sao Chico has identified some excellent targets within 500 metres of the current operation.
- At the year end, the combined surface stockpiles at Palito and Sao Chico totalled 21,000 tonnes of ore with an average grade of 4.0 g/t of gold.

Mike Hodgson, CEO, said:

"A successful 2016 has been followed by a strong first quarter to 2017, with almost 10,000 ounces of gold being produced for the quarter; on budget and in line with guidance.

"Mine production from both the Palito and Sao Chico orebodies showed steady progress. Eight veins are now being worked in the Palito orebody, with four new veins coming on stream this quarter, significantly improving optionality. The Pipocas, G3 and Senna veins continue to form the backbone of production, whilst development of the new Zonta vein to the west of Senna, ongoing development of the G1 and G2 veins, and veins within the Chico da Santa zone demonstrate the abundance of opportunity that exists at Palito.

"Ore development and production from the Sao Chico orebody continued in line with schedule and with excellent mined grades, at an average grade of over 12 g/t, achieved for the quarter. The main ramp has now reached the 56mRL with the Main Vein being intersected early in April. Stope ore production is currently focused on the 140mRL whilst development is progressing on five levels below and is nicely ahead of stoping activity.

"In the plant, the quarterly performance was very satisfying and the milled throughput of 46,000 tonnes for the quarter represents a 10 per cent improvement over the previous highest quarterly production level. As has previously been reported, the introduction of the third mill last year was principally to establish much needed contingency, however, we are making inroads into the surface stockpiles, though we still remain largely limited by overall plant capacity.

"In the latter half of 2016 the Company reported that, following the extension of its exploration license holdings around the Sao Chico orebody, it had recommenced surface exploration, with an IP geophysical survey. The purpose of the survey was to trace the trend of the Main Vein, which has sufficient sulphides to provide a clear conductivity anomaly and which in turn, we hoped, would provide targets for a subsequent drill programme. Due to the wet season arriving early, the programme had to be suspended, but nevertheless we processed the data from those areas where work had been completed. The initial results that have become available during this first quarter of 2017 are extremely promising. The survey was designed to traverse the

known orebody to provide orientation, and focus to the east and west of the current strike. The results to date show two excellent anomalies 600 metres to the north and 300 metres to the south of the current workings, which, from a geophysical perspective, look even stronger than the orebody being mined. These anomalies appear to suggest a geometry consistent with the known orebody and could suggest parallel mineralisation. We are set to recommence the programme this coming quarter, though clearly we have already generated some exciting drill targets.

"Exploration and evaluation drilling underground continued with approximately 1,950 metres of diamond drilling completed. This drilling is focusing on deeper drilling into inferred resources in the Senna, Pipocas and G3 veins in the Palito orebody, and similarly the down dip extension of the Main Vein in the Sao Chico orebody, with a view to converting substantial inferred resource to indicated status.

"Following the excellent operational performance of 2016, it is very pleasing to see this being continued with a very good first quarter. Grades coming out of the Sao Chico orebody have been excellent, the plant has processed record tonnages and the operation remains mill constrained. The exploration results which indicate excellent anomalies adjacent to the Sao Chico orebody, are obviously very exciting for us, and we want to progress these as soon as is practical."

## Results

Total production for the first quarter of 2017 was 9,861 ounces of gold, generated from the processing of the run of mine ("ROM") ore from the Palito and Sao Chico orebodies, combined with the Palito surface coarse ore and the stockpiled flotation tailings accumulated from Palito mine production in 2014.

Gold production for the first quarter came from the processing of 46,663 tonnes of ore at overall combined grades of 7.09 g/t gold, which was sourced from mined ore from the Palito and Sao Chico orebodies, supplemented with lower grade surface stockpiled ROM and flotation tailings. Mined tonnage for the quarter totalled 36,918 tonnes with a grade of 10.12 g/t of gold.

At 31 March 2017, there were coarse ore stocks of approximately 13,000 tonnes with an average grade of 4.0 g/t of gold, and approximately 17,000 tonnes of flotation tails with an average grade of 2.5 g/t of gold. This stock is being consumed, albeit not as quickly as forecast and for now the operation remains plant constrained.

A total of 2,251 metres of horizontal development has been completed during the quarter, of which 1,176 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

## 2017 Guidance

The Company forecast 40,000 ounces of gold production for the year, with an AISC of between \$950 and \$975 per ounce, broadly in line with the cost guidance of 2016. Gold production for the first quarter is in line with the Company's forecast.

The 2017 guidance of 40,000 ounces is an eight per cent improvement on Serabi's initial guidance for 2016 which was 37,000 ounces. Management hope that, with the production efficiencies and improvements that can be implemented in 2017, Serabi will again be able to improve on its production guidance, as it did in 2016, where the Company exceeded its initial guidance by 6.5 per cent to produce 39,390 ounces.

		Quarter 1 2017	Quarter 1 2016	Quarter 2 2016	Quarter 3 2016	Quarter 4 2016	Total 2016	Total 2015
Horizontal development - Palito	Metres	1,669	1,900	1,910	1,607	1,928	7,345	6,800
Horizontal development - Sao Chico	Metres	582	1,025	1,031	1,042	696	3,794	2,800
Horizontal development - Total	Metres	2,251	2,925	2,941	2,649	2,694	11,209	9,600
Mined ore - Palito	Tonnes	26,093	26,752	25,198	31,916	34,611	118,477	111,751
	Gold grade (g/t)	9.07	11.84	10.48	9.52	7.38	9.62	10.05
Mined ore - Sao Chico	Tonnes	10,825	10,794	8,408	11,217	9,968	40,387	24,096
	Gold grade (g/t)	12.64	9.00	6.81	9.88	14.38	10.12	8.66
Mined ore - Total	Tonnes	36,918	37,546	33,606	43,133	44,579	158,864	135,847
	Gold grade (g/t)	10.12	11.02	9.56	9.61	8.94	9.74	9.8
Milled ore	Tonnes	46,663	36,615	39,402	42,464	40,485	158,966	130,299
	Gold grade (g/t)	7.09	8.58	8.17	8.08	7.6	8.11	8.43
Gold production	Ounces	9,861	9,771	9,896	10,310	9,413	39,390	32,629

1. Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and the gold bullion when smelting and refining processes are completed.
2. Gold production totals for 2017 include treatment of 4,941 tonnes of flotation tails (2016 full year: 16,716 tonnes)

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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

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

## 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.

#### 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 26 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, recognising 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.

#### 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.

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