PRESS RELEASE 14 AUGUST 2020

SERABI GOLD plc ("Serabi" or "the Company")

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Unaudited Results for the three and six month periods ended 30 June 2020

Serabi Gold plc (AIM:SRB, TSX:SBI), the Brazilian-focused gold mining and development company, today releases its unaudited results for the three and six month periods ended 30 June 2020.

Financial Highlights

- Cash Cost for the year to date of US$961 per ounce.
- All-In Sustaining Cost for the year to date of US$1,265 per ounce.
- EBITDA for the second quarter of 2020 of US$6.2 million (Q2 2019: US$3.3 million) an improvement of 89 per cent.
- EBITDA for the year to date ("ytd") of US$9.4 million (2019 ytd US$7.6 million) an improvement of 24 per cent.
- Post tax profit for the year to date of US$4.2 million (2019 ytd: US$1.7 million) an improvement of 142 per cent.
- Earnings per share for the year to date of 7.05 cents.
- Average gold price of US$1,647 received on gold sales in 2020.
- Outstanding loan from Sprott (US$6.9 million at start of year) repaid in full at 30 June 2020.
- Agreement, concluded in April 2020, with Greenstone Resources II LP ("Greenstone") to subscribe for US$12 million Convertible Loan Notes – US$2.0 million drawn down to date with balance available to be drawn until 30 June 2021.
- Agreement reached with Equinox Gold Corp. ("Equinox") allowing the Company to pay, in monthly instalments, the remaining US$12 million consideration for purchase of Coringa, until travel restrictions caused by Coronavirus are lifted – US$2.5 million settled to date.

Key Financial Information

	6 months to 30 June 2020 US$	**3 months to 30 June 2020 US$**	6 months to 30 June 2019 US$	3 months to 30 June 2019 US$
Revenue	**29,461,830**	**16,364,143**	29,585,739	12,459,699
Cost of sales	**(16,421,213)**	**(8,188,157)**	(19,164,989)	(7,803,002)
Gross operating profit	**13,040,617**	**8,175,986**	10,420,750	4,656,697
Administration and share based payments	**(3,670,066)**	**(2,005,436)**	(2,803,500)	(1,378,996)
EBITDA	**9,370,551**	**6,170,550**	7,617,250	3,277,701
Depreciation and amortisation charges	**(3,232,094)**	**(1,527,733)**	(4,250,501)	(1,960,956)
Operating profit / (loss) before finance and tax	**6,138,457**	**4,642,817**	3,366,749	1,316,745
Profit / (loss) after tax	**4,156,467**	**3,383,835**	1,719,640	169,678
Earnings per ordinary share (basic)	**7.05c**	**5.74c**	2.92c	0.29c
Average gold price received (US$/oz)	**US$1,647**	**US$1,710**	US$1,287	US$1,292

	As at 30 June 2020 US$	As at 31 December 2019 US$	As at 31 December 2018 US$
Cash and cash equivalents	**9,627,412**	14,234,612	9,216,048
Net assets	**56,492,450**	69,733,388	69,110,287

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

	6 months to 30 June 2020	6 months to 30 June 2019	12 months to 31 Dec 2019	12 months to 31 Dec 2018
Gold production for cash cost and AISC purposes	**17,524 ozs**	19,691 ozs	40,101 ozs	37,108 ozs
Total Cash Cost of production (per ounce)	**US$961**	US$860	US$832	US$821
Total AISC of production (per ounce)	**US$1,265**	US$1,085	US$1,081	US$1,093

Operational Highlights

- Second quarter gold production of 8,504 ounces, resulting in 17,524 ounces for the year to date.
- 43,519 tonnes of ore mined during the quarter at 5.85 grams per tonne ("g/t") of gold.
- 44,235 tonnes of run of mine ("ROM") ore were processed through the plant from the combined Palito and Sao Chico orebodies, with an average grade of 5.91 g/t of gold.
- 3,004 metres of horizontal development completed during the quarter, the highest level of development metres to date.

SUMMARY PRODUCTION STATISTICS FOR 2020 AND FOR 2019

		Qtr 1 2020	**Qtr 2 2020**	**YTD 2020**	Qtr 1 2019	Qtr 2 2019	Qtr 3 2019	Qtr 4 2019	Total 2019
Gold production (1) (2)	Ounces	**9,020**	**8,504**	**17,524**	10,164	9,527	10,187	10,233	40,101
Mined ore – Total	Tonnes	**42,036**	**43,519**	**85,555**	42,609	44,784	44,757	44,092	176,243
	Gold grade (g/t)	**6.54**	**5.85**	**6.19**	7.47	6.72	7.14	6.69	7.00
Milled ore	Tonnes	**40,465**	**44,235**	**84,700**	43,451	43,711	45,378	44,794	177,335
	Gold grade (g/t)	**6.66**	**5.91**	**6.27**	7.69	6.72	6.84	6.81	7.02
Horizontal development – Total	Metres	**2,878**	**3,004**	**5,882**	1,868	2,419	2,433	2,908	9,628

(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 2020 include treatment of 18,939 tonnes of flotation tails at a grade of 3.80 g/t (H1 2019: 10,892 tonnes at a grade of 4.38 g)
(3) The table may not sum due to rounding.

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Exploration and Development Highlights

- Results reported in the second quarter for a further eight surface holes and ten underground holes at Sao Chico. These results demonstrate the Main Vein structure now continues to host gold bearing mineralisation for approximately 375 metres to the west of the current mine limits, an extension of a further 75 metres.
  Results included:
  - **5.30m @ 12.10g/t Au** (Hole: 20-SC-166)
  - **3.40m @ 3.94g/t Au** (Hole: 20-SC-164)
  - **1.37m @ 28.77g/t Au** (Hole: 20-SCUD-341)
  - **2.72m @ 5.06g/t Au** (Hole: 20-SCUD-343)
- Reverse circulation percussion drilling on the Cicada terrestrial geophysics anomaly indicates the strong likelihood that the anomaly is a western extension of the Sao Chico vein structure, approximately 1,000 metres to the west of the current mine limits. Results include:
  - **3m @ 2.09g/t Au** (Hole: SCRC-004)
  - **1m @ 1.17g/t Au** (Hole: SCRC-007)
- Regional geochemical sampling has highlighted an area, referred to as Mata Cobra, which represents an eight kilometre by two kilometre soil copper anomaly exceeding 100ppm. This anomaly is coincidental with multiple molybdenum, bismuth, tellurium and arsenic multi-element anomalies as well as the original airborne electromagnetic ("AEM") anomalies

Key Objectives for 2020

- Continue to implement measures to minimise short term impacts of Coronavirus ("CV-19") on current operations and provide a safe and responsible work environment for staff during the crisis.
- Continue advancing the licensing process for Coringa along with ongoing engineering studies.
- Secure financing package for the Coringa project to fund plant assembly and other site developments.
- Complete, as soon as practically possible, exploration drilling at Sao Chico with a view to producing a new resource estimation.
- Complete exploration discovery drilling programme over the geophysical anomalies to the west and south of Sao Chico.

2020 Production Guidance

The impact of CV-19 pandemic has resulted in production of 17,524 ounces of gold for the first six months of the year. The company is working hard to expand the camp allowing for a return to full staffing levels before the end of the third quarter. With this in mind third quarter performance is anticipated to be similar to that of the second quarter, with a return to full levels of production in the early part of the fourth quarter. Should this be achieved, full year production would be expected to be between 34,000 and 37,000 ounces.

Clive Line, CFO of Serabi has been interviewed by Crux Investors and BRR Media. These interviews can be accessed using the following links

Crux Investors - https://youtu.be/jHyjme-IeJo

BRR Media - https://www.brrmedia.co.uk/broadcasts-embed/5f33db75b14d872626436cbb/copied-from-5f292eef65023062edd7e282?popup=true

Clive Line, CFO of Serabi commented,

"The second quarter of the year has proved, financially, to be one of our most successful ever and viewed in the context of the uncertainties that we were facing at the end of March, both from a financial and operational perspective, the workforce have produced an exceptional result in extremely challenging circumstances.

"Cashflow generated from operations was US$5.85 million and after accounting for capital expenditures the net operational cash flow of US$4.2 million represents the best level of quarterly cash flow generated by the Company to date.

"Operating profit (before finance costs) of US$4.64 million, is up by 253% compared to the same quarter in 2019 and for the year to date there has been an 82% improvement year on year. The financial performance has been assisted by the strong gold price and the continued weakness of the Brazilian Real. Since the end of the quarter we have seen continued improvement in the gold price, with record highs being reached in early August, and an average gold price for this current third quarter of approximately US$1,880 to date, compared with the average price achieved for the year to date of US$1,647 per ounce. With the expectation of gold production for the third quarter being at similar levels to that of the second quarter levels, this bodes well for the Company's cash generation going forward.

"The Company was able to repay the US$3.5 million outstanding secured loan liability to Sprott Resource Lending during the quarter without any impact on our cash position. In light of the operational uncertainties created by the COVID-19 pandemic we were able to renegotiate the terms for the settlement of the final payment for the Coringa gold project and this is now being paid down, whilst there are travel restrictions in place both internationally and within Brazil, in monthly instalments. We also put in place a US$12 million Convertible Loan Note facility (the "Loan Note Facility") arrangement with Greenstone Resources II LP ("Greenstone"), one of our major shareholders, which provided certainty that the Company had funding available to it to meet this acquisition obligation. At the end of the second quarter Serabi had drawn down US$1.5 million against the Loan Note Facility and settled US$1.0 million of the acquisition obligation. Subsequent to the end of the quarter, a further US$1.5 million of the acquisition obligation has been paid, with only US$0.5 million of additional funding being drawn down against the Loan Note Facility. With the Sprott debt now repaid and given the levels of cash currently expected to be generated, management will continue to try to pay the on-going instalment payments for Coringa from cash flow generated from operations, and minimise the requirement to make further draw-downs against the Loan Note Facility.

"The cash cost per ounce and the AISC per ounce for the year to date need to be viewed in context. Gold production for the year to date has been lower than was originally forecast. In the first quarter this was the result of a breakdown of the largest of the three ball mils during February, and although we quickly bounced back and were able to report our highest ever monthly level of production for March 2020, we could not fully recover the earlier shortfall. The second quarter production has been affected by the need to reduce the workforce on site to allow socially distanced working conditions. By the end of the quarter, the Company recorded over 85 per cent of its original production estimate with just 65 per cent of the normal level of workforce at site. Those staff that were at site, voluntarily extended their work rosters. Many spent up to three months at site to maintain the mining operations as restrictions on travel and a lack of testing capacity at the time rendered team changes very difficult. However, taking this action kept the camp safe. Nevertheless, additional costs have been incurred as a result of the pandemic, including hardship payments to staff that remained at site, salary payments whilst staff were quarantining in advance of starting their work rosters and additional medical and other costs as the Company adapted the conditions in the live-in camp to the changing requirements imposed by the pandemic, ensuring that it provides, as much as possible, a safe and secure work and living environment. Had production been at the original levels expected, this would have potentially translated into a 12.5 per cent improvement in the AISC and Cash Costs.

"Looking at the operational statistics during the first six months of the 2020, mined tonnage and plant throughput have been at similar levels to the same period in 2019 with lower mine grades being the major contributor to the reduction in gold production. The original plan for 2020 was to increase mining rates compared with 2019, and to use the ore sorter to beneficiate the lower grade material and deliver a sorted higher grade product to the process plant. The mine plan was therefore deliberately designed to undertake more development (more diluted ore given the mining method) as well as more lower grade stopes. The intention was to beneficiate this lower grade material through the ore sorter, screen out the majority of the waste and send the resultant lower volume of higher grade product to the plant. However, despite the Company continuing to follow the original mine plan, the reduced workforce meant the mining rates could not attain budgeted levels. As we begin to return to normal mining rates during the second part of this year mine output is expected to exceed the current plant capacity and with that, the effects of the ore sorter will really come into their own. With this, I would fully expect to see unit costs coming down as we spread the costs of the operation, many of which are relatively fixed in the short term, over a growing production base.

"We have re-started some of the investment programmes that were put on hold at the end of March 2020 in particular underground drilling at Sao Chico which is required for longer term mine planning purposes and orders for capital equipment to replace some of the mining fleet. Exploration programmes are expected to re-start in the fourth quarter once additional accommodation units and other infrastructure changes are installed to house and support Serabi's own full workforce complement.

"It has been said before, but I would like to take this opportunity to personally thank all of our Brazilian staff and management for the efforts they have made over the recent months. They have shown a commitment, flexibility, patience and loyalty that has allowed the Company to weather this storm and emerge in a strong position and the Board of Serabi is extremely grateful for their dedication."

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

The person who arranged for the release of this announcement on behalf of the Company was Clive Line, Director.

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Statement of Comprehensive Income
For the three and six month periods ended 30 June 2020

(expressed in US$)	Notes	For the three months ended 30 June **2020 (unaudited)**	2019 (unaudited)	For the six months ended 30 June **2020 (unaudited)**	2019 (unaudited)
CONTINUING OPERATIONS					
Revenue		**16,364,143**	12,459,699	**29,461,830**	29,585,739
Cost of sales		**(8,188,157)**	(7,803,002)	**(16,421,213)**	(19,664,989)
Release of inventory impairment provision		**–**	–	**–**	500,000
Depreciation and amortisation charges		**(1,527,733)**	(1,960,956)	**(3,232,094)**	(4,250,501)
Total cost of sales		**(9,715,890)**	(9,763,958)	**(19,653,307)**	(23,415,490)
Gross profit		**6,648,253**	2,695,741	**9,808,523**	6,170,249
Administration expenses		**(1,922,181)**	(1,415,133)	**(3,663,145)**	(2,798,964)
Share-based payments		**(136,600)**	(65,486)	**(161,838)**	(130,971)
Gain on sales of assets disposal		**53,345**	101,623	**154,917**	126,435
Operating profit		**4,642,817**	1,316,745	**6,138,457**	3,366,749
Foreign exchange loss		**(141,816)**	(51,486)	**(150,674)**	(66,103)
Finance expense	2	**(918,061)**	(849,336)	**(1,103,052)**	(1,123,599)
Finance income	2	**725,349**	159,600	**725,349**	161,817
Profit before taxation		**4,308,289**	575,523	**5,610,080**	2,338,864
Income tax expense	3	**(924,454)**	(405,845)	**(1,453,613)**	(619,224)
Profit after taxation		**3,383,835**	169,678	**4,156,467**	1,719,640
Other comprehensive income (net of tax)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		**(2,637,441)**	1,053,943	**(17,613,949)**	491,850
Total comprehensive profit /(loss) for the period[(1)]		**746,394**	1,223,621	**(13,457,482)**	2,211,490
Profit per ordinary share (basic)[)]	4	**5.74c**	0.29c	**7.05c**	2.92c
Profit per ordinary share (diluted)	4	**5.56c**	0.28c	**6.83c**	2.85c

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

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Balance Sheet as at 30 June 2020

(expressed in US$)	**As at 30 June 2020 (unaudited)**	As at 30 June 2019 (unaudited)	As at 31 December 2019 (audited)
Non-current assets			
Deferred exploration costs	**25,724,189**	29,591,753	30,686,652
Property, plant and equipment	**28,413,097**	39,055,069	37,597,100
Right of use assets	**1,863,595**	2,173,269	1,997,176
Taxes receivable	**829,555**	1,556,125	848,845
Deferred taxation	**490,890**	2,008,732	1,321,782
Total non-current assets	**57,321,326**	74,384,948	72,451,555
Current assets			
Inventories	**5,587,300**	6,898,033	6,577,968
Trade and other receivables	**1,344,595**	1,291,505	802,275
Prepayments and accrued income	**2,078,415**	4,706,018	3,473,288
Cash and cash equivalents	**9,627,412**	12,366,683	14,234,612
Total current assets	**18,637,722**	25,262,239	25,088,143
Current liabilities			
Trade and other payables	**5,514,477**	7,389,818	6,113,789
Acquisition payment outstanding	**10,430,799**	11,530,027	12,000,000
Other interest bearing liabilities	**–**	6,122,584	6,952,542
Derivative financial liabilities	**–**	681,765	–
Accruals	**281,712**	335,142	319,670
Total current liabilities	**16,226,988**	26,059,336	25,386,001
Net current assets	**2,410,734**	(797,097)	(297,858)
Total assets less current liabilities	**59,732,060**	73,587,851	72,153,697
Non-current liabilities			
Trade and other payables	**88,707**	562,627	183,043
Other interest bearing liabilities	**1,163,683**	–	–
Derivative financial liabilities	**340,508**	–	–
Provisions	**1,646,712**	1,572,476	2,237,266
Total non-current liabilities	**3,239,610**	2,135,103	2,420,309
Net assets	**56,492,450**	71,452,748	69,733,388
Equity			
Share capital	**8,888,963**	8,882,803	8,882,803
Share premium reserve	**21,800,976**	21,752,430	21,752,430
Option reserve	**833,370**	1,106,017	1,019,589
Other reserves	**9,017,420**	5,590,190	7,149,274
Translation reserve	**(61,892,895)**	(40,315,273)	(44,278,946)
Retained surplus	**77,844,616**	74,436,581	75,208,238
Equity shareholders' funds	**56,492,450**	71,452,748	69,733,388

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 2019 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 2020 Annual General Meeting. 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.

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Statements of Changes in Shareholders' Equity
For the three and six month periods ended 30 June 2020

(expressed in US$)

(unaudited)	Share capital	Share premium	Share option reserve	Other reserves [1]	Translation reserve	Retained Earnings	Total equity
Equity shareholders' funds at 31 December 2018	**8,882,803**	**21,752,430**	**1,363,367**	**4,763,819**	**(40,807,123)**	**73,154,991**	**69,110,287**
Foreign currency adjustments	—	—	—	—	491,850	—	491,850
Profit for the period	—	—	—	—	—	1,719,640	1,719,640
Total comprehensive income for the period	—	—	—	—	491,850	1,719,640	2,211,490
Transfer to taxation reserve	—	—	—	826,371	—	(826,371)	—
Share options lapsed in period	—	—	(388,321)	—	—	388,321	—
Share option expense	—	—	130,971	—	—	—	130,971
Equity shareholders' funds at 30 June 2019	**8,882,803**	**21,752,430**	**1,106,017**	**5,590,190**	**(40,315,273)**	**74,436,581**	**71,452,748**
Foreign currency adjustments	—	—	—	—	(3,963,673)	—	(3,963,673)
Profit for the period	—	—	—	—	—	2,113,344	2,113,344
Total comprehensive income for the period	—	—	—	—	(3,963,673)	2,113,344	(1,850,329)
Transfer to taxation reserve	—	—	—	1,559,084	—	(1,559,084)	—
Share options lapsed in period	—	—	(217,397)	—	—	217,397	—
Share option expense	—	—	130,969	—	—	—	130,969
Equity shareholders' funds at 31 December 2019	**8,882,803**	**21,752,430**	**1,019,589**	**7,149,274**	**(44,278,946)**	**75,208,238**	**69,733,388**
Foreign currency adjustments	—	—	—	—	(17,613,949)	—	(17,613,949)
Profit for the period	—	—	—	—	—	4,156,467	4,156,467
Total comprehensive income for the period	—	—	—	—	(17,613,949)	4,156,467	(13,457,482)
Shares issued in the period	6,160	48,546	—	—	—	—	54,706
Transfer to taxation reserve	—	—	—	1,868,146	—	(1,868,146)	—
Share options lapsed in period	—	—	(348,057)	—	—	348,057	—
Share option expense	—	—	161,838	—	—	—	161,838
Equity shareholders' funds at 30 June 2020	**8,888,963**	**21,800,976**	**833,370**	**9,017,420**	**(61,892,895)**	**77,844,616**	**56,492,450**

(1) Other reserves comprise a merger reserve of US$361,461 and a taxation reserve of US$8,655,959 (31 December 2019: merger reserve of US$361,461 and a taxation reserve of US$6,787,813).

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Cash Flow Statement
For the three and six month periods ended 30 June 2020

(expressed in US$)	For the three months ended 30 June 2020 (unaudited)	For the three months ended 30 June 2019 (unaudited)	For the six months ended 30 June 2020 (unaudited)	For the six months ended 30 June 2019 (unaudited)
Operating activities				
Post tax (loss) / profit for period	**3,383,835**	169,678	**4,156,467**	1,719,640
Depreciation – plant, equipment and mining properties	**1,527,733**	1,960,956	**3,232,094**	4,250,501
Net financial expense	**334,528**	741,222	**528,377**	1,027,885
Provision for impairment of inventory	—	—	—	(500,000)
Provision for taxation	**924,454**	405,845	**1,453,613**	619,224
Share-based payments	**191,306**	65,486	**216,544**	130,971
Foreign exchange (loss) / gain	**(123,744)**	(404,652)	**(45,805)**	(382,801)
Changes in working capital				
(Increase)/decrease in inventories	**568,519**	(572,470)	**(789,533)**	2,165,340
(Increase) in receivables, prepayments and accrued income	**(521,624)**	(376,417)	**(1,000,176)**	(1,113,022)
Increase/(decrease) in payables, accruals and provisions	**(800,544)**	979,894	**(57,232)**	1,518,388
Net cash inflow from operations	**5,484,463**	2,969,542	**7,694,349**	9,436,126
Investing activities				
Purchase of property, plant and equipment and assets in construction	**(181,643)**	(1,071,564)	**(1,189,953)**	(1,461,292)
Mine development expenditure	**(634,068)**	(654,253)	**(1,221,677)**	(1,492,563)
Geological exploration expenditure	**(248,911)**	(208,062)	**(1,085,272)**	(796,524)
Pre-operational project costs	**(262,344)**	(403,580)	**(477,640)**	(843,522)
Acquisition of mining project	**(1,000,000)**	—	**(1,000,000)**	—
Acquisition of other property rights	**(149,274)**	(120,988)	**(332,513)**	(1,156,075)
Proceeds from sale of assets	**88,856**	118,039	**327,859**	153,081
Interest received	**911**	—	**911**	2,217
Net cash outflow on investing activities	**(2,386,473)**	(2,340,408)	**(4,978,285)**	(5,594,678)
Financing activities				
Drawdown of convertible loan	**1,500,000**	—	**1,500,000**	—
Repayment of secured loan	**(3,491,746)**	(195,043)	**(6,983,492)**	(195,043)
Payment of finance lease liabilities	**(9,966)**	(81,573)	**(46,274)**	(267,178)
Interest paid and other finance costs	**(58,330)**	(151,137)	**(262,999)**	(303,933)
Net cash (outflow) / inflow from financing activities	**(2,060,042)**	(427,753)	**(5,792,765)**	(766,154)
Net increase / (decrease) in cash and cash equivalents	**1,037,948**	201,381	**(3,076,701)**	3,075,294
Cash and cash equivalents at beginning of period	**9,149,274**	12,133,712	**14,234,612**	9,216,048
Exchange difference on cash	**(559,810)**	31,590	**(1,530,499)**	75,341
Cash and cash equivalents at end of period	**9,627,412**	12,366,683	**9,627,412**	12,366,683

Notes

1. Basis of Preparation

These interim condensed consolidated financial statements are for the three and six month periods ended 30 June 2020. Comparative information has been provided for the unaudited three and six month periods ended 30 June 2019 and, where applicable, the audited twelve month period from 1 January 2019 to 31 December 2019. 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 2019 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 2019 and those envisaged for the financial statements for the year ending 31 December 2020.

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Accounting standards, amendments and interpretations effective in 2020

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

The following Accounting standard has come into effect as of 1 January 2020 have been

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)

The adoption of this standard has had no effect on the financial results of the Group.

There are a number of standards, amendments to standards, and interpretations which have been issued that are effective in future periods and which the Group has chosen not to adopt early. None of these are expected to have a significant effect on the Group, in particular

IAS 1 Presentation of Financial Statements
IFRS 3 Business Combinations (Amendment – Definition of a Business)

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

Going concern and availability of finance

As at 30 June 2020 the Group had cash in hand of US$9.63 million and net assets of US$56.49 million.

The occurrence of the Coronavirus (COVID-19) pandemic has created significant uncertainty for all business sectors including Serabi. However during the second quarter of 2020, the Group has maintained its gold mining operations without interruption, albeit that the Group took the decision to reduce the levels of workforce at site as a pre-cautionary measure to improve social distancing whilst additional accommodation and other facilities could be put in place prior to a return to full workforce numbers. Whilst production levels during the second quarter of 2002 were approximately 85 per cent of the levels that the Group had originally forecast, the weakness of the Brazilian Real and the increased gold price that prevailed during the second quarter, resulted in strong cash flow being generated by the Group. This has permitted the Group to repay in full US$3.5 million of secured loan that was outstanding at 31 March 2020.

At the current time the Directors have assumed that mining operations and gold production will continue at the Palito Complex at similar levels of production for the third quarter and expect that, with a return to a full workforce during the fourth quarter, production in the fourth quarter will increase. There is no evidence, at this time, to suggest that the authorities in Brazil have any intention to try and close down or suspend mining activities as a result of the current Coronavirus pandemic. On 20 March 2020, it was stipulated in Decree 10,282/20 that mineral activity was considered an essential business sector and further actions have subsequently been invoked to prevent any restrictive measures being applied to the supplies required by the mining industry including transportation of supplies, availability of materials required for processing, and the sale and transportation of the mineral products.

The Group has renegotiated the terms relating to the settlement of a final acquisition payment of US$12 million due to Equinox Gold Inc ("Equinox") in respect of the purchase of Chapleau Resources Limited and its Coringa gold project (the "Coringa Deferred Consideration"). Under the revised arrangement the Group will pay monthly instalments commencing 1 May 2020 of US$500,000 per month, increasing to US$1 million per month from 1 August 2020 and payable thereafter ("the "Deferral Period") until such time as certain conditions relating to travel into and within Brazil are lifted (the "Travel Restriction Conditions"). Within 6 weeks of the satisfaction of the Travel Restriction Conditions the remaining portion of the Coringa Deferred Consideration will become payable.

The Company announced on 22 January 2020 that it had entered into an agreement with Greenstone Resources II LP ("Greenstone") for the issue of and subscription by Greenstone of US$12 million of Convertible Loan Notes the proceeds of which would be used to satisfy the Coringa Deferred Consideration. However, due to the uncertainties created by the impact of the Coronavirus, the Company and Greenstone agreed to extend the period for the satisfaction of the conditions required for completion of the subscription by Greenstone. On 24 April 2020 the Company announced that it had agreed certain amendments to the original agreement with Greenstone (the "Amended Subscription Deed").

Under the Amended Subscription Deed and a further subsequent amendment agreed with Greenstone

(a) the Company may, prior to the satisfaction of the Travel Restriction Condition only submit a subscription request in respect of Convertible Loan Notes in the amount of US$500,000 each month. Following the satisfaction of the Travel Restriction Condition, the Company may then issue further subscription request for amounts of not less than US$100,000 and not exceeding an amount equal to US$12,000,000 less the sum of the aggregate principal amount of all Notes outstanding at that time.

(b) the Convertible Loan Notes were initially unsecured and subordinated to the Sprott Loan. Following the completion of the repayment of the Sprott Loan on 30 June 2020, the security interests of Sprott have been discharged and the Company has granted to Greenstone the security package as originally envisaged save that a pledge of the shares of Chapleau Resources Limited ("CRL") will continue to be held by Equinox until such time as the Coringa Deferred Consideration is settled in full. CRL holds 100% of the shares of Chapleau Exploração Mineral Ltda which in turn holds the exploration licences for the Coringa gold project

(d) The period during which the Company may issue an Issue Notice to Greenstone expires on 30 June 2021

(e) Subject to Greenstone not having exercised its option to convert the amount outstanding into Conversion Shares, the Convertible Loan Notes are due to be repaid 16 months after the first Issue Date which was 30 April 2020.

Based on the performance of the Group during the second quarter, and having discharged the Sprott Loan, the Board considers, if current production levels can be maintained and gold prices remain at current levels, that the Group can generate adequate cash flow, at least in the short term, to satisfy the on-going commitment in respect of the Coringa Deferred Consideration without needing to make further drawdowns against the Convertible Loan Notes. As at the current date, US$2.0 million has been drawn down against the Convertible Loan Notes and US$9.5 million remains outstanding in respect of the Coringa Deferred Consideration.

The Balance Sheet of the Group shows a net liability position of US$0.83 million at 30 June 2020 including the fair value of a cash liability of US$11 million in respect of Coringa Deferred Consideration (reduced to US$9.5 million subsequent to the period end. The Group plans to try and finance this liability as much as possible from its operational cash flow but can also obtain additional working capital through the issue of the balance of US$12 million of Convertible Loan Notes to Greenstone which will not be repayable until 31 August 2021.

Whilst the Directors consider that the assumptions they have used are reasonable and based on the information currently available to them, there remains significant uncertainty regarding further actions that have not been anticipated but which may be required or imposed and may impact on the ability of the Group to meet the operational plan and cash flow forecast.

Whilst recognising all the above uncertainties, the Directors have prepared the financial statements on a going concern basis. In the event that additional short term funding is required, the Directors believe there is a reasonable prospect of the Group securing further funds as and when required in order that the Group can meet all liabilities including the Coringa Deferred Consideration as and when they fall due in the next 12 months. The Directors have been successful in raising funding as and when required in the past and consider that the Group continues to have strong support from its major shareholders who been supportive of and provided additional funding when required on previous occasions.

As at the date of this report both the medium and long term impact of COVID-19 on the underlying operations, and the outcome of raising any further funds that may be required, remains uncertain and this represents a material uncertainty surrounding going concern. If the Group fails to achieve the operational plan or to raise any additional necessary funds, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The matters explained indicate that a material uncertainty exists that may cast significant doubt on the Group and Company's ability to continue as a going concern. These financial statements do not show the adjustments to the assets and liabilities of the Group or the Company if this was to occur.

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2. Finance expense and income

	3 months ended 30 June 2020 (unaudited)	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
	US$	US$	**US$**	US$
Interest expense on secured loan	**(58,036)**	(150,956)	**(203,127)**	(300,540)
Interest expense on convertible loan	**(38,907)**	—	**(38,907)**	—
Interest expense on mineral property acquisition liability	**(584,290)**	—	**(584,290)**	—
Unwinding of discount on mineral property acquisition liability	**—**	(270,750)	**—**	(532,271)
Expense in respect of non-substantial modification	**(195,137)**	(13,300)	**(235,037)**	(13,300)
Amortisation of arrangement fee for convertible loan	**(37,500)**	—	**(37,500)**	—
Loss on revaluation of derivatives	**(4,191)**	(427,630)	**(4,191)**	(290,788)
	(918,061)	(862,636)	**(1,103,052)**	(1,136,899)
Gain in respect of non-substantial modification	**724,438**	172,900	**724,438**	172,900
Interest income	**911**	—	**911**	2,217
Net finance expense	**(192,712)**	(689,736)	**(377,703)**	(961,782)

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 Group has released the amount of US$536,270 as a deferred tax charge during the six month period to 30 June 2020.

The Group has also incurred a tax charge in Brazil for the six month period of US$917,343.

4. Earnings per Share

	3 months ended 30 June 2020 (unaudited)	3 months ended 30 June 2019 (unaudited)	6 months ended 30 June 2020 (unaudited)	6 months ended 30 June 2019 (unaudited)
Profit attributable to ordinary shareholders (US$)	**3,383,835**	169,678	**4,156,467**	1,719,640
Weighted average ordinary shares in issue	58,947,463	58,909,551	**58,928,611**	58,909,551
Basic profit per share (US cents)	**5.74c**	0.29c	**7.05c**	2.92c
Diluted ordinary shares in issue (1)	**62,459,640**	60,430,473	**62,440,788**	60,430,473
Diluted profit per share (US cents)	**5.42c**	0.28c	**6.66c**	2.85c

(1) Based on 1,903,425 options vested and exercisable as at 30 June 2020 and 1,608,750 shares that could be issued pursuant to any exercise of conversion rights attaching to the Convertible Loan Notes as at 30 June 2020 (30 June 2019: 1,520,922 options)

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4. Post balance sheet events

On 4 August 2020, the Company announced that the period during which the Company may issue an Issue Notice in respect of the US$12 million Convertible Loan Note facility with Greenstone was extended from 31 December 2020 to 30 June 2021.

Save for the above and subsequent to the end of the quarter, 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.

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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.

Assay Results
The assay results reported within this release include those provided by the Company's own on-site laboratory facilities at Palito which may not have 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. Based on the results of this work, the Company's management are satisfied that the Company's own facility shows good correlation with independent laboratory facilities. 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 but only use assay results reported by 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 30 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

Copies of this announcement are available from the Company's website at www.serabigold.com.

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