

# Unaudited 3rd Quarter Results and Management Discussion and Analysis

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For immediate release

11 November 2019

## [Serabi Gold Plc](#)

(“Serabi” or the “Company”)

Unaudited Interim Financial Results for the three and nine month periods to 30 September 2019 and Management’s Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited interim financial results for the three and nine month periods ending 30 September 2019 and at the same time has published its Management’s Discussion and Analysis for the same period.

## FINANCIAL HIGHLIGHTS

- EBITDA for the third quarter of US\$4.6 million compared with a small EBITDA loss for the same quarter in 2018.
- EBITDA for the year to date of US\$12.1 million up 120% on the same period in 2018.
- Profit before tax of US\$3.8 million for the year to date with earnings per share of 4.84 cents.
- Cash holdings at the end of September 2019 of US\$13.4 million an increase of US\$4.2 million since the end of 2018.
- AISC for the year to date of US\$1,078 per ounce with a Cash Cost of US\$844 per ounce.
- Operational cash inflow for the third quarter of US\$5.1 million (US\$3.7 million after mine development costs), compared with a net operational outflow of US\$1.2 million (outflow of US\$2.2 million after mine development costs) for the same period in 2018.
- Operational cash flow for the year to date of US\$14.5 million (US\$11.7 million after mine development costs), compared with US\$3.2 million (US\$0.3 million after mine development costs) for the same period in 2018.

## Key Financial Information

	9 months to 30 Sept 2019 US\$	3 months to 30 Sept 2019 US\$	9 months to 30 Sept 2018 US\$	3 months to 30 Sept 2018 US\$
Revenue	43,939,510	14,353,771	33,223,837	7,523,203
Cost of Sales	(27,661,873)	(8,496,884)	(23,653,392)	(6,380,505)
Gross Operating Profit	16,277,637	5,856,887	9,570,445	1,142,698
Administration and share based payments	(4,169,623)	(1,239,688)	(4,075,015)	(1,230,206)
EBITDA	12,108,014	4,617,199	5,495,430	(87,508)
Depreciation and amortisation charges	(6,336,813)	(2,212,747)	(6,148,284)	(1,721,708)
Operating profit/(loss) before finance and tax	5,771,201	2,404,452	(652,854)	(1,809,216)
Profit/(loss) after tax	2,849,341	1,129,701	(2,731,110)	(2,248,476)
Earnings per ordinary share (basic)	4.84c	1.92c	(5.59c)	(3.82c)
Average gold price received	US\$1,351	US\$1,472	US\$1,285	US\$1,213

	As at 30 September 2019	As at 31 December 2018
Cash and cash equivalents	13,440,173	9,216,048
Net assets	67,460,556	69,110,287
Cash Cost and All-In Sustaining Cost ("AISC")		
	9 months to 30 Sept 2019	9 months to 30 Sept 2018
Gold production for cash cost and AISC purposes	29,878	26,852
Total Cash Cost of production (per ounce)	US\$844	US\$846
Total AISC of production (per ounce)	US\$1,078	US\$1,108

## 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 Group anticipates full year production for 2019 will be between 40,000 and 41,000 ounces.
- Completion of the Group'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 <sup>(1) (2)</sup>	Ounces	<del>9,524</del> 10,187	10,187	29,878	9,188	9,563	8,101	10,187
Mined ore &ndash; Total	Tonnes	<del>42,600</del> 44,757	44,757	132,151	39,669	36,071	42,725	44,757
	Gold grade (g/t)	<del>6.72</del> 7.14	7.14	7.10	7.49	8.12	6.23	7.49
Milled ore	Tonnes	<del>43,751</del> 45,378	45,378	132,540	43,145	38,155	41,405	45,378
	Gold grade (g/t)	<del>6.62</del> 6.84	6.84	7.08	7.04	7.71	6.11	7.39
Horizontal development &ndash; Total	Metres	<del>2,869</del> 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

Copies of the Financial Statements and the MD&A can be accessed from the Company's website using the following links

- Financial Statements - <https://bit.ly/2NvK5cB>
- MD&A - <https://bit.ly/2rkWpnr>

An interview with Clive Line, Finance Director of Serabi, can be accessed using the following link  
-<https://www.brrmedia.co.uk/event/164485>

Mike Hodgson, CEO of Serabi commented:

"This third quarter has again been very pleasing in terms of both operational and financial performance. As we reported in our third quarter operational update on 14 October, we achieved the highest

quarterly production level for 2019 which was only 70 ounces short of being our best quarter ever. This production combined with the improved gold price has resulted in an EBITDA for the year to date of US\$12.1 million of which 38% is attributable to this third quarter.

“The average gold price realised in the quarter was US\$1,472 which compares with US\$1,287 and US\$1,292 for the first and second quarters of 2019 respectively.

“The strong performance has also been translated into good cash flow. Cash generation for the quarter, at an operational level after allowing for on-going mine development costs, was US\$3.7 million which was an improvement of US\$5.9 million compared with the same quarter in 2018 when operations consumed US\$2.2 million of cash. For the year to date operational cash flow now totals US\$11.7 million. Cash holdings at the end of the quarter were US\$13.4 million with of more than US\$4.2 million of net free cash flow generated for the year to date.

“We are continuing to re-invest this cash flow to advance the growth opportunities for the business. Whilst we are still in the licencing and permitting stages for the Coringa project, there are nonetheless ongoing expenditures for maintaining the project site, refurbishment of the plant and equipment. We are also continuing to advance the exploration around the Palito and Sao Chico deposits and during the quarter have spent over US\$500,000 on our exploration activity.

“The AISC for the year to date has reduced to US\$1,078 per ounce compared with the AISC of US\$1,085 for the six months to 30 June 2018. The exchange rate has, in recent months, been favourable and at the end of September 2019 was BrR\$4.16 to US\$1.00. However, the average rate of BrR\$3.89 to US\$1:00 for the year to date remains very similar to the rate at the end of December 2018 of BrR\$3.87.

“The improved gold price did however have some adverse impacts on the results for the quarter. Sprott Resource Lending (“Sprott”) opted to exercise in July their call options over 6,109 ounces of gold which resulted in a charge being incurred during the quarter of US\$241,000 being the change in the value from 30 June 2019, when these options were last revalued.

“In most other respects the cost profile of the Group remains consistent quarter on quarter. It is for this reason that the introduction of Coringa will be so important, spreading the Group’s fixed costs over a larger production base and improving margins. The PEA projects that Coringa will have an AISC of US\$852 per ounce, significantly lower than the US\$1,078 per ounce achieved in the first nine months of 2019 at the current operations which are carrying all the fixed corporate and administrative costs of the business overheads. Simply averaging the current operations with the longer term potential of Coringa would imply that the Group’s AISC with Coringa at full projected production would be between US\$950 and US\$975 per ounce, significantly improving the margin and the cash flow generation for the Group. This excludes the potential cost benefits that could also accrue from the introduction of the ore-sorter and the organic growth potential at Palito and Sao Chico.

“I remain very excited by both the near and long term outlook for Serabi. Our exploration potential around the existing operations is very exciting and will, I am sure, yield opportunities for further production growth to enhance the improvements that our ore-sorter and the development of the Coringa project will bring. By maintaining a focus of near mine site potential, we should be able to develop any further growth at relatively low cost.”

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### Condensed Consolidated Statements of Comprehensive Income

	For the three months ended		For the nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
(expressed in US\$)	Notes (unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>CONTINUING OPERATIONS</b>				

Revenue		14,353,771	7,523,203	43,939,510	33,223,837
Cost of sales		(8,496,884)	(6,380,505)	(28,161,873)	(23,853,392)
Release of impairment provision		&mdash;	&mdash;	500,000	200,000
Depreciation of and amortization charges		(2,204,030)	(1,765,849)	(6,454,531)	(6,256,749)
Gross profit / (loss)		3,652,857	(623,151)	9,823,106	3,313,696
Administration expenses		(1,174,204)	(1,171,660)	(3,973,168)	(3,860,898)
Share based payments		(65,484)	(58,546)	(196,455)	(214,117)
(Loss) / gain on disposals		(8,717)	44,141	117,718	108,465
Operating profit / (loss)		2,404,452	(1,809,216)	5,771,201	(652,854)
Foreign exchange (loss) / gain		(169,113)	260,606	(235,216)	(295,027)
Finance expense	2	(735,003)	(403,759)	(1,818,702)	(1,103,277)
Finance income		&mdash;	440	121,917	474
Profit / (loss) before taxation		1,500,336	(1,951,929)	3,839,200	(2,050,684)
Income tax expense		(370,635)	(296,547)	(989,859)	(680,426)
Profit / (loss) for the period from continuing operations <sup>(1)</sup>		1,129,701	(2,248,476)	2,849,341	(2,731,110)
Exchange differences on translating foreign operations		(5,187,377)	(2,708,319)	(4,695,527)	(11,968,323)
Total comprehensive loss for the period		(4,057,676)	(4,956,795)	(1,846,186)	(14,699,433)
Profit / (loss) per ordinary share (basic) <sup>(1)</sup>	4	1.92c	(3.82c)	4.84c	(5.59c)
Profit / (loss) per ordinary share (diluted) <sup>(1)</sup>	4	1.85c	(3.82c)	4.67c	(5.59c)

(1) All revenue and expenses arise from continuing operations.

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#### Condensed Consolidated Balance Sheets

	As at 30 September 2019 (unaudited)	As at 30 September 2018 (unaudited)	As at 31 December 2018 (audited)
(expressed in US\$)			
Non-current assets			
Deferred exploration costs	28,439,970	25,578,156	27,707,795
Property, plant and equipment	38,807,114	40,834,470	42,342,102
Taxes receivable	1,549,463	1,551,593	1,555,170
Deferred taxation	1,542,803	2,170,458	2,162,180
Total non-current assets	70,339,350	70,134,677	73,767,247
Current assets			
Inventories	6,610,477	7,335,282	8,511,474
Trade and other receivables	872,325	898,773	758,209
Prepayments and accrued income	4,390,107	4,379,203	4,166,916
Cash and cash equivalents	13,440,173	15,204,568	9,216,048
Total current assets	25,313,082	27,817,826	22,652,647
Current liabilities			
Trade and other payables	7,158,839	5,755,426	6,273,321
Interest bearing liabilities	6,949,152	4,571,126	4,302,798
Acquisition payment outstanding	11,810,372	&mdash;	10,997,757
Derivative financial liabilities	&mdash;	168,609	390,976
Accruals	344,502	342,632	372,327
Total current liabilities	26,262,865	10,837,793	22,337,179
Net current assets	(949,783)	16,980,033	315,468

Total assets less current liabilities	67,460,556	87,114,710	74,082,715
Non-current liabilities			
Trade and other payables	564,524	2,150,732	955,521
Provisions	1,364,487	1,788,844	1,543,811
Acquisition payment outstanding	&mdash;	10,736,702	&mdash;
Interest bearing loan liabilities	&mdash;	2,780,984	2,473,096
Total non-current liabilities	1,929,011	17,457,262	4,972,428
Net assets	67,460,556	69,657,448	69,110,287
Equity			
Share capital	8,882,803	8,882,803	8,882,803
Share premium reserve	21,752,430	21,752,430	21,752,430
Option reserve	1,171,501	1,247,865	1,363,367
Other reserves	6,464,152	5,108,940	4,763,819
Translation reserve	(45,502,650)	(43,167,891)	(40,807,123)
Retained surplus	74,692,320	75,833,301	73,154,991
Equity shareholders' funds	67,460,556	69,657,448	69,110,287

The interim financial information has not been audited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards (&ldquo;IFRS&rdquo;) this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2018 prepared under IFRS as adopted in the EU and with IFRS and their interpretations adopted by the International Accounting Standards Board have been filed with the Registrar of Companies following their adoption by shareholders at the 2019 Annual General Meeting. The auditor's report on these accounts was unqualified. The auditor's report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

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#### Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in US\$)

(unaudited)	Share capital	Share premium	Share option reserve	Other reserves
Equity shareholders' funds at 31 December 2017	5,540,960	1,722,222	1,425,024	4,015,369
Foreign currency adjustments	&mdash;	&mdash;	&mdash;	&mdash;
Profit for the period	&mdash;	&mdash;	&mdash;	&mdash;
Total comprehensive income for the period	&mdash;	&mdash;	&mdash;	&mdash;
Transfer to taxation reserve	&mdash;	&mdash;	&mdash;	1,051,427
Share options lapsed in period	&mdash;	&mdash;	(391,277)	&mdash;
Shares issued in period	3,341,843	20,030,208	&mdash;	&mdash;
Share option expense	&mdash;	&mdash;	214,118	&mdash;
Equity shareholders' funds at 30 September 2018	8,882,803	21,752,430	1,247,865	5,066,796
Foreign currency adjustments	&mdash;	&mdash;	&mdash;	&mdash;
Loss for the period	&mdash;	&mdash;	&mdash;	&mdash;
Total comprehensive income for the period	&mdash;	&mdash;	&mdash;	&mdash;
Transfer to taxation reserve	&mdash;	&mdash;	&mdash;	(302,977)
Share option expense	&mdash;	&mdash;	115,502	&mdash;
Equity shareholders' funds at 31 December 2018	8,882,803	21,752,430	1,363,367	4,763,819
Foreign currency adjustments	&mdash;	&mdash;	&mdash;	&mdash;
Profit for the period	&mdash;	&mdash;	&mdash;	&mdash;
Total comprehensive income for the period	&mdash;	&mdash;	&mdash;	&mdash;
Transfer to taxation reserve	&mdash;	&mdash;	&mdash;	1,700,333
Share options lapsed in period	&mdash;	&mdash;	(388,321)	&mdash;
Share option expense	&mdash;	&mdash;	196,455	&mdash;

Equity shareholders' funds at 30 September 2019 8,882,803 21,752,430 1,171,501 6,464,152

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$6,102,691 (31 December 2018: merger reserve of US\$361,461 and a taxation reserve of US\$4,402,358).

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#### Condensed Consolidated Cash Flow Statements

	For the three months ended		For the nine months ended	
	30 September 2019	2018	30 September 2019	2018
(expressed in US\$)	(unaudited)		(unaudited)	
Operating activities				
Post tax profit / (loss) for period	738,725	(2,248,476)	2,458,365	(2,731,111)
Depreciation & plant, equipment and mining properties	2,204,030	1,765,849	6,454,531	6,256,749
Net financial expense	1,295,092	52,713	2,322,977	1,217,830
Provision for impairment of inventory	&mdash;	&mdash;	(500,000)	(200,000)
Provision for taxation	370,635	296,547	989,859	680,426
Share-based payments	65,484	148,546	196,455	394,117
Foreign exchange gain / (loss)	22,685	259,258	(360,116)	413,608
Changes in working capital				
(Increase)/decrease in inventories	(193,156)	(1,733,345)	1,972,184	(1,616,191)
Decrease/(increase) in receivables, prepayments and accrued income	119,905	(628,425)	(993,117)	(2,131,721)
Increase/(decrease) in payables, accruals and provisions	461,603	841,546	1,979,991	954,626
Net cash inflow from operations	5,085,003	(1,245,787)	14,521,129	3,238,327
Investing activities				
Acquisition payments	(196,037)	&mdash;	(1,352,112)	(4,740,921)
Purchase of property, plant and equipment and projects in construction	(1,138,120)	(1,457,399)	(2,599,412)	(2,775,321)
Capitalised mine development costs	(1,342,675)	(934,169)	(2,835,238)	(2,964,651)
Geological exploration expenditure	(290,503)	(1,222,559)	(1,087,027)	(3,234,361)
Pre-operational project costs	(433,526)	(562,969)	(1,277,048)	(1,852,441)
Proceeds from sale of assets	16,741	44,141	169,822	108,465
Interest received	&mdash;	440	2,217	474
Net cash outflow on investing activities	(3,384,120)	(4,132,515)	(8,978,798)	(15,458,711)
Financing activities				
Issue of ordinary share capital	&mdash;	&mdash;	&mdash;	23,807,341
Costs associated with issue of share capital	&mdash;	&mdash;	&mdash;	(566,518)
Drawdown of secured loan	&mdash;	&mdash;	&mdash;	3,000,000
Repayment of secured loan	&mdash;	(333,333)	&mdash;	(1,333,333)
Payment of finance lease liabilities	(125,804)	(156,519)	(588,025)	(582,729)
Interest paid and other finance costs	(117,308)	(122,803)	(421,241)	(509,390)
Net cash (outflow) / inflow from financing activities	(243,112)	(612,655)	(1,009,266)	23,815,371
Net increase / (decrease) in cash and cash equivalents	1,457,771	(5,990,957)	4,533,065	11,594,927
Cash and cash equivalents at beginning of period	12,366,683	21,052,325	9,216,048	4,093,866
Exchange difference on cash	(384,281)	143,200	(308,940)	(484,220)
Cash and cash equivalents at end of period	13,440,173	15,204,568	13,440,173	15,204,566

#### Notes

##### 1. Basis of preparation

These interim condensed consolidated financial statements are for the three and nine month period ended 30 September 2019. Comparative information has been provided for the unaudited three and nine month period ended 30 September 2018 and, where applicable, the audited twelve month period from 1 January 2018 to 31 December 2018. These condensed consolidated financial statements do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2018 annual report.

The condensed consolidated financial statements for the periods have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2018 and those envisaged for the financial statements for the year ending 31 December 2019.

#### Accounting standards, amendments and interpretations effective in 2019

The Group has not adopted any standards or interpretations in advance of the required implementation dates.

As of 1 January 2019, IFRS "16 Leases", became effective and requires lessees to recognise all lease assets and liabilities on the balance sheet for both finance leases and operating leases. The adoption of IFRS 16 has not had any significant impact on the Group's financial statements as the operating leases held by the Group are of low value and the majority of the existing contracts either relate to service agreements or otherwise do not result in right of use assets or lease liabilities.

These financial statements do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006.

#### (i) Going concern

As at 30 September 2019 the Group had cash in hand of US\$13.44 million and net assets of US\$67.07 million. The Directors have reviewed the forecast cash flow of the Group for the next 12 months. Based on this forecast, which includes planned capital and exploration programmes, the Group may not be able to generate sufficient cash flows to settle, in full, both the deferred consideration of US\$12 million payable for the acquisition of Coringa which falls due in December 2019 and the secured loan repayments due during the first six months of 2020.

The Directors believe there is a reasonable prospect of the Group securing further funds as and when required in order that the Group can meet all liabilities including the deferred consideration payable for the acquisition of Coringa and the secured loan repayment obligations or renegotiating the timing of these payments as and when they fall due in the next 12 months and have prepared the financial statements on a going concern basis.

As at the date of this report the outcome of raising further funds remains uncertain and this represents a material uncertainty surrounding going concern. If the Group fails to raise the necessary funds the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The matters explained indicate that a material uncertainty exists that may cast significant doubt on the Group and Parent's ability to continue as a going concern. These financial statements do not show the adjustments to the assets and liabilities of the Group or the Parent company if this was to occur.

#### (ii) Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the 2018 annual financial statements.

#### (iii) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out of impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating

value in use or fair value less costs to sell. Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

- (i) sufficient data exists that render the resource uneconomic and unlikely to be developed
- (ii) title to the asset is compromised
- (iii) budgeted or planned expenditure is not expected in the foreseeable future
- (iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

- (i) a significant deterioration in the spot price of gold
- (ii) a significant increase in production costs
- (iii) a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

## 2. Finance Costs

	3 months ended 30 September 2019	3 months ended 30 September 2018	9 months ended 30 September 2018
	US\$ (unaudited)	US\$ (unaudited)	US\$ (unaudited)
Interest on secured loan	(173,637)	(172,284)	(474,177)
Unwinding of discount on acquisition payment	(280,344)	(254,858)	(812,615)
Amortisation of fair value of derivatives	&mdash;	(65,000)	&mdash;
Amortisation of effective interest rate adjustment	(39,900)	&mdash;	(53,212)
Loss upon valuation of derivative	(241,122)	&mdash;	(531,910)
Arrangement fee for secured loan	&mdash;	(90,000)	&mdash;
	(735,003)	(582,142)	(1,871,914)
Gain on revaluation of derivatives	&mdash;	178,383	&mdash;
Recognition of variation in effective interest rate of secured loan	&mdash;	&mdash;	172,912

Interest income	&mdash;	440	2,217
Net finance expense			
	(735,003)	(403,319)	(1,686,785)

### 3. Taxation

The Group has recognised a deferred tax asset to the extent that the Group has reasonable certainty as to the level and timing of future profits that might be generated and against which the asset may be recovered. The Group has released the amount of US\$683,146 as a deferred tax charge during the nine month period to 30 September 2019.

The Group has also incurred a tax charge for the period in Brazil of US\$306,713.

### 4. Earnings per share

	3 months ended 30 September 2019 (unaudited)	3 months ended 30 September 2018 (unaudited)
Profit/(loss) attributable to ordinary shareholders (US\$)	1,129,701	(2,248,476)
Weighted average ordinary shares in issue	58,909,551	58,790,954
Basic profit/(loss) per share (US cents)	1.92	(3.82c)
Diluted ordinary shares in issue <sup>(2)</sup>	60,997,145	58,790,954 <sup>(1)</sup>
Diluted loss per share (US cents)	1.85	(3.82c) <sup>(1)</sup>

1. As the effect of dilution is to reduce the loss per share, the diluted shares in issue are the same as the basic shares in issue and the diluted loss per share is considered to be the same as the basic loss per share.

2. Based on 2,087,594 options vested and exercisable as at 30 September 2019.

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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.

The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Interim Financial Statements and the Management Discussion and Analysis for the three and nine month periods ended 30 September 2019 on SEDAR at [www.sedar.com](http://www.sedar.com). These documents will also be available from the Company's website &ndash; [www.serabigold.com](http://www.serabigold.com).

Serabi's Directors Report and Financial Statements for the year ended 31 December 2018 together with the Chairman's Statement and the Management Discussion and Analysis, are available from the Company's website &ndash; [www.serabigold.com](http://www.serabigold.com) and on SEDAR at [www.sedar.com](http://www.sedar.com).

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.

#### 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;doré &ndash; a semi-pure alloy of gold silver and other metals produced by the smelting process at a mine that will be subject to further refining.

&ldquo;DNPM&rdquo; is the Departamento Nacional de Produção 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 grammes 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-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 &ldquo;believe&rdquo;, &ldquo;could&rdquo;, &ldquo;should&rdquo;, &ldquo;envisage&rdquo;, &ldquo;estimate&rdquo;, &ldquo;intend&rdquo;, &ldquo;may&rdquo;, &ldquo;plan&rdquo;, &ldquo;will&rdquo;, 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

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