

First quarter operational review

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

First quarter operational review

[Serabi Gold Plc](#) (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, is pleased to provide the results and a review of its 2022 first quarter operational, development and exploration activities.

A PDF version of this announcement, including all images, can be accessed using the following link - <https://bit.ly/3Mg9CC7>

OPERATIONAL RESULTS

Palito Operations

- First quarter gold production of 7,062 ounces, a 13% reduction compared to the same period of 2021 (Q1 2021: 8,087 ounces).
 - Total ore mined during the quarter of 40,606 tonnes at 5.95 grammes per tonne ("g/t") of gold, compared with 40,371 tonnes at 6.27g/t for the same period in 2021.
- Production was impacted by continued supply chain issues and greater than expected dilution from the Julia Vein of the S?o Chico orebody. Shrinkage stoping has been adopted to address this but will result in delayed production and guidance for 2022 is therefore reduced to 30,000 ounces from 36,000 to 39,000 ounces previously.
- 41,357 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 5.72 g/t of gold, compared with 41,462 tonnes at 6.27 g/t for the same period in 2021.
- 2,938 metres of horizontal development completed during the quarter

DEVELOPMENT HIGHLIGHTS

Coringa Project

- Underground development of the ramp has now intersected all three veins (V1, V2 and V3) on at least one level. The V3 and V1 veins of the Serra Zone were intersected on the 320m and 340m levels (see news releases dated 28 January and 11 March 2022) with channel samples recording better than expected results including:
 - SRR-320-019 - 1.25 metres @ 7.84 g/t Au
 - SRR-320-012 - 0.86 metres @ 12.44 g/t Au
 - SRR-340-004 - 0.40 metres @ 14.61 g/t Au
- Additional results since 11 March 2022 from the V3 development delivered high grade results including:
 - SRR-340-006 - 0.40 metres @ 30.28 g/t Au
 - SRR-340-010 - 0.52 metres @ 21.25 g/t Au
 - SRR-340-015 - 0.34 metres @ 70.06g/t Au

EXPLORATION HIGHLIGHTS

- Palito: Drilling within the Chica da Santa (CDS) sector, currently the eastern limit of the Palito mining operation, continued to generate positive results from the Ipe and Mogno veins and additional drilling from both underground and on surface further to the north east has delineated a further sector containing the Pele, Romario and Beбето veins (see news release dated 5 January 2022).
 - High grade underground intercepts include:
 - 0.50m @ 22.56g/t Au (Ipe) from 39.30 metres to 39.80 metres (PUD0709)
 - 1.05m @ 68.09g/t Au (Ipe) from 41.25 metres to 42.30 metres (PUD0726)
 - 1.50m @ 76.09g/t Au (Ipe) from 61.70 metres to 63.20 metres (PUD0727)
 - High grade surface intercepts include:
 - 1.40m @ 14.39g/t Au (Pele) from 106.40 metres to 107.80 metres (PDD0607)
 - 0.82m @ 24.70g/t Au (Jatoba) from 57.38 metres to 58.20 metres (PDD0415)
 - 2.00m @ 33.76g/t Au (Jatoba) from 76.75 metres to 78.75 metres (PDD0558)
- Palito: Shallow drilling at the Piaui prospect confirmed the continuity of three major parallel mineralised structures and identifies further smaller parallel zones, 500 metres from the current underground mine infrastructure.
 - Visible gold encountered in PDD0619 within a zone grading 2.6m @ 13.37g/t Au including 0.75m @ 33.74g/t Au from 28.55m.
 - High grade intercepts include:
 - 0.41m @ 16.89g/t Au from 26.40m, 1.94m @ 11.86g/t Au including 0.70m @ 19.15g/t Au from 35.30m (PDD0618)
 - 0.65m @ 14.28g/t Au from 43.1m, 5.90m @ 4.11g/t Au including 1.00m @ 17.56g/t Au from 69.75m (PDD0617)
- S?o Domingos Regional: Results from 1,929 line kilometres of airborne magnetic survey over the highly prospective S?o Domingos property, to the west of the S?o Chico operation, extends the Mata Cobra magnetic trend into the S?o Domingos property and extends the strike length of the corridor from 25km to over 40km. Mata Cobra is a magnetic trend that dominates the central part of the tenement and which has a coincident copper and gold soil geochemical anomaly.
- Matilda: The Matilda prospect shows a subtle but distinct magnetic signature coincident with the extensive soil geochemical anomaly, interpreted to reflect a magnetite alteration halo.

Mike Hodgson, CEO of Serabi, commented:

"The first quarter results for 2022 have been somewhat mixed. We have had some excellent, and better than anticipated results from the underground development at Coringa, most specifically on the first of the five ore zones, the Serra Zone. We have progressed development of V3 to the north and south of the ramp on both levels and these early results have been extremely promising. As we advance to the north, we also expect to see improved widths.

"At Palito, the first quarter production results have been disappointing with 7,062 ounces produced, and while March was a significantly better month with improved grades and production, it was not possible to recover earlier shortfalls in planned production due to delays in receiving new mining fleet which while ordered in mid-2021 are only now built and becoming available for delivery. As a consequence, by having to rely on older machinery we have, in the short term, mined and processed the ore in immediately accessible blocks, including those with lower grades, which contributed to lower than anticipated gold production over the last six months. However, all new items of fleet have been delivered or are expected to be delivered during the second quarter of 2022 and we are confident that we can increase production from the already identified new vein structures during the remainder of 2022 and in 2023."

"At S?o Chico, dilution in the Julia Vein from mechanised long hole open stoping was also higher than expected as a consequence of the presence of parallel and cross cutting faults and intrusive dykes which post-date the ore. This level of faulting appears to be unique to the Julia Vein. We have therefore decided to change the mining method on the Julia Vein and introduce selective open stoping, the method used successfully on the Palito orebody, and which will over time be expected to improve grades by minimising dilution through greater selectivity in the mining. 1,000 ounces of production which had been scheduled from S?o Chico in February by long hole, will now be mined selectively during the second quarter and over the rest of the year.

"The decision to mine selectively on the Julia Vein means the reliance on production ounces will, in the near

term, focus on the Palito orebody, with operations at S?o Chico focusing more on mine development with a view to a return to planned production levels later in the year and into 2023. In the short term we will be focusing on producing profitable ounces and maximising operational cashflow rather than production growth for the rest of the year, and we are therefore revising our production guidance to be in the region of 30,000 ounces for 2022.

"The real scale change on production ounces will be driven by the successful start-up of Coringa where we have enjoyed a very encouraging initial mine development. During the quarter, we intersected the three veins of the Serra Zone on the 340m and 320m levels. The results to date have been excellent, and as we develop the two principal veins, V1 and V3 to the north we are recording far better grades than forecast. As a result, we have introduced 'resue' development mining, where the ore and waste can be blasted separately. The advantage of this is that dilution of the ore coming out of the mine is minimised. The intention is to build a high-grade stockpile over the coming months.

"On the permitting side, matters continue to progress well. We have had positive meetings with SEMAS, the State Environmental Agency. We continue to expect this will result in Serabi receiving the LI in the coming few months.

"Exploration results from the Palito Mine have been very encouraging. The Ipe and Mogno veins in the Chica da Santa sector, have demonstrated the depth potential and continued high grades of the sector. The Piaui sector hosts two veins, which have now been drilled over a strike length of 500m and 200m vertical depth. Plans are now being finalised to crosscut to this sector from the Senna vein later this year.

"The potential of Palito both along strike, at depth and now laterally is clear to see. From Pele in the east and Piaui in the west, the deposit now comprises a series of veins within a 1,000m wide corridor . Over the next 12 months, we will be expanding the Palito orebody considerably as we access these new sectors.

"Whilst the last two years have been tough operationally due to global supply chain issues and impacts of Covid, we are confident in Serabi's future. The Palito orebody remains the engine room to our production base but with a turnaround expected at S?o Chico this year and the material growth from Coringa, our strategy remains to turn Serabi into a multi-asset gold miner with production approaching 100koz within the next few years."

To access the image of a Plan of Palito Mine please use the following link - <https://bit.ly/3xyZkce>

Figure 1: Plan of Palito Mine showing developed veins and mine development, geophysics and lateral extensions of the Pele and Piaui sectors

To access the image of Geological Map of the Main Ramp of 320 please use the following link - <https://bit.ly/3MuETBN>

Figure 2: Geological Map of the Main Ramp of 320 showing the position of V3 in relation to the opening of the sill drives 320_V3N and 320_V3S and the geological model.

To access the image of Geological Map of the Main Ramp of 340 please use the following link - <https://bit.ly/3jQBAbu>

Figure 3: Geological Map of the Main Ramp of 340 showing the position of V3 in relation to the opening of the sill drives 340_V3N and 340_V3S and the geological model.

FINANCE UPDATE

Cash balances at the end of March 2021 were US\$6.9 million with a further receipt of US\$1.6 million for a sale of copper/gold concentrate due to be received in early April. This receipt was delayed from March following late changes in sailing schedules. The reduction in cash holdings since 31 December 2021, reflects

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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 sample of 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 ground 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 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 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 evidence. 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 with a reasonable degree of confidence on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, continuity. The estimate is based on limited information and sampling gathered through 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 being economically extracted. 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 vertical 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 those provided by the Company's own on-site laboratory facilities at Palito and these will not have been independently verified. Serabi closely monitors the performance of its own facility against results from independent laboratory analysis for quality control purposes. 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

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.

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