

Unaudited financial results for Q1 2023

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Unaudited interim results for the three period ended 31 March 2023

Serabi (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited results for the three month period ended 31 March 2023.

A copy of the full interim statements together with commentary can be accessed on the Company's website using the following link: <https://bit.ly/43ziLi4>

Financial Highlights

- Gold production for the first quarter of 8,055 ounces.
- Cash held at 31 March 2023 of US\$13.9 million (31 December 2022: US\$7.2 million).
- EBITDA for the three-month period of US\$2.3 million (2022: US\$2.1 million).
- Post tax profit for the three-month period of US\$1.5 million (2022: 1.7 million),
- Profit per share of 1.94 cents compared with a profit per share of 2.28 cents for the same three month period of 2022.
- Net cash inflow from operations for the three-month period (after mine development expenditure of US\$0.4 million) of US\$2.7 million (2022: US\$2.5 million outflow).
- Average gold price of US\$1,892 per ounce received on gold sales during the nine month period (2022: US\$1,844).
- Cash Cost for the three-month period to March 2023 of US\$1,281 per ounce (Q1 2022 : US\$1,438 per ounce) representing an 11% improvement quarter on quarter.
- All-In Sustaining Cost for the three-month period to March 2023 of US\$1,516 per ounce (Q1 2022 : US\$1,810 per ounce) represents a 16% improvement compared to Q1 2022.

Key Financial Information

SUMMARY FINANCIAL STATISTICS

	3 months to 31 March 2023 US\$ (unaudited)	3 months to 31 March 2022 US\$ (unaudited)
Revenue	13,437,369	12,885,020
Cost of sales	(9,767,003)	(9,273,472)
Gross operating profit	3,670,366	3,611,548
Administration and share based payments	(1,354,575)	(1,559,142)
EBITDA	2,315,791	2,052,406
Depreciation and amortisation charges	(834,514)	(1,171,888)
Operating profit before finance and tax	1,481,277	880,518
Profit after tax	1,467,479	1,729,603
Earnings per ordinary share (basic)	1.94c	2.28c
Average gold price received (US\$/oz)	US\$1,892	US\$1,844

	As at 31 March 2023 US\$ (unaudited)	As at 31 December 2022 US\$ (audited)
Cash and cash equivalents	13,920,999	7,196,313
Net assets	84,032,856	82,523,603

Cash Cost and All-In Sustaining Cost ("AISC")

	3 months to 31 March 2023	3 months to 31 March 2022	12 months to 31 December 2022
Gold production for cash cost and AISC purposes	8,005 ozs	7,062 ozs	31,819 ozs
Total Cash Cost of production (per ounce)	US\$1,281	US\$1,438	US\$1,322
Total AISC of production (per ounce)	US\$1,516	US\$1,810	US\$1,615

Clive Line, CFO of Serabi commented,

"The first quarter of 2023 has benefitted from continued gold price strength and increasing levels of gold production generated from the Coringa operation. Gold production for the quarter of 8,005 ounces means that the Group is on schedule for its annual 2023 production guidance of between 33,500 and 35,000 ounces of gold. Subsequent to the quarter end, we were very pleased to conclude the signing of an exciting exploration alliance with Vale SA focused on the Matilda prospect and other large regional targets in the Tapajos region of Para, Brazil. The discovery of the Matilda porphyry prospect in 2022 was a major milestone for Serabi and our ability to jointly develop this prospect and other non-gold related opportunities with Vale represents a hugely exciting opportunity for Serabi and its shareholders

"Gold sales in the quarter were for 6,881 ounces, the result of an accumulation of inventory within the leaching circuit where new tanks have been installed and commissioned. The Group has reported an impairment provision of \$370,000 in respect of the low-grade ore stockpiles at Coringa which will not currently be transported to Palito for processing. In time we anticipate this material being subject to ore-sorting and the subsequent beneficiated product being processed. Amortisation costs are lower in this quarter than previously, which is the result of the reduced activity at Sao Chico and therefore minimal amortisation costs associated with this and Coringa which because the project is only in a trail mining phase and has not attained commercial production, is not yet subject to amortisation charges. In accordance with accounting regulations the gold sales and related operating costs of Coringa are being reflected in the Group's income statement.

"Notwithstanding the increase in work in progress inventory, cash generated from operations in the quarter was US\$2.7 million (including expenditure on capitalised mine development costs of US\$0.4 million) although this was boosted by the receipt of US\$2.2 million in early January for a gold sale that was registered at the end of December 2022.

"Unit costs of production are at similar levels to those achieved in the fourth quarter of 2022, and well below the levels of the equivalent period of 2022. With the expectation of continued development of Coringa during the rest of 2023, this will impact on the ASIC as we look to build the underground mining inventory and ensure that ramp and gallery development levels stay appropriately ahead of stoping activity.

"Exploration activity under the alliance with Vale started in April with the understanding that Vale would cover this initial expenditure whilst the final contractual details were completed. This ensured rigs were secured and onsite at the end of the rainy season, and we could maximise the benefit of the drier months. The parties expect that the initial Phase 1 period will be completed during the first quarter of 2024 during which time an exploration budget of up to US\$5.0 million is planned. Whilst the priority for Vale is to identify potential copper ore-bodies, the Phase 1 programme covers a number of Serabi's gold targets as well and we will benefit directly from the exploration activities that are planned to be conducted over these areas.

"During the first quarter we took advantage of the offer of an additional export backed 12 month loan facility

with Santander Bank in Brazil for US\$5.0 million. This provided the Group with adequate liquidity to allow the repayment of a similar arrangements with Itau BBA Bank which was repaid on 12 May 2023. The facility with Santander is repayable as a bullet payment in February 2024 and carries a fixed interest rate of 7.96%."

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.

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.

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 35 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, recognizing 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.

Neither the Toronto Stock Exchange, nor any other securities regulatory authority, has approved or disapproved of the contents of this news release.

See www.serabigold.com for more information and follow us on twitter @Serabi_Gold

The following information, comprising, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity, and Group Cash Flow, is extracted from the unaudited interim financial statements for the three months to 31 March 2023.

Statement of Comprehensive Income For the three month period ended 31 March 2023

(expressed in US\$)	Notes	For the three months ended 31 March	
		2023 (unaudited)	2022 (unaudited)
CONTINUING OPERATIONS			
Revenue		13,437,369	12,885,020
Cost of Sales		(9,397,003)	(9,273,472)
Stock impairment provision		(370,000)	-
Depreciation and amortisation charges		(834,514)	(1,171,888)
Total cost of sales		(10,601,517)	(10,445,360)
Gross profit		2,835,852	2,439,660
Administration expenses		(1,450,168)	(1,445,953)
Share-based payments		(48,067)	(112,125)
Gain on sales of assets disposal		143,660	(1,064)
Operating profit		1,481,277	880,518
Foreign exchange gain		82,611	176,586
Finance expense	2	(161,170)	(1,839)
Finance income	2	42,819	104,780
Profit before taxation		1,445,537	1,160,045
Income and other taxes	3	21,942	569,558
Profit after taxation		1,467,479	1,729,603
Other comprehensive income (net of tax)			
Exchange differences on translating foreign operations		994,247	8,859,456
Total comprehensive profit for the period ⁽¹⁾		2,461,726	10,589,059
Profit per ordinary share (basic)	4	1.94c	2.28c
Profit per ordinary share (diluted)	4	1.80c	2.14c

(1) The Group has no non-controlling interests, and all losses are attributable to the equity holders of the

parent company.

Balance Sheet as at 31 March 2023

(expressed in US\$)	As at 31 March 2023 (unaudited)	As at 31 March 2022 (unaudited)	As at 31 December 2022 (audited)
Non-current assets			
Deferred exploration costs	19,280,937	41,624,903	18,621,180
Property, plant and equipment	49,522,379	30,748,907	48,482,519
Right of use assets	5,386,091	4,481,942	5,374,042
Taxes receivable	3,719,376	824,172	3,446,032
Deferred taxation	1,638,907	1,456,454	1,545,684
Total non-current assets	79,547,690	79,136,378	77,469,457
Current assets			
Inventories	8,973,919	10,271,853	8,706,351
Trade and other receivables	3,109,923	3,247,685	5,291,924
Prepayments and accrued income	1,704,596	3,592,942	1,572,149
Cash and cash equivalents	13,920,999	6,932,625	7,196,313
Total current assets	27,709,437	24,045,105	22,766,737
Current liabilities			
Trade and other payables	5,017,471	6,860,327	5,830,872
Interest bearing liabilities	11,442,130	769,698	6,111,126
Accruals	533,573	378,868	461,857
Total current liabilities	16,993,174	8,008,893	12,403,855
Net current assets	10,716,263	16,036,212	10,362,882
Total assets less current liabilities	90,263,953	95,172,590	87,832,339
Non-current liabilities			
Trade and other payables	4,188,728	499,042	3,800,886
Provisions	1,230,667	3,090,450	1,190,175
Deferred tax liability	250,274	-	480,922
Derivative financial liabilities	-	60,175	-
Interest bearing liabilities	561,428	935,698	837,293
Total non-current liabilities	6,231,097	4,585,905	6,309,276
Net assets	84,032,856	90,586,685	81,523,063
Equity			
Share capital	11,213,618	11,213,618	11,213,618
Share premium reserve	36,158,068	36,158,068	36,158,068
Option reserve	1,372,625	1,187,473	1,324,558
Other reserves	14,812,078	14,114,049	14,459,255
Translation reserve	(65,282,524)	(59,788,714)	(66,276,771)
Retained surplus	85,758,991	87,702,191	84,644,335
Equity shareholders' funds	84,032,856	90,586,685	81,523,063

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 ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2022 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 will be filed with the Registrar of Companies before 30 June 2023. 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. Statements of Changes in Shareholders' Equity

For the three month period ended 31 March 2023

(expressed in US\$)

(unaudited)	Share capital	Share premium	Share option reserve	Other reserves ⁽¹⁾	Transferred
Equity shareholders' funds at 31 December 2021	11,213,618	36,158,068	1,075,348	13,694,731	(68,618,735)
Foreign currency adjustments	-	-	-	-	8,850,000
Profit for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	8,850,000
Transfer to taxation reserve	-	-	-	419,318	-
Share option expense	-	-	112,125	-	-
Equity shareholders' funds at 31 March 2022	11,213,618	36,158,068	1,187,473	14,114,049	(59,718,735)
Foreign currency adjustments	-	-	-	-	(6,400,000)
Profit for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	(6,400,000)
Transfer to taxation reserve	-	-	-	345,206	-
Share option expense	-	-	137,085	-	-
Equity shareholders' funds at 31 December 2022	11,213,618	36,158,068	1,324,558	14,459,255	(66,216,735)
Foreign currency adjustments	-	-	-	-	994,000
Profit for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	994,000
Transfer to taxation reserve	-	-	-	352,823	-
Share option expense	-	-	48,067	-	-
Equity shareholders' funds at 31 March 2023	11,213,618	36,158,068	1,372,625	14,812,078	(65,216,735)

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$14,450,617 (31 December 2022: merger reserve of US\$361,461 and a taxation reserve of US\$14,097,794).

Condensed Consolidated Cash Flow Statement
For the three month period ended 31 March 2023

(expressed in US\$)	For the three months ended	
	2023	2022
	(unaudited)	(unaudited)
Operating activities		
Post tax profit for period	1,467,479	1,729,603
Depreciation - plant, equipment and mining properties	834,514	1,171,888
Stock provision	370,000	-
Net financial income/(expense)	35,740	(279,527)
(Gain)/loss on asset disposals	(143,660)	1,064
Provision for taxation	(21,942)	(569,558)
Share-based payments	48,067	112,125
Taxation Paid	(286,737)	(127,649)
Interest Paid	(26,410)	(20,226)
Foreign exchange loss	(90,421)	(139,928)
Changes in working capital		
Increase in inventories	(349,744)	(1,899,699)
Decrease/(increase) in receivables, prepayments and accrued income	1,881,445	(1,747,341)
(Decrease)/increase in payables, accruals and provisions	(686,484)	317,743
Net cash inflow/(outflow) from operations	3,031,847	(1,451,505)

Investing activities		
Purchase of property, plant and equipment and assets in construction	(741,907)	(968,887)
Mine development expenditure	(372,400)	(1,065,885)
Geological exploration expenditure	(206,546)	(469,250)
Pre-operational project costs	-	(1,141,582)
Proceeds from sale of assets	158,471	13,157
Interest received	42,819	-
Net cash outflow on investing activities	(1,119,563)	(3,632,447)
Financing activities		
Drawdown of secured loan	5,000,000	-
Payment of finance lease liabilities	(303,141)	(187,317)
Net cash inflow/(outflow) from financing activities	4,696,859	(187,317)
Net increase / (decrease) in cash and cash equivalents	6,609,143	(5,271,269)
Cash and cash equivalents at beginning of period	7,196,313	12,217,751
Exchange difference on cash	115,543	(13,857)
Cash and cash equivalents at end of period	13,920,999	6,932,625

Notes

1. Basis of preparation

These interim condensed consolidated financial statements are for the three month period ended 31 March 2023. Comparative information has been provided for the unaudited three month period ended 31 March 2022 and, where applicable, the audited twelve month period from 1 January 2022 to 31 December 2022. 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 2022 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 2022 and those envisaged for the financial statements for the year ending 31 December 2023.

Accounting standards, amendments and interpretations effective in 2023

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

The following Accounting standards came into effect as of 1 January 2023

IFRS 17 Insurance Contracts, including Amendments to IFRS 17	1 January
Classification of Liabilities as Current or Non-current (Amendments to IAS 1) and Classification of Liabilities as Current or Non-current - Deferral of Effective Date	1 January

There is no material impact on the financial statements from the adoption of these new accounting standards or amendments to accounting standards,

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted. These standards are not expected to have a material impact on the Company's current or future reporting periods.

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

(i) Going concern

At 31 March 2023 the Group held cash of US\$13.92 million which represents an increase of US\$6.72 million compared to 31 December 2022. This increase includes the receipt of a US\$5.0 million loan, from Santander Bank in Brazil, on 22 February 2023. The proceeds raised from the loan will be used for working capital and provided the Group with adequate liquidity to repay a similar arrangement which was repaid on 12 May 2023.

Management prepares, for Board review, regular updates of its operational plans and cash flow forecasts based on their best judgement of the expected operational performance of the Group and using economic assumptions that the Directors consider are reasonable in the current global economic climate. The most recent plans assume that during 2023 the Group will continue gold production from its Palito Complex operation as well as increase production from the Coringa mine and will be able to increase gold production to exceed the levels of 2022.

The Directors will, however, continue to limit the Group's discretionary expenditures including the continued development of Coringa which, on a longer term basis, requires additional external sources of finance to be secured.

The Directors have concluded that, based on the current operational projections, it remains appropriate to adopt the going concern basis of accounting in the preparation of these interim unaudited financial statements. The Directors acknowledge that the Group remains subject to operational and economic risks and any unplanned interruption or reduction in gold production or unforeseen changes in economic assumptions may adversely affect the level of free cash flow that the Group can generate on a monthly basis and its ability to secure further finance as and when required. The Directors consider that the Group will be able to secure the necessary external finance for the development of its Coringa project but that the timing of this may be dependent on the receipt of further permits and licences. The Directors believe that all the necessary permits and licenses will be awarded when all current information requests of the relevant authorities have been met.

2. Finance expense and income

	3 months ended 31 March 2023 (unaudited)	3 months ended 31 March 2022 (unaudited)
	US\$	US\$
Interest expense on secured loan	(111,710)	-
Interest expense on finance leases	(32,625)	-
Other	(16,835)	(1,839)
	(161,170)	(1,839)
Gain on revaluation of warrants	-	104,780
Interest income	42,819	-
Net finance expense	(118,351)	102,941

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 deferred tax liability arising on unrealised exchange gains has been eliminated in the three-month period to 31 March 2023 reflecting the stronger Brazilian Real exchange rate at the end of the period and resulting in deferred tax income of US\$287,667 (three months to 31 March 2022 - charge of US\$932,133).

The Group has also incurred a tax charge in Brazil for the three-month period of US\$265,725 (three months to 31 March 2022 tax charge - US\$362,575).

4. Earnings per Share

	3 months ended 31 March 2023 (unaudited)	3 months ended 31 March 2022 (unaudited)
Profit attributable to ordinary shareholders (US\$)	1,467,479	1,729,603
Weighted average ordinary shares in issue	75,734,551	75,734,551
Basic profit per share (US cents)	1.94	2.28
Diluted ordinary shares in issue ⁽¹⁾	81,488,078	80,907,748
Diluted profit per share (US cents)	1.80	2.14

(1) Based on 1,750,000 options vested and exercisable and 4,003,527 unexercised warrants as at 31 March 2023 (31 March 2022: 1,166,670 options and 4,003,428 unexercised warrants.)

5. Post balance sheet events

On 10 May 2023, the Group entered in a strategic exploration alliance with Vale SA through its subsidiary Salobo Metais S.A focused on the Mathilda prospect and other large regional targets in the Tapajos region of Para, Brazil. The exploration alliance is focused on the discovery of a large-scale copper project within Serabi's Palito Complex tenement area. The exploration alliance is structured over a number of phases and during Phase 1, Vale will sole fund up to US\$5.0 million exploration programme and in Phase 2 Vale may elect to continue exploration activities and to sole fund one or more selected copper projects to Pre-feasibility Study ("PFS") stage. At the end of Phase 2, Vale will have an option to acquire a 75% share of a legal entity to be incorporated by Serabi ("JV Company"). Immediately after the incorporation of the JV Company, Serabi shall transfer to the JV Company the copper project. Serabi shall sell 75% of the JV Company ownership to Vale for US\$5 million ("Exercise Price"). Vale will continue to sole fund the JV by capital contributions to completion of a Definitive Feasibility Study ("DFS"), while Serabi retains a 25% interest (Phase 3)

Upon completion of Phase 3 Vale can acquire an additional 15% interest in the JV Company for a further payment of the higher of US\$5 million or 1.5% of the net present value of the project, taking their interest to 90%. Serabi then has a put option to sell their remaining 10% interest in the JV Company for a further US\$10 million and a 1.5% Net Smelter Royalty ("NSR"). The JV Company may acquire additional copper projects from Serabi, in which case Serabi will be entitled to additional payments of the higher of US\$5 million or 1.5% of the net present value of the project for each, when a DFS has been completed.

Save as set out above, subsequent to the end of the period, there has been no item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of the Company to affect significantly the continuing operation of the entity, the results of these operations, or the state of affairs of the entity in future financial periods.

Attachment

- Q1 Results 2023

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