

Serabi maintains production guidance following successful second quarter

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[Serabi Gold Plc](#)

(“Serabi” or the “Company”)

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[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 second quarter operational and development activities in the Tapajós region of Para State, Northern Brazil.

OPERATIONAL and DEVELOPMENT HIGHLIGHTS

- Second quarter gold production of 9,527 ounces of gold, resulting in total production for the year to date of approximately 20,000 ounces, a five per cent improvement over the same period in 2018.
- Total ore mined for the quarter of 44,784 tonnes at 6.72 grams per tonne (“g/t”) of gold.
- 43,711 tonnes of run of mine (“ROM”) ore were processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 6.72 g/t of gold.
- 2,419 metres of horizontal development completed during the quarter, a 30% increase on our Q1 figure
- Commencement of Company’s Preliminary Economic Assessment (PEA) on the Coringa Gold Project, following last quarter’s updated mineral resource estimate. Results of the study are expected July end 2019.
- The Company maintains its 2019 production guidance of 40,000-44,000 ounces representing a significant improvement on 2018 production of 37,108 ounces.

Key Operational Information

		SUMMARY PRODUCTION STATISTICS TO DATE FOR 2019					
		Total	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
		2019	2018	2018	2018	2018	2018
Gold production ^{(1) (2)}	Ounces	9,527	9,188	9,563	8,101	10,256	37,108
Mined ore – Total	Tonnes	44,784	39,669	36,071	42,725	44,257	162,722
	Gold grade (g/t)	6.72	7.49	8.12	6.23	7.45	7.2
Milled ore	Tonnes	43,711	43,145	38,155	41,405	45,548	169,353
	Gold grade (g/t)	6.72	7.04	7.71	6.11	7.39	7.0
Horizontal development – Total	Metres	2,419	2,353	2,744	2,814	2,460	10,324

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 2019 include treatment of 10,892 tonnes of flotation tails at a grade of 4.38 g/t (2018 full year: 16,466 tonnes at 3.71g/t)
3. The table may not sum due to rounding.

Mike Hodgson, CEO, commented:

“With second quarter production of 9,527 ounces of gold, we are very happy to have total gold production for the half year of approximately 20,000 ounces and I am pleased to say that the third quarter has started with similarly excellent performance, leaving the Company well placed to meet our 2019 production guidance and significantly improve on our 2018 production level of 37,108 ounces of gold.

“Mining rates and plant throughput have improved very slightly on the first quarter. Being a plant constrained operation, we have focused on optimising planned maintenance to improve plant availability, and we hope we will see continuing improvement during the second half of the year. The plant has processed over 87,000 tonnes of hard rock ore year to date, a 7% improvement on the mid-year position in 2018. After a slow start during the first quarter, the treatment of flotation tailings with the newly commissioned trommel (scrubber) has increased and in the last two months have been processing approximately 3,000 tonnes per month at very good grades of approximately 4.0 g/t, making this material very viable indeed. With a considerable stock of this tailings material, we expect to continue processing these stockpiles to supplement gold production from mined ore during the remainder of 2019.

“In the longer term we expect plant production will be further enhanced with the installation of an ore sorter, which I am pleased to report has arrived at site. The associated infrastructure is in construction, and we will commission the unit during the second half of the year. Whilst we are not forecasting production benefits from the ore sorter in 2019, we do expect a significant impact in 2020.

“Development and production from the Palito orebody continued on the Pipocas, Mogno and Ipe veins, with new exploration development underway on the G3 vein. G3 has historically been the main production vein at Palito and we are now advancing exploration headings both north and south on level -24mRL, following successful mine-planning drilling. In the Sao Chico orebody, development continues on the deepest level -33mRL, as well as lateral development west in the upper levels of +216mRL.

“Following the release of our updated geological resource in March 2019 for our Coringa Project, which represented a 37% increase on contained gold ounces from the previous estimate of 2017, our independent consultants Global Resource Engineering Limited (“GRE”) have been supplied with all the required data and have been working on the preparation of a Preliminary Economic Assessment (“PEA”) for Coringa. They continue to work to a timetable that will allow an announcement of the initial results before the end of July 2019.

“Concurrent with the PEA, we are working hard on the permitting of the Coringa project. The plan to replace a conventional tailings dam with installing a filtration plant allowing for the dry stacking of tails has been well received by the state environmental agency, SEMAS, who had already approved the original environmental impact assessment (“EIA”) on the basis of a conventional dam. We are now completing an amendment to the EIA to reflect this design variation. We expect SEMAS to approve the amendment and can then proceed with the necessary public hearings. We hope to be in a position to receive the Preliminary Licence (“Licencia Previa”) during the second half of the year.

“After a very busy 2018, exploration has been limited to geochemical programmes over the multiple geophysical anomalies, mostly enveloping the Sao Chico orebody. Results are anticipated during the next quarter after which we hope to re-commence drilling programmes across the key targets later in the year.

“With approximately 20,000 ounces produced for the year to date, I believe we can improve further during the second half of the year, most notably with the additional ounces the tailings treatment is now bringing. With gold prices very much in our favour as well as exchange rates, it is a good time to be a producer in Brazil. With this very encouraging first half of the year, along with the forthcoming PEA on Coringa and further positive progress on licencing and permitting, I look forward to reporting further positive news in the coming months”.

Production Results

Total production for the second quarter of 2019 was 9,527 ounces of gold, generated from the processing of 43,711 tonnes of ore at overall average grades of 6.72 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 7,756

tonnes of surface stockpiled flotation tailings grading approximately 4.54 g/t gold. Mined tonnage for the quarter totalled 44,784 tonnes with a grade of 6.72 g/t of gold.

On 30 June 2019, there were coarse ore stocks of approximately 3,100 tonnes of ore with an average grade of 4.50 g/t of gold, and approximately 27,000 tonnes of flotation tails with an estimated average grade of 3.00 g/t of gold. These stockpiles are being slowly consumed, used as a 'top-up' to mined ROM to keep the plant full.

A total of 2,419 metres of horizontal development has been completed during the quarter, of which 1062 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

2019 Production Guidance

The Company confirms its guidance for 2019 gold production, which is 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.

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