

# Finance update and extension to reporting deadline

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For immediate release

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

Finance update and extension to reporting deadline

[Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, is pleased to update the market on financial performance for the year to date and to provide an update on the audit of the financial results for the 2020 calendar year.

## Highlights

- Following the successful equity placing closed on 9 March 2021 raising gross proceeds of ?12.5 million:
- The convertible loan notes that had been issued during 2020 (the "Loan Notes") have been fully repaid together with accrued interest and arrangement fees (US\$2.5 million).
- Acquisition of Coringa project completed with payments during 2021 (including accrued interest) made to [Anfield Gold Corp.](#) ("Anfield") of US\$6.56 million.
- Cash balances at end of May 2021 were US\$16.4 million with all debt obligations now repaid.
  - Cash balance at end June 2021 projected to be in excess of US\$17.25 million.

## Financial Performance for the year to date

During the five months ended 31 May 2021 (the "Period"), Serabi and its subsidiaries (the "Group") has made ten shipments of gold bullion and three shipments of copper/gold concentrate for an estimated total of 13,836 ounces of gold. Two additional bullion shipments are expected to be completed before the end of June 2021 with an additional shipment of copper/gold concentrate also expected before the end of June 2021. The Group receives an 85 per cent payment for sales of copper/gold concentrate at the date of the initial sale with any balancing payment up to 5 to 6 months later when final metal content and sales value is confirmed. A 90 per cent initial payment for bullion is made on the date of initial sale with the balance approximately 10 days later once refining is completed. Total net cash receipts for sales of bullion and copper/gold concentrate to the end of May 2021 amounted to US\$25.92 million including US\$1.5 million being the initial cash payment for a sale of copper/gold concentrate completed at the end of December 2020. The average gold price achieved for 2021 to date has been US\$1,796 per ounce.

In the Period cash expenditure for the mine operating costs, including all mine development and underground drilling, amounted to US\$18.55 million.

Net cash generation in the Period before Group administration costs, loan repayments, acquisition payments, taxes and capital expenditure amounted to US\$7.365 million.

In the Period the outstanding convertible loan notes together with accrued interest and fees totalling approximately US\$2.5 million have all been repaid and the remaining liability for the purchase of the Coringa project, together with all accrued interest, has also been repaid.

Cash balances at the Period end were US\$16.4 million (US\$6.6 million as at 31 December 2020) with no outstanding debt obligations. All security that had been granted by the Group in respect of the convertible loan notes and the outstanding Coringa Project purchase price obligation has been released.

The Group's unaudited management accounts statement of cash movements for the Period is set out below:

UNAUDITED STATEMENT OF CASH MOVEMENTS (Note 1)	For the 5 months to 31 May 2021 US\$000's
<b>OPERATING ACTIVITIES</b>	
Net cash receipts from sales of bullion	16,289
Net cash receipts from sales of copper/gold concentrate	9,631
Cash payments for mine operating costs	(18,554)
Net cash generated by operations	7,365
Administration expenditures	(2,260)
Profits tax payments	(145)
Net cash inflow from operational activities	4,960
<b>INVESTING ACTIVITIES</b>	
Capital expenditure	(980)
Exploration expenditure	(1,236)
Predevelopment activities for Coringa	(603)
Other acquisition payments	(101)
Proceeds from sale of assets	
Cash used for investing activities	(2,920)
<b>FINANCING ACTIVITIES</b>	
Net proceeds from issue of new equity	16,763
Repayment of Convertible Loan Notes, interest and fee	(2,534)
Purchase consideration for Coringa including interest	(6,560)
Lease liabilities	(158)
Net cash generated from financing activities	7,511
Net increase in cash and cash equivalents	9,551
Cash and cash equivalents at beginning of period	6,603
Exchange differences on cash	237
Cash and cash equivalents at end of period	16,391

(1) The above statement of cash movements does not represent accounting information prepared under IFRS or any other applicable accounting standards. The figures quoted represent cash payments and receipts only. The level of cash payments may include movements in working capital, including increases or decreases in inventories, amounts receivable or amount payable that may have occurred between 31 December 2020 and 31 May 2021. As such the Statement of Cash Movements is indicative only and does not represent the Statement of Comprehensive Income for the same period which will take account of changes in working capital, depreciation, amortisation and other non-cash items of income and expenditure. The figures have been prepared by management and have not been subject to any external review or audit.

#### Reporting timetable update

Further to the guidance provided in "Inside AIM" on 27 January 2021, the London Stock Exchange and Companies House have agreed to extend the reporting deadline for the Company to publish its Accounts for

up to three months to 30 September 2021, coinciding with the date the Company is required to file the Accounts at Companies House. The Board currently expects that the audited results for 2020 will be issued during August 2021.

As previously reported, the 2020 audit process identified that cash had been withdrawn without authorisation from the Group's Brazilian subsidiary Serabi Minerac?o SA ("SMSA"). This has delayed the completion of the audit and the issue of the 2020 Financial Statements. The 2020 audit identified that cash withdrawals amounting to approximately US\$80,000 had been made during 2020. The Group's Brazilian lawyers FFA Legal ("FFA") identified further instances of unauthorised cash withdrawals having been made dating back to 2015 and following further work undertaken by the Forensic Investigations group of Deloitte in Brazil a total of a further US\$260,000 of unauthorised cash payments has been identified for which Deloitte and FFA consider that SMSA did not receive the services documented to have been provided. Management believes that FFA and Deloitte have now identified all material instances of unauthorised or undocumented cash withdrawals and payments during the review period and are not expecting the completion of the audit to identify further material instances.

At this stage, the Company has received confirmation that all the payments under review, were recorded through the accounts of SMSA and expensed in the period in which they were incurred. Management is therefore also satisfied that previously issued financial statements of all periods being reviewed have accurately reported the profit before tax of the Group and as a result management does not expect there to be any requirement to restate the previously reported profit before tax of any prior period. This remains subject to finalisation of the Deloitte review and any further work that the Group's UK auditor may request.

The work of Deloitte was initially focussed on the verification of the initial findings of FFA to support any legal proceedings that the Company may wish to instigate against any individuals and at the request of the Board has been expanded to give the Board comfort that the matter has been thoroughly investigated and all control weaknesses identified and rectified as well as to cover the work that the Group's UK auditor requires to be completed prior to being able to deliver its audit opinion on the 2020 financial results. Continued restrictions on internal travel within Brazil and the need for Deloitte and Serabi to take appropriate precautions to protect their employees against COVID-19 has resulted in this work taking longer than originally projected. The completion of the audit of the 2020 financial statements remains dependent on completion of Deloitte's work programme. Management currently expects that matters can be concluded promptly and that the audited results for 2020 can be issued during August 2021.

Clive Line, Finance Director for Serabi commented:

*"I am pleased to report that we have carried the momentum of the fourth quarter of last year into the first five months of this year, with operations continuing to perform well. The positive cash flow being generated by the Company is being used to help fund the exploration programmes as well as prepare for the commencement of the portal development at Coringa which is expected to begin in July 2021. As already reported in April, production for the first quarter of 2021 of 8,087 ounces was a 16 per cent improvement compared to the Group's budget and represented a 19 per cent and 11 per cent improvement compared to the gold production of Q3 and Q4 of 2020 respectively. Gold production for April and May has continued to improve and the Group remains on course to achieve its production guidance for the full year of between 33,000 and 36,000 ounces. The cash position is strong with cash at the end of May of US\$16.4 million and with the benefit of the initial proceeds from a shipment of copper/gold concentrate due to be received before the end of June are expected improve further to be in excess of US\$17.25 million at the end of June 2021.*

*"The Company's financial performance has continued to be relatively strong and following the successful equity placing completed in March 2021, the Group has pressed ahead with its 32,000 metre diamond drilling programme and is now finalising the recruitment of the personnel required to start the portal development at Coringa. We look forward to updating shareholders on these developments in due course.*

*"With the delay in the completion of the 2020 Financial Statements, the Company has been unable to provide its usual quarterly financial updates. We have chosen to provide this five-month cash flow report to keep the market updated with the most recent financial information that it is able to provide. As soon as it is practical and possible to do so, the Company will revert to its normal quarterly reporting schedule."*

The information contained within this announcement is deemed by the Company to constitute inside

information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018.

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](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.

See [www.serabigold.com](http://www.serabigold.com) for more information and follow us on twitter @Serabi\_Gold

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