

Serabi reports improving gold production for the fourth quarter of 2020.

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[Serabi Gold Plc](#)

(Serabi or the Company)

Serabi delivers improving gold production for the fourth quarter of 2020.

[Serabi Gold Plc](#) (AIM: SRB, TSX: SBI), the Brazilian focused gold mining and development company, is pleased to provide the results and a review of its fourth quarter operational and development activities in the Tapajos region of Para State, Northern Brazil.

A PDF Version of this release including all images can be accessed using the following link - <https://bit.ly/38GD9Em>

OPERATIONAL and DEVELOPMENT HIGHLIGHTS

- Fourth quarter gold production of 7,254 ounces, a small improvement on the third quarter and resulting in an annual total of 32,003 ounces.
- Production for December 2020 exceeded 3,000 ounces, the best monthly result since the end of April 2020.
- Total ore mined during the quarter of 46,275 tonnes at 5.24 grams per tonne (g/t) of gold.
- 43,440 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 5.27 g/t of gold, an improvement of 9% compared with Q3.
- 3,353 metres of horizontal development completed during the quarter, the highest since operations commenced, and a 10% increase on the previous quarter. Over 12,200 metres were developed during the year.
- Mine site and regional exploration activities resumed in the fourth quarter. A 32,000 metres drill programme is planned for 2021 with activity underway at the recently acquired Sao Domingos exploration tenement, immediately to the west of Sao Chico as well as Palito.
- Geophysical surveys commenced and remain ongoing at the Company's Calico prospect.
- The much-anticipated award of the Licen?a Pr?via (LP) for the Company's Coringa Gold project, was issued by the state environmental agency (SEMAS) on 8 October 2020

FINANCIAL AND CORPORATE HIGHLIGHTS

- Cash totalled US\$8.1 million at the end of December 2020 (including the initial outstanding proceeds from a December gold sale of US\$1.5 million).
- US\$3.0 million paid in the quarter to [Equinox Gold Corp.](#) (Equinox) under the staged payment plan for the Coringa gold project. Further US\$1.0 million paid on 1 January 2021 following which US\$4.5 million remains outstanding. Which is planned to have been settled in full during the second quarter of 2021.
- No funds drawn down in the quarter from the convertible loan arrangements with Greenstone Resources II LP (Greenstone) and a total of only US\$2.0 million had been drawn down at the end of December 2020.

2021 PRODUCTION GUIDANCE

- With the need to re-establish optionality in the operations by opening up additional mine faces during the early part of 2021, the Company anticipates that production for 2021 from the current Palito Complex operations will be between 33,000 and 36,000 ounces with production in 2022 then increasing to approximately 45,000 ounces.

Mike Hodgson has provided interviews to BRR Media and Crux

BRR Media

-<https://www.brrmedia.co.uk/broadcasts-embed/600065a659cf24171a328438/copied-from-5ee24bc35e278421d06982>

Crux Investors - <https://youtu.be/jtltFjCUNL4>

Key Operational Information

		SUMMARY PRODUCTION STATISTICS FOR								
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	YTD	Qtr 1	Qtr 2	Qtr 3	Qtr 4
		2020	2020	2020	2020	2020	2019	2019	2019	2019
Gold production ^{(1) (2)}	Ounces	9,020	8,504	7,224	7,254	32,003	10,164	9,527	10,164	9,527
Mined ore	Tonnes	42,036	43,519	44,097	46,275	175,928	42,609	44,784	44,784	44,784
	Gold grade (g/t)	6.54	5.85	4.84	5.24	5.59	7.47	6.72	7.14	6.72
Milled ore	Tonnes	40,465	44,235	46,135	43,440	174,276	43,451	43,711	45,311	45,311
	Gold grade (g/t)	6.66	5.91	4.75	5.27	5.62	7.69	6.72	6.84	6.84
Horizontal development	Metres	2,878	3,004	3,037	3,353	12,272	1,868	2,419	2,419	2,419

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 39,207 tonnes of flotation tails at a grade of 3.21g/t (2019: 29,976 tonnes @ 4.52g/t).
3. The table may not sum due to rounding.

Mike Hodgson, CEO, commented:

It goes without saying that 2020 has presented unique challenges, so in that context producing 7,254 ounces in the final quarter to bring annual gold production for the year to over 32,000 ounces was a success. Importantly with over 3,000 ounces being generated in December alone, our best month's production since April, I think we can see the benefits of a return to normality and can look forward to 2021 with great optimism. Whilst we did forecast higher gold production for 2020, pre-pandemic, I believe all things considered, the overall result given the challenges faced has been an excellent outcome. The gold not produced during 2020, has not been lost. It still remains in the ground and will therefore be produced in the future and with the continued strength of the gold price may generate better revenues.

As I reported last quarter, South America saw the first wave of the pandemic peaking in the third quarter and into the fourth quarter with several mining operations across the continent facing significant challenges. I believe a combination of our location, locking down the camps and initiating mass testing early in the pandemic really helped us maintain operations, whilst minimising the health risk to our staff. Our preventative actions have been critical and has allowed us to restore the on-site personnel numbers to pre-pandemic levels during the fourth quarter. Furthermore, I am pleased to say we have been COVID-free since September.

During the second and third quarters mining activities had to be reduced in order to lower the numbers of personnel at site, this resulted in lower mine output, which barely met plant capacity and surface stockpiles were consequently rundown. This reduction in mine output unfortunately diminished the benefit we had planned from our ore sorter. Nevertheless, when put to use, the performance of the ore sorter has been remarkable. Over the year, it has processed over 23,000 tonnes of feed at an average grade of 2.03 g/t Au.

The sorter discarded approximately 20,600 tonnes of low-grade material (~0.6g/t of gold) leaving a high-grade product of 2,818 tonnes at 12 g/t of gold. The discarded 20,600 tonnes would have previously been processed through the plant, consuming precious plant capacity. With a post crushing plant process cost of approximately \$35/tonne, and excluding tailings process costs, it is clear the sorter has already made a significant contribution to its initial cost, albeit with its restricted use. With development rates climbing and a ramp up in mining activity during the first half of 2021, we hope to see the real benefits from the ore-sorter during the second half of 2021 that had originally been expected in 2020.

As mentioned, mining rates have improved during this final quarter and over the coming months this will improve optionality and with that, a continued improvement in production grades. The Ipe, Mogno and Pipocas veins continued to contribute the majority of the production tonnage from the Palito orebody. In the Sao Chico orebody, levels -48mRL and -63mRL, the deepest levels were worked, with increased levels of mining from the Julia vein on levels 116mRL and 130mRL. The increase in mining activity has also resulted in a very welcome improvement in development rates. The fourth quarter saw the highest horizontal development rates since operations commenced and was the third consecutive quarter where rates exceeded 3,000 metres per month. These improved development rates have come about with improved fleet availability and utilisation, but principally the introduction of a third underground shift.

The fourth quarter has also seen the welcome return of exploration activities, with work focusing in three locations namely, the Palito and Sao Chico mine sites, and the newly acquired Sao Domingos prospect with three rigs arriving late in the quarter.

The first rig was deployed to Sao Chico to pick up the drilling of the Western extension of the Sao Chico orebody and the initial results to date have been very encouraging.

Use the link below to access Figure 1 - Plan view of Sao Chico and geophysical anomalies to the west showing selected drilling results

<https://bit.ly/2XEIKFV>

The second rig has been deployed at the newly acquired Sao Domingos/Fofoca exploration tenement, which lies immediately to the west of Sao Chico. The Sao Domingo tenement is rich in multiple artisanal workings, past and present and where some exceptionally high-grade ore has been mined. Our initial exploration activities are centred upon some of these artisanal workings. Two stand out prospects, Toucano and Atacadao, typify this and are of particular interest. Toucano is a series of artisanal open pits covering a strike length of some 600 metres, which is reported to have produced exceptional grades, some of which have been mined within a 20-metre-wide mineralised zone to depths of 40 metres. At Atacadao, a 11-hole drill programme was completed in 2006, testing the mineralisation under the artisanal workings. The results of this modest programme intersected high grade gold mineralisation ranging from 3 to 60g/t gold at an average true width of between 0.2 to 0.8 metres.

Use the link below to access Figure 2 - map showing expanded Jardim do Ouro tenement holdings including new tenements acquired

<https://bit.ly/3oEUCT4>

A third rig has recently commenced drilling strike extensions beyond the mine limits of the Palito orebody.

Regional exploration has also been restarted, with geochemical and geophysical works focusing on Calico and Juca prospects to the south of Palito.

I look forward to updating the market with all these recent exploration activities in the next weeks.

Use the link below to access Figure 3 - Regional plan showing Jardim do Ouro tenement and contours of copper and gold soil anomalies identified by geochemical sampling

<https://bit.ly/3oVG9Cc>

Finally, the permitting of Coringa received a significant boost during the fourth quarter with the much-anticipated award of the Licen?a Pr?via which was formally issued by the state environmental agency (SEMAS) on 8 October 2020. Progress is now continuing as we work with our environmental consultants and legal counsel to secure the Installation License (LI), which is the permit required to begin construction. We are pleased to report that the Federal Agency for Indigenous Communities FUNAI have confirmed their full support for the project and just before the year end, the Federal Agency for Land Use, INCRA, entered into final discussions to officially agree the change of land use to mineral exploitation. We are now therefore very optimistic we will be in a position to start up the development of Coringa later this year.

During the quarter, the Company has settled a further US\$3.0 million of the remaining purchase consideration for Coringa and with a further US\$1.0 million paid on 1 January 2020, the remaining portion of the original acquisition price still to be paid is US\$4.5 million plus interest, so I anticipate that we will have settled this liability in full during the second quarter of 2021. We have not drawn down any further money under the convertible loan arrangements with Greenstone during the quarter and at the current time the total value of the convertible loan outstanding remains at US\$2.0 million.

The final shipment of concentrate for the year, and the second shipment for the quarter, took place in the last days of the December, and the initial proceeds of US\$1.5 million from this sale were received in the first days of January 2021. Including this receipt, the cash position at the end of December on a like for like basis was US\$8.1 million. Sales of physical gold during the third quarter were approximately 1,000 ounces greater than production levels reflecting normal stock movements and so it was always expected that this would affect the level of gold physically sold in the fourth quarter with a consequent impact on cash. In addition, to restarting exploration activity in the period with the additional costs this involves compared to prior quarters, the fourth quarter is the period when 13th salary payments are made, creating an additional call on cash resources.

Production Results

Total production for the final quarter of 2020 was 7,254 ounces of gold, generated from the processing of 43,440 tonnes of ore with an overall average grade of 5.27 g/t of gold. This processed ore was sourced from hard rock mined ore from the Palito and Sao Chico orebodies, supplemented by the processing of 9,092 tonnes of surface stockpiled flotation tailings grading approximately 3.0 g/t gold. Mined tonnage for the quarter totalled 46,275 tonnes with a grade of 5.24 g/t of gold. As reported last quarter, the lower mine and processed grades have been a combination of fewer faces underground, generating lower volumes. The fourth quarter did however see processed grades improve by 9% compared with the third quarter. Total production for the year was 32,003 ounces of gold.

On 31 December 2020, there were coarse ore stocks of approximately 3,800 tonnes of ore with an average grade of 4.2 g/t of gold, and an estimated stockpile of ~4,500 wet tonnes of flotation tails with an estimated average grade of 1.50 g/t of gold. These stockpiles continue to be consumed slowly and used as a top-up to ROM ore to keep the plant full. The stockpile of flotation tailings is sufficient to continue to process this material at current rates for the early part of 2021.

A total of 3,353 metres of horizontal development has been completed during the quarter, of which 1,510 metres was ore development. The balance is the ramp, cross cuts and stope preparation development.

2021 Production Guidance

As discussed above, the impact of CV-19 pandemic has resulted in reduced levels of production during 2020 compared with the originally forecast levels. Whilst the numbers of personnel at site have returned to pre-pandemic levels, as previously reported mining activities were simplified during the second and third quarters to reflect the lower numbers of staff able to be at site which has reduced the number of faces that are active at both deposits. Additional crews are being recruited to provide a short-term boost to mining activity and recover the optionality that has previously existed, but it may be six months before the benefits start to fully flow through into production. With this background the Company anticipates that production for

2021 from the current Palito Complex operations will be between 33,000 and 36,000 ounces with production in 2022 then increasing to approximately 45,000 ounces.

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.

Enquiries:

[Serabi Gold Plc](#)

Michael Hodgson

Tel: +44 (0)20 7246 6830

Chief Executive

Mobile: +44 (0)7799 473621

Clive Line

Tel: +44 (0)20 7246 6830

Finance Director

Mobile: +44 (0)7710 151692

Email: contact@serabigold.com

Website: www.serabigold.com

Beaumont Cornish Limited

Nominated Adviser and Financial Adviser

Roland Cornish

Tel: +44 (0)20 7628 3396

Michael Cornish

Tel: +44 (0)20 7628 3396

Peel Hunt LLP

UK Broker

Ross Allister

Tel: +44 (0)20 7418 8900

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.

GLOSSARY OF TERMS

The following is a glossary of technical terms:

“Ag”

means silver.

“Au”

means gold.

“assay”

in economic geology, means to analyse the proportions of metal in a ore or mineral for composition, purity, weight or other properties of co

“CIM”

means the Canadian Institute of Mining, Metallurgy and Petroleum.

“chalcopyrite”

is a sulphide of copper and iron.

“Cu”

means copper.

“cut-off grade”

the lowest grade of mineralised material that qualifies as ore in a give included in an ore estimate.

“deposit”

is a mineralised body which has been physically delineated by suffici underground work, and found to contain a sufficient average grade o exploration and/or development expenditures; such a deposit does n ore body or as containing ore reserves, until final legal, technical, and

“electromagnetics”

is a geophysical technique tool measuring the magnetic field generat electrical currents.

“garimpo”

is a local artisanal mining operation

“garimpeiro”

is a local artisanal miner.

“geochemical”

refers to geological information using measurements derived from ch

“geophysical”	refers to geological information using measurements derived from the readings.
“geophysical techniques”	include the exploration of an area by exploiting differences in physical properties. Geophysical methods include seismic, magnetic, gravity, induced polarization, etc. Geophysical surveys can be undertaken from the ground or from the air.
“gossan”	is an iron-bearing weathered product that overlies a sulphide deposit.
“grade”	is the concentration of mineral within the host rock typically quoted as a percentage (%), parts per million (ppm) or parts per billion (ppb).
“g/t”	means grams per tonne.
“granodiorite”	is an igneous intrusive rock similar to granite.
“hectare” or a “ha”	is a unit of measurement equal to 10,000 square metres.
“igneous”	is a rock that has solidified from molten material or magma.
“IP”	refers to induced polarisation, a geophysical technique whereby an electric field is applied to the sub-surface and the conductivity of the sub-surface is recorded.
“intrusive”	is a body of rock that invades older rocks.
“mineralisation”	the concentration of metals and their chemical compounds within a body of rock.
“mineralised”	refers to rock which contains minerals e.g. iron, copper, gold.
“mt”	means million tonnes.
“ore”	means a metal or mineral or a combination of these of sufficient value to be mined at a profit.
“oxides”	are near surface bed-rock which has been weathered and oxidised by oxygen from water and air.
“ppm”	means parts per million.
“saprolite”	is a weathered or decomposed clay-rich rock.
“sulphide”	refers to minerals consisting of a chemical combination of sulphur with a metal.
“vein”	is a generic term to describe an occurrence of mineralised rock within a host rock.
“VTEM”	refers to versatile time domain electromagnetic, a particular variant of time domain survey to prospect for conductive bodies below surface.

Assay Results

The assay results reported in the table within this release are those provided by the Company's own on-site laboratory facilities at Palito and have not 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 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 "may", "could", "should", "expect", "intend", "plan", "will", or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and

assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

ENDS

Attachment

- Q4 2020 Operational Report

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Die URL für diesen Artikel lautet:

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