

# Unaudited interim results for 3 and 6 month periods to 30 June 2023

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Unaudited interim results for the three and six month periods ended 30 June 2023

Serabi (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 2023.

A copy of the full interim statements together with commentary can be accessed on the Company's website using the following link: <https://bit.ly/47VVUAg>

## Financial Highlights

- Gold production for the second quarter of 8,518 ounces (2022: 8418 ounces) for total production for the year to date of 16,524 ounces (2022: 15,480 ounces).
- Cash held at 30 June 2023 of US\$13.3 million (31 December 2022: US\$7.2 million).
- EBITDA for the six-month period of US\$6.6 million (2022: US\$5.2 million).
- Post tax profit for the six month period of US\$5.0 million (2022: US\$2.1 million),
- Profit per share of 6.58 cents compared with a profit per share of 2.74 cents for the same six month period of 2022.
- Net cash inflow from operations for the six-month period (after mine development expenditure of US\$1.3 million) of US\$7.8 million (2022: US\$1.5 million outflow).
- Average gold price of US\$1,940 per ounce received on gold sales during the six month period (2022: US\$1,869).
- Cash Cost for the six-month period to 30 June 2023 of US\$1,258 per ounce (six months 2022 : US\$1,415 per ounce) representing an 11% improvement compared to the same period of 2022.
- All-In Sustaining Cost for the three-month period to 20 June 2023 of US\$1,519 per ounce (six months 2022 : US\$1,716 per ounce) represents a 11.5% improvement compared to the same period of 2022.

## Key Financial Information

### SUMMARY FINANCIAL STATISTICS

	6 months to 30 June 2023 US\$ (unaudited)	6 months to 30 June 2022 US\$ (unaudited)	3 months to 30 June 2023 US\$ (unaudited)	3 months to 30 June 2022 US\$ (unaudited)
Revenue	30,523,582	31,200,863	17,086,213	18,315,843
Cost of sales	(21,064,434)	(23,268,585)	(11,297,431)	(13,995,113)
Gross operating profit	9,459,148	7,932,278	5,788,782	4,320,730
Administration and share based payments	(2,838,267)	(2,766,776)	(1,483,692)	(1,207,634)
EBITDA	6,620,881	5,165,502	4,305,090	3,113,096
Depreciation and amortisation charges	(2,025,037)	(2,923,245)	(1,190,523)	(1,751,357)
Operating profit before finance and tax	4,595,844	2,242,257	3,114,567	1,361,739
Profit after tax	4,979,891	2,072,939	3,512,412	343,336
Earnings per ordinary share (basic)	6.58c	2.74c	4.64c	0.45c
Average gold price received (US\$/oz)	US\$1,940	US\$1,845	US\$1,980	US\$1,846

	As at 30 June 2023 US\$ (unaudited)	As at 31 December 2022 US\$ (audited)
Cash and cash equivalents	13,285,448	7,196,313
Net assets	91,291,971	81,523,603

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

	6 months to 30 June 2023	6 months to 30 June 2022	12 months to 31 December 2022
Gold production for cash cost and AISC purposes	16,524 ozs	15,480 ozs	31,819 ozs
Total Cash Cost of production (per ounce)	US\$1,258	US\$1,415	US\$1,322
Total AISC of production (per ounce)	US\$1,519	US\$1,716	US\$1,615

*"The last 12 months since my appointment has been an exciting period in the development of the Company", said Michael Lynch-Bell, Chairman. "Operationally and financially it is pleasing to see the Company in such a strong position after a very encouraging quarter during which we have consistently improved our net cash position and the Company remaining on track to meet our full year guidance of 33,500 to 35,000 ounces."*

*"We still have challenges ahead as we continue to grow the production base with the development of Coringa, but having spent time with UK and Brazilian management, I am confident the solutions being pursued will overcome these."*

*"Since my appointment we have strengthened the Board with the appointment of Deborah Gudgeon who is also Chair of the Audit and Risk Committee and in January we also welcomed Carolina Margozzini to the Board as the representative for Fratelli Investments Limited, one of our two major shareholders. I am pleased to be part of such a diverse board that is working together to bring increased value to all Serabi's stakeholders."*

*"We also signed an exciting copper exploration joint venture, with Vale SA, the Brazilian mining major and drilling and other exploration activity commenced immediately. Serabi's projects are located in a relatively under-explored part of Brazil and the involvement of Vale is, I believe, a further endorsement of the mineral potential of the Tapajos region."*

*"We look forward to continued growth and development, and my objective is to ensure that we achieve this in a manner that is sustainable and in keeping with our core values, of developing gold mining opportunities that are efficient, cost effective and operated in a manner that brings economic, social and infrastructure benefits to all our stakeholders, including the local region and its communities."*

#### Overview of the financial results

An improved level of gold production in the second quarter of the year of 8,518 ounces, a 6% increase on the first quarter, has resulted in total production for the year to date of 16,524 ounces representing a 7% increase over the same period in 2022 (2022: 15,480 ounces). With continued growth anticipated for the second half of 2023, Serabi remains on track to meet its full year guidance of 33,500 to 35,000 ounces.

The cash balance at the end of June 2023 had increased to US\$13.3 million (Dec 2022: US\$7.2 million). This does include approximately US\$0.94 million of funds held for the Vale Exploration Alliance but nonetheless the net cash attributable to the Group has increased by US\$5.1 million during the first six months of the year.

Cash cost for the year to date is US\$1,258 per ounce which represents a small decrease compared to the

first quarter of 2023 when reported cash costs were US\$1,281 per ounce and a significant reduction compared to the same six month period of 2022 when a cash cost of US\$1,415 was reported. AISC for the year to date is US\$1,519 per ounce, which is in line with the AISC of US\$1,516 per ounce reported in the first quarter of 2023. The current AISC compares very favourably with the same six month period of 2022 when an AISC of US\$1,716 was reported, particularly given the levels of mine development incurred in the period, particularly at Coringa, creating the opportunity for longer term production growth. Capitalised mine development costs were US\$1.0 million higher in the last three month period compared with the first three months of 2023.

Gold sales for the quarter were 8,475 ounces, with inventory levels remaining steady following the increase in gold inventory experienced in the first quarter following the commissioning of new tanks in the leaching circuit. Consistent with the results for the first quarter of 2023, amortisation costs are lower in this quarter than previously, a consequence of the reduced activity at Sao Chico and therefore minimal amortisation costs associated with this project. In addition, because Coringa is only in a trial mining phase and has not attained commercial production, the project costs are not currently subject to amortisation charges. In accordance with accounting regulations the gold sales and related operating costs of Coringa are being reflected in the Group's income statement.

On 10 May 2023, the Company announced that it had entered into an exploration alliance with Vale SA focused on the Matilda prospect and other large regional targets in the Tapajos region of Para, Brazil. The current exploration activity under this alliance is being funded in its entirety by Vale up to an initial US\$5 million for the Phase 1 activities. However, Serabi is the operator and undertaking the activity either directly or using contractors where appropriate. Vale provides funding in advance to Serabi and at the end of the quarter, Serabi held US\$0.94 million of cash that will be used to meet the accrued and future costs of the alliance exploration activity. The exploration costs being incurred under the alliance are not being capitalised but are being expensed through the Income Statement as they are incurred. Similarly, the funds being received from Vale are also being reported through the Income Statement as other income.

During May, the Group settled a US\$5.0 million export linked loan facility that had been advanced by Itau Bank BBA. The Group still has a further US\$5.0 million export linked facility advanced by Santander Bank in Brazil which is due to be repaid in February 2024 and carries a fixed interest rate of 7.97%.

To achieve production guidance for the rest of the year and in anticipation of increasing mine output from Coringa in 2024, the production plan anticipates further mine development activities. At Coringa we intersected the veins on the next level at 260mRL shortly before the end of August and this will present further development and production options. At Palito we are developing the G3 structure which in the past was a backbone of production. Re-establishing G3 as an additional production area is planned to provide further flexibility within the Palto orebody. Nonetheless, I would hope that we can maintain a broadly similar cost base for the remaining six months and continue to benefit from the continued strength of the gold price."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 as it forms part of UK Domestic Law by virtue of the European Union (Withdrawal) Act 2018.

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

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Copies of this announcement are available from the Company's website at [www.serabigold.com](http://www.serabigold.com).

#### Forward-looking statements

Certain statements in this announcement are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should" "envisage", "estimate", "intend", "may", "plan", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward-looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including risks associated with vulnerability to general economic and business conditions, competition, environmental and other regulatory changes, actions by governmental authorities, the availability of capital markets, reliance on key personnel, uninsured and underinsured losses and other factors, many of which are beyond the control of the Company. Although any forward-looking statements contained in this announcement are based upon what the Directors believe to be reasonable assumptions, the Company cannot assure investors that actual results will be consistent with such forward looking statements.

#### Qualified Persons Statement

The scientific and technical information contained within this announcement has been reviewed and approved by Michael Hodgson, a Director of the Company. Mr Hodgson is an Economic Geologist by training with over 35 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining and Oil & Gas Companies dated June 2009.

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

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The following information, comprising, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity, and Group Cash Flow, is extracted from the unaudited interim financial statements for the six months to 30 June 2023.

Statement of Comprehensive Income  
For the six month period ended 30 June 2023

		For the six months ended 30 June		For the three months ended 30 June	
		2023	2022	2023	2022
(expressed in US\$)	Notes	(unaudited)	(unaudited)	(unaudited)	(unaudited)
CONTINUING OPERATIONS					
Revenue		30,523,582	31,200,863	17,086,213	18,315,843
Cost of sales		(20,694,434)	(23,268,585)	(11,297,431)	(13,995,113)
Stock impairment provision		(370,000)	-	-	-
Depreciation and amortisation charges		(2,025,037)	(2,923,245)	(1,190,523)	(1,751,357)
Total cost of sales		(23,089,471)	(26,191,830)	(12,487,954)	(15,746,470)
Gross profit		7,434,111	5,009,033	4,598,259	2,569,373
Administration expenses		(2,899,894)	(2,596,017)	(1,449,726)	(1,150,064)
Share-based payments		(85,866)	(213,922)	(37,799)	(101,797)
Gain on asset disposals		147,493	43,163	3,833	44,227
Operating profit		4,595,844	2,242,257	3,114,567	1,361,739
Other income - exploration receipts	2	1,050,535	-	1,050,535	-
Other expenses - exploration expenses	2	(1,019,911)	-	(1,019,911)	-
Foreign exchange gain / (loss)		100,066	139,105	17,455	(37,481)
Finance expense	3	(434,748)	(66,525)	(273,578)	(64,686)
Finance income	3	819,669	152,624	776,850	47,844
Profit before taxation		5,111,455	2,467,461	3,665,918	1,307,416
Income tax expense	4	(131,564)	(394,522)	(153,506)	(964,080)
Profit after taxation		4,979,891	2,072,939	3,512,412	343,336
Other comprehensive income (net of tax)					
Exchange differences on translating foreign operations		4,703,151	1,986,773	3,708,904	(6,872,683)
Total comprehensive profit / (loss) for the period <sup>(1)</sup>		9,683,042	4,059,712	7,221,316	(6,529,347)
Profit per ordinary share (basic)	5	6.58c	2.74c	4.64c	0.45c
Profit per ordinary share (diluted)	5	6.58c	2.68c	4.64c	0.44c

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

#### Balance Sheet as at 30 June 2023

(expressed in US\$)	Notes	As at 30 June 2023 (unaudited)	As at 30 June 2022 (unaudited)	As at 31 December 2022 (audited)
<b>Non-current assets</b>				
Deferred exploration costs	7	20,367,929	39,608,630	18,621,180
Property, plant and equipment	8	51,678,058	28,254,138	48,482,519
Right of use assets	9	5,537,628	4,801,117	5,374,042
Taxes receivable		4,026,439	961,290	3,446,032
Deferred taxation		1,792,206	685,650	1,545,684
Total non-current assets		83,402,260	74,310,825	77,469,457
<b>Current assets</b>				
Inventories	10	9,881,514	7,724,300	8,706,351
Trade and other receivables		2,533,055	4,952,331	5,291,924
Derivative financial assets	12	649,209	-	-

Prepayments and accrued income		1,375,685	3,883,897	1,572,149
Cash and cash equivalents		13,285,448	9,819,882	7,196,313
Total current assets		27,724,911	26,380,410	22,766,737
Current liabilities				
Trade and other payables		6,328,124	5,626,540	5,830,872
Interest bearing liabilities	11	6,430,023	5,726,808	6,111,126
Derivative financial liabilities	12	88,755	-	-
Accruals		1,094,621	399,970	461,857
Total current liabilities		13,941,523	11,753,328	12,403,855
Net current assets		13,783,388	14,627,092	10,362,882
Total assets less current liabilities		97,185,648	88,937,917	87,832,339
Non-current liabilities				
Trade and other payables		4,111,078	466,292	3,800,886
Interest bearing liabilities	11	469,910	1,152,087	837,293
Deferred tax liability		-	381,483	480,922
Derivative financial liabilities	12	-	12,871	-
Provisions		1,312,689	2,766,049	1,190,175
Total non-current liabilities		5,893,677	4,778,782	6,309,276
Net assets		91,291,971	84,159,135	81,523,063
Equity				
Share capital	14	11,213,618	11,213,618	11,213,618
Share premium reserve		36,158,068	36,158,068	36,158,068
Share incentive reserve	14	243,002	1,289,270	1,324,558
Other reserves		15,375,463	14,472,400	14,459,255
Translation reserve		(61,573,620)	(66,661,397)	(66,276,771)
Retained surplus		89,875,440	87,687,176	84,644,335
Equity shareholders' funds		91,291,971	84,159,135	81,523,063

Statements of Changes in Shareholders' Equity  
For the six month period ended 30 June 2023

(expressed in US\$)

(unaudited)	Share capital	Share premium	Share incentive reserve	Other reserves <sup>(1)</sup>	Total
Equity shareholders' funds at 31 December 2021	11,213,618	36,158,068	1,075,348	13,694,731	(6,000,000)
Foreign currency adjustments	-	-	-	-	1,000,000
Profit for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	1,000,000
Transfer to taxation reserve	-	-	-	777,669	-
Share incentives expense	-	-	213,922	-	-
Equity shareholders' funds at 30 June 2022	11,213,618	36,158,068	1,289,270	14,472,400	(6,000,000)
Foreign currency adjustments	-	-	-	-	38,000,000
Loss for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	38,000,000
Transfer to taxation reserve	-	-	-	(13,145)	-
Share incentives expense	-	-	35,288	-	-
Equity shareholders' funds at 31 December 2022	11,213,618	36,158,068	1,324,558	14,459,255	(6,000,000)
Foreign currency adjustments	-	-	-	-	4,000,000
Profit for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	4,000,000
Transfer to taxation reserve	-	-	-	916,208	-

Share incentives expired	-	-	(1,167,422)	-	-
Share incentives expense	-	-	85,866	-	-
Equity shareholders' funds at 30 June 2023	11,213,618	36,158,068	243,002	15,375,463	(6

(1) Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$15,014,002 (31 December 2022: merger reserve of US\$361,461 and a taxation reserve of US\$14,097,794).

#### Condensed Consolidated Cash Flow Statement For the three month period ended 30 June 2023

	For the six months ended 30 June 2023		For the three months ended 30 June 2022	
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
(expressed in US\$)				
Operating activities				
Post tax (loss) / profit for period	4,979,891	2,072,939	3,512,412	343,336
Depreciation - plant, equipment and mining properties	2,025,037	2,923,245	1,190,523	1,751,357
Stock impairment provision	370,000	-	-	-
Net financial expense	(484,987)	(225,204)	(520,727)	54,323
Provision for taxation	131,564	394,522	153,506	964,080
Gain / (loss) on disposals	(147,493)	(43,163)	(3,833)	(44,227)
Share-based payments	85,866	213,922	37,799	101,797
Taxation paid	(395,890)	(131,462)	(109,153)	(3,813)
Interest paid	(385,814)	(51,838)	(359,404)	(31,612)
Foreign exchange (loss) / gain	(72,071)	(211,323)	18,350	(71,395)
Changes in working capital				
(Increase)/decrease in inventories	(781)	(394,806)	348,963	1,504,893
Decrease/(increase) in receivables, prepayments and accrued income	2,765,042	(3,912,322)	883,597	(2,164,98
(Decrease)/increase in payables, accruals and provisions	247,961	(339,994)	934,445	(657,737)
Net cash inflow from operations	9,118,325	294,516	6,086,478	1,746,021
Investing activities				
Purchase of property, plant and equipment and assets in construction	(980,086)	(2,490,502)	(238,179)	(1,521,61
Mine development expenditure	(1,339,090)	(1,849,462)	(966,690)	(783,577)
Geological exploration expenditure	(357,424)	(692,980)	(357,424)	(223,730)
Pre-operational project costs	-	(2,266,252)	206,546	(1,124,67
Proceeds from sale of assets	191,515	64,762	33,044	51,605
Interest Received	79,799	-	36,980	-
Net cash outflow on investing activities	(2,405,286)	(7,234,434)	(1,285,723)	(3,601,98
Financing activities				
Receipt of short-term loan	5,000,000	4,923,586	-	4,923,586
Repayment of short-term loan	(5,096,397)	-	(5,096,397)	-
Payment of finance lease liabilities	(610,982)	(502,225)	(307,841)	(314,908)
Net cash (outflow)/inflow from financing activities	(707,379)	4,421,361	(5,404,238)	4,608,678
Net increase/(decrease) in cash and cash equivalents	6,005,660	(2,518,557)	(603,483)	2,752,712
Cash and cash equivalents at beginning of period	7,196,313	12,217,751	13,920,999	6,932,625
Exchange difference on cash	83,475	120,688	(32,068)	134,545
Cash and cash equivalents at end of period	13,285,448	9,819,882	13,285,448	9,819,882

#### Notes

##### 1. Basis of preparation

These interim condensed consolidated financial statements are for the three and six month periods ended 30 June 2023. Comparative information has been provided for the unaudited three and six month periods ended 30 June 2022 and, where applicable, the audited twelve month period from 1 January 2022 to 31 December 2022. These condensed consolidated financial statements do not include all the disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

The condensed consolidated financial statements for the periods have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2022 and those envisaged for the financial statements for the year ending 31 December 2023.

The Directors have reviewed the principal risks and uncertainties facing the Group and have concluded that those facing the Group for the remaining six months of the current financial year are unchanged from the risks set out in the 2022 Annual Report and Accounts. In reaching this conclusion, the Directors considered changes in the internal and external environment during the intervening period which could threaten the Group's business model, future performance, liquidity, solvency or reputation. Details of these principal risks and how they are being managed are set out on pages 25 to 32 of the 2022 Annual Report and Accounts.

The interim financial information has not been audited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2022 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 have been filed with the Registrar of Companies. 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

Accounting standards, amendments and interpretations effective in 2023

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

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

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

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

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

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

(i) Going concern

At 30 June 2023 the Group held cash of US\$13.29 million which represents an increase of US\$6.09 million compared to 31 December 2022. This increase includes the receipt of a US\$5.0 million loan, from Santander Bank in Brazil, on 22 February 2023. The proceeds raised from the loan will be used for working capital and provided the Group with adequate liquidity to repay a similar arrangement which was repaid on 12 May 2023.



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

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

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

## 2. Other Income and Expenses

Under its copper exploration alliance with Vale announced on 10 May 2023, the related exploration activities being undertaken by the Group under the management of a working committee (comprising representatives from Vale and Serabi), are being funded in their entirety by Vale up to a value of US\$5 million during Phase 1 of the programme. The Group at this time has no certainty that the exploration for copper deposits will result in a project that is commercially viable recognising that exploration and development of copper deposits is not the core activity of the Group, there is a significant cost involved in developing new copper deposits and it is unlikely that without the financial support of Vale that the Group would independently seek to develop a copper project in preference to any of its existing gold projects and discoveries.

As a result, it is recognising both the funding received from Vale and the related exploration expenditures through its income statement. As this is not the principal business activity of the Group these receipts and expenditures are classified as other income and other expenses.

## 3. Finance Costs

	6 months ended 30 June 2023 (unaudited) US\$	6 months ended 30 June 2022 (unaudited) US\$	3 months ended 30 June 2023 2021 (unaudited) US\$	3 months ended 30 June 2022 (unaudited) US\$
Loss on revaluations of hedging derivatives	(88,755)	-	(88,755)	-
Interest expense on short term loan	(243,318)	(53,859)	(131,608)	(53,859)
Interest expense on trade finance	(41,891)	(12,666)	(25,056)	(10,827)
Interest expense on finance leases	(60,784)	-	(28,159)	-
Total Financial expense	(434,748)	(66,525)	(273,578)	(64,686)
Interest Income	79,799	-	36,980	-
Gain on revaluation of warrants	-	152,624	-	47,844
Gain on revaluation of hedging derivatives	570,863	-	570,863	-
Realised gain on hedging derivatives	169,007	-	169,007	-
Total Financial expense	819,669	152,624	776,850	47,844
Net finance income / (expense)	384,921	86,099	503,272	(16,842)

## 4. Taxation

The Group has recognised a deferred tax asset to the extent that the Group has reasonable certainty as to the level and timing of future profits that might be generated and against which the asset may be recovered. The deferred tax liability arising on unrealised exchange gains has been eliminated in the six-month period to 30 June 2023 reflecting the stronger Brazilian Real exchange rate at the end of the period and resulting in deferred tax income of US\$607,223 (six months to 30 June 2022 - benefit of US\$199,222).

The Group has also incurred a tax charge in Brazil for the six month period of US\$738,787 (six months to 30 June 2022 - US\$593,744).

## 5. Earnings per share

	6 months ended 30 June 2023 (unaudited)	6 months ended 30 June 2022 (unaudited)	3 months ended 30 June 2022 (unaudited)
Profit attributable to ordinary shareholders (US\$)	4,979,891	2,072,939	3,512,939
Weighted average ordinary shares in issue	75,734,551	75,734,551	75,734,551
Basic profit per share (US cents)	6.58c	2.74c	4.64c
Diluted ordinary shares in issue <sup>(1)</sup>	75,734,551	77,484,551	75,734,551
Diluted profit per share (US cents)	6.58c	2.68c	4.64c

(1) There were no share options outstanding at 30 June 2023 (30 June 2022: 1,750,000 options vested and exercisable as at 30 June 2022). At 30 June 2023 and 30 June 2022, there were 864,500 Conditional Share Awards in issue under the Serabi 2020 Restricted Share Plan (the "2020 Plan") (see Note 13(c)). The underlying shares to be issued pursuant to these Conditional Share Awards can only be issued if certain performance conditions have been met and at the end of the stipulated vesting period. Subsequent to the end of the period the Company announced that 404,700 Conditional Share Awards had lapsed as the performance conditions had not been achieved. The vesting period for the remaining 459,800 Conditional Share Awards has not yet been completed. Accordingly, none of the Conditional Share Awards that may be issued in the future have been included in the calculation of diluted earnings per share.

## 5. Post balance sheet events

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

## Attachment

- Q2 2023 Financial Report

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