

# Updated Mineral Reserves and Resources for Palito Complex as at December 2020

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29 March 2021

[Serabi Gold Plc](#)  
("Serabi" or the "Company")

Serabi Gold Reports Mineral Reserves and Resources at its Palito Complex as at December 2020

[Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, today reported its updated Mineral Reserves and Resources estimate at Palito and Sao Chico as of 31 December 2020.

## Highlights

- Total Measured and Indicated Resources of 262,956 ounces and Inferred Resources of 211,821 ounces.
- Significant increase in the Sao Chico resources with the Measured and Indicated Resource more than doubling to 82,807 ounces and the Inferred Resource almost doubling to 94,002 ounces following successful exploration programme in 2019.
- Accelerated mine development and exploration programmes underway to catch up activity that was curtailed in 2020 to mitigate risks and impacts of COVID-19 pandemic and is expected to support further resource growth.

Mike Hodgson CEO commented:

"The Palito Complex has a long history of reserve and resource replenishment and it is pleasing to demonstrate this once again. Our global mineral resources have remained relatively stable despite mine depletion and although the reported reserves are lower than we would normally expect, this is a direct result of the measures we took to safeguard our operation in the face of the COVID-19 pandemic.

"Following the successful equity raise of US\$17.5 million announced on 2 March 2021, we are fully funded to complete our 2021 exploration programme which will include 32,000 meters of diamond drilling over the course of the year. Much of this drilling will be focused on extensions to the Palito and Sao Chico orebodies which remain open along strike, laterally and at depth. This exploration programme will be the largest in the Company's history and we are confident that it will deliver resource growth. In addition, we are working hard to catch up the mine development that was put on hold during the COVID-19 pandemic. This development not only opens up new areas of the mines but is an integral part of the conversion of resource blocks into reserve ounces.

"With our workforce back to full strength and our COVID-19 protocols seemingly very effective at keeping the virus out of our camp, we are making excellent progress on both exploration and development. We look forward to updating the market with our exploration results throughout the year and are confident these will lead to a growth in both our reserves and resources and demonstrate that the Palito and Sao Chico deposits remains long-life assets."

Updated Reserves and Resources

Table 1 below sets out the updated Mineral Reserve and Resources Estimate for Palito and Sao Chico as at 31 December 2020 ("December 2020 MRE").

A comparison with the previously reported Mineral Reserve and Resource Estimate as at 30 June 2017 published on 11 December 2017 (the "June 2017 MRE"), and the interim updated Mineral Reserve and Resource Estimate as at 31 August 2020 published on 1 March 2021 (the "August 2020 MRE") is set out in the Appendix. The Mineral Reserve and Resources Estimate for Coringa has not been updated.

Table 1: Mineral Reserves and Resources, Palito and Sao Chico as at 31 December 2020

Total Reserves and Resources for the Palito and Sao Chico Mines, Para, Brazil (effective 31 December 2020)

	Palito			Sao Chico			Combined Tonnes
	Tonnes	Grade (g/t Au)	Contained ounces	Tonnes	Grade (g/t Au)	Contained ounces	
<b>Reserves</b>							
Proven Reserves	49,156	6.83	10,802	11,087	5.41	1,929	60,243
Probable Reserves	190,586	6.89	42,202	33,224	6.35	6,787	223,810
<b>Total Reserves</b>	<b>239,742</b>	<b>6.88</b>	<b>53,004</b>	<b>44,312</b>	<b>6.12</b>	<b>8,716</b>	<b>284,053</b>
<b>Resources</b>							
Measured Resources	44,687	7.52	10,802	8,529	7.04	1,929	53,216
Indicated Resources	1,079,626	4.88	169,347	470,725	5.34	80,878	1,550,351
Measured & Indicated Resources	1,124,313	4.98	180,149	479,254	5.37	82,807	1,603,567
Inferred Resources	981,028	3.74	117,819	608,129	4.81	94,002	1,589,157

Notes to the Mineral Reserves and Mineral Resources:

The scientific and technical information contained in this news release pertaining to the Palito and Sao Chico gold deposits has been reviewed and approved by Michael Hodgson BSc, MSc FIMMM, who is a qualified person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and who has acted as the qualified person under the AIM Rules ("Qualified Person"): The Qualified Person has verified the information disclosed herein, including the sampling, preparation, security and analytical procedures underlying the information or opinions contained in this announcement in accordance with standards appropriate to their qualifications.

- The Company estimates and discloses mineral reserves and resources using the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum, and in accordance with NI 43-101. Further details are available at [www.cim.org](http://www.cim.org).
- Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability.
- Mineral Resources are inclusive of Mineral Reserves.
- Figures are rounded to reflect the relative accuracy of the estimates.
- Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven underground Mineral Reserves are reported within the Measured classification domain, and Probable underground Mineral Reserves are reported within the Indicated classification domain. Proven and Probable underground Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a cut-off grade of 3.70 g/t gold assuming an underground extraction scenario and metallurgical recovery of 91% for the Palito Mine and at a cut-off grade of 3.45 g/t gold assuming an underground extraction scenario and metallurgical recovery of 95% for the Sao Chico Mine, a gold price of US\$1,500/oz and a 5.0:1 Brazilian Real to U.S. Dollar exchange rate.
- Mineral Resources are reported within classification domains inclusive of in situ dilution at cut-off grade of 3.10 g/t gold and metallurgical recovery of 91% for the Palito Mine and at cut-off off grade of 2.85 g/t gold and metallurgical recovery of 95% for the Sao Chico Mine assuming an underground extraction scenario, a gold price of US\$1,500/oz and a 5.0:1 Brazilian Real to U.S. Dollar exchange rate.
- Polygonal techniques were used for Resources estimates.
- Serabi is the operator and owns 100% of the Palito and Sao Chico Mines such that gross and net attributable mineral reserves and resources are the same.
- The effective date of the Resource estimate is 31 December 2020.

## Mineral Reserves

Proven and Probable Mineral Reserves at the Palito Complex total 61,720 ounces of gold as at 31 December 2020, a decrease on the June 2017 MRE of 181koz and a decrease of 10koz on the August 2020 MRE, primarily reflecting mine depletion. The majority of the Reserves were defined at the Palito orebody with 53,004 ounces with the balance of 8,716 ounces being defined at Sao Chico. As part of the Company's strategy to mitigate the risks and impacts of the COVID-19 pandemic, exploration and development activity was curtailed for much of 2020. This had a direct impact on the replenishment of Reserves which are delineated by surface and underground drilling and most importantly by underground development.

With the workforce returning to near full strength towards the end of 2020, exploration and development activity increased, and with a higher rate of mine development planned for the first half of 2021, it is anticipated that the reserves at both Palito and Sao Chico orebodies will be replenished during 2021.

#### Mineral Resources

Serabi's Measured and Indicated Resources at 262,956 ounces remained broadly in line with the June 2017 MRE of 306,651 ounces (and the August 2020 MRE), with the decrease reflecting mine depletion although the full impact of the 128koz of production since 2017 was significantly off-set by additional resource growth.

Measured Resources of 12,731 ounces at both Palito and Sao Chico declined from the previously reported June 2017 MRE of 166,120 ounces (August 2020 MRE 19,000 ounces). This decline was due to mine depletion and lower than anticipated resource replenishment as a direct impact of the steps taken to mitigate the risks associated with the COVID-19 pandemic as described above.

However, Indicated Resources at both Palito and Sao Chico saw increases compared to the June 2017 MRE (and the August 2020 MRE) primarily as a result of exploration drilling during 2019 and the first quarter of 2020. With 169,347 ounces defined at Palito and a further 80,878 ounces at Sao Chico, the Company is confident that, with additional underground development, a significant proportion of these Indicated Resources will be converted into Measured Resources and ultimately into Reserves.

The total Inferred Resources at the Palito Complex, at 211,821 ounces remained broadly in line with the June 2017 MRE of 231,401 (August 2020 MRE 218,000 ounces). Inferred Resources at Palito declined a little to 117,819 ounces at 3.74g/t Au (from 176,947 ounces in June 2017) whereas Sao Chico saw an increase in the Inferred Resource to 94,002 ounces at 4.81g/t Au (from 54,454 ounces in June 2017).

With an exploration budget in excess of US\$5 million and 32,000 metres of diamond drilling planned in 2021, much of it focused on near-mine resource expansion at Palito and Sao Chico, the Company anticipates being able to add significantly to the resource inventory at the Palito Complex and demonstrate continued resource and reserve replenishment. In 2005, when the mine began operating, the global resource was 49koz of Indicated and 344koz of Inferred Resources. Since then, the Company has mined over 350koz and retains a Measured and Indicated Resource of 263koz and an Inferred Resource of 212koz, demonstrating strong resource replenishment.

The updated Mineral Reserve and Resource Estimates in respect of the Palito and Sao Chico deposits, have been prepared by the Company and are effective as of 31 December 2020.

#### Qualified Persons and Quality Control

The scientific and technical information contained in this news release pertaining to the Palito and Sao Chico gold deposits has been reviewed and approved by Michael Hodgson BSc, MSc FIMMM, who is a qualified person under National Instrument 43-101 - Standards of Disclosure for Mineral Projects ("NI 43-101") and who has acted as the qualified person under the AIM Rules ("Qualified Person"):

The Qualified Person has verified the information disclosed herein, including the sampling, preparation, security and analytical procedures underlying the information or opinions contained in this announcement in accordance with standards appropriate to their qualifications.

## Mineral Reserves and Resources

The Company estimates and discloses mineral reserves and resources using the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum, and in accordance with NI 43-101. Further details are available at [www.cim.org](http://www.cim.org). See the "Glossary of Geological and Mining Terms" for complete definitions of mineral reserves and mineral resources.

### About Mineral Resources

Mineral resources are not mineral reserves and do not have demonstrated economic viability, but do have reasonable prospect for economic extraction. They fall into three categories: measured, indicated, and inferred. The reported mineral resources are stated inclusive of mineral reserves. Measured and indicated mineral resources are sufficiently well-defined to allow geological and grade continuity to be reasonably assumed and permit the application of technical and economic parameters in assessing the economic viability of the mineral resource. Inferred mineral resources are estimated on limited information not sufficient to verify geological and grade continuity or to allow technical and economic parameters to be applied. Inferred mineral resources are too speculative geologically to have economic considerations applied to them. There is no certainty that mineral resources of any category will be upgraded to mineral reserves.

### Important Information about Mineral Reserve and Resource Estimates

Whilst the Company takes all reasonable care in the preparation and verification of the mineral reserve and resource figures, the figures are estimates based in part on forward-looking information.

Estimates are based on management's knowledge, mining experience, analysis of drilling results, the quality of available data and management's best judgment. They are, however, imprecise by nature, may change over time, and include many variables and assumptions including geological interpretation, commodity prices and currency exchange rates, recovery rates, and operating and capital costs.

There is no assurance that the indicated levels of metal will be produced, and the Company may have to re-estimate the mineral reserves based on actual production experience. Changes in the metal price, production costs or recovery rates could make it unprofitable to operate or develop a particular deposit for a period of time.

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.

### Enquiries:

#### [Serabi Gold Plc](#)

Michael Hodgson

Tel: +44 (0)20 7246 6830

Chief Executive

Mobile: +44 (0)7799 473621

Clive Line

Tel: +44 (0)20 7246 6830

Finance Director

Mobile: +44 (0)7710 151692

Email: [contact@serabigold.com](mailto:contact@serabigold.com)

Website: [www.serabigold.com](http://www.serabigold.com)

Beaumont Cornish Limited

Nominated Adviser and Financial Adviser

Roland Cornish

Tel: +44 (0)20 7628 3396

Michael Cornish

Tel: +44 (0)20 7628 3396

Peel Hunt LLP  
UK Broker  
Ross Allister

Tel: +44 (0)20 7418 8900

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:

"Ag"	means silver.
"Au"	means gold.
"assay"	in economic geology, means to analyse the proportions of metal in a rock or overburden or ore or mineral for composition, purity, weight or other properties of commercial interest.
"CIM"	means the Canadian Institute of Mining, Metallurgy and Petroleum.
"chalcopyrite"	is a sulphide of copper and iron.
"Cu"	means copper.
"cut-off grade"	the lowest grade of mineralised material that qualifies as ore in a given deposit; rock of this grade is included in an ore estimate.
"dacite porphyry intrusive"	a silica-rich igneous rock with larger phenocrysts (crystals) within a fine-grained matrix
"deposit"	is a mineralised body which has been physically delineated by sufficient drilling, trenching or underground work, and found to contain a sufficient average grade of metal or metals to warrant exploration and/or development expenditures; such a deposit does not qualify as a commercial ore body or as containing ore reserves, until final legal, technical, and economic factors have been considered.
"electromagnetics"	is a geophysical technique tool measuring the magnetic field generated by subjecting the earth to electrical currents.
"garimpo"	is a local artisanal mining operation
"garimpeiro"	is a local artisanal miner.
"geochemical"	refers to geological information using measurements derived from chemical analysis.
"geophysical"	refers to geological information using measurements derived from the use of magnetic and electrical readings.
"geophysical techniques"	include the exploration of an area by exploiting differences in physical properties of different rocks. Geophysical methods include seismic, magnetic, gravity, induced polarisation and other techniques. Geophysical surveys can be undertaken from the ground or from the air.
"gossan"	is an iron-bearing weathered product that overlies a sulphide deposit.
"grade"	is the concentration of mineral within the host rock typically quoted as grams per tonne (g/t) (ppm) or parts per billion (ppb).
"g/t"	means grams per tonne.
"granodiorite"	is an igneous intrusive rock similar to granite.
"hectare" or a "ha"	is a unit of measurement equal to 10,000 square metres.
"igneous"	is a rock that has solidified from molten material or magma.
"IP"	refers to induced polarisation, a geophysical technique whereby an electric current is induced into the sub-surface and the conductivity of the sub-surface is recorded.
"intrusive"	is a body of rock that invades older rocks.
"Indicated Mineral Resource"	is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and distribution characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information obtained using appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.

"Inferred Mineral Resource"	is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological continuity. The estimate is based on limited information and sampling gathered through various techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"Inferred Mineral Resource"	&#8223; is that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological continuity. The estimate is based on limited information and sampling gathered through various techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"mineralisation"	the concentration of metals and their chemical compounds within a body of rock.
"mineralised"	refers to rock which contains minerals e.g. iron, copper, gold.
"Mineral Resource"	is a concentration or occurrence of diamonds, natural solid inorganic material, or natural solid organic material including base and precious metals, coal, and industrial minerals in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for eventual extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge.
"Mineral Reserve"	is the economically mineable part of a Measured or Indicated Mineral Resource demonstrated by a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A Mineral Reserve includes diluting materials and allowances for losses that occur when the material is mined.
"Mo-Bi-As-Te-W-Sn"	Molybdenum-Bismuth-Arsenic-Tellurium-Tungsten-Tin
"monzogranite"	a biotite rich granite, often part of the later-stage emplacement of a larger granite body.
"mt"	means million tonnes.
"ore"	means a metal or mineral or a combination of these of sufficient value as to quality and quantity to be mined at a profit.
"oxides"	are near surface bed-rock which has been weathered and oxidised by long term exposure to water and air.
"ppm"	means parts per million.
"Probable Mineral Reserve"	is the economically mineable part of an Indicated and, in some circumstances, a Measured Mineral Resource demonstrated by at least a Preliminary Feasibility Study. This Study must include adequate information on mining, processing, metallurgical, economic, and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified.
"Proven Mineral Reserve"	is the economically mineable part of a Measured Mineral Resource. A Proven Mineral Reserve is based on a high degree of confidence in the Modifying Factors.
"saprolite"	is a weathered or decomposed clay-rich rock.
"sulphide"	refers to minerals consisting of a chemical combination of sulphur with a metal.
"vein"	is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.
"VTEM"	refers to versa time domain electromagnetic, a particular variant of time-domain electromagnetic induction survey to prospect for conductive bodies below surface.

#### 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.

## APPENDIX

A comparison of the updated Mineral Reserve and Resource Estimate as at 31 December 2020 with the previously reported Mineral Reserve and Resource Estimate as at 30 June 2017 published on 11 December 2017 (the "MRE June 2017"), and the interim updated Mineral Reserve and Resource Estimate as at 31 August 2020 published on 1 March 2021 (the "MRE August 2020") is set out below.

### Comparison of Mineral Reserves and Resources for the Palito Mine, Para, Brazil (effective 31 December 2020)

	MRE June 2017			MRE August 2020			U T 00
	Tonnes 000's	Grade (g/t Au)	Contained ounces 000's	Tonnes 000's	Grade (g/t Au)	Contained ounces 000's	
<b>Reserves</b>							
Proven Reserves	337	8.28	90	57	7.82	15	49
Probable Reserves	276	7.64	68	172	7.33	41	19
Total Reserves	613	7.99	157	230	7.45	55	24
<b>Resources</b>							
Measured Resources	346	12.62	140	50	8.99	15	44
Indicated Resources	371	10.91	130	1000	4.88	157	10
Measured & Indicated Resources	717	11.74	271	1050	5.08	171	11
Inferred Resources	784	7.02	177	943	3.66	111	98

### Comparison of Mineral Reserves and Resources for the Sao Chico Mine, Para, Brazil (effective 31 December 2020)

	MRE June 2017			MRE August 2020			U T 00
	Tonnes 000's	Grade (g/t Au)	Contained ounces 000's	Tonnes 000's	Grade (g/t Au)	Contained ounces 000's	
<b>Reserves</b>							
Proven Reserves	65	8.15	17	21	5.94	4	11
Probable Reserves	25	9.15	7	49	8.84	13	33
Total Reserves	90	8.43	24	70	7.60	17	44
<b>Resources</b>							
Measured Resources	60	13.34	26	17	7.73	4	8
Indicated Resources	22	14.70	10	500	5.63	90	41
Measured & Indicated Resources	82	13.70	36	517	5.69	94	47
Inferred Resources	123	13.77	54	719	4.62	107	60

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