

Serabi reports highest quarterly production for 2019

14.10.2019 | [GlobeNewswire](#)

For immediate release

14 October 2019

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

A full version of this news release in PDF format which includes images can be accessed using the following link <https://bit.ly/35wpXyw>

OPERATIONAL and DEVELOPMENT HIGHLIGHTS

- Third quarter gold production of 10,187 ounces of gold, resulting in total production for the year to date of approximately 30,000 ounces, an eleven per cent improvement over the same period in 2018.
- Total ore mined for the quarter of 44,757 tonnes at 7.14 grams per tonne (“g/t”) of gold.
- 45,378 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 6.84 g/t of gold.
- 2,433 metres of horizontal development completed during the quarter.
- The Company anticipates full year production for 2019 will be between 40,000 and 41,000 ounces.
- Completion of the Company’s Preliminary Economic Assessment (“PEA”) on the Coringa Gold Project in September, demonstrating strong positive economics.

Key Operational Information

		SUMMARY PRODUCTION STATISTICS TO DATE FOR 2019						
		Qtr 2	Qtr 3	Total	Qtr 1	Qtr 2	Qtr 3	Qtr
		2019	2019	2019	2018	2018	2018	2018
Gold production ^{(1) (2)}	Ounces	9,264 10,187	10,187	29,878	9,188	9,563	8,101	10,264
Mined ore – Total	Tonnes	42,889 44,757	44,757	132,151	39,669	36,071	42,725	44,757
	Gold grade (g/t)	6.72 7.14	7.14	7.10	7.49	8.12	6.23	7.49
Milled ore	Tonnes	43,751 45,378	45,378	132,540	43,145	38,155	41,405	45,378
	Gold grade (g/t)	6.69 6.84	6.84	7.08	7.04	7.71	6.11	7.39
Horizontal development – Total	Metres	2,869 2,433	2,433	9,139	2,353	2,744	2,814	2,433

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 20,554 tonnes of flotation tails at a grade of 4.13 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:

“We are delighted to report our third quarter production of 10,187 ounces of gold, which is another excellent performance and as a result the Company is very well placed to exceed 40,000 ounces of gold production for 2019 and significantly improve on the 2018 gold production of 37,108 ounces.

“Mining and plant throughput rates and grades showed modest improvements compared to the second quarter. As reported last quarter, being plant constrained, we focus strongly on the quality of the ore feed and maximising plant availability. As a result, the plant has now processed 132,540 tonnes year to date, which represents an eight per cent improvement over the same nine month period in 2018. The processing circuit for treatment of stockpiled gold bearing flotation tailings continued to perform well, and for the last five months processing rates have averaged over 100 tonnes per day with a total of 20,554 tonnes of an average grade of 4.13 g/t of gold having been processed during the year to date. With a considerable stock of this tailings material remaining, we expect to continue processing these stockpiles to supplement run of mine gold production beyond the year end.

“The quarter also saw the much anticipated delivery of our ore sorter. The accompanying infrastructure is close to completion and we hope to start commissioning before the year end and with the expected benefits starting to be seen in the early part of 2020. Its introduction will provide benefit by creating much needed space in the process plant in turn allowing for more flexibility to improve maintenance scheduling whilst also, through the liberation of process capacity, providing the opportunity to increase gold production in 2020.

“Development and production from the Palito orebody followed the same pattern as the second quarter, with development focusing on the veins of Pipocas, Mogno and Ipe veins. The latter two veins are narrower than most Palito veins but exhibit at times exceptionally high grades. We are mining these veins on the 144mRL and above, some 200 vertical metres above the deepest levels in the mine, and therefore can continue to provide run of mine without any requirement for further deepening of the mine.

“At the Sao Chico orebody, development continues on the deepest level, -48mRL, with lateral development being undertaken to the west in the upper level of +186mRL. During the quarter we contracted a surface drilling contractor to undertake step out drilling east and west of the Sao Chico orebody to follow up on the results of the last drilling campaign undertaken during 2018. The intention of this new campaign is to drill the immediate strike extensions beyond the current mine limits, with subsequent step outs. After this initial work, the rigs will be assigned to test the near-minesite geophysical anomalies of Abelha, Besouro, Cicada and Cinderella, all of which lie within a 10 kilometre radius of Sao Chico.

Please click on the link below to access an image of the near-minesite geophysical anomalies around Sao Chico <https://bit.ly/2IN2sXP>

“We are very excited about the prospectivity of these anomalies. They each exhibit geophysical signatures substantially better than anything else we have encountered around the Sao Chico deposit, and all have been the subject of significant artisanal mining activity, suggesting that the conductive body that we have identified has good potential to be gold bearing.

“The most significant news of the quarter was the release of the results of the Preliminary Economic Assessment (“PEA”) at Coringa. The highlights of the study are reproduced below, but in summary the results were very positive, indicating annual gold production, after an initial ramp-up period, averaging approximately 38,000 ounces per annum, a mine life of approximately nine years, average gold grades of 8.3 g/t, an AISC of approximately US\$852 per ounces and an initial capex estimate of US\$25 million. The costs and capital each include a 20 per cent contingency, so I feel confident that we can improve on these cost estimates.

“We are continuing to work very hard on the outstanding permitting requirements. The amended Environmental Impact Assessment (EIA) for Coringa, revised to replace the original plan for a conventional tailings management facility with dry tailings technology (a filtration plant allowing for the dry stacking of tails), was submitted to the authorities two weeks ago. It was our decision to make this resubmission as the original EIA had already been approved by the state environmental agency, SEMAS, in late 2018. Whilst we

are now awaiting approval from SEMAS again, they have welcomed our decision to revise the tailings management solution and we expect swift approval of the amendment. This will allow us to proceed with the necessary public hearings and we hope to be in receipt of the Preliminary Licence (“Licencia Previa”) by the year end, or early in the first quarter of 2020 at worst.

“With 30,000 ounces of gold produced for the year to date, the Company is well on course to achieving its best ever annual level of production. With mine production in good order and the additional ounces the tailings treatment is now bringing, I fully expect a good final quarter. Gold prices remain strong, and even stronger in Brazilian Reals. Following the issuing of a positive PEA and the resubmission of the EIA, we now hope we can progress Coringa permitting rapidly and see real progress on the ground at site next year. I look forward to reporting further positive news in the coming months.”

Production Results

Total production for the third quarter of 2019 was 10,187 ounces of gold, generated from the processing of 45,378 tonnes of ore at overall average grades of 6.84 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 9,662 tonnes of surface stockpiled flotation tailings grading approximately 3.97 g/t gold. Mined tonnage for the quarter totalled 44,757 tonnes with a grade of 7.14 g/t of gold.

On 30 September 2019, there were coarse ore stocks of approximately 2,600 tonnes of ore with an average grade of 8.50 g/t of gold, and significant stockpile 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. The stockpile of flotation tailings is considered to be sufficient to continue to process this material at current rates for a significant part of 2020.

A total of 2,433 metres of horizontal development has been completed during the quarter, of which 967 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

2019 Production Guidance

The Company anticipates full year production for 2019 will be between 40,000 and 41,000 ounces.

Coringa PEA

The summary economic results of the Coringa PEA, as previously announced on 6 September 2019, are reproduced below (without adjustment):

	Units	BASE CASE	\$1,350	\$1,450
Gold Price (per ounce)		\$1,275		
Pre tax NPV (5%)	US\$m	\$55.7	\$71.3	\$92.2
Pre tax NPV (10%)	US\$m	\$37.2	\$49.4	\$65.8
Post tax NPV (5%)	US\$m	\$47.3	\$61.3	\$79.6
Post tax NPV (10%)	US\$m	\$30.7	\$41.7	\$56.1
Post tax IRR	%	31%	37%	46%
Project after tax cash flow	US\$m	\$71.6	\$90.1	\$114.0
Average annual free cash flow	US\$m	\$11.5	\$13.7	\$16.6
Average gross revenue	US\$m	43.4	46.0	49.4

• The Base Case project payback is estimated to occur within 2.25 years of first gold production;

• Average Life of Mine (“LOM”); All-In Sustaining Cost (“AISC”); of US\$852⁽¹⁾ per ounce including royalties and refining costs using the Base Case gold price;

• Average gold grade of 8.34 g/t gold producing a total gold production of 288,000 ounces;

- • Typical annual production once the project is in full operation averages 38,000 ounces per year⁽²⁾;
- • Initial capital requirement of US\$24.7 million prior to sustained positive cash-flow;
- • Sustaining capital expenditures of US\$9.2 million to be funded from project cash-flow;
- • Indicated mineral resource inventory of 125,000 ounces of gold, supported by a further Inferred Resources of 178,000 ounces of gold from a total geological resource of 195,000 indicated ounces of gold and 346,000 inferred ounces of gold, to be produced by underground open stoping using a cut-off grade of 6.00 g/t gold;
- • Total Life of Mine of approximately 9 years;
- • The Base Case includes a 20 per cent contingency on both operating and capital costs;

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 Produçäo 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

- Q3 2019 Operational Update PDF version

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