

Robust second quarter gold production

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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 the 2021 second quarter operational, development and exploration activities in the Tapajos region of Para State, Northern Brazil.

A PDF version of this announcement, including all images, can be accessed using the following link - <https://bit.ly/36ziQa3>

OPERATIONAL HIGHLIGHTS

- Second quarter gold production of 9,274 ounces, the best quarterly performance since 2019.
- Total ore mined during the quarter of 43,051 tonnes at 7.12 grammes per tonne ("g/t") of gold, a 27 per cent improvement in grade compared to the 2020 average.
- 39,976 tonnes of run of mine ("ROM") ore were processed through the plant from the combined Palito and S?o Chico orebodies, with an average grade of 7.32 g/t of gold, a 17 per cent and 39 per cent improvement on Q1 2021 and Q4 2020 respectively.
- 2,961 metres of horizontal development completed during the quarter, bringing the year-to-date total to 6,534 metres.
- Preparation for the Coringa underground development is underway with operating fleet brought in and key hires made. Initial development of the portal is planned to commence later in July.

EXPLORATION HIGHLIGHTS

- Exploration drilling on the Toucano trend at S?o Domingos, five kilometres from the S?o Chico operation, intersected multiple payable mineralised structures, all hosted within a mineralised alteration zone with a true width of 50 metres. Significant intersections (previously announced) included:
 - 21-SD-010 - 7.40m @ 1.95/t Au from 141.00m, including 1.90m @ 5.12g/t Au
 - 21-SD-010 - 7.00m @ 9.68g/t Au from 151.55m, including 1.40m @ 26.24g/t Au
 - 21-SD-010 - 7.15m @ 258.24g/t Au from 172.85m, including 3.55m @ 519.45g/t Au
 - 21-SD-005 - 4.70m @ 1.42g/t Au from 76.00m
 - 21-SD-005 - 0.80m @ 89.03g/t Au from 140.00m
 - 21-SD-003 - 0.50m @ 6.22g/t Au from 42.00m
 - 21-SD-003 - 1.80m @ 3.77/t Au from 67.25m
 - 21-SD-012 - 3.25m @ 2.91 g/t Au from 192.75m
 - 21-SD-012 - 3.75m @ 7.95 g/t Au from 208.80m
 - 21-SD-012 - 0.70m @ 6.63 g/t Au from 222.30m
 - 21-SD-012 - 0.80m @ 7.00 g/t Au from 236.30m

- Holes 21-SD-013, 014 and 015 were all subsequently drilled 250 metres further north, and continued to intersect a broad 40 metre wide alteration zone containing multiple vein lode structures along strike. These holes, which are all below the Raimundo artisanal pit, 250 metres to the north-east of the Toucano artisanal pit, also intersected additional parallel structures to north and south of the alteration halo.
- Exploration drilling on the Mogno and Ipe veins at the Palito orebody confirmed depth extensions by over 100 metres below the lowest mined level at -50mRL. Furthermore, step out drilling indicates payable intersections up to 600 metres along strike in both directions. Significant down plunge intersections (previously announced) on the Mogno and Ipe veins included:
 - PUD0578 - 0.75m @ 39.96 g/t Au (Mogno)
 - PUD0635 - 0.50m @ 12.26 g/t Au (Mogno)
 - PUD0679 - 1.00m @ 51.76 g/t Au (Mogno)
 - PUD0681 - 0.85m @ 35.31 g/t Au (Mogno)
 - PUD0684 - 1.25m @ 17.29 g/t Au (Mogno)
 - PUD0684 - 2.05m @ 13.54 g/t Au (Ipe)
 - PUD0566 - 0.89m @ 36.62 g/t Au (Ipe)

FINANCIAL AND CORPORATE HIGHLIGHTS

- Following the successful equity placing that 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 June 2021 were US\$18.1 million with all debt obligations now repaid. Cash was higher than initially forecast partly because of higher gold sales in June than originally projected.
- Net cash generation of US\$2.17 million for the first six months of 2021 after accounting for all operational and capital expenditures of the Palito Complex, all corporate out-goings, together with all exploration and Coringa pre-development payments.

2021 PRODUCTION GUIDANCE

The Company maintains its previously stated guidance that production for 2021 from the current Palito Complex operations will be between 33,000 and 36,000 ounces with forecast production in 2022 then increasing to approximately 45,000 ounces.

Mike Hodgson has provided interviews to BRR Media and Crux Investors which can be accessed using the following links

BRR Media -

<https://www.brrmedia.co.uk/broadcasts/60eeab4b5e2a33610efd9ceb/serabi-gold-robust-second-quarter-gold-production>

Crux Investors -<https://youtu.be/qbfCE1dizGk>

Key Operational Information

		SUMMARY PRODUCTION STATISTICS FOR 2021 AND 2020							
		Qtr 1	Qtr 2	YTD	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Full Yr
		2021	2021	2021	2020	2020	2020	2020	2020
Gold production (1)(2)	Ounces	8,087	9,274	17,361	9,020	8,504	6,790	7,254	31,568
Mined ore - Total	Tonnes	40,371	43,051	83,423	42,036	43,519	44,097	46,275	175,928

	Gold grade (g/t)	6.27	7.12	6.71	6.54	5.85	4.84	5.24	5.59
Milled ore	Tonnes	41,462	39,976	81,438	40,465	44,235	46,135	43,440	174,276
	Gold grade (g/t)	6.27	7.32	6.79	6.66	5.91	4.75	5.27	5.62
Horizontal development - Total Metres		3,573	2,961	6,534	2,878	3,004	3,037	3,353	12,272

(1) The table may not sum due to rounding.

(2) Production numbers are subject to change pending final assay analysis from refineries.

Mike Hodgson, CEO, commented:

"After an encouraging first quarter in 2021, we have built on that with an excellent second quarter producing over 9,200 ounces. This is largely the result of a healthy improvement in mined grades. As I have mentioned before, the restrictions the pandemic put on us in 2020 meant fewer people at site and a simplified operation with fewer mine faces being worked. This resulted in less optionality to maintain higher grades meaning we had to mine some lower grade ore blocks. The gradual return to normality has allowed us to increase the available mine faces and with that, the option to 'cherry pick' the better grades to feed the plant with the best ore resulting in mine and plant grades currently 27 per cent and 30 per cent above last year's average grades. At the mid-year we remain ahead of our internal production forecast and remain on track to meet 2021 guidance.

"In the Palito orebody, the Ipe and Mogno veins continue to perform well in both development and stoping. These veins are recently accessed and are being exploited on levels +20mRL and -19mRL, which is a depth of less than 200 vertical metres and therefore involves a relatively short haulage distance to surface. We are also developing both these veins on levels -40mRL and below and they will provide a strong contribution to Palito production for the remainder of this year and for 2022. We are also trialling a more mechanised long hole stoping method on the Mogno vein on level -40mRL. Such a method can achieve simpler, quicker production at lower cost. It is not applicable everywhere at Palito, but in places it can be deployed and if the trial goes well we will pursue this elsewhere.

"At the S?o Chico orebody, the deepest level being advanced on the main vein is level -63mRL, approximately 300 metres below surface, whilst the main ramp will continue to be developed to the -78mRL. In the western part of the orebody we are developing and producing from the Julia vein, with production coming from levels 116mRL and above with level 100mRL being in development. The Julia western ramp continues to be developed down to level 0mRL, and this will open up multiple development levels over the coming months.

"Quarterly plant and processing performance has been excellent, averaging over 440 tonnes per day of hard rock ore throughput. The much-improved mined grades mean that the quarterly plant grade of 7.32 g/t, represents the best quarterly level since the first quarter of 2019.

"As we reported last quarter, 2021 has seen a welcome return of our exploration activities, and with three rigs drilling for much of the quarter and with a fourth rig having just arrived, exploration results are beginning to flow. We are currently drilling the Palito orebody, the S?o Chico orebody and the S?o Domingos prospect.

To view the image of the S?o Domingos drill plan and results for the Toucano trend, please click on this link - <https://bit.ly/3uZuMM2>

Figure 1 - S?o Domingos drill plan and results for the Toucano trend

"Considering S?o Domingos first, located just five kilometres west of S?o Chico, the initial campaign has been very encouraging. It is a prospect rich in artisanal workings, past and present, and where some exceptionally high-grade ore has been mined. We have identified five key prospects, but to date, the focus has centred upon the Toucano trend. Figure 1 summarises the drilling highlights to date.

"The central part of the Toucano trend over "Section 1" has the highest concentration of drilling which has

intersected three mineralised structures, all hosted within a 50 metre true width mineralised alteration zone. Hole 21-SD 010 is the current highlight where a drilled width totalling 70 metres of alteration was cut, within which multiple high-grade intersections including 9.68 g/t Au over 7.0 metres, 26.24 g/t Au over 1.40 metres and 258.24 g/t Au over 7.15 metres including 519.45 g/t Au over 3.55 metres were recorded, with visible gold observed. Mineralisation is already confirmed along at least a 400 metre strike length and remains open at depth and along strike with existing drilling and artisanal activity indicating a potential strike of 600 metres. The plan is to replicate the drill coverage undertaken on the central section over that entire strike length and a second traverse, drilled 250 metres further north, continued to intersect a broad 40 metre wide alteration zone containing multiple vein lode structures along strike.

To view the image of the Toucano Zone drill section 1, please click on this link - <https://bit.ly/3v5bkh2>

Toucano Zone drill section 1.

"Drilling is also ongoing on the S?o Chico and Palito orebodies. At S?o Chico, we are drilling the western extension of the S?o Chico orebody and more specifically the Julia vein near surface. Initial intersections have so far been visually very encouraging, though we await assays.

"At Palito, the strike and depth extensions of the Ipe and Mogno veins are being investigated. Drilling into these veins has delivered some excellent results as we have now identified depth extensions over 100 metres below the lowest level in the mine, level -50mRL. Broad step out drilling has also recorded what appears to be the strike extensions of the Ipe and Mogno veins some 600 metres north and south of the mine limits. Whilst this needs to be confirmed with infill holes, it certainly is a very encouraging sign. In July we brought a second rig to Palito for the much anticipated investigation of the southern extension of Palito towards the Currutela Prospect. This drilling will also continue to test the southern strike potential of Ipe and Mogno in the process.

To view the image of the Toucano Zone drill section 2, please click on this link - <https://bit.ly/3cqgKwx>

Toucano Zone drill section 2.

"As reported last quarter, the successful equity raise in March 2021, means we can commence the development of the underground mine at Coringa. During the quarter, we have brought in the necessary fleet and key hires required and the initial development of the portal is planned to commence later in July.

"With respect to permitting, and with the Licen?a Pr?via (Preliminary Licence) already secured, we are working our way through the conditions requested by the State Environmental Agency ("SEMAS") as part of the process to secure the Installation License (LI), which is the permit required to begin construction. These conditions are mostly the geotechnical investigation work of the ground conditions below the proposed plant area and the dry stack tailings pile. I am pleased to say this geotechnical drilling is close to completion, and samples taken. Geostavel, our geotechnical consultants, are ready to process the results and supply SEMAS with the findings.

"The Company is now in a very strong financial position and well placed to meet its 2021 objectives. The group held cash of US\$18.1 million at the end of June 2021 and is debt free having repaid all of the outstanding Loan Notes and settled the remaining cash payment for the acquisition of Coringa during the second quarter. Excluding these obligations, the cash position at the end of June 2021, translates into net cash generation of US\$2.17 million for the first six months of 2021 after accounting for all operational and capital expenditures of the Palito Complex, all corporate out-goings, together with all exploration and Coringa pre-development payments.

"On a final note, I would like to report on the pandemic situation in Brazil. The country has endured a difficult first six months of 2021, but I am pleased to say that at the current time we remain largely unaffected. As we have said previously, the mine location and camp status has allowed us to maintain a controlled environment, we have kept COVID-19 infections out of the site and been able to protect the health of the on-site personnel. That said, the manufacturing slowdown in the more urbanised south of the country does mean that some ancillary equipment such as pumps and fans are not as readily available as they have been in the past though, to date, this is not affecting current gold production levels.

Production Results

Total production for the second quarter of 2021 was 9,274 ounces of gold, generated from the processing of 39,976 tonnes of ore with an overall average grade of 7.32 g/t of gold. This processed ore was sourced from hard rock mined ore from the Palito and S?o Chico orebodies, supplemented by the processing of 3,612 tonnes of surface stockpiled flotation tailings grading approximately 1.3 g/t gold. Mined tonnage for the quarter totalled 43,051 tonnes with a grade of 7.12 g/t of gold. Gold production for this quarter represents an improvement of 28 per cent and 15 per cent on last two quarters.

On 30 June 2021, there were coarse ore stocks of approximately 5,000 tonnes of ore with an average grade of 2.4 g/t of gold. This stockpile continues to be consumed slowly and used as a 'top-up' to ROM ore to keep the plant full.

A total of 2,961 metres of horizontal development has been completed during the quarter, of which 1,779 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

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.

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 for more information and follow us on twitter @Serabi_Gold

GLOSSARY OF 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 further 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), parts per million (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 earth's 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 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 from geological evidence and limited sampling and reasonably assumed, but not verified, geological continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
"Inferred Mineral Resource"	‟ is that part of a Mineral Resource for which quantity and grade or quality can be estimated from geological evidence and limited sampling and reasonably assumed, but not verified, geological continuity. The estimate is based on limited information and sampling gathered through appropriate 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 future 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 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. A Mineral Reserve includes diluting materials and allowances for losses that may 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 versatile time domain electromagnetic, a particular variant of time-domain electromagnetic induction survey to prospect for conductive bodies below surface.

Assay Results

Assay results reported within this release include some that are provided by the Company's own on-site laboratory facilities at Palito and have not yet been independently verified. Serabi closely monitors the performance of its own facility against results from independent laboratory analysis for quality control purpose. As a matter of normal practice, the Company sends duplicate samples derived from a variety of the Company's activities to accredited laboratory facilities for independent verification. Since mid-2019, over 10,000 exploration drill core samples have been assayed at both the Palito laboratory and certified external laboratory, in most cases the ALS laboratory in Belo Horizonte, Brazil. When comparing significant assays with grades exceeding 1 g/t gold, comparison between Palito versus external results record an average over-estimation by the Palito laboratory of 6.7% over this period. Based on the results of this work, the Company's management are satisfied that the Company's own facility shows sufficiently good correlation with independent laboratory facilities for exploration drill samples. The Company would expect that in the preparation of any future independent Reserve/Resource statement undertaken in compliance with a recognised standard, the independent authors of such a statement would not use Palito assay results without sufficient duplicates from an appropriately certificated laboratory.

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

- Q2 Operational Update

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<https://www.rohstoff-welt.de/news/389009--Robust-second-quarter-gold-production.html>

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