SERABI GOLD PLC

INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL REVIEW
(Stated in US Dollars)

FOR THE THREE MONTHS ENDED
31 MARCH 2023

NOTICE

These unaudited interim condensed consolidated financial statements have been prepared by management and have not been subject to review by the Company's independent auditor.

SERABI GOLD PLC
Condensed Consolidated Statements of Comprehensive Income

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

(1) The Group has no non-controlling interest and all profits are attributable to the equity holders of the Parent Company

SERABI GOLD PLC
Condensed Consolidated Balance Sheets

(expressed in US$)	Notes	As at 31 March 2023 (unaudited)	As at 31 March 2022 (unaudited)	As at 31 December 2022 (audited)
Non-current assets				
Deferred exploration costs	6	19,280,937	41,624,903	18,621,180
Property, plant and equipment	7	49,522,379	30,748,907	48,482,519
Right of use assets	8	5,386,091	4,481,942	5,374,042
Taxes receivable		3,719,376	824,172	3,446,032
Deferred taxation		1,638,907	1,456,454	1,545,684
Total non-current assets		**79,547,690**	**79,136,378**	**77,469,457**
Current assets				
Inventories	9	8,973,919	10,271,853	8,706,351
Trade and other receivables		3,109,923	3,247,685	5,291,924
Prepayments and accrued income		1,704,596	3,592,942	1,572,149
Cash and cash equivalents		13,920,999	6,932,625	7,196,313
Total current assets		**27,709,437**	**24,045,105**	**22,766,737**
Current liabilities				
Trade and other payables		5,017,471	6,860,327	5,830,872
Interest bearing liabilities	10	11,442,130	769,698	6,111,126
Accruals		533,573	378,868	461,857
Total current liabilities		**16,993,174**	**8,008,893**	**12,403,855**
Net current assets		**10,716,263**	**16,036,212**	**10,362,882**
Total assets less current liabilities		**90,263,953**	**95,172,590**	**87,832,339**
Non-current liabilities				
Trade and other payables		4,188,728	499,042	3,800,886
Provisions		1,230,667	3,090,450	1,190,175
Deferred tax liability		250,274	–	480,922
Derivative financial liabilities	11	–	60,175	–
Interest bearing liabilities	10	561,428	935,698	837,293
Total non-current liabilities		**6,231,097**	**4,585,905**	**6,309,276**
Net assets		**84,032,856**	**90,586,685**	**81,523,063**
Equity				
Share capital	14	11,213,618	11,213,618	11,213,618
Share premium reserve		36,158,068	36,158,068	36,158,068
Option reserve	14	1,372,625	1,187,473	1,324,558
Other reserves		14,812,078	14,114,049	14,459,255
Translation reserve		(65,282,524)	(59,788,714)	(66,276,771)
Retained surplus		85,758,991	87,702,191	84,644,335
Equity shareholders' funds		**84,032,856**	**90,586,685**	**81,523,063**

The interim financial information has not been audited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2022 prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 will be filed with the Registrar of Companies before 30 June 2023. The auditor's report on these accounts was unqualified. The auditor's report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

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

(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 2021	**11,213,618**	**36,158,068**	**1,075,348**	**13,694,731**	**(68,648,170)**	**86,391,906**	**79,885,501**
Foreign currency adjustments	—	—	—	—	8,859,456	—	8,859,456
Profit for the period	—	—	—	—	—	1,729,603	1,729,603
Total comprehensive income for the period	—	—	—	—	8,859,456	1,729,603	10,589,059
Transfer to taxation reserve	—	—	—	419,318	—	(419,318)	—
Share option expense	—	—	112,125	—	—	—	112,125
Equity shareholders' funds at 31 March 2022	**11,213,618**	**36,158,068**	**1,187,473**	**14,114,049**	**(59,788,714)**	**(87,702,191)**	**90,586,685**
Foreign currency adjustments	—	—	—	—	(6,488,057)	—	(6,488,057)
Profit for the period	—	—	—	—	—	(2,712,650)	(2,712,650
Total comprehensive income for the period	—	—	—	—	(6,488,057)	(2,712,650)	(9,200,707)
Transfer to taxation reserve	—	—	—	345,206	—	(345,206)	—
Share option expense	—	—	137,085	—	—	—	137,085
Equity shareholders' funds at 31 December 2022	**11,213,618**	**36,158,068**	**1,324,558**	**14,459,255**	**(66,276,771)**	**84,644,335**	**81,523,063**
Foreign currency adjustments	—	—	—	—	994,247	—	994,247
Profit for the period	—	—	—	—	—	1,467,479	1,467,479
Total comprehensive income for the period	—	—	—	—	994,247	1,467,479	2,461,726
Transfer to taxation reserve	—	—	—	352,823	—	(352,823)	—
Share option expense	—	—	48,067	—	—	—	48,067
Equity shareholders' funds at 31 March 2023	**11,213,618**	**36,158,068**	**1,372,625**	**14,812,078**	**(65,282,524)**	**85,758,991**	**84,032,856**

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

SERABI GOLD PLC
Condensed Consolidated Cash Flow Statement

(expressed in US$)	For the three months ended 31 March 2023 (unaudited)	2022 (unaudited)
Operating activities		
Post tax profit for period	1,467,479	1,729,603
Depreciation – plant, equipment and mining properties	834,514	1,171,888
Stock provision	370,000	—
Net financial income/(expense)	35,740	(279,527)
(Gain)/loss on asset disposals	(143,660)	1,064
Provision for taxation	(21,942)	(569,558)
Share-based payments	48,067	112,125
Taxation Paid	(286,737)	(127,649)
Interest Paid	(26,410)	(20,226)
Foreign exchange loss	(90,421)	(139,928)
Changes in working capital		
Increase in inventories	(349,744)	(1,899,699)
Decrease/(increase) in receivables, prepayments and accrued income	1,881,445	(1,747,341)
(Decrease)/increase in payables, accruals and provisions	(686,484)	317,743
Net cash inflow/(outflow) from operations	**3,031,847**	**(1,451,505)**
Investing activities		
Purchase of property, plant and equipment and assets in construction	(741,907)	(968,887)
Mine development expenditure	(372,400)	(1,065,885)
Geological exploration expenditure	(206,546)	(469,250)
Pre-operational project costs	—	(1,141,582)
Proceeds from sale of assets	158,471	13,157
Interest received	42,819	—
Net cash outflow on investing activities	**(1,119,563)**	**(3,632,447)**
Financing activities		
Drawdown of secured loan	5,000,000	—
Payment of finance lease liabilities	(303,141)	(187,317)
Net cash inflow/(outflow) from financing activities	**4,696,859**	**(187,317)**
Net increase / (decrease) in cash and cash equivalents	**6,609,143**	**(5,271,269)**
Cash and cash equivalents at beginning of period	**7,196,313**	**12,217,751**
Exchange difference on cash	115,543	(13,857)
Cash and cash equivalents at end of period	**13,920,999**	**6,932,625**

Notes to the Condensed Consolidated Financial Statements

1. Basis of preparation

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

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

Accounting standards, amendments and interpretations effective in 2023

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

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

IFRS 17 Insurance Contracts, including Amendments to IFRS 17	1 January 2023
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 2023

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.

a) Going concern

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

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

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

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

(b) Use of estimates and judgements

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the 2022 annual financial statements.

(c) Impairment

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets have suffered impairment. Prior to carrying out impairment reviews, the significant cash generating units are assessed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets. Such determination is by reference to the stage of development of the project and the level of reliability and surety of information used in calculating value in use or fair value less costs to sell. Impairment reviews performed under IFRS 6 are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise; typically when one of the following circumstances applies:

(i) sufficient data exists that render the resource uneconomic and unlikely to be developed
(ii) title to the asset is compromised
(iii) budgeted or planned expenditure is not expected in the foreseeable future
(iv) insufficient discovery of commercially viable resources leading to the discontinuation of activities

Impairment reviews performed under IAS 36 are carried out when there is an indication that the carrying value may be impaired. Such key indicators (though not exhaustive) to the industry include:

(i) a significant deterioration in the spot price of gold
(ii) a significant increase in production costs
(iii) a significant revision to, and reduction in, the life of mine plan

If any indication of impairment exists, the recoverable amount of the asset is estimated, being the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. Such impairment losses are recognised in profit or loss for the year.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss for the year.

At each balance sheet date, the Company reviews the potential recoverability of investments in subsidiaries and intercompany debts by reviewing the underlying value of the assets of those subsidiaries and the future cash generation of those subsidiaries to determine whether there is any indication that those assets have suffered impairment or the debts may not be repaid. As with the Group each subsidiary is reviewed to determine whether they should be reviewed under the requirements of IFRS 6 - Exploration for and Evaluation of Mineral Resources or IAS 36 - Impairment of Assets and this determination and the indicators of impairment are consistent with those applied to the Group.

(d) Property, plant and equipment and mining properties

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation

Upon demonstration of the feasibility of commercial production, any past deferred exploration, evaluation and development costs related to that operation are reclassified as Projects in Construction. When commercial production commences these expenditures are then subsequently transferred at cost to Mining Properties. They are stated at cost less amortisation charges and any provision for impairment.

(ii) Subsequent costs

Costs relating to maintenance and upkeep of the Group's assets, once such assets have been commissioned and entered into commercial operations, will generally be expensed as incurred. In the event, however, that the costs demonstrably result in extending the original estimated life of such asset or enhances its value, then such expenditure is added to the carrying value of that asset and amortised over its remaining estimated useful life.

(iii) Depreciation

Amortisation of Mining Property is calculated over the estimated life of the mineable inventory on a unit of production basis. Mineable Inventory will include be based on management's judgement as to the recoverability of Measured, Indicated and Inferred Resources and these judgments may vary from time to time as the level of management's understanding and historical operational performance information increases. Future forecasted capital mine development expenditure is included in the unit of production amortisation calculation.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The Group reviews the economic lives at the end of each annual reporting period.

The residual value, if not insignificant, is reassessed annually. Gains and losses on disposal are determined by comparing proceeds with carrying values and are included in profit or loss.

(e) Deferred exploration costs
All costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. Subsequent to the legal rights being obtained, all costs related to the exploration of mineral properties are capitalised on a project-by-project basis and deferred until either the properties are demonstrated to be commercially viable (see note 1(d)(i) of the Group's 2022 Annual Report) or until the properties are sold, allowed to lapse or abandoned, at which time any capitalised costs are written off to the income statement. In addition to the direct costs involved in exploration activity, including sample collection, drilling costs, geophysical surveys and assay expenses, exploration costs are also considered to include technical and administrative overheads directly attributable to the exploration department including the cost of consultants, security, salaries, travel and accommodation but not general overheads of the Group. Deferred exploration costs are carried at cost, less any impairment losses recognised.

At such time as commercial feasibility is established and a development decision is reached, the costs associated with that property will be transferred to and re-categorised as Projects in Construction and upon commercial production being achieved, re-categorised as Mining Property.

Property, plant and equipment used in the Group's exploration activities are separately reported.

(f) Inventories
Inventories are stated at the lower of cost and net realisable value. Materials that are no longer considered as likely to be used by the Group, or their value is unlikely to be readily realised through a sale to a third party, are provided for.

Materials held for consumption within operations are valued based on purchase price or, when manufactured internally, at cost. Costs are allocated on an average basis and include direct material, labour, related transportation costs and an appropriate allocation of overhead costs.

Gold bullion, copper/gold concentrate, run of mine ore and any other production inventories are valued at the lower of cost and net realisable value. Dependent on the current stage of any product inventory in the process cycle, cost will reflect, as appropriate, mining, processing, transport and labour costs, as well as an allocation of mine services overheads required to bring the product to its current state.

Net realisable value is the estimated selling price in the ordinary course of business, after deducting any costs to completion and any applicable marketing, selling, shipping and other distribution expenses.

(g) Revenue
Revenue represents amounts receivable in respect of sales of gold and by-products. Revenue represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Revenue is stated net of any applicable sales taxes. All revenue is derived from the sales of copper/gold concentrates produced by the Palito Mine and gold doré produced from the Palito Mine, the São Chico Mine and the Coringa Mine.

Revenues are recognised in full using contractual pricing terms ruling at the date of sale with adjustments in respect of final contractual pricing terms being recognised in the month that such adjustment is agreed. Fair value adjustments for gold prices in respect of any sale for which final pricing has not been agreed at any balance sheet date is accounted for using the gold price at that balance sheet date. Any unsold production and in particular concentrate, is held as inventory and valued at the lower of production cost and net realisable value until sold. Under the terms of the sales contracts, the Company's performance obligation is considered to be the delivery of gold doré and copper/gold concentrate in accordance with agreed criteria.

The Company recognises 100% of the revenue on transfer of title where it is considered highly probable there will be no reversals, having consideration of quality tests performed upon delivery of shipment.

The performance obligation and associated revenue from customers is recorded when the title for a shipment is transferred to the customer in accordance with the contract terms. On transfer of title, control is considered to have passed to the customer with the Company having right to payment, but no ongoing physical possession or involvement with the concentrate or gold doré, legal title and insurance risk having transferred.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due.

All sales revenue from incidental production arising during the exploration, evaluation, development and commissioning of a mineral resource prior to commercial production, are taken as a contribution towards previously incurred costs and offset against the related asset accordingly.

Interest income is recognised on a time-proportion basis using the effective interest rate method.

(h) Currencies

The condensed financial statements are presented in United States Dollars (US$ or "$"). Other currencies referred to in these condensed financial statements are UK Pounds ("UK£"), Canadian Dollars ("C$") and Brazilian Reais ("BrR$").

The Group's presentational currency is US Dollars and has been selected based on the currency of the primary economic environment in which the Group as a whole operates on the basis that the Group's primary product is generally traded by reference to its pricing in US Dollars. The functional currency of the Company is also considered to be the US Dollar.

Transactions in currencies other than the functional currency of a company are recorded at a rate of exchange approximating to that prevailing at the date of the transaction. At each balance sheet date, monetary assets and liabilities that are denominated in currencies other than the functional currency are translated at the amounts prevailing at the balance sheet date and any gains or losses arising are recognised in the income statement.

On consolidation, the assets and liabilities of the Group's overseas operations for which the US Dollar is not the functional currency, are translated at exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising on the net investment in subsidiaries are recognised in other comprehensive income.

(**i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within interest-bearing liabilities in current liabilities on the balance sheet.

(j) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification of financial assets

The Company is a trading entity, selling directly to its end customers and receiving payments directly from such customers and as such within its business model all financial assets are treated on a hold to collect basis.
Financial assets that meet the following conditions are measured subsequently at amortised cost using effective interest rate method:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group' Trade Receivables are subject to subsequent recognition at fair value through profit or loss ("FVTPL"). The Group does not otherwise hold any financial assets that meet conditions for subsequent recognition at fair value through other comprehensive income ("FVTOCI") or fair value through profit or loss ("FVTPL").

(ii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortised cost which comprise mainly trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL on trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The Company recognises lifetime ECL on intercompany loans, based on management's assessment and understanding of the credit risk attaching to each loan, changes in the level of credit risk between periods and assessment of the scenarios under which management expects the loan to be repaid. Any credit loss will be calculated as the net present value of the difference between the contractual and expected cash flows and the ECL will represent the weighted average of those credit losses based on the respective risks of each scenario.

(iii) Derecognition of financial assets
The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial Liabilities

(i) Classification of financial liabilities

The classification of financial liabilities at initial recognition depends on the purpose for which the financial liability was issued and its characteristics.
All purchases of financial liabilities are recorded on trade date, being the date on which the Group becomes party to the contractual requirements of the financial liability. Unless otherwise indicated the carrying amounts of the Group's financial liabilities approximate to their fair values.

The Group's financial liabilities consist of financial liabilities measured at amortised cost and financial liabilities at fair value through profit or loss.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The Group's financial liabilities measured at amortised cost comprise loans and other borrowings, equipment loans, leases, and other payables and accruals. The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income/expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts/payments through the expected life of the financial asset/liability or, where appropriate, a shorter period.

(ii) Derecognition of financial liabilities

A financial liability (in whole or in part) is derecognised when the Group has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the statement of comprehensive income.

(iii) Derivatives

This category comprises out-of-money derivatives where the time value does not offset the negative intrinsic value. They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading.

The Group has issued warrants which confer the right but not the obligation on the holder to acquire additional Ordinary Shares of the Company at a pre-determined price for a period expiring on 26 May 2023. The exercise pirce is set in GB pounds. However, as the functional currency of the Group is US Dollar the value of the option to the Group will vary with the exchange rate. At each balance sheet date, the fair value of the derivatives issued by the Group is estimated by reference to quoted mid-market price using level 1 and level 2 inputs under the fair value hierarchy.

2. Finance Costs

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

3. Taxation

The Group has recognised a deferred tax asset to the extent that the Group has reasonable certainty as to the level and timing of future profits that might be generated and against which the asset may be recovered. The deferred tax liability arising on unrealised exchange gains has been eliminated in the three-month period to 31 March 2023 reflecting the stronger Brazilian Real exchange rate at the end of the period and resulting in deferred tax income of US$287,667 (three months to 31 March 2022 – charge of US$932,133).

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

4. Earnings per share

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

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

5. Segmental analysis

The following information is given about the Group's reportable segments:

The Chief Operating Decision Maker is the Board of Directors. The Board reviews the Group's internal reporting in order to assess performance of the business. Management has determined the operating segments based on the reports reviewed by the Board. The Board considers the performance of the Group by the geographical location of expenditures, and the division of capital expenditure between exploration and operations. An analysis of the results for the three-month period by management segment is as follows:

	3 months ended 30 March 2023 (unaudited)			3 months ended 30 March 2022 (unaudited)		
	Brazil US$	**UK US$**	**Total US$**	Brazil US$	UK US$	Total US$
Revenue	**6,124,234**	**7,295,135**	**13,437,369**	7,406,943	5,478,077	12,885,020
Intra-group sales/purchases	**5,887,816**	**(5,887,816)**	—	4,739,292	(4,739,292)	—
Operating expenses	**(8,475,754)**	**(921,249)**	**(9,397,003)**	(8,409,045)	(864,427)	(9,273,472)
Provision for impairment of inventory	**(370,000)**	—	**(370,000)**	—	—	—
Depreciation and amortisation	**(794,952)**	**(39,562)**	**(834,514)**	(1,118,825)	(53,063)	(1,171,888)
Gross profit / (loss)	**2,389,344**	**446,508**	**2,835,852**	2,618,365	(178,705)	2,439,660
Administration expenses	**(655,910)**	**(794,258)**	**(1,450,168)**	(736,567)	(709,386)	(1,445,953)
Share based payments	—	**(48,067)**	**(48,067)**	—	(112,125)	(112,125)
Profit on sale of fixed assets	**143,660**	—	**143,660**	(1,064)	—	(1,064)
Operating profit / (loss)	**1,877,094**	**(395,87)**	**1,481,277**	1,880,734	(1,000,216)	880,518
Foreign exchange (loss)/gain	**66,095**	**16,516**	**82,611**	175,317	1,269	176,586
Finance expense	**(101,872)**	**(16,479)**	**(118,351)**	—	102,941	102,941
Profit / (loss) before taxation	**1,841,317**	**(395,780)**	**1,445,537**	2,056,051	(896,006)	1,160,045

An analysis of non-current assets by location is as follows:

	Total non-current assets		
	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Brazil – operations	**54,908,470**	35,230,849	52,556,952
Brazil – exploration	**19,280,937**	41,624,903	19,920,789
Brazil – taxes receivable	**1,638,907**	1,456,454	3,446,032
Brazil – deferred tax	**3,719,376**	824,172	1,545,684
Brazil - total	**79,547,690**	79,136,378	77,469,457
UK	—	—	—
	79,547,690	79,136,378	77,469,457

An analysis of total assets by location is as follows:

		Total assets	
	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Brazil	**94,380,381**	96,530,912	90,659,109
UK	**12,876,746**	6,650,571	9,577,085
	107,257,127	103,181,483	100,236,194

6. Deferred exploration costs

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Cost			
Opening balance	**18,621,180**	34,857,905	34,857,905
Exploration and evaluation expenditure	**206,546**	469,250	855,607
Pre-operational project costs	—	1,035,682	2,328,113
Reclassified as tangible assets	—	—	(20,287,902)
Foreign exchange movements	453,211	5,262,066	867,457
Total as at end of period	**19,280,937**	41,624,903	18,621,180

7. Property, plant and equipment including mining property and projects in construction

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Cost			
Balance at start of period	**97,911,118**	69,439,602	69,439,602
Additions	**1,114,307**	2,293,979	8,077,093
Reclassified from deferred exploration costs	—	—	20,287,902
Disposals	**(43,703)**	(43,876)	(3,427,361)
Foreign exchange movements	**2,331,553**	9,381,865	3,533,882
Balance at end of period	**101,313,275**	81,071,570	97,911,118

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited)
Accumulated depreciation			
Balance at start of period	(49,428,599)	(41,864,267)	(41,864,267)
Charge for period	**(1,070,125)**	(1,382,303)	(6,092,399)
Released on asset disposals	**28,892**	29,894	1,407,051
Foreign exchange movements	**(1,321,064)**	(7,105,987)	(2,878,984)
Balance at end of period	**(51,790,896)**	(50,322,663)	(49,428,599)
Net book value at end of period	**49,522,379**	30,748,907	48,482,519

8. Right of use Assets

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Cost			
Balance at start of period	**7,199,991**	3,968,038	3,968,038
Additions	—	1,334,121	2,985,889
Foreign exchange movements	**194,606**	844,462	246,065
Balance at end of period	**7,394,597**	**6,146,462**	**7,199,992**

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Amortisation			
Balance at start of period	**(1,825,949)**	(1,367,407)	(1,367,407)
Charge for period	**(129,853)**	(48,941)	(367,126)
Foreign exchange movements	**(52,704)**	(248,331)	(91,417)
Balance at end of period	**(2,008,506)**	**(1,664,679)**	**(1,825,950)**
Net book value at end of period	**5,386,091**	**4,481,942**	**5,374,042**

9. Inventories

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Consumables	**3,937,447**	5,065,916	4,015,338
Ore stockpiles	**743,454**	292,626	812,794
Other material in process	**2,287,222**	1,174,922	1,843,386
Finished goods	**2,005,796**	2,703,297	3,069,925
Balance at end of period	**8,973,919**	10,271,853	8,706,351

10. Interest bearing liabilities

	31 March 2023 (unaudited) US$	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Current			
Short term loan	**10,352,967**	—	5,001,608
Obligations under right of use asset leases	**1,109,518**	769,698	1,109,518
Due in less than one year	**11,462,485**	**769,698**	6,111,126
Non-current			
(Between one and five years)			
Obligations under right of use asset leases	**561,428**	935,698	837,293
Due in more than one year	**561,428**	935,698	837,293

11. Derivatives

Conversion rights attaching to warrant notes	**31 March 2023 (unaudited) US$**	31 March 2022 (unaudited) US$	31 December 2022 (audited) US$
Fair value at start of period	–	165,495	165,495
Decrease in fair value at end of period	–	(104,780)	(165,495)
Fair value of warrants at end of period	–	60,715	–

Fair value is determined using a Black-Scholes model and by reference to quoted mid-market prices at each balance sheet date for the Ordinary Shares. The fair value of the derivative has been measured using level 1 and level 2 inputs.

The conversion rights embedded in the warrant notes represent a derivative as the Group's functional currency is United States dollars but the conversion price is denominated in Great British pounds. Therefore, the amount to be released in US Dollars on conversion is variable dependent upon the exchange rate between the US dollar and GB pound.

12. Contingencies

Employment legislation in Brazil allows former employees to bring claims against an employer at any time for a period of two years from the date of cessation of employment and regardless of whether the employee left the company voluntarily or had their contract terminated by the company. The Group considers that it operates in compliance with the law at all times but is aware that claims are made against all companies in Brazil on a regular basis. Whilst not accepting legal liability, the Group makes provision or accrues for all known claims. Further claims may arise at any time.

The Company has taken legal action against a former employee for the recovery of funds that the Company considers had been misappropriated during the period January 2015 to March 2021. The former employee has submitted his defence to the claims made by the Company and submitted counterclaim against the Company for wrongful dismissal for a value of approximately BRL11.0 million (approximately US$2.2 million). The Company's lawyers consider that the prospect of the counterclaim being granted against the Company as being very remote.

13. Share capital

a) Ordinary shares

	31 March 2023 (unaudited) Number	31 March 2023 (unaudited) $	31 March 2022 (unaudited) Number	31 March 2022 (unaudited) $	31 December 2022 (audited) Number	31 December 2022 (audited) $
Allotted, called up and fully paid						
Ordinary shares in issue at start of period	75,734,551	11,213,618	75,734,551	11,213,618	75,734,551	11,213,618
Ordinary shares issued during the period	–	–	–	–	–	–
Ordinary shares in issue at end of period	75,734,551	11,213,618	75,734,551	11,213,618	75,734,551	11,213,618

(b) Stock option reserve

Contributed surplus

	31 March 2023 (unaudited) **US$**	31 March 2022 (unaudited) US$	31 December2022 (audited) US$
Balance at start of period	**1,324,558**	1,075,348	1,075,348
Options costs for period	**48,067**	62,528	249,210
Balance at end of period	**1,372,625**	1,137,876	1,324,558

Under the Company's Stock Option Plan (the "2011 Plan"), stock options may be granted only to directors, officers, employees and consultants of the Company or to their permitted assignees and may be granted for a term not exceeding 10 years. The Ordinary Shares to be purchased upon exercise of each option must be paid for in full by the grantee at the time of exercise. Unless otherwise directed by the Board of Directors at the date of the grant, each award shall vest as to one third on the date of grant, one third on the first anniversary of grant and the balance vesting on the second anniversary of the date of grant. The Board of Directors shall also be entitled to establish performance criteria, which may affect the vesting of the options or the rights of the holder to exercise the options. The 2011 Plan reserves for issuance, pursuant to its terms, up to 10 per cent of the number of Ordinary Shares issued or issuable and outstanding from time to time. The 2011 Plan has now expired, and no new options will be issued under the 2011 Plan. It remains in force until the expiry or exercise in full of the remaining options that are outstanding under the 2011 Plan.

The following summarises the outstanding options in issue at 31 March 2023 under the 2011 Plan

Issue date	Options outstanding	Options vested	Exercise price	Expiry
27 May 2020	1,750,000	1,750,000	UK£0.85	26 May 2023

During the year a charge of US$10,268 (2022: US$62,528) has been recorded in the financial statements in respect of these conditional share awards.

(c) Conditional Share Awards

On 16 June 2020, shareholders approved the adoption of the Serabi 2020 Restricted Share Plan (the "2020 Plan") which was subsequently adopted by the Board on 10 November 2020. Details of the 2020 Plan were set out in the Notice of Annual General Meeting dated 15 May 2020, which is available from the Company's website. The 2020 Plan as a Long-term Incentive Plan ("LTIP") replaces the Serabi 2011 Share Option Plan. No further awards are being made by the Company under the Serabi 2011 Share Option Plan.

On 7 December 2021 the Board of Directors agreed to award in aggregate 864,500 Conditional Share Awards to employees (including directors) of the Company. The awards were part of the Company's normal annual compensation review. While the intention of the Board is that awards under the 2020 Plan should be made annually, as a result of the exceptional circumstances in 2020, no awards under the 2020 Plan were made during 2020 following its approval by shareholders. The Board is therefore combining in the award made on 7 December 2021, the annual awards for 2020 and the annual awards for 2021.

The awards are subject to a three-year performance period during which time certain performance criteria stipulated by the Board must be attained. Vesting only occurs at the end of the performance period. The performance criteria and minimum thresholds to be achieved can be summarised as follows:

- 40% of the award is subject to Total Shareholder Return, (where TSR must be 1.2 times or more the BMO Junior Gold Index)
- 30% of the award is subject to Return on Capital Employed (where ROCE premium over Weighted Average Cost of Capital must be 1.2 times or more), and
- 30% of the award is subject to Return on Sales (where ROS must exceed average annual budget by 10 per cent or more)

The number of Conditional Shares awarded was calculated by reference to the 20 day VWAP average of the Company's shares on the date of grant. The underlying shares to be issued pursuant to each of the Conditional Share Awards will only be issued at the time of vesting and only in such amount (if any) as is required based on the achievement of the performance criteria.

During the year a charge of US$37,799 (2022: US$49,597) has been recorded in the financial statements in respect of these conditional share awards.

14. Impairment

For the purposes of the preparation of the annual audited financial statements for the year ended 31 December 2022, management undertook an impairment review of the Group's exploration, development and production assets. At that time, it was concluded there were no indicators of impairment.

As at 31 March 2023 the carrying value of the assets relating to the Palito, Sao Chico and Coringa Mines has increased to US$32.83 million from US$31.34 million as at 31 December 2022, whilst the carrying value of deferred exploration costs has increased from US$18.62 million at 31 December 2022 to US$19.28 million at 31 March 2023.

Management do not consider that any events have occurred which would give rise to management concluding that there has been any indication of impairment since 31 December 2022.

15. Post Balance Sheet Events

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

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

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

16. Approval of the interim condensed consolidated financial statements

These unaudited interim condensed consolidated financial statements for the three month period ended 31 March 2023 were approved by the Board of Directors on 30 May 2023.

General Overview

The Group received a US$5.00 (BR$ 25.92 million) loan from Santander Bank in Brazil on 28 February 2023. This short term loan has been used to repay a US$5.0 million loan with Itau bank which the Group repaid on 12 May 2023

During the first quarter of 2023 the Group continued it reduction of activity at the Sao Chico ore body producing a total of 200 ounces during the first two months of the year and continued to increase activity at the Coringa mine producing 2,229 ounces of gold bullion. The Group produced a further 1,851 ounces of gold in the form of bullion and 3,725 ounces in the form of copper concentrate from the Palito ore body. Total production for the first three months of 2023 was 8,005 ounces of gold (three months to 31 March 2022: 7,062 ounces) with sales recognised for 6,881 ounces (three months to 31 March 2022: 6,675 ounces).

During the fourth quarter of 2022 and the first quarter of 2023 the Group undertook a plant expansion programme at the Palito complex. As a result, more ounces there was an increase in gold inventory accumulated within the new leaching tanks, which accounts for a significant portion of the variance between production and sales.

Commentary on the Income statement

The gross profit for the three month period ended 31 March 2023 was US$2,835,852 in comparison with a gross profit of US$2,439,660 for the three months ended 31 March 2022. The comparison between the periods is set out in the table below.

	Three months ended March 2023	**Three months ended March 2022**	**Variance**
Concentrate Sold (Ounces)	3,596	2,687	909
Bullion Sold (Ounces)	3,285	3,961	(676)
Total Ounces Sold	**6,881**	**6,675**	**233**
Average gold sales price achieved	**1,892**	**1,844**	**48**
Revenue from Ordinary Activity	**US$**	**US$**	**Variance**
Gold (in Concentrate)	6,628,902	4,883,480	1,745,422
Copper (in Concentrate)	632,018	567,125	64,893
Silver (in Concentrate)	34,215	27,471	6,744
Total Concentrate Revenue	**7,295,135**	**5,478,076**	**1,817,059**
Gold Bullion	6,142,234	7,406,944	(1,264,710)
Total Sales	**13,437,369**	**12,885,020**	**552,349**
Costs of sales			
Operational costs	8,781,895	8,720,077	61,818
Stock impairment provision	370,000	–	370,000
Shipping costs	296,571	246,811	49,760
Treatment charges	150,156	105,533	44,623
Royalties	168,381	201,051	(32,670)
Amortisation of Mine Property	483,163	956,769	(473,606)
Depreciation of Plant & Equipment	351,351	215,119	136,232
Total Operating costs	**10,601,517**	**10,445,360**	**156,157**
Gross Profit	**2,835,852**	**2,439,660**	**396,192**

Revenue

For the three month period ended 31 March 2023, the Group generated US$7,295,135 (2022: US$5,478,076) in revenue through sales of an estimated 3,596 ounces of gold sold in the form of a copper/gold concentrate (2022: 2,687 ounces) and 3,285 ounces of gold bullion generating revenue of US$6,142,234 (2022: 3,961 ounces for revenue of US$7,406,944).

During the first three months of 2023 the average gold price achieved was US$1,892 in comparison to an average gold price achieved of US$1,844 during the same period of 2022, an improvement of five per cent.

Production of gold bullion for the three months to 31 March 2022 was 4,280 ounces of gold compared with 4,171 ounces during the same period of the previous year, an increase of three per cent.

During the same three month period 330 wet tonnes of copper/gold concentrate, containing an estimated 3,725 ounces was produced (three months to 31 March 2022: 268 wet tonnes of copper/gold concentrate, containing 2,890 ounces of gold). The unsold material is held as inventory.

Cost of Sales

Operational costs for the three months ended 31 March 2023 were US$8.78 million (2022: US$8.72 million). Operational costs included those related to the operational mining and administrative expenditures at Palito, Coringa and Sao Chico and the plant costs at the Palito Complex where the ore from the Palito, Sao Chico and Coringa ore bodies are processed.

	Three months ended March 2023	**Three months ended March 2022**	**Variance**	**Variance %**
Tonnes Mined	41,546	40,606	940	2%
Tonnes Milled	39,005	41,357	(2,352)	(6%)
Ounces Produced	8,005	7,061	943	23%
Ounces Sold	6,881	6,675	233	4%

	Three months ended March 2023	**Three months ended March 2022**	**Variance**	**Variance**
	US$'000	**US$'000**	**US$'000**	**%**
Operating Costs				
Labour	3,732	3,662	70	2%
Mining consumables & Maintenance	2,837	2,921	(85)	(3%)
Plant Consumables	1,199	1,151	48	4%
General Site	1,014	985	29	3%
	8,782	**8,720**	**62**	**1%**

During the first three months of 2023 the average exchange rate was BrR$5.21 to US$1.00 compared with an average exchange rate of BrR$5.23 to US$1.00 during the same period of the previous year. Operating costs are broadly consistent with those of the same period in 2022 notwithstanding the increased levels of gold production attained in the first quarter of 2023 compared with the same period of 2022. As a result of the improved grade of the ore processed gold production was 23% higher than the comparative period, although tonnes processed were six per cent lower.

At the current time only the high-grade ore from Coringa is being trucked to Palito for processing. Lower grade material is being stockpiled with the intention that this will be treated through and ore sorter in the future and only the resulting beneficiated product transported. In its current form these lower grade stockpiles are uneconomic, and the Group has therefore recognised an impairment provision of US$370,000 on the value of the surface stockpile of coarse ore at the Coringa mine.

Depreciation and amortisation

Amortisation charges are reduced significantly compared with the same period in 2022. As previously advised, the Group had been reducing its activities during 2022 at its Sao Chico operation and has been using the development of the Coringa operations to generate gold production to replace that which has been lost from Sao Chico. Amortisation is calculated using the "units of production" basis and, as a result of the current limited mining activity at Sao Chico during he first quarter of 2023, amortisation has been significantly reduced. Whilst activities at Coringa have been growing, this project is still in a trial mining phase and a decision regarding commercial production will be made by the Board once the current licencing issues are resolved and the Company is in a position to expand production and secure financing to install an initial crushing and ore-sorting plant. Until this time, in accordance with accounting regulations, no amortisation change is being recorded in respect of the Coringa operations.

Trade Debtors

The trade debtor balance has decreased by US$2.18 million from US$5.29 million at 31 December 2022 to US$3.11 million at 31 March 2023. The is primarily due to timing differences on the receipt of sales proceeds from monthly sales of copper concentrate. At 31 December 2022 the Group was owed US$2.23 million from the sale completed shortly before end of the calendar year. The payment was received in early January. At the end of March initial proceeds from all sales recorded during the quarter had been received

Hedging Activities

During the quarter t**he** Group entered into hedging contracts with HSBC Bank plc whereby it acquired sell options over monthly quantities of gold over the period March 2023 to February 2024 totalling 10,215 ounces of gold at a price of US$1,800. At the same time, it sold to the bank options in favour of the bank to buy the equivalent monthly quantities of gold at prices ranging between US$2,000 and US$2,065 per ounce. It also acquired options to sell monthly receipts of US Dollars ranging between US$2.3 million and US$1.15 million for Brazilian Real at an exchange rate of BRL5.10 to USD1.00. At the same time, it sold to the bank options in favour of the bank to buy from the Group the equivalent Brazilian Real receipts at exchange rates ranging from 5.325 to 5.800 over the same 12 month period. In this way the Group has secured a minimum equivalent gold price in Brazilian Real of BRL9,180 per ounce in respect of 10,215 ounces and sold options in favour of the bank of future prices ranging between BRL10,650 per ounce and BRL11,997 per ounce depending on the option expiry date. Since January 2021 the BRL price for gold peaked at BRL10,340 in November 2021 and was at a low of BRL8,556 in October 2022. The hedging arrangements are unsecured and not subject to margin calls.

Debt

In May 2022, the Group received US$5 million of short-term loan funding from Itau BBA in Brazil, to provide some additional working capital. In February 2023 the Group was offered a further similar unsecured loan arrangement for US$5.0 million with Santander Bank in Brazil. The loan is repayable as a bullet payment on 22 February 2024 and carries an interest coupon of 7.96 per cent. The proceeds raised from theSantander loan are being used for working capital and secure adequate liquidity to repay the loan with Itau which was repaid on 12 May 2023.

The Group also has access to an unsecured facility with HSBC Bank plc allowing the Group to enter into leasing of precious metals for up to 12 months at a time. The Group has not utilised this facility, but it provides a further opportunity for accessing short-term working capital.