

Regulatory Story

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Serabi Gold plc - SRB Serabi Gold plc : Unaudited Interim Financial Results for the three and six month periods to 30 June 2016
Released 07:00 12-Aug-2016

For immediate release
12 August 2016

Serabi Gold plc
("Serabi" or the "Company")
Unaudited Interim Financial Results for the three and six month periods to 30 June 2016 and Management's Discussion and Analysis

Serabi Gold (AIM:SRB, TSX:SBI), the Brazilian focused gold mining and development company, today releases its unaudited interim financial results for the three and six month periods ending 30 June 2016 and at the same time has published its Management's Discussion and Analysis for the same period.

Key Financial Information

SUMMARY FINANCIAL STATISTICS FOR THE THREE AND SIX MONTHS ENDING 30 JUNE 2016

	3 months to 30 June 2016 US\$	6 months to 30 June 2016 US\$	3 months to 30 June 2015 ⁽¹⁾ US\$	6 months to 30 June 2015 ⁽¹⁾ US\$
Revenue	14,232,086	25,911,175	11,194,178	18,678,393
Cost of Sales	(8,923,316)	(15,612,822)	(8,188,141)	(13,048,050)
Depreciation and amortisation charges	(2,428,213)	(3,644,940)	(1,614,514)	(2,732,234)
Gross profit	2,880,557	6,653,413	1,391,523	2,898,109
Profit / (loss) before tax	60,924	1,562,228	(114,501)	76,897
Profit after tax	(341,483)	1,006,182	(114,501)	76,897
Earnings per ordinary share (basic)	(0.05)c	0.15c	(0.02)c	0.01c
Average gold price received		US\$1,216		US\$1,182

	As at 30 June 2016	As at 31 Dec 2015
Cash and cash equivalents	4,774,537	2,191,759
Net assets	57,568,151	46,783,645

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

	6 months to 30 June 2016	6 months to 30 June 2015
Gold production for cash cost and AISC purposes	19,667	14,843 ⁽²⁾
Total Cash Cost of production (per ounce)	US\$763	US\$767
Total AISC of production (per ounce)	US\$945	US\$967

1. The Sao Chico Mine was only declared to be in Commercial Production with effect from 1 January 2016 and all costs and revenues relating to this mine were capitalised prior to this date. The Income Statements for 2015 therefore only reflect the revenues and costs arising from the gold produced from the Palito Mine and the Cash Cost and AISC for the 2015 comparative period therefore also only reflect the activities from the Palito Mine.
2. Excludes gold production of 783 ounces from the Sao Chico Mine which was not in commercial production during 2015.

Key Operational Information**SUMMARY PRODUCTION STATISTICS FOR THE THREE AND SIX MONTHS ENDING 30 JUNE 2016 (PALITO AND SAO CHICO)**

		Quarter 1 2016	Quarter 2 2016	H1 2016	H1 2015
Horizontal development	Metres	2,925	2,941	5,866	4,462
Mined ore	Tonnes	37,546	33,606	71,152	63,992
	Gold grade (g/t)	11.02	9.56	10.33	9.85
Milled ore	Tonnes	36,615	39,402	76,017	63,662
	Gold grade (g/t)	8.58	8.17	8.37	8.36
Gold production ⁽¹⁾	Ounces	9,771	9,896	19,667	15,626

(1) Gold production figures are subject to amendment pending final agreed assays of the gold content of the copper/gold concentrate and gold doré that is delivered to the refineries.

(2) Gold production totals for 2016 include treatment of 11,053 tonnes of flotation tails

Financial Highlights

- Cash Cost for the year to date of US\$763.
- All-In Sustaining Cost for the year to date of US\$945.
- Gross profit from operations for the first six months of 2016 has increased by 130% from US\$2.90 million to US\$6.65 million compared period in 2015.
- Post tax profit of US\$1.00 million compared with US\$0.01 million for the same six month period in 2015.
- Earnings per share of 0.15 cents for the first six months of 2016.
- Cash holdings of US\$4.8 million at 30 June 2016.
- Average gold price of US\$1,216 received on gold sales in the first six months of 2016.

2016 Guidance

- Forecast gold production for 2016 expected to exceed 37,000 ounces.
- Reflecting the strengthening of the Brazilian Real against the US Dollar, the Group has revised its cost guidance and anticipates that All-In Sustaining Cost for 2016 will be between US\$950 to US\$985 per ounce.
- The Brazilian Real has strengthened by 21.7% since the start of March 2016.

Operational Highlights

- 9,896 ounces of gold produced for the second quarter of 2016 (Q1 2016 - 9,771 ounces) for total gold production of 19,667 in the first half of 2016 (H1 2015 : 15,626 ounces)
- Mine production totalled 33,606 tonnes.
 - 25,198 tonnes at a grade of 10.48 grammes per tonne (g/t) of gold from Palito.
 - 8,408 tonnes at 6.81 g/t of gold from Sao Chico.
- 39,402 tonnes of ore processed through the plant for the combined mining operations.
- 2,941 metres of horizontal mine development completed in the quarter with 1,910 metres completed at Palito and 1,031 metres at Sao Chico.
- Installation of the third ball mill was completed during the quarter, with a second flotation line and enhancements in the CIP completed subsequent to the quarter end. The carbon regeneration kiln acquired earlier in the year is now being installed and will be commissioned during the current quarter. The kiln will regenerate 'fouled' carbon and enhance gold recoveries.
- Daily plant throughput can now be increased from 380-400 tonnes per day (tpd) to over 500 tpd, which is in excess of mined production allowing surface stocks to be depleted in the second half of the year.
- Sao Chico is now being developed on the 156mRL, 140mRL, 128mRL and 116mRL levels, with production ore being mined from the 156mRL level. The ramp continues to be deepened from levels 116mRL to 100mRL, the next planned development level.
- During the second quarter, underground exploration drilling has commenced at Sao Chico. A programme of approximately 6,000 metres is planned to test the down dip continuity of the central ore zone. The first hole, completed within the last seven days, reported an intersection of 46.2 g/t of gold over a drilled width of 2.32 metre, approximately 240 metres from surface and 100 metres down-dip from the current lowest developed level.
- At the end of the second quarter, the combined surface stockpiles at Palito and Sao Chico totalled 12,000 tonnes at an average grade of 5.0 g/t of gold.

The following link can be used to access a short review of the results by Clive Line CFO and an update from Palito provided by Mike Hodgson, CEO

<https://www.brrmedia.co.uk/broadcasts-embed/5788afc6a7593e3c7bbf7af5/event/?popup=true>

Clive Line, CFO of Serabi commented,

"In most respects this has been another good financial quarter. Revenue has increased by 39% year-on-year, with gross profit over the same period up by 130%. The improvement in the gold price has also contributed to a 22% improvement in revenue compared with the first quarter of this year. We have met our debt repayment obligations and ended the quarter with a cash position of almost US\$4.8 million. With only a small level of outstanding bank debt, which it is scheduled to be repaid by the end of 2016, our balance sheet is looking strong.

"On the cost side these remain in-line with our internal forecasts although the Group has experienced higher levels of costs on maintenance and power than originally estimated, attributable to a higher level of reliance on diesel powered generators. In Brazilian Real terms, the operating cost per ounce shows an increase of approximately 4% in the second quarter compared with the first quarter of 2016. In dollar terms, however, this cost variation translates to 16%. The effects of an unforeseen strengthening of the Brazilian Real during the last few months have slightly clouded what would otherwise have been another excellent quarter, operationally and financially.

"Our financing costs have also shown a significant increase quarter on quarter but a large part of this increase relates to an accounting entry to reflect the revaluation of a derivative considered, for accounting purposes, to be within the US\$2 million convertible loan that the Group has outstanding. As and when this convertible loan is settled this revaluation provision will be released. The provision attributed to this derivative at the end of June 2016 was being carried at US\$1.01 million.

"In the light of what we now expect will be a period of relative strength for the Brazilian Real and with over 80% of the Group's expenditure being incurred in Brazilian Reals, this exchange effect directly impacts on the Group's operating costs. We therefore have to amend our cost guidance to reflect this and estimate that the Group's AISC for 2016 will be between US\$950 and US\$985 per ounce.

"Nonetheless we are continuing to achieve a good margin on our production and with gold production to date running slightly ahead of our guidance and with current gold prices, we anticipate reporting strong results for the second half of the year."

The Real/US\$ exchange rate

At the start of 2016, against a backdrop of an uncertain political climate, with economic growth in decline, high unemployment and the country possibly entering recession, forecasters considered that an exchange rate of BrR\$4.50 to US\$1.00 by the end of 2016 could be expected.

Notwithstanding the economic issues that continue to prevail, the currency has, contrary to expectations and many other currencies, strengthened significantly against the United States Dollar since the start of March 2016. By early August the currency had strengthened by approximately 22% from its average level for January and February 2016. "Forecasters, whilst currently predicting a possible weakening of the Real later this year, now consider that the exchange rate will remain artificially high supported by strong inward flows from "carry trade" investments attracted by Brazil's high interest rates. Assuming that exchange rates for the remainder of 2016 remain in the range of recent levels of approximately BrR\$3.25 to US\$1.00, the Company calculates the effect of exchange rates add between US\$110 to US\$116 to its original projected AISC.

SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

		For the three months ended 30 June		For the six months ended 30 June	
		2016	2015	2016	2015
(expressed in US\$)	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CONTINUING OPERATIONS					
Revenue		14,232,086	11,194,178	25,911,175	18,678,393
Cost of sales		(8,923,316)	(8,188,141)	(15,612,822)	(13,048,050)
Depreciation of plant and equipment		(2,428,213)	(1,614,514)	(3,644,940)	(2,732,234)
Gross profit		2,880,557	1,391,523	6,653,413	2,898,109
Administration expenses		(1,412,120)	(1,248,013)	(2,544,320)	(2,153,518)
Share based payments		(25,640)	(101,018)	(148,756)	(202,037)
Gain on disposal of assets		24,401	-	26,969	-
Operating profit		1,467,198	42,492	3,987,306	542,554
Foreign exchange (loss)/gain		(31,609)	(35,032)	(72,408)	193,631
Finance expense	3	(1,374,699)	(408,378)	(2,352,739)	(972,179)

Finance income	3	34	286,417	69	312,891
Profit / (loss) before taxation		60,924	(114,501)	1,562,228	76,897
Income tax expense		(402,407)	-	(556,046)	-
(Loss) / profit for the period from continuing operations (1) (2)		(341,483)	(114,501)	1,006,182	76,897

Other comprehensive income (net of tax)**Items that may be reclassified subsequently to profit or loss**

Exchange differences on translating foreign operations		5,349,439	1,826,193	9,629,568	(9,187,333)
Total comprehensive income/(loss) for the period (2)		5,017,956	1,711,692	10,635,750	(9,110,436)

(Loss) / profit per ordinary share (basic) (1)	4	(0.05c)	(0.02c)	0.15c	0.01c
(Loss) / profit per ordinary share (diluted) (1)	4	(0.05c)	(0.02c)	0.14c	0.01c

(1) All revenue and expenses arise from continuing operations.

(2) The Group has no non-controlling interests and all losses are attributable to the equity holders of the parent company.

SERABI GOLD PLC
Condensed Consolidated Balance Sheets

	As at 30 June 2016 (unaudited)	As at 30 June 2015 (unaudited)	As at 31 December 2015 (audited)
(expressed in US\$)			
Non-current assets			
Deferred exploration costs	9,550,074	10,857,942	8,679,246
Property, plant and equipment	46,927,210	48,840,812	40,150,484
Total non-current assets	56,477,284	59,698,754	48,829,730
Current assets			
Inventories	9,520,851	8,625,790	6,908,790
Trade and other receivables	7,783,763	8,429,901	6,133,284
Prepayments	4,348,014	1,876,494	2,429,506
Cash and cash equivalents	4,774,537	4,481,970	2,191,759
Total current assets	26,427,165	23,414,155	17,663,339
Current liabilities			
Trade and other payables	6,480,142	5,607,205	4,212,803
Interest-bearing loan	2,516,667	5,856,000	4,000,000
Convertible loan facility	1,892,624	-	-
Trade and asset finance facilities	7,608,526	8,520,286	7,385,155
Derivative financial liabilities	1,577,832	544,374	-
Accruals	443,601	177,340	226,197
Total current liabilities	20,519,392	20,705,205	15,824,155
Net current assets	5,907,773	2,708,950	1,839,184
Total assets less current liabilities	62,385,057	62,407,704	50,668,914
Non-current liabilities			
Trade and other payables	2,298,786	1,773,567	1,857,914
Provisions	2,309,908	2,422,365	1,898,714
Interest-bearing liabilities	208,212	201,620	128,641
Total non-current liabilities	4,816,906	4,397,552	3,885,269
Net assets	57,568,151	58,010,152	46,783,645
Equity			
Share capital	5,263,182	61,668,212	5,263,182

Share premium	-	67,656,848	-
Option reserve	1,136,509	2,545,378	2,747,415
Other reserves	361,461	450,262	450,262
Translation reserve	(29,596,967)	(27,923,625)	(39,226,535)
Retained surplus / (accumulated losses)	80,403,966	(46,386,923)	77,549,321
Equity shareholders' funds attributable to owners of the parent	57,568,151	58,010,152	46,783,645

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 2015 prepared under IFRS as adopted in the EU and with IFRS and their interpretations adopted by the International Accounting Standards Board have been filed with the Registrar of Companies following their adoption by shareholders at the Annual General Meeting. The auditor's report on these accounts was unqualified but did contain an Emphasis of Matter with respect to the Company and the Group regarding Going Concern. The auditor's report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

SERABI GOLD PLC
Condensed Consolidated Statements of Changes in Shareholders' Equity

(expressed in US\$)	Share capital	Share premium	Share option reserve	Other reserves (1)	Translation reserve	Accumulated loss	Total equity
Equity shareholders' funds at 31 December 2014 (audited)	61,668,212	67,656,848	2,400,080	450,262	(18,736,292)	(46,520,559)	66,918,551
Foreign currency adjustments	-	-	-	-	(9,187,333)	-	(9,187,333)
Profit for the period	-	-	-	-	-	76,897	76,897
Total comprehensive income for the period	-	-	-	-	(9,187,333)	76,897	(9,110,436)
Share options lapsed in period	-	-	(56,739)	-	-	56,739	-
Share option expense	-	-	202,037	-	-	-	202,037
Equity shareholders' funds at 30 June 2015 (unaudited)	61,668,212	67,656,848	2,545,378	450,262	(27,923,625)	(46,386,923)	58,010,152
Foreign currency adjustments	-	-	-	-	(11,302,910)	-	(11,302,910)
Loss for the period	-	-	-	-	-	(125,634)	(125,634)
Total comprehensive income for the period	-	-	-	-	(11,302,910)	(125,634)	(11,428,544)
Cancellation of share premium	-	(67,656,848)	-	-	-	67,656,848	-
Cancellation of deferred shares	(56,405,030)	-	-	-	-	56,405,030	-
Share option expense	-	-	202,037	-	-	-	202,037
Equity shareholders' funds at 31 December 2015 (audited)	5,263,182	-	2,747,415	450,262	(39,226,535)	77,549,321	46,783,645
Foreign currency adjustments	-	-	-	-	9,629,568	-	9,629,568
Profit for the period	-	-	-	-	-	1,006,182	1,006,182
Total comprehensive income for the period	-	-	-	-	9,629,568	1,006,182	10,635,750
Warrants lapsed	-	-	-	(88,801)	-	88,801	-
Share options lapsed in period	-	-	(1,759,662)	-	-	1,759,662	-
Share option expense	-	-	148,756	-	-	-	148,756
Equity shareholders' funds at 30 June 2016 (unaudited)	5,263,182	-	1,136,509	361,461	(29,596,967)	80,403,966	57,568,151

1. Other reserves comprise a merger reserve of US\$361,461 (2015: US\$361,461 and a warrant reserve US\$88,801)

SERABI GOLD PLC
Condensed Consolidated Cash Flow Statements

	For the three months ended 30 June		For the six months ended 30 June	
	2016	2015	2016	2015
(expressed in US\$)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating activities				
Operating (loss)/profit	(341,483)	(114,501)	1,006,182	76,897
Depreciation - plant, equipment and mining properties	2,428,213	1,614,514	3,644,940	2,732,234
Net financial expense	1,406,273	156,993	2,425,077	465,657
Taxation	402,407	-	556,046	-
Share-based payments	25,639	101,018	148,756	202,037
Foreign exchange (loss) / gain	(302,227)	89,410	169,676	164,488
Changes in working capital				
Decrease/(increase) in inventories	1,189,635	468,303	(780,741)	(1,448,480)
(Increase) in receivables, prepayments and accrued income	(2,073,657)	(1,919,140)	(2,764,970)	(1,566,516)
Increase in payables, accruals and provisions	(22,698)	805,971	1,479,848	1,640,918
Net cash inflow from operations	2,712,102	1,202,568	5,884,814	2,267,235
Investing activities				
Sales revenues capitalised	-	927,091	-	927,091
Capitalised pre-operating costs	-	(667,208)	-	(667,208)
Purchase of property, plant and equipment and projects in construction	(1,463,710)	(1,684,187)	(2,127,671)	(3,287,895)
Mine development expenditures	(729,010)	(434,246)	(1,249,151)	(797,832)
Exploration and other development expenditure	-	(462,235)	-	(462,235)
Proceeds from sale of assets	24,401	-	26,969	-
Interest received	34	66	69	841
Net cash outflow on investing activities	(2,168,285)	(2,320,719)	(3,349,784)	(4,287,238)
Financing activities				
Repayment of short-term secured loan	(1,333,333)	-	(1,333,333)	(2,000,000)
Draw-down of short-term convertible loan facility	-	-	2,000,000	-
Receipts from short-term trade finance	6,750,809	5,266,690	11,901,098	10,687,449
Repayment of short-term trade finance	(5,194,131)	(5,023,755)	(11,509,875)	(10,863,935)
Payment of finance lease liabilities	(169,793)	(110,585)	(381,521)	(267,065)
Interest paid and other finance costs	(272,937)	(335,703)	(498,332)	(769,870)
Net cash (outflow)/ inflow from financing activities	(219,385)	(203,353)	178,037	(3,213,421)
Net increase / (decrease) in cash and cash equivalents	324,432	(1,321,504)	2,713,068	(5,233,424)
Cash and cash equivalents at beginning of period	4,410,589	5,794,982	2,191,759	9,813,602
Exchange difference on cash	39,516	8,492	(130,289)	(98,208)
Cash and cash equivalents at end of period	4,774,537	4,481,970	4,774,537	4,481,970

Notes

1. General Information

The financial information set out above 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. A copy of the statutory accounts for 2015 will be filed with the Registrar of Companies following their adoption by shareholders at the next Annual General Meeting. The full audited financial statements for the years end 31 December 2015 do comply with IFRS.

2. Basis of Preparation

These interim accounts are for the three and six month periods ended 30 June 2016. Comparative information has been provided for the unaudited three and six month periods ended 30 June 2015 and, where applicable, the audited twelve month period from 1 January 2015 to 31 December 2015.

The accounts 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 2015 and those envisaged for the financial statements for the year ending 31 December 2016. The Group has not adopted any standards or interpretation in advance of the required implementation dates. It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board will have a material impact on the Group's earnings or shareholders' funds.

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

Going concern and availability of project finance

Having commenced initial development activities for the Sao Chico Mine at the end of 2014, this mine has been in development during 2015. On 1 February 2016, the Group announced that, with effect from 1 January 2016, the Sao Chico Mine had achieved Commercial Production. The Palito Mine has been in Commercial Production since 1 July 2014.

On 30 December 2015, the Group entered into an agreement with Fratelli Investments Ltd ("Fratelli"), its major shareholder, whereby Fratelli agreed to provide an unsecured short term working capital convertible loan facility of US\$5 million ("the Facility") to provide additional working capital facilities which could be drawn down at any time up to 30 June 2016. On 6 January 2016, the Group announced that it had made an initial draw down of US\$2 million against the Facility and there were no further draw-downs against the Facility prior to 30 June 2016. The Facility is to be repaid by 31 January 2017.

The Group has an additional secured loan facility which is repayable by 31 December 2016. At 30 June 2016, the amount outstanding under this facility was US\$2.67 million.

The Directors anticipate the Group now has access to sufficient funding for its immediate projected needs. The Group expects to have sufficient cash flow from its forecast production to finance its on-going operational requirements to repay its secured and unsecured loan facilities and to, at least in part, fund exploration and development activity on its other gold properties.

However, the forecasted cash flow projections for the remainder of 2016 include a continuing significant increase in production from the Sao Chico Mine compared with the preceding calendar year. Whilst the Group has declared Commercial Production at the Sao Chico Mine, there are risks associated with the commencement of any new mining operation whereby unforeseen technical and logistical events result in additional costs needing to be incurred, giving rise to the possibility that additional working capital may be required. Additionally the Group is exposed to changes in gold price and currency exchange rates. Should additional working capital be required the Directors consider that further sources of finance could be secured within the required timescale.

On this basis, the Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there is no certainty that such additional funds either for working capital or for future development will be forthcoming and these conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

3. Finance income and expense

Finance Expense	3 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2015 (unaudited)
Interest and fees on loans and finance facilities	255,887	408,378	538,332	818,203
Effective interest charge of the fair value and revaluation of derivatives	987,206	-	1,320,456	153,976
Finance cost on gold trading	131,606	-	493,951	-
	1,374,699	408,378	2,352,739	972,179

Finance Income	3 months ended 30 June 2016 (unaudited)	3 months ended 30 June 2015 (unaudited)	6 months ended 30 June 2016 (unaudited)	6 months ended 30 June 2015 (unaudited)
Revaluation of derivatives	-	218,787	-	-
Finance Income on gold trading	-	67,564	-	173,945
Interest income	34	66	69	841
	34	286,417	69	174,786

4. Earnings per share

3 months ended

3 months ended

6 months ended

6 months ended

12 months
ended 31

	30 June 2016 (unaudited)	30 June 2015 (unaudited)	30 June 2016 (unaudited)	30 June 2015 (unaudited)	Dec 2015 (audited)
Profit / (loss) attributable to ordinary shareholders (US\$)	(341,483)	(114,501)	1,006,182	76,897	(174,401)
Weighted average ordinary shares in issue	656,389,204	656,389,204	656,389,204	656,389,204	656,389,204
Basic and diluted (loss)/profit per share (US cents)	(0.05)	(0.02)	0.15	0.01	(0.03)
Diluted ordinary shares in issue	656,389,204	656,389,204	706,299,204⁽¹⁾	792,202,164 ⁽¹⁾	656,389,204
Diluted (loss)/profit per share (US cents)	(0.05)⁽²⁾	(0.02) ⁽²⁾	0.14	0.01	(0.03)⁽²⁾

1. Assumes exercise of all options and warrants outstanding as of that date.

2. As the effect of dilution is to reduce the loss per share, the diluted loss per share is considered to be the same as the basic loss per share.

5. Post balance sheet events

At 30 June 2016 Sprott Resource Lending Partnership ("Sprott") held a call option exercisable over 2,500 ounces of gold exercisable at a price of US\$1,125 per ounce. On 6 July 2016 Sprott exercised call options over 1,250 ounces of gold establishing a liability on the Group of US\$298,475 of which US\$150,000 has been settled with the remaining amount due for repayment on 31 December 2016.

This announcement is inside information for the purposes of Article 7 of Regulation 596/2014.

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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.

The Company will, in compliance with Canadian regulatory requirements, post the Unaudited Interim Financial Statements and the Management Discussion and Analysis for the three month and the six month periods ended 30 June 2015 on SEDAR at www.sedar.com. These documents will also be available from the Company's website - www.serabigold.com.

GLOSSARY OF TERMS

The following is a glossary of technical terms:

"Au" means gold.

"assay" in economic geology, means to analyse the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.

"development" - excavations used to establish access to the mineralised rock and other workings

"doré" - a semi-pure alloy of gold silver and other metals produced by the smelting process at a mine that will be subject to further refining.

"DNPM" is the Departamento Nacional de Produção Mineral.

"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.

"igneous" is a rock that has solidified from molten material or magma.

"Intrusive" is a body of igneous rock that invades older rocks.

"on-lode development" - Development that is undertaken in and following the direction of the Vein

"mRL" - depth in metres measured relative to a fixed point - in the case of Palito and Sao Chico this is sea-level. The mine entrance at Palito is at 250mRL.

"saprolite" is a weathered or decomposed clay-rich rock.

"stoping blocks" - a discrete area of mineralised rock established for planning and scheduling purposes that will be mined using one of the various stoping methods.

"Vein" is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.

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

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