

# Serabi Gold plc: Operational Review of Second Quarter 2018

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Serabi Gold plc  
(“Serabi” or the “Company”)

## Operational Review of Second Quarter 2018

[Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, is pleased to report gold production of 9,563 ounces for the second quarter of 2018 at its Palito Complex high grade gold operation in the Tapajos region of Para State, Northern Brazil.

### CORPORATE HIGHLIGHTS

- Completion of £6.4 million brokered share placement to follow the US\$15 million investment made by Greenstone Resource II LP.

### OPERATIONAL HIGHLIGHTS

- Second quarter production of 9,563 ounces of gold.
- Mine production totalling 36,071 tonnes at 8.12 grams per tonne (“g/t”) of gold.
- 38,155 tonnes of run of mine (“ROM”) ore processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 7.71 g/t of gold.
- Additional 4,861 tonnes of historical tailings processed through the leaching circuit at a grade of 4.38 g/t of gold.
- 2,744 metres of horizontal mine development completed during the quarter.
- Palito development and production continues to focus on the four main sectors of Senna, Pipocas, G3 and Mogno, whilst in the Sao Chico orebody, the main ramp is now close to reaching the next planned level at -15mRL, approximately 280 vertical metres below surface. Production is coming from levels 70 and 56mRL, with levels 10 and -3mRL in development.
- Step out surface drilling is underway on both the Palito and Sao Chico orebodies with initial drilling results to be released during Q3
- By the end of the quarter, surface ore stocks were approximately 7,800 tonnes, (March end 2018: 10,200 tonnes) with an average grade of 3.5 g/t of gold, together with approximately 36,000 tonnes of flotation tailings grading approximately 3.0 g/t gold.

Mike Hodgson, CEO, said:

“We enjoyed an excellent second quarter, producing 9,563 ounces of gold, bringing total gold production for the year to date to 18,750 ounces, remaining well on track to meet our annual production guidance. It has been another quarter of consistency for mined grades, tonnage and plant processing throughput. The mined grades were particularly pleasing increasing from 7.49 g/t in the first quarter to an average of 8.12 g/t for this second quarter.

“Development rates have improved as the year has progressed and much of this has been down to

the introduction of our 'new generation mini-scoops', the first of which arrived on site during this second quarter. These, along with a narrow-width face drilling jumbo, have allowed us to advance much faster with less dilution and waste handling. We are still analysing the overall effectiveness and cost benefits of this equipment with a view to purchasing additional units, but so far, the results have been excellent.

'The plant continued to perform very well during the quarter with over 43,000 tonnes processed, 38,000 tonnes of which was ROM ore from Palito and Sao Chico which was supplemented by approximately 4,900 tonnes of the historical flotation tails that are processed through the leaching circuit. We have experienced difficulties in passing this material through the front end of the process plant but have been able during this quarter to get the system up and running. This material processed during this quarter has had an average grade of nearly 4.0 g/t of gold and is therefore very viable.

'At the Palito orebody, seven out of the 25 veins that comprise the total geological resource are in various stages of development and production. The Pipocas, G3, Senna, Zonta and Mogno veins remain the main ore source with minor development on the Jatoba, Ipe, Compressor and G1 veins.

'We continue to deepen the Sao Chico orebody and are now evaluating the -3m level through development, as well as drilling as deep as the -50m level, some 300 vertical metres from surface.

'On the mine-site exploration front, surface drill programmes are underway on both orebodies. The Palito programme is testing the many potential extensions of the known veins. The Sao Chico programme is similarly testing the extension of the main structure east and west as well as drilling the geophysical anomalies identified in the 2016 ground geophysics programme, which we believe may indicate parallel structures.

'We hope to issue an exploration update early in the third quarter with some of the results of this drilling campaign.

'As reported last quarter, after successful test work in 2017, the Company has purchased an ore sorter. The ore sorter will screen the crushed ore feed before it enters the milling circuit, eliminating the elevated level of waste that currently finds its way into the process plant. This will initially be installed to treat Palito ore, but we will also use it to undertake our own test work on the Sao Chico ore, which has shown initial promise to be amenable to sorting.

'Away from the operations, at Coringa, we continue to make progress on the permitting of the project. The Environmental Impact Assessment ('EIA') was submitted late 2017, and we are now engaging with the state environmental agency as to their questions and requests emanating from the EIA submission.

'On the corporate front, the Greenstone placing and subsequent brokered share issue has brought in aggregated gross proceeds of approximately US\$23.5 million. These funds have substantially strengthened the Company's balance sheet and will allow significant acceleration of our organic growth plans and outstanding capital programmes, as well as continuing the progress at Coringa.

'During the year we expect to generate steady positive news flow, starting with an exploration update early in the third quarter, as well as licensing progress at Coringa. Our ambition remains to establish ourselves as a significant gold producer in Brazil with a target of an annualised production rate of 100,000 ounces within the next two years.'

## Results

Total production for the second quarter of 2018 was 9,563 ounces of gold, generated from the processing of 43,016 tonnes of ore at overall average grades of 7.33 g/t of gold. The processed ore 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 36,071 tonnes with a grade of 8.12 g/t of gold.

On 30 June 2018, there were coarse ore stocks of approximately 7,800 tonnes of ore with an average grade

of 3.5 g/t of gold, and approximately 36,000 tonnes of flotation tails with an average grade of 3.0 g/t of gold. These stockpiles are being consumed, albeit not as quickly as forecast, and for now the operation remains plant constrained.

A total of 2,744 metres of horizontal development has been completed during the quarter, of which approximately 1,290 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

#### 2018 Production Guidance

Management does not anticipate a major shift in mine performance and therefore hard rock gold production, in 2018 compared with 2017. However, with the ability to process increased levels of stockpiled flotation tails in 2018, management maintains its initial production guidance and expects that gold production for 2018 will exceed that of 2017 and be up to 40,000 ounces.

#### Key Operational Information

		SUMMARY PRODUCTION STATISTICS FOR 2018 YEAR TO DATE					
		Qtr 1	Qtr 2	Year to Date	Qtr 1	Qtr 2	Qtr 3
		2018	2018	2018	2017	2017	2017
Horizontal development &ndash;	Total Metres	2,353	2,744	5,097	2,251	1,855	2,996
Mined ore &ndash;	Total						
	Tonnes	39,669	36,071	75,740	36,918	41,684	41,263
	Gold grade (g/t)	7.49	8.12	7.79	10.12	7.80	9.80
Milled ore	Tonnes	43,145	38,155	81,300	41,722	43,294	44,205
	Gold grade (g/t)	7.04	7.71	7.36	7.62	6.29	7.28
Gold production <sup>(1) (2)</sup>	Ounces	9,188	9,563	18,751	9,861	8,148	9,657

1. Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and gold doré that is delivered to the refineries.
2. Gold production totals for 2018 include treatment of 6,624 tonnes of flotation tails at a grade of 3.92 g/t (2017 full year : 4,568 tonnes)
3. The table may not sum due to rounding.

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

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

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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:

&ldquo;Au&rdquo; means gold.

&ldquo;assay&rdquo; in economic geology, means to analyse 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.

&ldquo;development&rdquo; - excavations used to establish access to the mineralised rock and other workings

&ldquo;DNPM&rdquo; is the Departamento Nacional de Produ&ccedil;o Mineral.

&ldquo;grade&rdquo; is the concentration of mineral within the host rock typically quoted as grammes per tonne (g/t), parts per million (ppm) or parts per billion (ppb).

&ldquo;g/t&rdquo; means grams per tonne.

&ldquo;granodiorite&rdquo; is an igneous intrusive rock similar to granite.

&ldquo;igneous&rdquo; is a rock that has solidified from molten material or magma.

&ldquo;Intrusive&rdquo; is a body of igneous rock that invades older rocks.

&ldquo;on-lode development&rdquo; - Development that is undertaken in and following the direction of the Vein

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

&ldquo;saprolite&rdquo; is a weathered or decomposed clay&#8208;rich rock.

&ldquo;stopping blocks&rdquo; &ndash; a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stopping methods.

&ldquo;vein&rdquo; 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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