

Record quarterly gold production for the fourth quarter of 2018 and significant potential highlighted by exploration activity.

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

Record quarterly gold production for the fourth quarter of 2018 and significant potential highlighted by exploration activity.

[Serabi Gold Plc](#) (AIM: SRB, TSX: SBI), the Brazilian focused gold mining and development company, is pleased to provide the results and a review of its fourth quarter operational and exploration activities in the Tapajos region of Para State, Northern Brazil.

A PDF version of this new release can be accessed using the following link - <https://bit.ly/2Fw96Ss>

OPERATIONAL and EXPLORATION HIGHLIGHTS

- Fourth quarter gold production of 10,256 ounces of gold represents record quarterly production for Serabi.
- Annual gold production totalling 37,108 ounces is an improvement on 2017 production.
- Highest level of mined tonnage for 2018 achieved in fourth quarter with a total of 44,257 tonnes at 7.45 grams per tonne (“g/t”) of gold.
- 45,548 tonnes of run of mine (“ROM”) ore processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 7.39 g/t of gold, represents the highest quarterly throughput for the year.
- 2,460 metres of horizontal development completed during the quarter, giving a total of 10,371m for the year.
- A series of discrete “apparent conductivity” anomalies have been delineated by the analysis of the airborne magnetic and electromagnetic (“VTEM”) survey flown during the third quarter of 2018. These anomalies are indicative of probable sulphide bodies which the Company hopes will be gold bearing.
- Identification of the “Cinderella” anomaly, a chargeability and conductive high extending over seven kilometres, which is coincident with a strong magnetic anomaly defined by the airborne VTEM survey – Cinderella is the most significant of a number of anomalies around Sao Chico identified by an Induced Polarisation (IP) terrestrial geophysics programme completed at Sao Chico in the fourth quarter.
- Environmental Impact Assessment (“EIA”) for the Coringa project approved by State Environmental Agency (“SEMAS”) and public hearings now being planned.
- Management expects an increase in gold production in 2019, with production forecast to be in the range of 40,000-44,000 ounces.

Key Operational Information

SUMMARY PRODUCTION STATISTICS FOR 2018 AND 2017

		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Year	Qtr 1	Qtr 2	Qtr 3
		2018	2018	2018	2018	2018	2017	2017	2017
Horizontal development – Total Metres		2,353	2,744	2,814	2,460	10,371	2,251	1,855	2,996
Mined ore – Total	Tonnes	39,669	36,071	42,725	44,257	162,722	36,918	41,684	41,263
	Gold grade (g/t)	7.49	8.12	6.23	7.45	7.29	10.12	7.80	9.80
Milled ore	Tonnes	43,145	38,155	41,405	45,548	168,253	41,722	43,294	44,205
	Gold grade (g/t)	7.04	7.71	6.11	7.39	7.06	7.62	6.29	7.28
Gold production ⁽¹⁾ ⁽²⁾	Ounces	9,188	9,563	8,101	10,256	37,108	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 16,466 tonnes of flotation tails at a grade of 3.71 g/t (2017 full year: 4,568 tonnes)
3. The table may not sum due to rounding.

Mike Hodgson, CEO, said:

“It has been superb fourth quarter all around, with excellent production results and very exciting exploration results which we will be following up on during 2019. In terms of production, a number of records were achieved. For the first time since operations began in 2014, the Company produced over 10,000 ounces of gold in a quarter, which also means that for the 2018 calendar year, with total production of 37,108 ounces of gold, we exceeded last year’s total gold production of 37,004 ounces.

“We also achieved the highest recorded quarterly rate of mine production for 2018, whilst the average mined grades for the fourth quarter showing a 20% increase compared with the third quarter.

“The plant continued to perform extremely well, and with over 45,000 tonnes of hard rock ore processed, the Company has also achieved its best quarterly throughput levels of the year. This throughput was complemented by the processing of an additional 3,107 tonnes of historical flotation tails.

“Development and production of the Palito orebody remains focussed on the Pipocas, Senna, Zonta and Mogno veins, whilst lateral ore development of the Sao Chico orebody is now being advanced on the -3mRL and -19mRL levels.

“In the review of the third quarter (news release 30 October 2018), the Company indicated that full year production was expected to be between 36,000 to 37,000 ounces of gold. The response from our staff in exceeding this guidance has been excellent and a very good way to end the year. I am pleased to say that this momentum has been continued into the first weeks of January.

“Project work to improve production has also continued well and, during the fourth quarter, the Company took delivery of a ‘scrubber’, an item of equipment that will allow us to feed and process more easily the substantial volume of stockpiled historic flotation tailings. This material will be added to the plant after milling and therefore provide additional feed to the cyanidation plant instead of displacing feed, which has been the alternative for much of 2018. This equipment is currently being commissioned and will, we hope, be fully operational by the end of January 2019.

“Whilst the operational performance of the quarter has been noteworthy, the Company has enjoyed considerable exploration success as well. We undertook during the second half of 2018 significant airborne and ground geophysics programmes. During the fourth quarter the analysis and interpretation of the data generated from a much anticipated 20,000 hectare airborne VTEM survey was completed. The results show numerous pronounced magnetic anomalies, most notably a major east-west lineament crossing the entire tenement. This feature is extremely interesting and we see a significant number of electromagnetic anomalies lying on the flanks of this magnetic high.

To view the image please use the following link

<https://bit.ly/2KfvNKA>

Figure 1 : VRMI magnetic image showing coincident mid (100-175m depth – orange colour) and late-time (175-250m depth –red) EM conductivity anomalies. The above figure includes magnetic images generated by previous surveys conducted by the Company in 2008 and 2011.

“We also completed a ground geophysics programme around the Sao Chico deposit during the fourth quarter. Most notably we concluded the terrestrial Induced Polarisation (IP) survey over the ‘Cinderella’ zone that lies to the south east of Sao Chico, further extending the strike length of this anomaly from four kilometres to seven kilometres. This has developed into a very compelling exploration target, and our exploration team has worked quickly to develop, and are now finalising, geochemical survey programmes that will allow us to evaluate further the potential of this zone.

“We have continued the development and advancement of the Coringa project during the quarter with surface drilling resources being switched to Coringa during the quarter. We are completing a modest drill programme around the project with a view to publishing a new mineral resource update before the end of the first quarter of 2019.

“In parallel, we have also made excellent progress with the permitting of this project. Following the award of the trial mining licence for the project during the second quarter of 2018, we have now received approval from SEMAS for the “EIA submitted late in 2017. We are now working with SEMAS to arrange the necessary public hearings, the next key step in obtaining the Preliminary Licence (“Licencia Previa”). We hope these hearings will be completed in the next two to three months, and a positive outcome coupled with a new resource estimate and subsequent economic study on the project, will put us in a good position to commence plant construction during 2019.

“With an excellent final quarter for 2018, both orebodies in good order and the increased processing of surface stockpile material commencing imminently, we anticipate continued production success and a good start to 2019. We will conclude the new resource drilling at Coringa by the end of January 2019, with the new resource estimation planned for publication by the end of the first quarter and hopefully coinciding with further positive progress on licencing and permitting. I therefore anticipate 2019 being an excellent year for the Company and I look forward to providing further updates in the coming months”.

Production Results

Total production for the fourth quarter of 2018 was 10,256 ounces of gold, generated from the processing of 45,548 tonnes of ore at overall average grades of 7.39 g/t of gold. This processed ore was sourced from hard rock mined ore from the Palito and Sao Chico orebodies, supplemented by the processing of 3,107 tonnes of surface stockpiled flotation tailings grading approximately 3.75 g/t gold. Mined tonnage for the quarter totalled 44,257 tonnes with a grade of 7.45 g/t of gold.

On 31 December 2018, there were coarse ore stocks of approximately 7,661 tonnes of ore with an average grade of 4.1 g/t of gold, and approximately 30,000 tonnes of flotation tails with an average grade of 3.00 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 2,460 metres of horizontal development has been completed during the quarter, of which approximately 1,321 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

2019 Production Guidance

Management does not anticipate a major shift in mine performance and therefore hard rock gold production for 2019. However, with production efficiencies from new initiatives such as the scrubber to improve throughput of stockpiled flotation tails and the planned commissioning of the ore-sorter in the second half of 2019, management expects to see an increase in gold production in 2019, with production forecast to be in the range of 40,000-44,000 ounces.

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.

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 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.

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

“DNPM” is the Departamento Nacional de Produçao Mineral.

“grade” 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).

“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.

“scrubber” – a machine for cleaning ore and removing impurities such as clays, coatings or other deleterious materials.

“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.

ENDS

Attachment

- Serabi Q4 2018 Operational and Exploration Review

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