

Serabi Gold plc
Annual Report
2023

COMPANY NUMBER – 5131528

We are Serabi Gold plc:

A leading developer of gold production in Brazil

Our vision is to become the premier gold growth company in Brazil by working in partnership with our stakeholders through responsible stewardship whilst employing best ESG practices.

Our strategy is to double production to 60koz pa Au by end 2025 and become a 100-200koz pa Au producer within 3-5 years by:

- leveraging our extensive exploration portfolio
- capitalising on management's proven track record of successfully developing and operating mines in Brazil
- engaging in strategic M&A

In the near term, implementing our strategy will significantly increase production and improve profitability, whilst advancing multiple development opportunities. This growth will:

- reward shareholders
- develop our employees and reward their performance
- enhance the local economy and enrich community life



KEY FIGURES

Revenue
\$60.44 million (up 10%)

Cash Flow from Operations
\$11.7 million (up by US\$9.8m)

Gold Production
33,153 ounces (up 4%)

Average Grade processed
6.35 g/t (up 3%)

Cash Held at 31 December 2023
\$11.6 million (up by \$4.4m)

Bank Borrowings at 31 December 2023
\$5.0 million (unchanged)

Cash Costs per Ounce
\$1,300

AISC per Ounce
\$1,635

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Dear Shareholders

Following a year in which the Company achieved some key milestones, I am pleased to report that 2024 is already well on track to build on these, create a solid platform from which to execute its production growth and move Serabi into the next phase of its development. At Coringa we have engaged with all stakeholders culminating in the renewal of the trial mining licence for three years, whilst the recent reserve and resource estimation at Palito has significantly increased the reserves compared with prior estimates and resulted in a global mineral inventory for the Group of over one million ounces.

The outlook for continued strength in the gold price remains positive and with the exception of a short period at the end of the third quarter of last year, the price has remained almost consistently above US\$1,900 per ounce and for the year to date above US\$2,000 per ounce.

The change in government in Brazil at the start of 2023 has not brought significant change to the regulations or financial treatment of the mining sector and whilst the outlook for the country as a whole is relatively good, as a company that incurs much of its costs locally, our planning and budgeting

processes have been helped by the exchange rate remaining fairly stable over the last 12 months.

In this industry, scale is important. Your Board keenly recognises this and Serabi's production growth over last few years belies an exciting growth story. We have not sat still. We have been building the team, strengthening the board, focussing on our relationships with local indigenous groups, improving our internal processes and governance, putting in place the building blocks for the Coringa growth story and looking to leverage our geological endowment for the benefit of shareholders. I believe we are now reaping the benefits of all this hard work. But we continue to look to grow further in a financially prudent manner. Our vision is to become the premier, Brazil focussed, gold growth company generating superior returns to our investors. In parallel with organic opportunities, we continue to explore appropriate corporate opportunities to accelerate our objective of transitioning to a 200,000 ounce per year producer over the next few years. In turn we expect that building such a business will increase the capital markets relevance of Serabi, increase daily trading volumes amongst our shareholders, and attract institutional funds for long term investment. Your Board considers that reaching this level of critical mass, will open up our investor base, create greater demand for our shares and result in an upward re-rating of our market value. For this reason, and having strengthened the balance sheet and operations in the last couple of years, selective M&A activity will be required, in our view.

Our executive management is operationally focussed and experienced at identifying and implementing innovative solutions. Our focus remains Brazil where we have a long and successful track record but we must remain open to looking at other jurisdictions offering a stable legislative environment in which to develop mining opportunities.

Whilst we feel that the best use of surplus cash in the short-term would be to help drive growth, this assumes suitable opportunities are available. We will always be evaluating investment opportunities and risk against other options that can generate rewards for our shareholders including the opportunity to return funds potentially through dividends or share buyback arrangements.

The exploration alliance with Vale, during 2023 provided a source of exploration funding that allowed us to advance our gold exploration opportunities whilst also giving the Group the opportunity to progress an opportunity for copper exploration that the Group would not otherwise have progressed. The results from the Phase 1 programme, whilst giving us greater technical understanding of the Matilda prospect, allowed us to advance other gold targets, we can now advance further as well as generating other potential copper porphyry targets. Whilst Vale have now decided to not progress to Phase 2 we do have other parties interested to pick up their position, giving the Group the

Strategic Report Chair's Statement

potential for continued exposure to copper exploration but allowing management to focus on the Group's core gold activities.

As part of our efforts to widen the shareholder base of Serabi, in February 2024, Serabi was approved to have a quotation of its shares on the OTCQX in the United States which we hope will enhance the visibility, liquidity and accessibility of the Company to U.S. investors. We see this as a cost-effective option for expanding the shareholder base without increasing the regulatory burden. In the near term, we view attracting new investors as a key component to maintaining and growing value for existing shareholders and we will be stepping up our efforts over the next 12 months to grow our presence among the investment communities in North America. As part of this programme, we completely revamped our corporate website. I encourage investors to acquaint themselves with our vision, strategy and the latest updates on our operations and exploration opportunities. Our management will be attending a number of investor events and conferences over the next 12 months, details of which will be listed on the website, and investors are encouraged to use these opportunities where possible to meet with management.

Since being appointed as Chair for Serabi in August 2022, I have sought to strengthen the role of the Board, continue to challenge management and in the light of increased regulation and accountability, reacted to the need to strengthen the overall corporate governance processes. In January last year, we welcomed Carolina Margozzini to the Board of Directors who was also appointed as a member of the Remuneration Committee. This was followed, in May 2023, by the appointment of Deborah Gudgeon, a very experienced, non-executive director working with a number of natural resources companies. Deborah has also taken on the role a Chair of the Audit and Risk Committee. We also appointed, in August 2023, Kerin Williams to take on the role of Company Secretary, relieving our CFO of this responsibility which, had over recent years, become increasingly time consuming.

Michael D Lynch-Bell
Chair
26 April 2024

Whilst the Board works closely with management to drive operational improvements we are also very focussed on ensuring that this is done with safety as a priority. It is pleasing to report that I have seen, during my own visits to site, the quality and professionalism of our staff and their desire to put health and safety very much in the forefront of thinking.

During the year, we have undertaken a full review of our governance processes, updated the Terms of Reference for the Board and its sub-committees and established new Sustainability and M&A Committees, to help streamline the decision making processes. With an ever-increasing level of oversight by regulators and other governmental and non-governmental bodies, the manner in which companies operate, particularly those involved in natural resources, is under growing scrutiny. Serabi prides itself on its constructive interaction with the neighbouring communities, engaging in an open dialogue through multiple meetings each month and supporting community programmes including infrastructure, health and education. I was very pleased when, in October 2023, our efforts were recognised at the gold symposium hosted by the Associação Brasileira de Empresas de Pesquisa Mineral e Mineração ("ABPM") when Serabi overwhelmingly won the category for Community Relations securing 73% of more than 5,000 votes that were cast. Whilst visiting the operations earlier in the year, I was privileged to meet the team responsible and witness the excellent work they do and their levels of commitment.

My first 21 months as Chair have been very exciting and rewarding. We have challenges ahead, but I am very encouraged with what I have seen and the shared vision of the Board and management for developing the Company. The next six months, as we continue the development of the Coringa project, will be pivotal for us and will provide the base for continued production growth in 2025 and 2026. I hope that I will be able to report further positive progress at the Annual General Meeting to be held in June and over the rest of the year.



2023 saw Serabi achieve some key milestones in its plans for near term growth. In November 2023 the Group issued a new 43-101 compliant mineral reserve and resource estimate for the Palito Complex which resulted in a threefold increase in Mineral Reserves. The new estimation of 206,400 ounces is sufficient to provide six more years of production at current rates with a further Mineral Resource of 171,000 ounces in the Measured and Indicated category to follow. This bodes well for the continued longevity of the Palito operation and, with an ongoing exploration programme, we are confident of continuing to not only replenish but also grow the mineral resources for this project.

The key to the near term growth of Serabi is Coringa and we secured, in December 2023, a three year extension to our current trial mining licence ("GUIA"). With this new GUIA we are moving ahead with the installation of a crushing and ore sorting plant. With excess processing capacity at the Palito operation the cost benefit of trucking relatively small volumes of high grade ore (estimated at 10g/t and higher post ore-sorting) for processing far outweighs the headaches, financial expense and time involved in constructing and commissioning a dedicated process plant at Coringa. Nonetheless, we are still actively progressing

the full permitting for Coringa and the issue of the Installation Licence.

Operations Overview

We made a steady improvement in 2023 with a four percent increase in gold production year on year with Coringa starting to make a real impact as we focused efforts on developing the mine and establishing the platform for further expansion of this operation during 2024 and 2025. We are projecting a significant increase in gold production for 2024, to between 38,000 and 40,000 ounces, which will be the result of further production growth at Coringa.

The mining crews that are working at Coringa have been redeployed from Sao Chico which we placed on suspension at the end of the first quarter of 2023, and Coringa's production has, for the time being, replaced what was generated from the Sao Chico operation in 2022. Output from Palito continues to remain steady and in the near term I continue to believe that this mine will be a consistent provider of 20,000 to 25,000 ounces of gold production year on year.

Coringa

Coringa has been a far better performer than we had anticipated and to date has not produced any unexpected surprises. The favourable rock conditions mean the deposit is well suited to selective underground open stoping. The most encouraging aspect has been the much better level of payability that we have experienced, compared to our forecasts. For each 100 metres of horizontal development we complete, we find approximately 80 percent to be viable. This translates into more ounces per vertical metre of development and in the long term will help drive down unit production costs.

Without the ore sorter in place currently, we are selectively mining our development to minimise dilution. This is known as spilt blasting. It does nevertheless slow down development rates. Once the ore sorter is operational I would hope that we can increase the rate of advance, opening up stoping blocks at a faster rate and in this way increase gold production. The ore sorter will remove waste dilution very effectively and once commissioned will allow the requirement for split blasting to reduce, accelerating development rates in the process.

At the start of 2024 we have moved an underground drilling rig to Coringa with the intention of growing the mineral resource inventory of the Serra orebody. All exploration drilling to date has been undertaken at surface and with the latest level in development being at 225mRL, the mining

Strategic Report

Chief Executive Officer's Review

operations are now approximately 100 vertical metres below surface. This provides an excellent opportunity to evaluate the continuation of the orebody at depth, replenishing the mineral inventory and extending the mine life, as well as to infill areas where a lack of historic drilling has created information gaps. These may be easy win opportunities given what we have already learned about the orebody.

As previously reported, during 2023, we have advanced the licencing process at Coringa. In July 2023, the Company reported that it had concluded an agreement with the two associations representing the interests of the various indigenous tribes considered to be within the area of influence of the project ("Indigenous Agreement"). The Indigenous Agreement confirmed the indigenous communities long term support for the Coringa project, and imposed certain obligations on both sides including the completion of an indigenous impact study ("ECI") by the Group. The ECI report was provided in draft to the indigenous agencies in December 2023 and on 19 December 2023, a further agreement with all stakeholders including the office of the Public Prosecutor, the neighbouring farming community of the Terra Nossa settlement, and various government agencies was signed and ratified in court. This enabled the National Mining Agency and the state environmental agency ("SEMAS") to renew the existing trial mining licence ("GUIA") for the project in January 2024.

The indigenous consultation process for the award of the full Installation Licence at Coringa continues.. The comments received on the initial draft ECI report have been considered by the consultants undertaking the study and the ECI report updated accordingly. The Group has now engaged with the government agency for the indigenous population ("FUNAI") to review the final ECI report and complete the indigenous consultation process . This is required before SEMAS can award the LI.

Serabi prides itself on its constructive interaction with the neighbouring communities and supporting community programmes including infrastructure, health and education It requires the same standards be adopted by the consultants that it uses.

I continue to have very high hopes for Coringa. The tenements that make up the project are considered to have produced over 300,000 ounces of gold from historic artisanal activity. Assuming this was from only the top 20 to 30 metres of saprolite, it would not be unreasonable to expect ten times this amount in the underlying hard rock.

The exploration work undertaken to date also indicates further potential along an overall eight kilometre strike, primarily to the north, much of which has not been exposed by artisanal workings. There are also multiple areas that have seen past artisanal mining but remain undrilled Added to this are of a number of parallel

mineralised zones and evidence of a continuation of the same mineralised zones for several kilometres to the south.

There is therefore excellent potential to grow the resource over the coming years and as with Palito establish a profitable long term mining operation. Whilst in the near term it makes commercial sense to truck ore from Coringa for processing at Palito, there will be a point at which the production opportunities at Coringa may justify the construction of a dedicated gold plant.

Palito

I have always maintained since I first visited the site, that Palito will be one of those deposits that just keeps on giving. The new mineral resource and reserve estimate of a total mineral inventory in excess of 500,000 ounces, should give shareholders significant encouragement regarding the longevity of the operation. Spread now over 54 mineralised structures of which 43 were included in the resource estimation, the ore body has seen significant lateral expansion over recent years. This has allowed us to make optimum use of the main ramp and other mine infrastructure and defer vertical development. As we have developed the crosscuts to parallel vein structures these have also generally intersected other smaller structures not identified from drilling.

There remains significant opportunity for further resource growth along strike as well. Past exploration activity identified the Curutella prospect, approximately four kilometres to the southeast, which appears to be an extension of the current Palito vein swarm. Our focus over the last 18 months has been to secure the near term future of Palito and repair the effects of pandemic years when reduction in activity and labour took its toll on resource growth and reserve replenishment. With these matters now resolved we are seeing Palito return to the production levels we had pre-pandemic and more.

For the last couple of years the Chico da Santa area to the northeast, and the Ipe and Mogno veins which form part of this sector, has provided the majority of the ore mined at Palito. It has been supplemented by ore mined from the Senna Zone to the far south west and the intermediate area of Palito West and the Pipocas vein which forms part of this sector. During 2023, exploration work undertaken from within the mine has highlighted the extension of the G3 vein, located in the Main Zone sector both to the north and south. Historically this has hosted zones of wider mineralisation than the veins being mined at Ipe and Mogno and I anticipate that with development of the G3 North area being well underway, this sector will be a significant ore source over the next two years.

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Sao Chico

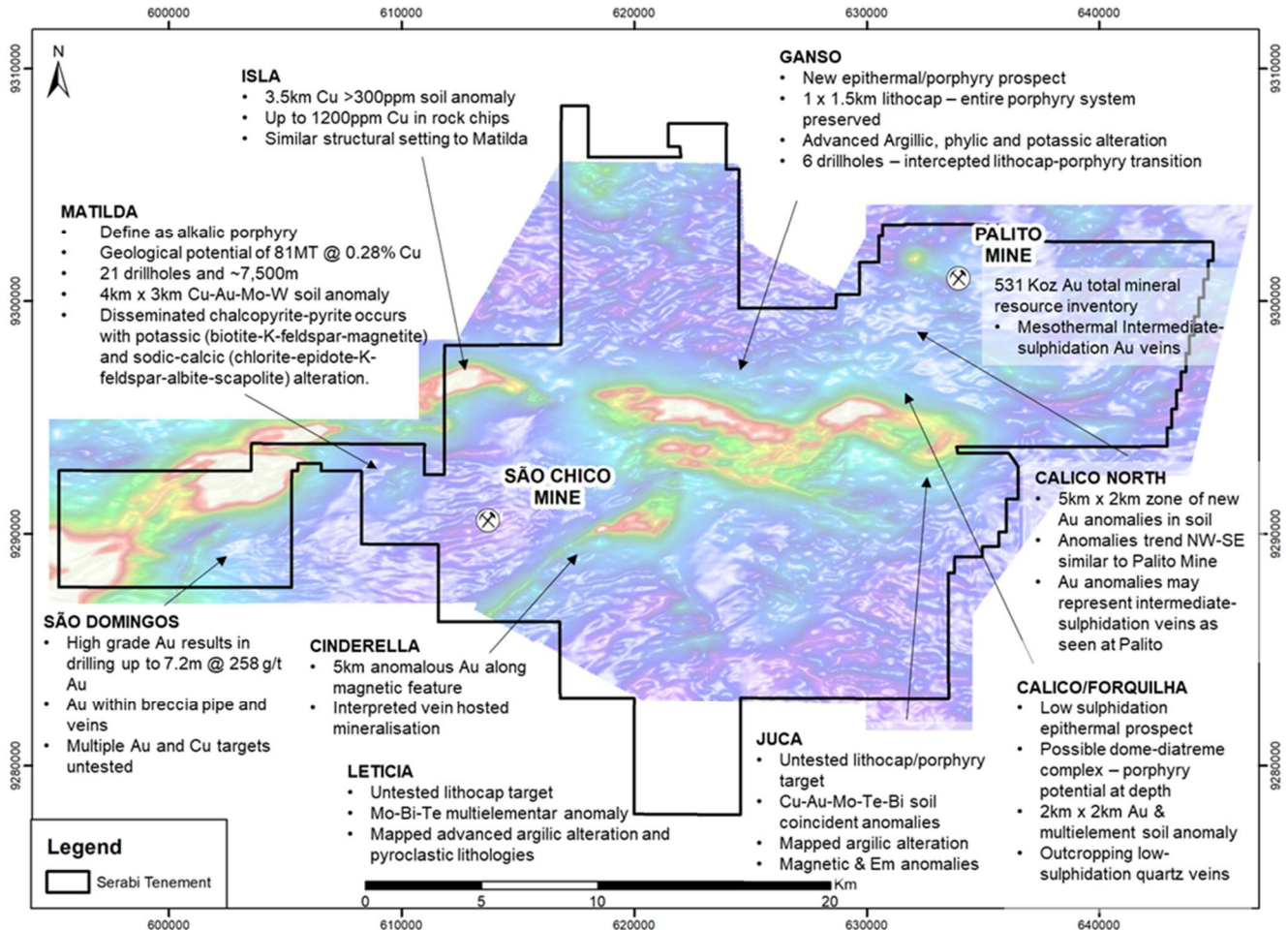
Sao Chico is currently on care and maintenance. We remain open to restarting operations but with the current process plant fully utilised treating higher margin ore from Coringa and Palito the Sao Chico ore is of lowest priority. Despite

extensive test work, the Sao Chico ore seems to not be amenable and therefore will always be the lowest grade ore and currently the last ore source that we will want to process.

SUMMARY PRODUCTION STATISTICS FOR 2023 AND 2022											
		Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
		2023	2023	2023	2023	2023	2022	2022	2022	2022	2022
Group											
Gold production ⁽¹⁾⁽²⁾	Ounces	8,005	8,518	8,738	7,891	33,153	7,062	8,418	8,542	7,798	31,819
Mined ore	Tonnes	41,546	41,022	44,744	49,541	176,853	40,606	44,008	46,863	42,264	173,741
	Gold grade (g/t)	6.49	6.94	6.64	5.22	6.28	5.95	6.26	6.22	6.01	6.14
Milled ore	Tonnes	39,004	41,116	43,092	48,988	172,200	41,357	43,488	44,867	42,692	172,404
	Gold grade (g/t)	6.75	6.84	6.72	5.31	6.35	5.72	6.43	6.34	6.05	6.14
Palito Complex											
Gold production ⁽¹⁾⁽²⁾	Ounces	5,776	6,332	7,025	5,197	24,330	7,062	8,418	7,972	7,355	30,807
Mined ore	Tonnes	31,705	31,652	35,219	35,497	134,073	40,606	44,008	43,180	38,293	163,506
	Gold grade (g/t)	6.14	6.68	6.81	4.78	6.08	5.84	6.26	6.28	6.20	6.15
Milled ore	Tonnes	31,273	31,901	34,515	35,625	133,314	41,357	43,488	42,257	39,573	165,502
	Gold grade (g/t)	6.14	6.63	6.81	4.88	6.09	5.72	6.43	6.30	6.17	6.14
Horizontal development	Metres	2,011	2,469	2,325	2,327	9,132	2,938	3,353	2,458	2,245	10,994
Coringa											
Gold production ⁽¹⁾⁽²⁾	Ounces	2,229	2,186	1,713	2,694	8,822			570	443	1,013
Mined ore	Tonnes	9,841	9,370	9,525	14,044	42,780			3,683	3,971	7,654
	Gold grade (g/t)	7.63	7.83	5.99	6.33	6.88			5.46	4.15	4.78
Milled ore	Tonnes	7,731	9,215	8,577	13,363	38,886			2,610	3,119	5,729
	Gold grade (g/t)	9.22	7.59	6.37	6.45	7.25			7.00	4.58	5.68
Horizontal development	Metres	453	508	598	807	2,356	212	302	632	645	1,791

Exploration

The exploration team was extremely busy during 2023 and are to be commended on the levels of work that they were able to execute during the year. As shareholders are aware, much of the funding for the 2023 exploration programme came from the exploration alliance with the Base Metals division of Vale who contributed almost US\$5 million for the Phase 1 programme which was completed by the end of January 2024.



The focus of the Phase 1 work programme was initial diamond drill testing of the Matilda porphyry Cu/Au target and other targets in particular Cinderella, Ganso, Calico and Forquilha which are located within Serabi's Palito Complex tenement holdings. Other activities within the exploration programme, including ground geophysics and geochemistry, were undertaken to help identify new targets and generate sufficient data to allow the Company to submit reports to the ANM allowing for further renewal of the licenses over the ground that is considered to be most prospective.

A total of 13,902 metres was drilled across a total of 53 drill holes with the programme being completed in January 2024. This was supplemented by ground geophysics with 24 kilometres of Induced Polarisation ("IP") studies completed, 6,772 soil samples taken and a significant augur drilling programme over a number of targets testing the shallower saprolite horizons prior to undertaken deeper diamond drilling programmes.

The overall results were very encouraging with the work at Matilda indicating the potential for a commercial copper porphyry discovery whilst new copper rich targets were also identified at Ganso, and Isla.

Whilst Vale have withdrawn from the alliance and will not be progressing with Phase 2, we have been approached by other parties interested to take over the financing of the exploration for copper mineralisation.

On the gold exploration, results continue to be very encouraging, particularly at the Calico and Calico North prospects, and bode well for identifying satellite orebodies in close proximity to the Palito process plant. These should allow us to generate further organic production growth in the coming years.

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Chief Executive Officer's Review

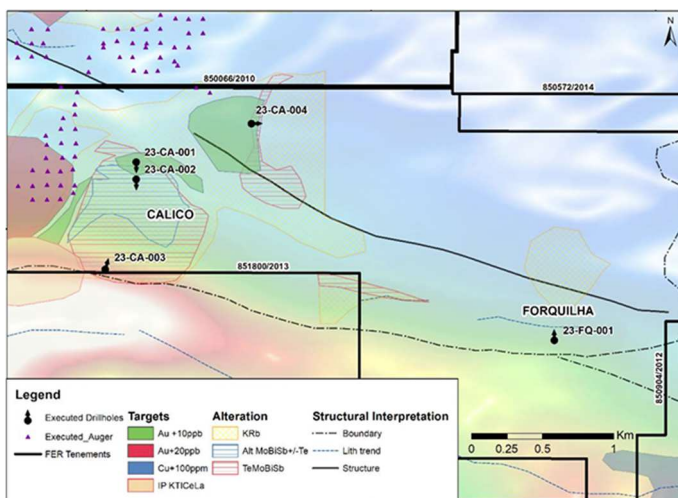
Matilda

7,598 metres were drilled over the Matilda copper porphyry targets where 24 kilometres of ground IP survey was also completed. An initial internal conceptual resource potential was calculated of between 21Mt @ 0.40% Cu up to 81Mt @ 0.28% Cu. However it should be noted that the potential volume and grade is conceptual in nature as insufficient exploration has been completed to define a mineral resource and it is uncertain if a mineral resource estimate will be delineated. Nonetheless we consider that the results clearly show the potential for the Matilda project to host economical values of copper.

Barbara

Located four kilometres to the west of Matilda, 5 diamond drillholes totalling 802 metres were drilled. Along with a further 63 auger drillholes for a total of 165m drilled targeting shallow alluvial gold. The drilling intercepted narrow quartz-sulphide veins with sericite-chlorite alteration selvages hosted within granodiorite.

Calico/Forquilha



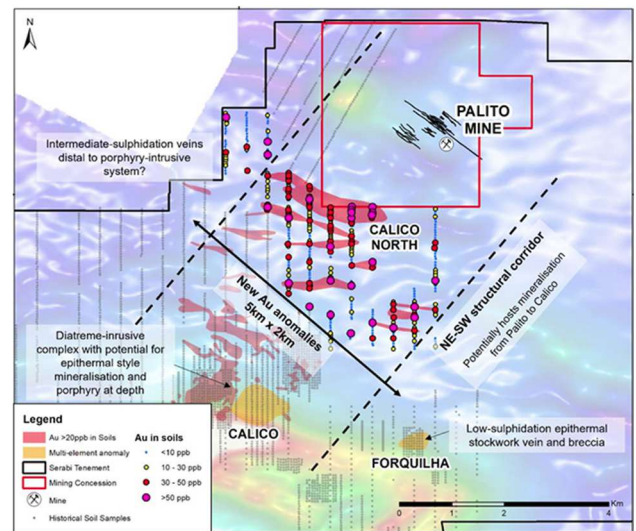
Four diamond drillholes totalling 801 metres were drilled, targeting the silica-cap and coincident geochemical anomaly, and the north-eastern geochemical anomaly. This was supplemented by 31 auger drillholes (total 86metres) targeting alluvial gold. Although work was limited, the overall geology intercepted is consistent with a caldera or dome-diatreme environment – with potential for epithermal-style mineralisation, and porphyry potential at depth. The volcanic sequence intercepted indicates a shallow level of preservation, important for the preservation of potential porphyry systems.

Forquilha exhibits geological and geochemical characteristics consistent with the upper part of a low sulphidation epithermal system. Being located 3km to the east of Calico, along a major WNW-ESE structure it is possibly part of the same system.

Calico North

Work during the year was restricted to auger drilling and a further 358 soil samples collected on a 400m x 50m grid.

Results indicate a new gold in soil anomaly over a 5km x 2km zone. The anomalies trend NW-SE and are located within a NE-SW corridor that potentially hosts mineralisation from Palito to Calico, a distance of



approximately seven kilometres. These gold anomalies may represent intermediate-sulphidation veins as seen at Palito and overall the results indicate a large system with potential for epithermal mineralisation and porphyry mineralisation at depth.

Being located in such close proximity make these areas very interesting opportunities for satellite resources that could provide an ore feed for the current process plant.

Ganso

1,167 metres of diamond drilling was completed at Ganso across six holes with a further 852 soil samples collected on a grid of 100 metres x 400 metres to complete geochemical coverage of tenement. Two diamond drill holes covering 588 metres were completed at the newly discovered Isla target and a further two drillholes over 377 metres at the newly discovered Maria Loura target.

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While there were no significant assay results from the drilling (anomalous Au values up to 0.48 g/t), advanced argillic alteration was identified and is significant in that this is the first such occurrence in the Serabi land package. This alteration indicates high potential for both high sulphidation epithermal mineralisation and porphyry mineralisation at depth.

Re-interpretation of the existing soil geochemical data has also outlined a 2km x 1km area of anomalies with Mo-Sb-Pb-Ba and As-Mo-Sb geochemical associations, typical of high level epithermal systems.

The discovery of advanced argillic alteration indicates that there is potential for a complete epithermal-porphyry system to be preserved in its entirety, which is a key concern in rocks of this age. The results have made the Ganso target a high priority for future copper exploration.

Isla

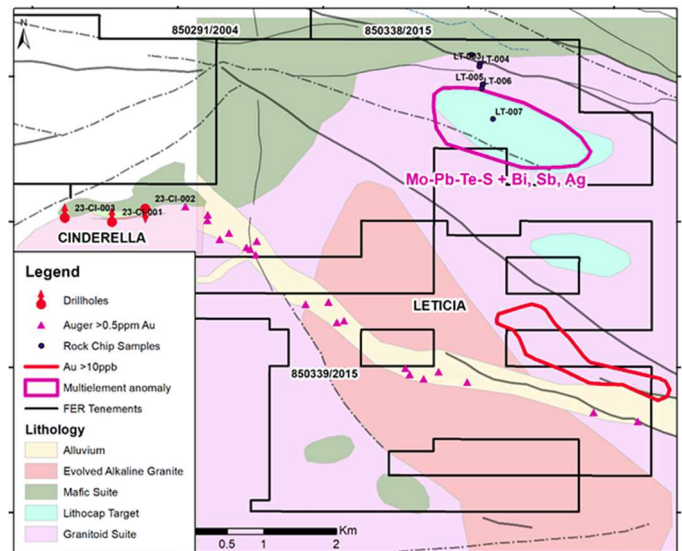
An initial soil sampling programme identified a WNW trending three kilometre x 0.5 kilometre soil anomaly grading more than 300ppm Cu. This soil anomaly is coincident with a high magnetic feature and EM conductor anomalies. Two initial drillholes were then completed returning long intervals of anomalous copper with grades of up to 800ppm in the drill core.

Cinderella, Leticia, Annie and Clair

Located in fairly close proximity to each other, work completed included 1,449 metres of diamond drilling over eight holes, a further 144 augur holes across Cinderella and Leticia and the collection of 1,365 soil samples.

Michael Hodgson
Chief Executive
26 April 2024

Soil sampling and follow up mapping at the Cinderella East and Leticia targets identified a new 2km x 1km WNW trending multi-element anomaly (Mo-Pb-Te-S + Bi-Sb-Ag) with similar characteristics to the Ganso high sulphidation epithermal target. Mapping also identified crystal tuffs with quartz-alunite-haematite alteration (the same as the advanced argillic alteration at Ganso) and the anomaly is also associated with demagnetised zones and potassium radiometric anomaly as seen at Ganso. We have interpreted the anomaly to be a lithocap setting with potential for high-



sulphidation epithermal mineralisation, and porphyry at depth. At the Leticia target, located three kilometres to the south, a further 2.5km x 0.5km WNW trending >10ppb Au in soil anomaly with grades in excess of 10ppb was also identified.

Strategic Report

Mineral Reserves and Resources

The Group completes in-house mineral resource and reserve estimates on a regular basis and discloses mineral reserves and resources using the definitions adopted by the Canadian Institute of Mining, Metallurgy and Petroleum, and in accordance with NI 43-101. The scientific and technical information pertaining to the Palito, São Chico and Coringa gold deposits has been reviewed and approved by Michael Hodgson BSc, MSc FIMMM, the CEO of Serabi, who is a qualified person under National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101") and who has acted as the qualified person under the AIM Rules ("Qualified Person"). The Qualified Person has verified the information disclosed herein, including the sampling, preparation, security and analytical procedures underlying the information or opinions contained in this announcement in accordance with standards appropriate to their qualifications.

Whilst the Group takes all reasonable care in the preparation and verification of the mineral reserve and resource figures, the figures are estimates based in part on forward-looking information.

Estimates are based on management's knowledge, mining experience, analysis of drilling results, the quality of available data and management's best judgement. They are, however, imprecise by nature, may change over time, and include many variables and assumptions including geological interpretation, commodity prices and currency exchange rates, recovery rates, and operating and capital costs.

There is no assurance that the indicated levels of metal will be produced, and the Group may have to re-estimate the mineral reserves based on actual production experience. Changes in the metal price, production costs or recovery rates could make it unprofitable to operate or develop a particular deposit for a period of time.

The most recent estimate for the Palito Complex, incorporating the Palito and Sao Chico gold deposits, was completed by NCL Ingeniería y Construcción SpA of Santiago de Chile ("NCL") in compliance with Canadian National Instrument 43-101, with an effective date of 31 July 2023 and is summarised below. The mineral resource and reserve estimates for the Palito Mine considers all available core drilling, underground chip sampling and other geological sampling by Serabi generated during the period mid-2002 to July 2023. For the São Chico Mine, the mineral resource and reserve estimates, also prepared by NCL, considers core drilling chip sampling and other sampling by Serabi and previous operators during the period September 2011 to July 2023.

Whilst the Serra orebody which form part of the Coringa mineral complex is in a trial mining phase of operation there has been no additional exploration work undertaken on the Coringa orebodies since June 2019, the effective date of the last mineral resource estimation. The Group plans to undertake underground exploration drilling in the Serra orebody during the first half of 2024 to replenish the mined resources extracted since June 2021, when mining operation commenced, and evaluate potential strike and depth extensions of the orebody. The most recent estimate for the Coringa gold project, was completed by Global Resource Engineering, of Denver, Colorado in compliance with Canadian National Instrument 43-101 with an effective date of 31 August 2019.

Mineral Reserve Estimates

Table 1 - Total Mineral Reserves Statement for the Palito Complex (Palito and Sao Chico Mines), Para, Brazil (effective 31 July 2023)									
	Palito			Sao Chico			Combined		
	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)
Reserves									
Proven	567.8	8.08	147.5	46.1	8.20	12.2	614.0	8.09	159.7
Probable	196.8	6.83	43.2	14.1	7.68	3.5	210.8	6.89	46.7
Total Proven and Probable	764.6	7.76	190.8	60.2	8.08	15.6	824.8	7.78	206.4

Notes to Table 1

- (1) Mineral Reserves have been rounded to reflect the relative accuracy of the estimates. Proven Mineral Reserves are reported within the Measured classification domain, and Probable Mineral Reserves are reported within the Indicated classification domain.
- (2) Proven and Probable Mineral Reserves are inclusive of external mining dilution and mining loss and are reported at a COG of 4.0 g/t gold assuming an underground shrinkage mining scenario, a gold price of US\$1,800/oz, a 5.0:1 Brazilian Real to U.S. Dollar exchange rate, and metallurgical recoveries of 93.2% for Palito and 93.8% for São Chico.

Strategic Report

Mineral Reserves and Resources

- (3) Serabi is the operator and owns 100% of the Palito Complex such that gross and net attributable mineral reserves are the same.
- (4) The mineral reserve estimate was prepared by the NCL in accordance with the standard of CIM and NI 43-101, with an effective date of July 31 2023, and audited and approved by Mr. Carlos Guzmán of NCL, who is a Qualified Person under NI 43-101.

Mineral Resource Estimates

	Palito			Sao Chico			Combined		
	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)	Tonnes (000's)	Grade (g/t Au)	Contained ounces (000's oz)
Resources									
Measured Resources	772.3	11.03	273.8	122.5	8.10	31.9	894.8	10.63	305.7
Indicated Resources	243.0	8.39	65.6	28.5	7.07	6.5	271.5	8.26	72.1
Measured & Indicated Resources	1,015.3	10.40	339.3	150.9	7.91	38.4	1166.3	10.08	377.8
Inferred Resources	674.2	7.02	152.2	8.2	7.84	1.7	682.4	7.01	153.9

Notes to Table 2:

- (1) Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off grade of 3.32/t gold assuming an underground extraction scenario, a gold price of US\$1,950/troy oz, an operating cost of \$198/t, and metallurgical recovery of 95%.
- (2) Serabi is the operator and owns 100% of the Palito Complex such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by NCL Consultoria en Ingenieria en Minas in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 31 July 2023 by Mr Nicolas Fuster, who is a Qualified Person under the Canadian National Instrument 43-101.
- (3) A three dimensional block model was used for Resources estimates.

Table 3 - Mineral Resources Statement, Coringa Gold Project, Para State, Brazil, as of 31 August 2019.

The current Mineral Resource estimates for the Coringa Mine (Table 3) are based on data as at 30 June 2019.

Classification	Quantity	Grade	Contained Metal
	000't	g/t	000'oz
Indicated Resources	735	8.24	195
Inferred Resources	1,645	6.54	346

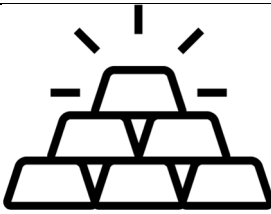

During 2022, Serabi mined 7,654 tonnes of mineral resources at an average grade of 4.78g/t from the Coringa orebody and a further 42,780 tonnes of mineral resources at an average grade of 6.88g/t during 2023.

Notes to Table 5:

- (1) Mineral Resources have been rounded. Mineral Resources are not Mineral Reserves and have not demonstrated economic viability. Mineral Resources are reported inclusive of Mineral Reserves. All figures are rounded to reflect the relative accuracy of the estimates. Underground Mineral Resources are reported within classification domains inclusive of in-situ dilution at a cut-off grade of 2.0g/t gold assuming an underground extraction scenario, a gold price of US\$1,500/troy oz, an operating cost of \$100/t, and metallurgical recovery of 95%.
- (2) Serabi is the operator and owns 100% of the Coringa gold project such that gross and net attributable mineral resources are the same. The mineral resource estimate was prepared by Global Resource Engineering in accordance with the standard of CIM and Canadian National Instrument 43-101, with an effective date of 31 August 2019 by Mr Kevin Gunesch and Dr Hamid Samari, who are both Qualified Persons under the Canadian National Instrument 43-101.

Serabi has been present in the Tapajos region of Brazil for over 20 years during which time it has established a loyal and committed work force and developed strong relationships with local communities and government agencies.

Management wants to build on this base to grow Serabi's gold production and resource inventory in a measured and sustainable manner, minimising financial, environmental and social risk as much as possible.

	STRATEGY	LINK TO PRINCIPAL RISKS
	1. Sustainable production Producing operations provide the foundation for longer term growth <ul style="list-style-type: none"> Over 10 years of continuous gold production from the Palito Complex Successful track record of resource replacement Near term production growth to over 60koz pa Au for 2026, will drive an AISC reduction 	2, 3, 5, 6, 7, 8, 9
	2. Exploration Identify high-quality opportunities through exploration within the Group's highly prospective tenement holdings <ul style="list-style-type: none"> Near mine exploration at Palito and Coringa to target 1Moz Au resource at each project 84,000ha exploration tenements in highly prospective and under-explored Tapajós gold district Exploration partnerships are being pursued to provide exposure to copper exploration and development in the Group's tenements 	1, 2, 5, 6
	3. Development Leverage off an experienced work force, strong community and regional support to bring new opportunities into production <ul style="list-style-type: none"> Seasoned, technically-focussed management team with deep experience in Brazil Well established relationships with local communities. Historic expenditure on community support programmes of approximately \$2 million since the beginning of 2017 Direct employment of approximately 700 people in an historically poor region, with over 70% from within the State of Para 100% Brazilian in-country management 	1, 2, 4, 5, 6
	4. Corporate opportunities The São Chico and Coringa projects are a demonstration of Serabi's ability to acquire complimentary development projects offering attractive financial returns and maintaining a focused gold production company <ul style="list-style-type: none"> Well-funded to pursue near-term growth opportunities Net cash position (no long-term debt) Robust cash flow generation expected 	1, 4, 7, 8

Current focus on successful development of its Coringa project.

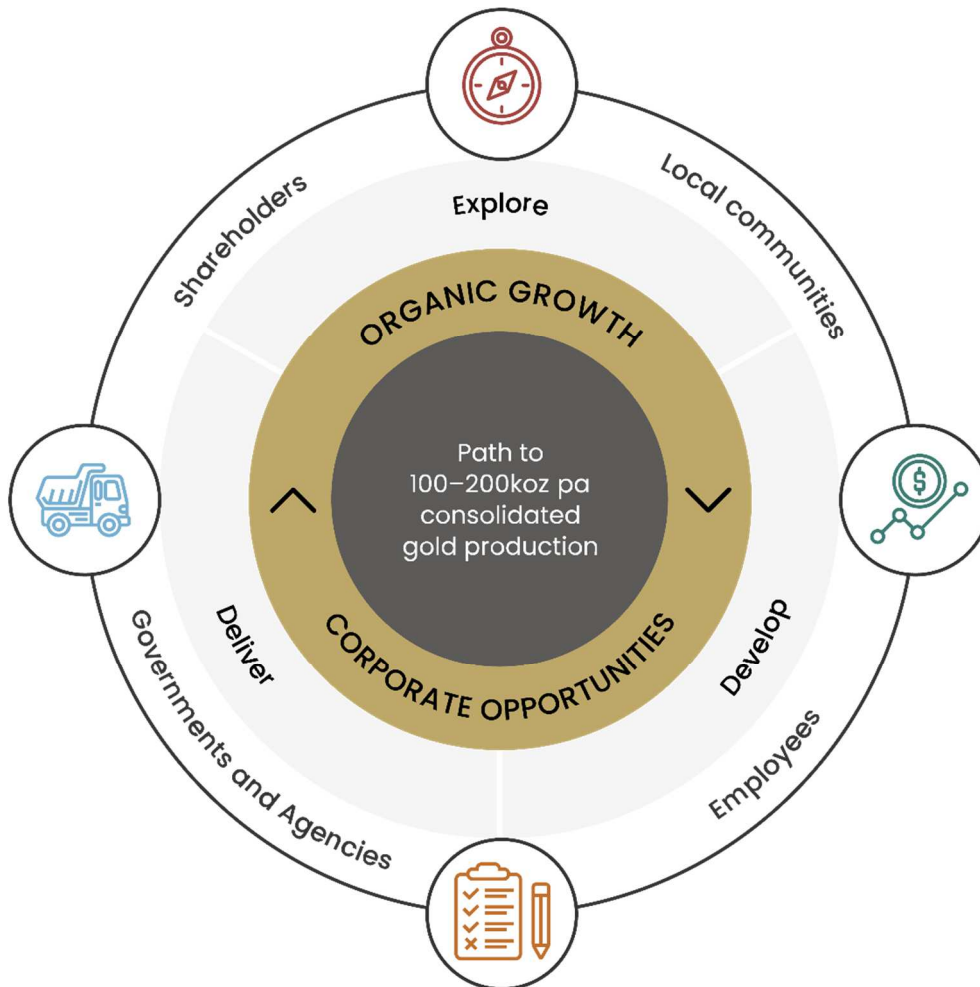
- Gold production is already underway with run of mine ore (“ROM”) being transported to the process plant at Palito.
- A crusher and ore sorting plant will be installed and operational for Q4 2024.
- Continued production growth in 2025 and 2026.

Evaluate opportunities for organic growth

- 84,000ha exploration tenements in highly prospective and under-explored Tapajós gold district
- Near mine exploration at Palito and Coringa to target 1Moz Au resource at each project

Modular plant expansion to accommodate increased mined volumes

- Company owns mills to add up to an additional 750tpd of process capacity (more than doubling current throughput)
- New satellite discoveries to provide increased ore feed for central plant
- “Hub and spoke approach” minimises upfront capital requirements and reduces development risk



Growth opportunities from mine development and exploration activities

- The Group’s successful initial development of the Serra orebody of the Coringa gold project, is the first stage of this new mine which is projected to reach its full production potential over the coming years as production from the Serra ore body increases and the Group develops the Mei, Mae de Leite and Galena sectors which form the rest of the project as it has currently been identified.
- Ore recovered from the Serra deposit is very amenable to ore-sorting.

Strategic Report

Strategy and Business Model

- The ore sorting process reduces the mass of the run of mine (“ROM”) ore by between 45 per cent and 50 per cent. increasing the grade in the process. The reduced mass reduces the capacity of the process plant that would otherwise be required and the levels of mine tailings generated.
- Ore recovered from Coringa will continue to be transported to the Palito Complex for processing.
- Significantly reduces upfront project capital costs and eliminates the significant build, performance and cost over-run risk involved with the construction of a full independent plant.
- Enhanced cash flow anticipated from the increased production allows internal cash flow to fund further modular expansion of the process plant.
- Additional plant capacity can accommodate additional ore feed from new satellite opportunities including a potential re-start of Sao Chico.

Meeting the needs of all stakeholders

The delivery of our strategy is reliant on the support and commitment of our stakeholders

Key Stakeholder Groups

EMPLOYEES	SHAREHOLDERS	FINANCIERS
Why we engage	Why we engage	Why we engage
Serabi's employees, their welfare and working conditions are fundamental to our business. To drive the success of the business, we need to have a motivated workforce. Alignment with our staff on working practices is fundamental to providing good health and safety practices and maintaining our commitment to sustainable development.	Having invested risk capital in the business, we have a duty to engage with our shareholders and keep them informed of our strategic plans and progress towards these. Regular and open communication encourages confidence and continued long term support.	The Group considers that existing cash flow from operations provides enhanced opportunity to secure attractive borrowing terms for working capital or to fund capital programmes if and when required. Management therefore engages regularly with banks, credit funds, development financial institutions, streaming and royalty companies and off-take financiers.
How we engage	How we engage	How we engage
Employees are encouraged, at all levels, to provide feedback directly to management and senior management. There is an open dialogue at all levels. There are operational and safety briefings before the start of each shift. Employees are encouraged to report unsafe acts and near accidents openly and there is an anonymous reporting channel also. The Group provides welfare workshops to assist and raise awareness of physical and mental health issues and communicates each week with its employees on the Group's activities and industry related matters.	<p><u>Substantial shareholders:</u> Both Fratelli and Greenstone have the right to appoint up to two Directors under the terms of their respective Relationship Agreements with the Company. Other substantial shareholders have periodic meetings with the Chair, CEO and CFO.</p> <p><u>Prospective and existing investors:</u></p> <ul style="list-style-type: none"> • The AGM and Annual and Quarterly Reports. • Investor roadshows and presentations. • One-on-one investor meetings with the CEO and CFO. • Access to the Company's brokers and advisers. • Regular news and project updates. • Social media accounts. 	One-to-one meetings with the CEO, CFO and/or VP Investor Relations and Business Development are undertaken on a regular basis with a range of potential debt and other finance providers for updates on the Group's activities and in particular its Coringa project. These meetings keep providers of financing solutions apprised of progress with all aspects of the Group's operations.
How the Board engaged	How the Board engaged	How the Board engaged
Executive Board members are present in-country every month and meeting with a variety of personnel during this time, obtaining feedback on new operational ideas and concerns. Other Board members undertake periodic site visits to familiarise themselves with the Group's operations and directly engage with management in Brazil at these times.	The AGM and other general meetings are key opportunities for shareholders to meet, whether virtually or in person, with Executive and non-executive Directors. In addition to investor conferences, the executive Directors provide regular interviews to supplement regulatory news announcements.	Direct engagement of the Board with non-equity providers of finance has not been necessary with no new significant financing facility put in place. Management provides regular feedback to the Board on discussions.

Strategic Report
Stakeholder Engagement

GOVERNMENTAL AGENCIES AND REGULATORS	CONTRACTORS AND SUPPLERS	LOCAL COMMUNITIES
Why we engage	Why we engage	Why we engage
Engagement with government bodies and regulators helps preserve our operational licences, provides a forum for discussion of potential regulatory change and encourages support for new licence applications.	We value the role our trusted contractors and suppliers play in delivering products and services and supporting our teams. We also need to ensure that our suppliers adhere to our values of ethics and sustainability whilst seeking to promote and support local enterprises wherever practical.	Establishing and maintaining good relations with the local community throughout the development, operation and, at some time in the future, the ultimate closure of the Group’s mining operations is vital for the Group’s social licence to operate. Engagement helps build trust and assist with better decision making. Dissemination of accurate information regarding both the Group’s existing and future projects, and the early and ongoing engagement with community leaders, form a cornerstone of the Group’s ESG policies. More than 70% of the Group’s workforce reside within the State of Para and the Group sources many of its support services from local businesses.
How we engage	How we engage	How we engage
Agencies and regulators are encouraged and assisted with visits and inspections of the Group’s activities. Key management staff hold regular meetings with relevant officials and the Group provides regular monitoring and other reports as required.	The Group has a dedicated procurement department and a formal process for adding new suppliers on to its approved list. Key supply contracts are only awarded after a formal tender process and the value and nature of the tender will determine the level of engagement of senior management in that process.	The Group’s dedicated HSE department have regular dialogue with community leaders working with them to understand ways in which the Group can assist the communities to improve quality of life and receive feedback on concerns or issues. Specialist advisers and consultants are used to conduct independent assessment and reports for government as well as liaising with the appropriate government agencies in particular those responsible for indigenous communities. The Group has an active programme of communication through social media channels to maintain open communication, promote its activities and inform communities of any short-term matters that may affect them as a result of the Group’s operations.
How the Board engaged	How the Board engaged	How the Board engaged
In addition to assistance from the executive Directors, one of the Non-executive Directors, resident in Brazil, is in regular dialogue with representatives of government bodies on behalf of the Group and also assists with the development of strategy and regulations for the mining industry in Brazil. Together they provide regular feedback to the Board.	Engagement with contractors and suppliers is carried out by members of the management team, with feedback provided to the Board.	Reports from the HSE department are summarised and received by the Board on a monthly basis and any significant community plans approved by the Board.

Strategic Report

Stakeholder Engagement

As noted in the Strategy and Business Model, the Group considers its employees, local communities, shareholders and government agencies to be key stakeholders in the long-term success of the Group's activities. In addition, the Group considers that its potential financing partners and its contractors and suppliers will be significant stakeholders in the Group's growth and development. Whilst there are many potential customers in the form of refineries for the Group's gold production these are less critical to the Group's strategy and are therefore not considered to be key stakeholders.

Strategic Report

Section 172 Statement (Companies Act 2006)

Statement by the Directors in performance of their statutory duties in accordance with s.172(1) Companies Act 2006

The Directors of Serabi consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole (having regard to stakeholders and matters set out in section 172 (1) (a-f) of the Companies Act 2006) in the decisions taken during the year ended 31 December 2023.

Our stakeholders

The Directors endeavour to balance the needs and requirements of all stakeholders which, in addition to the Company's shareholders, include the Group's employees, the communities in the areas where it operates, government agencies and the Group's suppliers and customers, all of whom have a vested interest in the long-term success of the Group. As all the activities of the Group are currently undertaken in Brazil and managed by a single management team the Directors are not, at this time, required to consider any potentially competing interests of different members of the Group.

Our engagement

The Board and each Director acknowledge that the success of Company's and Group's strategy is dependent on the support and commitment of all of the Group's stakeholders. The Board, when necessary, engages directly with stakeholders as set out on pages 17 to 19.

However, considering the relative geographical locations of the operations and some of the Board members, much of the stakeholder engagement mainly takes place at an operational level and the Board is therefore reliant on management to help it fully understand the impact of the Group's operations on its stakeholders as set out on pages 17 to 19.

During the year in review, the Board considered information from across the Group's business and received presentations from management, working groups and Board advisers. In addition to this, the Board reviewed papers and reports and took part in discussions which considered, where relevant, the impact of the Group's activities on its key stakeholders. These activities, together with direct engagement by the Board and individual Directors with some of the Group's key stakeholders and shareholders, helped to inform the Board in its decision-making processes.

Our decision making

The Board recognises that balancing the needs and expectations of stakeholders is important. We set out below how we consider the matters in our decision making:

S172 factor	Our approach	Relevant disclosure
(a) the likely consequence of any decision in the long term.	The Board is always mindful of the long term and the consequence of any decision on this timeframe. The decision-making process has been structured to enable Directors to evaluate the merit of proposed business activities and the likely consequences of its decisions over the short, medium and long term, with the aim of safeguarding the Company and the Group so that it can continue in existence, fulfilling its purpose and creating value for stakeholders. The exploration and development required prior to initial gold production can be a long process, so the Board are always mindful of the longer-term plan including the longer-term strategic vision to become the premier gold growth company in Brazil. Decisions are therefore always made with this longer-term plan in mind.	Strategic report on pages 17 to 19
(b) the interests of the company's employees.	Our employees and their welfare are fundamental to our business. Employees are encouraged to feedback directly to management and senior management. A Whistleblowing Policy is also operational across the Group to allow employees to feedback in an anonymous manner.	Strategic report on pages 17 to 19 and pages 37 to 42

Strategic Report
Section 172 Statement (Companies Act 2006)

<p>(c) the need to foster the company's business relationships with suppliers, customers and others.</p>	<p>The Board is committed to fostering the Company's business relationships with contractors, suppliers and also governmental agencies and representatives. These relationships are vital to our business model so key management staff hold regular meetings with relevant officials and keep them apprised with regular reporting. Suppliers and contractors' relationships also require a high level of senior management engagement.</p>	<p>Strategic report on pages 17 to 19</p>
<p>(d) the impact of the Company's operations on the community and the environment.</p>	<p>The Board recognises the importance of the Group's operations on the local community in which it operates and the environment. Early and continued engagement with the local communities is the cornerstone to Serabi's ESG policies. How the Group's activities may impact these communities and the environment is always considered and monitored closely.</p>	<p>Strategic report on pages 17 to 19 and pages 37 to 42</p>
<p>(e) the desirability of the company maintaining a reputation for high standards of business conduct.</p>	<p>The Board recognises the importance of operating to the highest standards of compliance across the business. Morality and ethics are central to the Company's values and define how we wish to interact with all stakeholders. Regulation, monitoring and scrutiny are welcomed and considered at each level of decision making.</p>	<p>Strategic report on pages 17 to 19 Corporate Governance Report on pages 53 to 62</p>
<p>(f) the need to act fairly as between members of the company.</p>	<p>The Board recognises the importance of treating all members fairly and monitors the views of all Company shareholders (including the views of the substantial shareholders) through reports on investor and analyst communications so that their views and opinions can be considered when setting strategy.</p>	<p>Strategic report on pages 17 to 19 Directors' Report on pages 82 to 86</p>



Overview

Twelve months ago, I reported that 2022 had been planned as a year of investment as the Group commenced the development of Coringa, which will drive production growth over the next couple of years. The reward for that investment has been manifesting itself through the year. Production from Coringa was over 8,800 ounces and we anticipate a further significant uplift during 2024 as we target 38,000 to 40,000 ounces, with that increase expected to be primarily attributable to Coringa. Whilst overall gold production improved by four per cent, sales revenue was up by almost nine per cent as we benefited from continued improvement in the gold price. At the same time we were able to maintain operating costs at a very similar level to the previous year and as a result Operating Profit is up by US\$5.3 million, a 241 per cent increase, with EBITDA of US\$13.7 million being up by US\$4.9 million, a 57 per cent improvement year on year.

Revenue

For the year ended 31 December 2023, the Group generated US\$31,103,442 (2022: US\$29,185,137) in revenue through sales of an estimated 14,819 ounces of gold sold as copper/gold concentrate (2022: 15,443 ounces) and 16,873 ounces of gold bullion generating revenue of US\$32,604,026 (2022: 16,368 ounces for revenue of US\$29,524,191)

The average gold price received during 2023 was US\$1,945 compared with a price of US\$1,785 received during 2022.

More importantly despite continued development of Coringa, cash has also improved with net cash up by US\$4.75 million. Cash generated from operations and after capitalised mine development expenditure was US\$7.7 million, a significant improvement on the net outflow of US\$1.7 million of 2022.

In my 2022 overview I indicated that we would only be able to secure the necessary longer term funding for Coringa once adequate progress had been made on the licencing situation. Roll forward 12 months to today, and with the continued support from existing lenders and the cash flow we expect to generate given current market conditions, we are confident that we can continue the planned development of Coringa without any financing related delays. The ore sorter has been purchased and cleared customs in Brazil in early April. The area for its installation has been cleared and the civil works for installation are already underway.

2024 will nonetheless be another year of investment. In addition to the purchase and installation of the crushing and ore-sorting plant, we are undertaking an underground drilling campaign on the Serra orebody at Coringa. This will allow the Group to issue a new Technical Report with updated mineral reserves and resources for the Coringa project later this year. We are specifically drilling the down dip extension of the Serra orebody. These investments will be key to the Group positioning itself to deliver its continued growth plans for 2025 which in turn can be expected to provide the opportunity to reduce unit production costs. One of our largest cost items is power and in particular the cost of diesel for generators to run the Palito Complex and the process plant. In the latter part of 2023, we have been increasingly reliant on these generators due to fluctuations in the voltage of the power delivered by the grid, particularly during the wet season. We are working with the local transmission company, and anticipate that later in 2024 we will have a more reliable and higher capacity transmission line connected to the Palito Complex. This should in turn reduce our need for diesel sourced power, providing both costs savings and improving our environmental credentials as the grid power will come from renewable sources.

Strategic Report

Chief Financial Officer's Review

Production of gold bullion for the year to 31 December 2023 was 17,718 ounces of gold compared with 16,820 ounces for the previous year, an increase of five per cent.

During the same 12 month period 1,714 wet tonnes of copper/gold concentrate, containing an estimated 15,435 ounces, was produced (12 months to 31 December 2022: 1,316 wet tonnes of copper/gold concentrate, containing 14,999 ounces of gold). The unsold material is held as inventory.

Revenue improved by US\$5.0 million year on year a consequence of the higher gold production which was up by four per cent (1,334 ounces) and the improved average gold price which was nine per cent better from US\$1,785 in 2022 to US\$1,945 in 2023. Total sales volume for 2023 was 32,537 ounces compared with 31,811 ounces realised in 2022. Shipments of copper/gold concentrate for 2023 increased by 16 per cent year on year.

	12 months ended December 2023 US\$	12 months ended December 2022 US\$	Variance US\$
Concentrate sold (ounces)	14,819	15,443	(624)
Bullion sold (ounces)	16,873	16,368	505
Total Ounces Sold	31,692	31,811	(119)
Average gold sales price achieved	US\$1,945	US\$1,785	
Revenue from Ordinary Activity			
Gold (in Concentrate)	27,880,515	26,576,214	1,304,301
Copper (in Concentrate)	3,051,879	2,478,897	572,982
Silver (in Concentrate)	171,048	130,026	41,022
Total Concentrate Revenue	31,103,442	29,185,137	1,918,305
Gold Bullion	32,604,026	29,524,191	3,079,835
Total Sales	63,707,468	58,709,328	4,998,140
Costs of sales			
Operational costs	40,245,823	40,210,382	35,441
Stock impairment provision	230,000	–	230,000
Provision for impairment of State taxes receivable	–	1,151,899	(1,151,899)
Shipping costs	1,503,995	1,351,120	152,875
Treatment charges	703,381	701,303	2,078
Royalties	731,540	848,065	(116,525)
Amortisation of mine property	2,719,243	4,660,861	(1,941,618)
Accelerated amortisation of fixed assets	1,572,192	–	1,572,192
Depreciation of plant & equipment	1,948,121	1,911,600	36,521
Total operating costs	49,654,295	50,835,230	(1,180,935)
Gross profit	14,053,173	7,874,098	6,179,075

Costs of sales

Operational costs for the twelve months ended 31 December 2023 were US\$40.25 million (2022: US\$40.21 million). Operational costs include 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 mined from the Palito, Sao Chico and Coringa deposits is processed.

	12 months ended December 2023	12 months ended December 2022	Variance
Tonnes mined	177,870	173,741	4,129
Tonnes milled	172,200	172,404	(204)
Ounces produced	33,153	31,819	1,334
Ounces sold	32,537	31,811	726

Strategic Report
Chief Financial Officer's Review

	12 months ended December 2023 US\$'000	12 months ended December 2022 US\$'000	Variance US\$'000
<u>Operating Costs</u>			
Labour	17,306	17,290	16
Mining consumables & maintenance	13,684	13,672	12
Plant consumables	5,433	5,428	5
General site	3,823	3,820	3
	40,246	40,210	36

During 2023 the average exchange rate was BrR\$4.99 to US\$1.00 compared with an average exchange rate of BrR\$5.16 to US\$1.00 during the same period of the previous year, a weakening of approximately three per cent.

Operational costs for 2023 are one percent higher than in 2022 which reflects the two percent increase in tonnes mined. The increase in shipping costs reflects the increase in concentrate tonnes shipped in 2023 in comparison to the previous year.

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 the 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 Company is in a position to expand production with the installation of the crushing and ore-sorting plant complete and commissioned. 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\$2.43 million from US\$5.29 million at 31 December 2022 to US\$2.86 million at 31 December 2023. This 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 the end of the calendar year. The payment was received in early January 2023. At the end of December 2023 initial proceeds from all sales recorded during the period had been received.

Hedging Activities

During the first of quarter the 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 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 BRL10,500 in March 2023 and was at a low of BRL8,556 in October 2022. The hedging arrangements are unsecured and not subject to margin calls.

Gold and hedging contracts entered into by the Group are valued on a mark-to market basis at the end of each period and any increase or decrease in value reported through the income statement. Any settlement values receivable or payable during the period are recognised in the period and reported through the income statement. During the twelve month period ended 31 December 2023 the Group received net settlements in its favour totalling US\$466,803. The outstanding foreign exchange hedges at 31 December 2023 had a mark to market value of US\$110,249 whilst the outstanding gold hedges had a net mark to market value of a loss of US\$41,635. The hedging transactions that were outstanding to be settled at the end of the year had a value of US\$47,695, in favour of the Group.

Strategic Report Chief Financial Officer's Review

Borrowings

In May 2022, the Group received US\$5.0 million of short-term loan funding from Itau BBA in Brazil, providing the Group with additional working capital. In February 2023 the Group was offered a further similar unsecured loan arrangement for US\$5.0 million with an interest coupon of 7.96 per cent by Santander Bank in Brazil. The proceeds raised from the Santander loan were used for working capital and secured adequate liquidity to allow the repayment on 12 May 2023 of the loan with Itau. On 7 January 2024 the Company secured a new US\$5.00 million loan from Itau BBA and the Santander loan was repaid as a bullet payment on 22 February 2024. The new Itau loan is repayable as a bullet payment on 6 January 2025 and carries an interest coupon of 8.46 per cent.

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.

Clive Line
Finance Director
26 April 2024

Strategic Report

Going Concern and Longer-Term Prospects

The Group's business activities, together with factors likely to affect its future development, performance and position are set out in this Strategic Report. At 31 December 2023, the Group held cash of US\$11.6 million. It has subsequently reported that at 31 March 2024 it held cash of US\$11.1 million with delayed receipts of US\$1.1 million also due to be received.

Further details of the financial position of the Group, its cash flows and liquidity position are described in the Chief Financial Officer's Review, with details of its balance sheet commitments set out in notes 17 to 21 of the Group Financial Statements. The Group Financial Statements includes commentary in note 23 regarding the Group's objectives, policies, and processes for managing its capital; whilst details regarding the Group's objectives concerning its financial risk management objectives; details of its financial instruments; and its exposures to credit, market and liquidity risk are set out in note 26. The Group monitors its capital position and its liquidity risk regularly throughout the year, updating as required cash flow models and forecasts taking into account revised production estimates, foreign exchange rates and metal price estimates as well as any variations in capital or operating cost estimates. Sensitivities are prepared that reflect the key operational and financial parameters.

Whilst each of the risks outlined in the Principal Risks section below has a potential impact on the business, the Directors focussed on those that are the most critical to the Group's prospects, which are considered to be:

Geological risk (risk 2)

Mining risk (risk 3);

Licensing and environmental risk (risk 5) and

Gold price and exchange rate risk (risk 7).

The Group's base case going concern assessment assumed the following:

average gold price of US\$1,950 per ounce in 2024 and 2025;

average exchange rate of BRL4.90 to USD1.00 in 2024 and 2025;

gold production in line with published guidance;

ore recovered from mining operations at Coringa continuing to be transported to the Palito Complex for processing;

the installation of the crushing and ore sorting circuit at Coringa and this being operational from 1 October 2024 onwards; and

a brownfield exploration programme to continue the advancement of certain gold exploration targets using the Group's own personnel and equipment supplemented by third party contractors as required

Under the base case scenario, the Board considers that the Group has sufficient liquidity with sufficient headroom thereafter for a period of at least 12 months from the date of this report to fund ongoing working capital requirements subject to the Group being able to renew or replace the January 2024 a working capital loan of US\$5 million when it falls due in that month. The Group currently has access to an undrawn, unsecured lending facility with a major international bank that could replace this US\$5 million loan as well as strong relationships with three Brazilian banks (including the current loan provider) willing to provide lines of credit. In addition, the Group has flexibility to restrict some of its capital plans and exploration activity to liberate additional working capital.

Since 1 January 2024, the gold price, quoted in US Dollars, has traded above the levels of the base case scenario, and since early March has traded at a price in excess of US\$2,150 per ounce and since early April 2024 has traded at a price in excess of US\$2,300 per ounce. Over the same period the exchange rate between the US Dollar and the Brazilian Real has been above the 4.90 rate assumed in the base case scenario, and during April 2024 the exchange rate in response to global economic factors weakened to a rate of 5.20. The Group pays for up to 85% of its costs in Brazilian Real and therefore a weakening of the Brazilian Real will result in a reduction in its US Dollar reported costs.

The Group operations are subject to a variety of licences issued by differing governmental bodies. At the current time management consider that the Group is in compliance with its licence obligations and there is no expectation that any existing licence will be withdrawn or may not be renewed when appropriate. The withdrawal or suspension of any licence may restrict or result in a suspension of the current operations. In recent years legislation and/or regulations have been amended at short notice in reaction to events at other mining operations. The Group has been able to react and fund the costs of complying with such changes in the past and management anticipate, given the nature and size of its operations, that the Group would continue to be able to do so in the future.

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Conclusion

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 audited 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 short term working capital finance if this is required for the ongoing operational activities and development of its projects. The Directors have received no indications that the necessary permits and licences will not be awarded.

Assessment of the Group's longer-term prospects

The longer-term prospects of the Group are driven by its strategy and business model, as outlined on pages 14 to 16, whilst factoring in the Group's principal risks and uncertainties (pages 28 to 36). Assessment of the business is performed over a number of different time periods for differing reasons, which include an annual budget cycle (with reforecasts made as appropriate during the year) and a long-term corporate model which incorporates the latest annual budget and provides forecast cash flow detail for each of the Group's mining operations.

Extending the base case assessment (using long term gold prices of US\$1,950 per ounce and an exchange rate of BRL4.90 to USD1.00), and assuming that Coringa production ramps up in a similar manner to that originally projected in the 2018 Pre-feasibility study, the Group is projected to continue generating positive cash flows from operations sufficient to meet the ongoing requirements for the development of Coringa. Thereafter, the Group intends to use cash generated from operations to develop other opportunities that it identifies from successful exploration and seek attractive investment opportunities, focused on the gold sector in Brazil and South America to grow the underlying value of the Group and build a broader base to develop in the future.

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Risks and Controls

There are many risks inherent with mining operations which to a greater or lesser degree companies can anticipate, plan for and seek to mitigate. These risks may impact on a company only in the short-term or may have longer-term implications for the success and development of the enterprise and its mining projects. When assessing the Group's operations, the Board and management are conscious that the Group can elect to assume or tolerate a risk, introduce controls and processes that are intended to mitigate that risk, transfer the risk to third parties through insurance or other means or not pursue certain activities or actions to eliminate the risk entirely.

Risk Framework

In addition to management of risks inherent in mining and development operations, the Board is responsible for putting in place a system to manage risk and implement internal controls. The Board has considered mechanisms by which the business and financial risks facing the Group are managed and reported to the Board. The Board and management consider the principal business and financial risks have been identified and appropriate control procedures implemented. The Board acknowledges it has responsibility for reviewing the effectiveness of the systems that are in place to manage risk.

The Board determines the Group's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

The Board has delegated to the Audit and Risk Committee responsibility for overseeing the implementation of the risk management system.

The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management.

Management is required to assess risk management and associated internal compliance and control procedures and report back to the Audit Committee at least annually. The Board reviews assessments of the effectiveness of risk management and internal compliance and control at least annually.

The Board is responsible for reviewing and approving overall Group strategy, budgets, and plans. Monthly results and variances from plans and forecasts are reported to the Board.

There are procedures for budgeting and planning, for monitoring and reporting to the Board business performance against those budgets and plans, and for forecasting expected performance over the remainder of the financial period. These cover cash flows, capital expenditures and balance sheets.

The Audit Committee meets at least four times during a year and in these meetings will consider and discuss with the auditors, the audit approach and key areas of risk for reporting the annual financial results, review and approve the annual financial statements and all interim financial statements.

The Audit Committee is responsible, inter alia, for:

- Reviewing the Group's risk management framework at least annually in order to satisfy itself that the framework continues to be sound and to determine whether there have been any changes in the material business risks the Group faces.
- Ensuring that the material business risks do not exceed the risk appetite determined by the Board.
- Overseeing the Group's risk management systems, practices and procedures to ensure effective risk identification and management, and compliance with internal guidelines and external requirements.
- The Audit Committee assists the Board in discharging its duties regarding the financial statements, accounting policies and the maintenance of proper internal business, and operational and financial controls.
- The Audit Committee reviews the adequacy of accounting and financial controls together with the implementation of any associated recommendations of the external auditor.

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Risks and Controls

The Board considers that the following risks are those which present the most significant uncertainty for the Group at the current time and could have the most serious adverse effect on its performance and reputation.

Risk		Link to going concern assessment	Link to Strategy and Business Model			
			Sustainable production	Exploration	Development	Acquisition
1	Capital and funding requirements for development of new projects			●	●	●
2	Geological risk	●	●	●	●	
3	Mining risk	●	●			
4	Project development risk				●	●
5	Licencing and environmental risk	●	●	●	●	
6	Personnel and expertise		●	●	●	
7	Gold prices and exchange rates	●	●			●
8	Bribery and corruption		●			●
9	Litigation		●			

Current risk assessment matrix						
Increasing likelihood	Almost certain					
	Likely				7	
	Possible			6		1 5
	Unlikely		9	8	2 3 4	
	Rare					
		Very low	Low	Moderate	High	Very high
Increasing financial and non-financial consequences						

Further details of these are set out below in the section Principal Risks and Uncertainties.

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Risks and Controls

Internal Controls

The Group has an established framework of internal financial controls, the effectiveness of which is regularly reviewed by the senior management team, the Audit Committee, and the Board considering ongoing assessments of the significant risks facing the Group.

The Directors acknowledge their responsibility for the Group's system of internal controls and procedures and for reviewing the effectiveness of these and ensuring that management of its subsidiaries review the internal controls and procedures operating in the subsidiaries. Such controls and procedures are designed to safeguard the Company's and the Group's assets and ensure reliability of reporting information, financial and otherwise, for both internal use and external publication. The Group's management has designed internal controls over financial reporting, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The Board and management, taking account of the size and nature of the Group, base the design of the Group's internal control procedures using the criteria, having taken account of the size and nature of the Group, put forward by the Financial Reporting Council in their revised guidance for directors on internal controls for UK listed companies (issued September 2014). Nonetheless the Group's management, including the Chief Executive Officer and the Chief Financial Officer, does not expect that its disclosure controls and internal controls over financial reporting will prevent or detect all errors and fraud. A cost-effective system of internal controls, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the internal controls over financial reporting are achieved.

The Board is responsible for ensuring that a sound system of internal control exists in order to safeguard shareholders' interests and the Group's assets. In conjunction with the Audit Committee, it is responsible for the regular review of the effectiveness of the systems of internal control. Internal controls are necessarily designed to manage risk rather than eliminate it. The key features of the system that operated during the period are:

- Regular Board meetings to consider the schedule of matters reserved for Directors' consideration;
- A risk management process;
- An established organisation with clearly defined lines of responsibility and delegation of authority;
- Appointment of staff of the necessary calibre to fulfil their allotted responsibilities;
- Comprehensive budgets, forecasts and business plans, approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances;
- Documented whistle-blowing policies and procedures.

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Key



Risk has decreased



No change




Risk has increased


1. Capital and funding requirements for development of new projects		
<p>The Group requires access to capital in order to develop its Coringa project and other future potential projects. Uncertainty over the future returns from these projects and other macroeconomic factors may constrain ability to raise external finance. Reliance on cash flow from the Group's operations may not provide sufficient cash flow to fund development projects organically.</p>		<p>Change in risk level</p>
<p>Potential Impact</p> <p>Impairment of development assets.</p> <p>Impairment of exploration assets.</p> <p>Ability to replace and grow mineral resource inventory.</p> <p>Loss of value for stakeholders.</p>	<p>Mitigation</p> <p>Major new project developments need to have certainty of being fully funded before any construction and/or development decision can be taken.</p> <p>Delays in start up are unlikely to result in revocation of licences or other authorisations.</p> <p>Establishing annual budgets for exploration activity funded from operational cash flow. Exploration obligations can be spread over the licence period improving the likelihood of extension or conversion into mining licences for the most prospective areas.</p> <p>Active engagement with providers of finance including current and potential shareholders, brokers, banks and other financing institutions.</p> <p>Looking at opportunities for joint ventures particularly for exploration activity which may significantly reduce funding risk whilst retaining significant upside optionality.</p>	<p>Risk Movement</p> <p>Improvement in the gold price has provided improved potential for cash generation both from existing and new projects reducing risk for lenders.</p> <p>Current interest rate projections are expected to result in reduced borrowing costs.</p> <p>Recent governmental change is not considered to have significantly changed the long-term political and economic risk rating for Brazil.</p>

2. Geological risk		
<p>The Group's production and development projects are underground narrow vein gold deposits. By their nature such ore bodies can be erratic in the grade of gold within the vein and also the widths of these veins. Geological interpretations and therefore mine plans can be subject to change as additional data becomes available and greater understanding regarding the nature of the veins and their origins is established.</p>		<p>Change in risk level</p>
<p>Potential Impact</p> <p>Reduction in gold production and associated cash flow.</p> <p>Impairment of development assets.</p> <p>Impairment of exploration assets.</p> <p>Ability to replace and grow mineral resource inventory.</p>	<p>Mitigation</p> <p>The Group undertakes significant and systematic exploration activity before evaluating an ore body as an economic mineable resource and commissions independent technical experts to prepare reports to support the Group's internal assessments.</p> <p>Independent accredited laboratories are used to confirm assay data from samples recovered from exploration activity and confirm results from the Group's own laboratory facilities.</p>	<p>Risk Movement</p> <p>In November 2023, the Group published an updated Reserve and Resource estimate for the Palito Complex. This resulted in a threefold increase in Mineral Reserves, sufficient to provide six more years of production at current rates with a further Mineral Resource of 171,000 ounces in the Measured and Indicated category. This significantly reduces the geological risk of the Palito Complex operations.</p> <p>The mine development of the Serra Vein system at Coringa has resulted in better</p>

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2. Geological risk		
	<p>As part of its on-going daily operational expenditure the Group actively undertakes exploration activity to assist its medium and long-term mine planning.</p> <p>The Group seeks to maintain a number of mining faces at any one time to minimise the risk of unforeseen geological events significantly impacting production.</p>	<p>than predicted results in particular higher levels of payability. Rock conditions encountered to date have also not raised any cause for concern for the longer term viability of the operation.</p> <p>Management concludes that geological risk to its current mining operations has reduced based on the results derived during 2023.</p>

3. Mining risk		
<p>The Group's production and development projects are underground narrow vein gold deposits. Underground mines have inherent risks including those resulting from geological faults or varying rock types which may ultimately compromise certain areas from being mined on the basis of safety.</p>		<p>Change in risk level</p> 
Potential Impact	Mitigation	Risk Movement
<p>Reduction in gold production and associated cash flow</p> <p>Cessation or suspension of mine activity.</p>	<p>The Group employs personnel with significant experience and understanding of similar deposits and mining operations.</p> <p>Mining methods consider the ground conditions and competency of the host rock and appropriate and recognised measures are taken to provide support in areas where the integrity of the host rock may be compromised.</p> <p>The ground conditions at the Group's various operations have historically been very good with limited occurrences of faulting or other features that may present significant challenges to working conditions and employee safety.</p> <p>The Group uses remote controlled equipment in any areas that are considered to present any potential hazard.</p>	<p>The continued development of the Coringa mine during 2023 has allowed management to understand better the prevailing ground conditions and evaluate and mitigate any potential problems that could impact the safety of mining operations of this new deposit.</p> <p>Whilst new areas continue to be identified and mined at the Palito deposit there has been no identifiable change in the competency of the host rock.</p>

4. Project development risk		
<p>The Group's Coringa project was originally scoped to include the construction of a full scale gold processing and production plant. With any engineering project there is always the potential for delays, cost-overruns or under-performance which can significantly impact economic viability or result in increased financial resources being required.</p>		<p>Change in risk level</p> 
Potential Impact	Mitigation	Risk Movement


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4. Project development risk		
<p>Inability to secure funding because of perceived construction and development risks</p> <p>Reduction in forecast gold production and associated cash flow</p> <p>Inability to repay debt obligations resulting in breaches of covenants or other undertakings leading to security undertakings and other guarantees being enforced against the Group.</p> <p>Higher operational costs than forecast.</p>	<p>The Group's operations are based in Brazil, a country with a long and successful mining history and with a well-established and experienced network of contractors, fabricators and engineering expertise.</p> <p>The Group has an established and skilled workforce and access to engineering and fabrication specialists with experience of designing, building and operating similar mines and gold process plants.</p> <p>The Group owns and operates a gold process plant at its Palito Complex which has been processing gold ore recovered from Coringa since July 2022.</p> <p>The Group has successfully developed the Coringa mine to the 225mRL approximately 120 metres below surface without encountering any significant issues.</p> <p>The Group has trialled successfully ore sorting on ore recovered from the Serra deposit at Coringa. Ore sorting test work has significantly reduced the levels of waste that would otherwise be processed and increased the underlying average grade of the resulting material that remains to be processed.</p>	<p>The Group has identified that using ore sorting technology, it has adequate capacity to process Coringa gold ore at the existing Palito Complex process plant. This will allow for significantly reduced development risk, lower capital costs and therefore financing needs. Operating cash flows will be impacted by costs of transportation of ore between the Coringa and Palito sites.</p> <p>Future process capacity can be established by further expansion of the Palito Complex plant or a dedicated Coringa plant as originally envisaged but can be financed with the support of higher production levels and free cash flow subject always to the prevailing metal prices and exchange rates.</p>


5. Licencing and environmental risk		
<p>The Group's mining, development and exploration projects are subject to a variety of licencing conditions including environmental permits. The ability to continue mining operations, undertake construction and development activities or exploration is dependent on obtaining the necessary licences in good time, and maintaining these in good order.</p>	<p>Change in risk level</p> 	
<p>Potential Impact</p> <p>Mining operations may be suspended or subject to other enforcements notices.</p> <p>Construction and development of new projects may be delayed whilst permits are obtained and permits and licences that have been granted may still be subject to legal appeals or other disruptive actions by other interested parties.</p> <p>Exploration activities may be delayed or cancelled if authorisations to obtain access or environmental permissions are delayed or denied.</p>	<p>Mitigation</p> <p>The Group has operated in the Tapajos region of Para, where its projects and exploration activities are located, for over 20 years. During this time, it has established strong relationships with the various governmental agencies and local communities and obtained excellent understanding of the necessary procedures and policies to be followed.</p> <p>The Group's operations have a small footprint, the mines are underground, and with high-grade ore. The volume of material required to be mined is low compared with surface mining operations and therefore have a relatively low environmental impact.</p>	<p>Risk Movement</p> <p>Under a court decision made in December 2021, following an action brought by the office of the Brazilian public prosecutors ("MPF"), the ANM (the National Mining Agency) and SEMAS (the State Environmental Agency) were not permitted to issue new licenses until appropriate consultations had been made with indigenous communities.</p> <p>The Group commenced in late 2021 the commissioning of the necessary studies and the steps required to complete the consultation process.</p> <p>In July 2023, the Group, executed an agreement with the indigenous</p>


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5. Licencing and environmental risk		
	<p>The Group has established processes for monitoring and reporting and updates these as required to meet changing legislative and other requirements.</p>	<p>communities securing their ongoing support for the project. In December 2023 a further agreement with all other stakeholders was executed and ratified by the court which granted permission to the ANM and SEMAS to renew the existing licence arrangements for the project.</p> <p>In January 2024, the ANM issued a new trial mining licence for the project valid for three years.</p> <p>Climate change considerations continue to increase as well as the awareness of the potential for environmental damage arising from mining operations. The Group is dependent on actions, that the Group cannot control, being taken by the providers of electricity in the region to reduce key factors affecting its CO2 emissions. It is working with these providers and hopes that a new reliable power supply will be established during 2024 that will allow for a significant reduction in the Group's CO2 emissions. Nonetheless the Group's greenhouse gas emissions intensity of 420kgs CO₂-e/oz Au is 49% lower than the industry average.</p>


6. Personnel and expertise		
<p>The Group's is reliant on a small number of senior individuals who manage the day to day activities. In addition, the specialised nature of the Group's mining operations means that it is dependent on an operational team that has specific skills and experience in the mining of narrow vein underground deposits. These skills are not readily available in Brazil and the Group has trained its personnel in the particular skills and understanding relevant to its mining operations. Although there is no significant similar mining operation expected to be developed in the near vicinity, other gold mining projects are being developed nearby resulting in increased competition for personnel and there is no guarantee that the Group will be able to attract and retain all personnel necessary for the operation and development of its business. Mining professionals are accustomed to relocating for the purposes of progressing their careers and therefore the Group's employees may be attracted to employment opportunities both in other parts of Brazil and in other countries.</p>		<p>Change in risk level</p> 
Potential Impact	Mitigation	Risk Movement
<p>Increased staffing costs as a result in increased salary levels required for staff retention.</p> <p>Reduced productivity as a result of higher staff turnover, unfilled vacancies and reduced experience and skill levels.</p>	<p>The Group seeks to provide attractive remuneration and benefits arrangements for its staff, designed to attract and retain key employees.</p> <p>The Group has established a loyal group of senior employees who have responsibility for planning and strategy.</p> <p>Bonus schemes in place to incentivise key employees.</p>	<p>The Group has been a significant employer in the region for a number of years with little competition from other mining companies. In the last 24 months the development of the Tocantinzinho gold project located approximately 60 kms from the Palito Complex has commenced and the Group's staff increasingly approached to work with this new project. Employment numbers at Tocantinzinho are reported to have reached the maximum projected levels during 2023. The Group in 2023 experienced high levels of turnover but operations were not affected.</p>

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7. Gold prices and exchange rates		
<p>The Group sells all of its product into the international market and receives prices for its gold and other metals linked to world market prices. Whilst revenues are denominated in US Dollars the Group estimates that 85 per cent of its expenditures are undertaken in Brazilian Real. It is therefore exposed to any adverse correlation between the gold price denominated in US Dollars and the Brazilian Real exchange rate with the US Dollar.</p>		<p>Change in risk level</p> 
Potential Impact	Mitigation	Risk Movement
<p>Reduced operating margins and cash flow generation.</p> <p>Reduced ability to raise finance because of perceived risk.</p> <p>Restrictions on cash flow may require that discretionary expenditure for project development or exploration be reduced or delayed.</p>	<p>The Group monitors the gold price in Brazilian Real to ascertain its exposure to gold price and exchange rate movements. Over the past 3 years the average price per ounce has not declined below BRL8,500 for any significant period providing an element of stability for planning purposes.</p> <p>The Group has available finance facilities that allow it to hedge some of its exposure to gold price and exchange rate fluctuations for a period of time.</p>	<p>Gold prices in BRL were broadly similar between 2022 and 2023 with the average price of BRL9,218 per ounce being 4% lower than the average price for 2022</p> <p>The price has fluctuated between BRL9,500 and BRL12,500 per ounce since 1 January 2024 with the current price towards the higher of this range.</p> <p>The market price for gold appears relatively strong supported by uncertainty over interest rates and geopolitical uncertainties. The current projections by economic forecasters are for the Brazilian Real to be around BrR\$5.00 to USD\$1.00 for 2024.</p>

8. Bribery and corruption		
<p>The Group operates in a jurisdiction that has experienced a number of well documented high and low level cases of bribery and corruption and it is known that certain public and private sector officials have been involved in bribery or other corrupt practices. Any licence or permit that the Group is awarded could be rescinded in the event that it was identified that its award had been directly or indirectly influenced by actions of bribery or corruption.</p>		<p>Change in risk level</p> 
Potential Impact	Mitigation	Risk Movement
<p>Loss of licences may lead to cessation of production, inability to develop projects or limit exploration opportunities.</p> <p>Engagement in bribery is likely to limit the Group's competitiveness in the market place going forward, resulting in loss of value for stakeholders.</p>	<p>The Group's code of corporate governance specifies the measures the Group takes to comply with all applicable Anti Bribery & Corruption legislation. The Board, through its statutory oversight commitment, enforces adherence and management has implemented policies and provided training to all staff who have decision making responsibility and may, in their day-to-day activities, be solicited to engage in bribery or other corrupt practices.</p> <p>The Group operates a confidential whistle-blower line and any events are reported to the Audit and Risk Committee. .</p>	<p>There have been no recent new high-profile proven cases of corruption, in the country.</p> <p>No events relating to potential instances of bribery/corruption or fraud have been reported via the whistle-blower line .</p>

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9. Litigation		
<p>The Group is subject, as a matter of course, to various actions both as defendant and plaintiff. Actions against the Group are often brought by former employees seeking additional compensation related to their employment. The court process in Brazil can be lengthy with a number of stages of appeal as cases progress from Municipal to State to Federal levels. As a result, claims may take many years to be resolved</p>		<p>Change in risk level</p> <p style="text-align: center;"></p>
Potential Impact	Mitigation	Risk Movement
<p>Uncertainty over the level of potential compensations claims as actions may be vexatious or frivolous.</p> <p>Litigation can be time consuming and detract management focus from core activities.</p> <p>Contingent liabilities arising from litigation may impact on the Balance Sheet of the Group and its ability to raise finance.</p>	<p>The Group has robust recruitment and HR measures, medical monitoring and accident recording and prevention to minimise the potential for spurious accident or medically related claims.</p> <p>The Group employs specialist lawyers to manage the day to day court processes with the Group's HR personnel providing supporting documents and records as required.</p> <p>The Group seeks a negotiated settlement if and when it considers that the claimant has any justified claim.</p>	<p>The Group has not experienced any significant increase or decrease in claims in the past 12 month period.</p> <p>The Group dismissed a senior member of its Brazilian management in 2021 on suspicion of fraud against the Group. The individual has counterclaimed for wrongful dismissal. The court has continued to gather evidence and expert witness reports and received submissions from the parties. A formal hearing before the judge calling witnesses from both sides has not yet been held.</p>

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Environmental and Social

Serabi is committed to delivering value for all stakeholders through building a long-term, sustainable mining business. Through a series of programmes and initiatives, the Company seeks to minimise any environmental impacts whilst maximising the social benefits for the local communities and broader region. Serabi seeks to meet and exceed all operating standard requirements within Brazil and has the objective of achieving international best practice.

The Company enjoys strong local and regional support and has an excellent track record from an environmental perspective although continually strives to improve.

Senior management and the Board have put in place a reporting regime that tracks a large number of metrics across the areas of environmental control, and social and community engagements. This data is also used to provide regular reporting to the relevant Brazilian authorities to ensure constant compliance with all regulatory requirements. The following summarises the actions that Serabi has taken, and the performance achieved during the 2023 calendar year.

Key highlights

- Compliance with all **legal, environmental and regulatory** requirements to operate
- Continued **improvement in health & safety** record with only two Lost Time Injuries (LTIs) reported in the year.
- Responsible **environmental stewardship** with
 - small footprint from underground mines with no conventional tailings dams
 - zero activity in primary rain forest
 - continuous monitoring of air and water quality
 - maximising recycling of water and waste materials
 - ongoing remediation of sites degraded by artisanal mining activity
 - monitoring of biodiversity and on site nursery for cultivation of indigenous plants and trees
 - 62% of waste recycled or repurposed
- **Greenhouse Gas Emissions** well below industry average Scope 1+2 emissions of 0.42t CO₂ equivalent per ounce of gold produced, compared with 0.45t CO₂ e/oz in 2022 a 6% year on year reduction
- **Supporting the local economy:**
 - 69% of employment sourced from Para State (70% in 2022)
 - 61% of procurement of goods and services sourced from Para State (45% in 2022)
- **Community & stakeholder support and engagement:**
 - 130 community/ stakeholder meetings held
 - investment of US\$460,000 in community programmes
 - investment of US\$520,000 in environmental management programmes.
 - 13,300 hours of training.
 - clean water and electricity to local communities
 - road and infrastructure maintenance
 - support for local indigenous communities
 - over 2,000 school children supported with the donation of musical instruments, support for sports events and awareness campaigns, in addition to help with infrastructure and equipment
 - 350 people from the local communities, passed through the Company's environmental education programmes
 - 495 community residents received medical support
 - 60 people participated in Young Apprentice programme
- Establishment of a committee of the Board of Directors with specific responsibility for monitoring ESG performance

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Environmental and Social

Serabi has been operating for over 20 years in the Tapajós region in the State of Pará and has close cooperation with the local communities around its mines, Jardim do Ouro, Moraes d'Almeida, Novo Progresso and Itaituba. The Group's presence has generated many jobs and opportunities for local communities, as well as other improvements in living conditions through assistance with infrastructure, educational and health projects. It is a key objective of the Group that its own successes and growth should also result in maximising the economic benefits for local companies and individuals and for the State of Pará.

All of Serabi's socio-environmental activities are carried out ethically, in accordance with local laws and regulations, and aim to establish strong relationships with the local communities. Through consultation we try to identify social and environmental issues and work with local communities to find ways to address these with sustainable and responsible solutions.

Legal, environmental and regulatory compliance

During 2023, Serabi remained in compliance with all legal, environmental and regulatory requirements. Other than for planned maintenance downtime or power outages, the Company was required to stop the plant on only a single occasion due to unplanned maintenance on the plant discharge systems. There were no reportable environmental incidents during the year.

Occupational Health and Safety

Serabi has made a significant investment in personal health and safety at work. The Group has implemented two macro programmes, the Risk Management Programme ("PGR") and the Occupational Health and Medical Control Programme ("PCMSO"), which are supplemented by the Internal Accident Prevention Commission ("CIPA") and the Daily Health, Safety and Environment initiative ("DSSMA"). These programmes help make employees aware of safety issues and best practices to reduce the risk of accidents. During 2023 a total of 13,000 hours of safety training was provided to employees, an average of 20 hours per employee.

Injury rates remained low during the year with two Lost-Time Injuries ("LTIs") reported and five Total Reportable Injuries ("TRIs") compared with one and five respectively in 2022. Since 2017, LTIs have shown a 29.9% compound annual decline and TRIs have declined by a compound annual rate of 31.1%.

The Group undertakes regular health initiatives for all its staff covering matters such as mental health, stress management, sexually transmitted diseases and breast and prostate cancer awareness. These group sessions involving specialist health professionals, are aimed at improving understanding, prevention and treatment of these and other health problems.



Environmental Stewardship

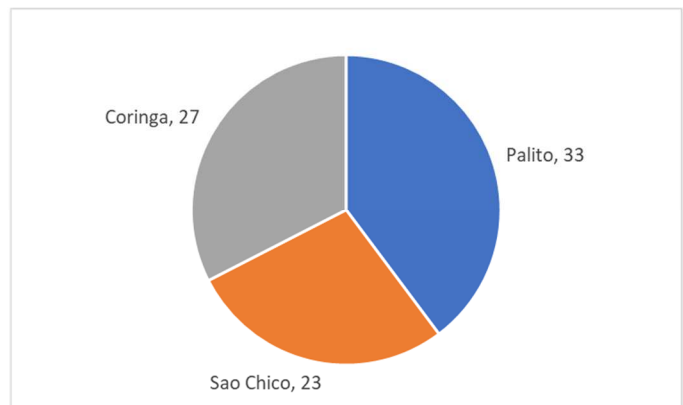
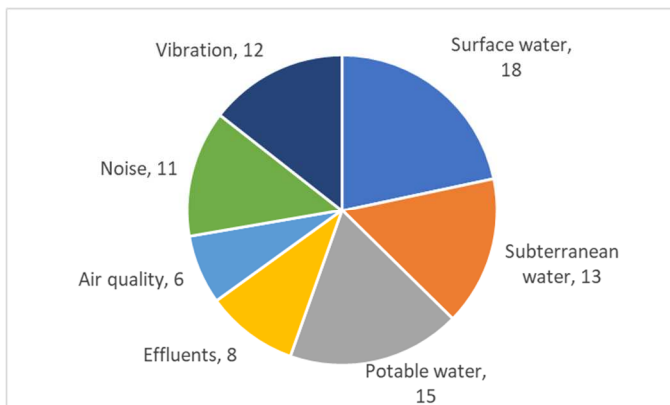
Operating within the Amazon basin brings additional responsibility on Serabi as well as added scrutiny. The Company welcomes this scrutiny and at all times seeks to minimise its impact on the environment and maintains a policy of undertaking zero activity within primary rainforest.



Continuous monitoring of any impacts the Company may have, ensures adherence to the required standards and also allows the Company to identify any issues that may arise and address them. Eighty three environmental monitoring stations are established across each of the Group’s operating sites, measuring the quality of air and surface, underground and potable water , whilst measuring noise and vibration levels and controlling the risk of effluent leakage.

In addition to the monitoring described above, the Company undertakes annual surveys of biodiversity at its operating sites. This is both to monitor the general health of biodiversity but also

identify any endangered or threatened species. With the tight controls on suppression of vegetation and protection of wildlife, Serabi’s operating sites are typically more densely forested than the surrounding area which is frequently cleared for farming. As such, the operating sites become havens for wildlife with a broad spectrum of mammals, birds, amphibians and reptiles identified. Mammal species in particular were found to be in higher concentrations than expected.



Distribution of environmental monitoring stations operated by Serabi



Serabi has a nursery in which it grows native trees for rehabilitating deforested areas including areas impacted by historic artisanal mining activity and areas licenced for suppression by the Company to undertake exploration activities.

During 2023, a programme of reforestation around the Palito mine site has been undertaken with the planting of 1,000 native trees grown in Serabi's own nursery. Restoration of exploration drill sites has been on-going throughout the year using hydro-seeding of native grasses on the impacted areas.



Serabi aims to maximise the amount of process plant water it recycles to minimise its fresh water demand. In total 24% of process water was recycled during 2023, down from 32% during 2022 following modifications in the process plant. The overall water usage, however, declined by almost 10% from 302,000m³ in 2022 to 270,000m³ in 2023. This followed a similar 10% decline in 2022.

In addition, the Company has a policy of recycling as much waste material as possible, achieving a level of 78% during the year compared with 62% in 2022.

Supporting the local economy:

Serabi seeks to ensure its activity maximises the benefits to the local region. 69% of employees come from Para State and 23% are from the immediate communities. Whilst this latter figure is down slightly compared with 2022, it reflects the transfer of staff from the Group's Palito and Sao Chico operations to Coringa as that project ramps up. Year on year we continue to try and increase the numbers of staff recruited from both the neighbouring communities and the wider State of Para. In addition, the Company tries to maximise its procurement of goods and services locally, sourcing US\$18.7 million (61%) of its requirements from within Para State including US\$10.7 million (36%) sourced from within 100km of its operating sites.

Strategic Report

Environmental and Social

Community programmes

The Group's community and social relations professionals undertake regular meetings with the neighbouring communities to understand the needs of the local residents, as well as explaining the role that Serabi can play in improving community life. These meetings with residents' associations and community representatives and the programmes that are generated through this dialogue, help strengthen ties with the community and reinforce the positive benefits that our operations bring to the region. In total 113 meetings were organised by the team, and the company supported 19 initiatives for the local communities and made 34 separate donations. It is estimated that the impact of these actions benefitted over 6,600 local residents.

Our staff have also run health awareness campaigns in the local communities, initiated programmes for environmental educational including waste disposal and recycling facilities, and provided continued support for local vaccination programmes.

We have also established partnerships with key groups including



the City Hall of Novo Progresso and Lions Club International for road maintenance activities and health projects respectively.

We are also providing financial support to an educational, and training initiative in Novo Progresso supporting a school for jewellery manufacture and craftsmanship and developing new skills and opportunities for residents in the community.

Our community engagement work was recognised at the 2023 Brazilian Gold symposium held in Belem during October 2023, when Serabi secured more than 73% of the votes in the Community Relations category.



We are constantly seeking to maximise the opportunities that can be made available to the local workforce and provide assistance with training and support in a number of fields. At school level we have established a partnership with the schools in Moraes Almeida to stimulate and improve the reading skills of students, created a young apprentices programme providing an opportunity for young people to prepare for working life, and are developing a technical training programme for young adults.



Strategic Report

Environmental and Social

Community health

Serabi, through its own medical staff, supports communities such as São Chico and Jardim do Ouro with medical and emergency care and for more serious cases the Group provides an ambulance to take patients to hospitals.



Indigenous population

Interaction with indigenous communities is strictly controlled by legislation, and Serabi has worked with government agencies to bring about improvements in the levels and quality of water supply to the Kayapó community. During 2023, the Group, through its consultants and in collaboration with FUNAI the government agency for indigenous communities, completed an impact assessment study for the Group's Coringa project. During this process we have continued to receive very positive support and encouragement from the indigenous communities.

Diversity

The following table summarises the levels of staff, by gender, employed by the Group at the end of 2023.

	Male		Female	
	Number	(per cent)	Number	(per cent)
Board	5	71%	2	29%
Administrative offices	9	60%	6	40%
Palito Mine	516	94%	32	6%
Sao Chico Mine	5	83%	1	17%
Coringa Mine	141	93%	10	7%

Non-Financial and Sustainability Information Statement

The Board recognises the importance of adopting a sound framework that supports the business to enhance the sustainability of our resources and the environment. The Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 amended sections 414C, 414CA and 414CB of the Companies Act 2006 to place requirements on companies the size of Serabi Gold listed on AIM to incorporate Task Force for Climate Related Financial Disclosures (TCFD) aligned climate disclosures in their annual reports. During the year the Company has carried out a TCFD gap assessment and going forward will develop a TCFD integration roadmap. We therefore set out below our TCFD aligned disclosures where we comply with TCFD as our Non-Financial and Sustainability Statement.

TCFD Recommendation	Recommended disclosures contained with this report	Reference
<p>Governance</p> <p>Disclose the organisation's governance around climate-related risks and opportunities.</p>	<p>a) Describe the Board's oversight of climate-related risks and opportunities.</p> <p>b) Describe management's role in assessing and managing climate-related risks and opportunities.</p>	<p>Read more on page 44 to 45.</p>
<p>Strategy</p> <p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.</p>	<p>a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.</p> <p>b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.</p> <p>c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.</p>	<p>Read more on pages 45 to 48.</p>
<p>Risk management</p> <p>Disclose how the organisation identifies, assesses and manages climate-related risks.</p>	<p>a) Describe the organisation's processes for identifying and assessing climate-related risks.</p> <p>b) Describe the organisation's processes for managing climate-related risks.</p> <p>c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.</p>	<p>Read more on page 48.</p>
<p>Metrics and targets</p> <p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.</p>	<p>Read more on pages 49 to 50</p>

Governance

Disclose the organisation’s governance around climate-related risks and opportunities.

a) Describe the Board’s oversight of climate-related risks and opportunities.

Board’s oversight

The Board has oversight and ultimate responsibility for Serabi’s sustainability strategy, targets, disclosures and reporting, including climate related risks and opportunities.

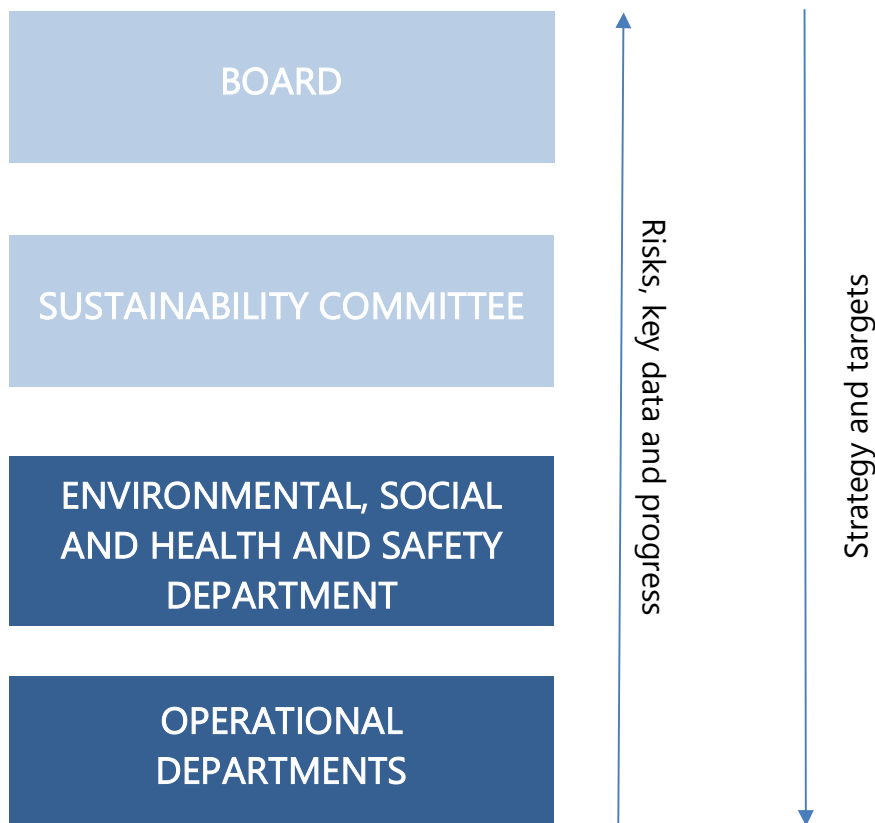
The Board has established a Sustainability Committee (“SC”) comprised of the Chair of the Company, Michael Lynch-Bell (who is also Chair of the SC), two Non-executive Directors, Mark Sawyer and Deborah Gudgeon and the CEO, Michael Hodgson. The Sustainability Committee convened its first meeting in February 2024.

The Board will receive regular reports from the SC to monitor progress against the priorities and strategy that have been set.

The SC will work with the Audit and Risk Committee (“ARC”) to ensure that the Board establishes and maintains an effective risk management framework, in particular identifying risk and opportunities regarding climate change, and other environmental and social matters related to the business.

The Board and the Remuneration and People Committee will look at options to align the delivery of strategy and priorities into the Group’s incentive plans.

b) Describe management’s role in assessing and managing climate-related risks and opportunities.



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Environmental and Social
Non-Financial and Sustainability Information Statement

Management's role

Monthly and quarterly statistics performance statistics across Environmental, People, Communities and Stakeholders are prepared and performance and trends reviewed by management to ensure on-going compliance with strategy and priorities

Key statistics and progress have been reported to the Board (and in future to the SC) through monthly reports submitted by management

Data collection is the responsibility of the Environmental, Social and Health and Safety department gathering information submitted by each of the operational departments.









Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.













a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Serabi recognises climate change as a key risk. The assessment and management of Serabi's climate related risks is integrated into the Group's overall risk management framework, so that their relative significance is comparable to all other corporate risks. Whilst the Board has overall responsibility for the management of the risk framework and risks, the risk management process is overseen by the Audit and Risk Committee. Identified Group risks are assessed using a scoring system in terms of impact and probability. This applies also to climate related risks.

We have identified the following potential climate related transition risks and opportunities over the timescales indicated as follows:

Risk/Opportunity	Area	Description	Impact	Probability	Mitigation
Short Term (1-2 years)					
Risk	Supply Chain	Increased costs of raw materials imposed by suppliers reflecting climate related tariffs. Increased costs of fuel from increases in fuel excise taxes, Brazil's implicit carbon pricing method.			The Company is taking action to significantly reduce its usage of fossil based fuel products to minimise potential impacts.
Risk	Legal	Regulatory changes requiring further reporting and tracking of supply chains.			The Company plans to expand its emissions data capture programme in the near future to include Scope 3 emissions.
Opportunity	Renewable Energy	An improvement in the regional infrastructure will allow greater availability and use of hydroelectric power as an energy source.			The Company is working with the local energy supplier to transition the Palito site to a dedicated transmission line with increased capacity minimising the need for supplementary power to be provided from fossil fuel sources.
Medium Term (3-4 years)					
Risk	Legal	Legislative change requiring the business to implement process			The Group works closely with advisers to anticipate any impending legislative changes.

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Risk/Opportunity	Area	Description	Impact	Probability	Mitigation
		changes to reduce climate impacts.			
Risk	Capital costs	The cost of capital may increase driven by changes in the basis of credit assessments.			The Group targets high grade mineral opportunities with small carbon footprints, low water requirements, and low impact on flora and fauna. The Group's emissions intensity is 49% lower than the industry average.
Risk	Equipment costs	There may be additional equipment costs due to the need to make equipment modifications to reflect alternative fuel solutions.			The Group has a replacement programme for its fleet and will factor the need for alternative fuels in its procurement programme.
Opportunity	Reforestation	With an increased focus on finding nature-based solutions to tackle climate change, biodiversity actions, such as rehabilitation and reforestation, could contribute to lowering overall carbon emissions.			The Group has a continuous programme of revegetation and remediation across its areas of operation. The Group plans to investigate finding reliable and quantifiable methods to record the carbon capture of these programmes.
Long Term (greater than 4 years)					
Risk	Reputation	Investor demand for environmental and climate related disclosures may lead to an increased cost of capital or inability to access capital.			Climate change related disclosures form part of this report. Further to this, the Group is actively updating its policies and procedures to improve its climate related information.
Risk	Reputation	Stakeholders, including investors, may react to social pressure to withdraw support for certain industries and activities.			The Group strives to ensure that its environmental and climate related programmes are actively disclosed to the public to minimise negative perceptions about the impact of the Group's activities.
Risk and Opportunity	Markets and Economy	Environmental pressure may reduce the demand for luxury items affecting prices for precious metals. Conversely, heightened market volatility and uncertainty from climate-related risks will likely support the demand for gold as risk hedge and market insurance asset.			Cultural history supports significant personal demand for jewellery (~45% of demand) and is less likely to be swayed by environmental considerations. Gold for investment accounts for ~47% to 50% of demand with no obvious alternative.

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b) Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning.

Within the current global economic models, it is not anticipated that demand metrics for gold will be directly affected by climate-related considerations in the near or medium term.

The Group remains focussed on gold mining opportunities and seeks to expand its activities through organic growth and acquisition. It is not, in the near term, seeking to divest itself of gold opportunities or pursue opportunities for other minerals.

The Group recognises its current activities are located close to a region considered a global climate-related risk area. This will bring increased focus on the footprint of the Group’s operations and its ongoing programmes of revegetation and remediation.

The Group anticipates that goods used that are reliant upon fossil fuels will continue to experience upward cost pressures through climate-related tariffs. The Group is in co-operation with local power providers and will transition to sustainable energy sources and explore the use of replacement raw materials and consumables that are have reduced climate-related impact.

c) Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

Whilst the Company has not yet undertaken a detailed location-based climate change scenario analysis of its assets to ascertain any physical risks that could result from climate change, the Company believes that its risk mitigation methods, as outlined in the preceding table, combined with its low carbon intensity methods of production, will ensure that the effects of global and market based changes resulting from climate change will have minimal impact upon the business.

The Company believes it remains particularly resilient to the transition risks associated with climate change by focusing on high-grade, low volume assets and using low carbon intensive methods, such as underground mining and ore-sorting technology, to produce quality gold ounces that have a much lower associated carbon intensity than the industry average. An S&P Global study¹ of 146 primary gold mines globally shows greenhouse gas emission intensity averaged 829 kilograms of CO₂ equivalent per ounce of gold in 2022, based on sustainability reporting by related companies. In comparison the greenhouse gas emissions intensity of Serabi’s operations was 420 kilograms of CO₂ equivalent per ounce of gold for the 2023 reporting year, some 49% lower than the industry average.

The potential for future climate-related legislation and policy cannot be ignored. The federal government of Brazil continues to support its commitment to climate change as outlined in the United Nations Framework Convention on Climate Change (“UNFCCC”) and the Paris Agreement which aims to keep global temperature rise below 2 degrees Celsius above pre-industrial levels. The government has committed to reducing national greenhouse gas emissions by 37% in 2025, compared with 2005, 50% in 2030, compared with 2005 and achieving climate neutrality by 2050. To this end a summary of the probability and the impact that the Company expects for future potential climate related policy is set out within the table below.

> 3°C Scenario

Description	Probability	Impact
A national decarbonization pathway that is less rapid and less stringent is unlikely to significantly impact projected company economics and demand, as it closely aligns with existing national policies and plans.	Unlikely	Minor

≤ 2°C Scenario

Description	Probability	Impact
The economic viability of the company in the future may be influenced by a national decarbonization pathway that is more rapid and stringent.	Low	Moderate

1. Footnote: S&P Global Market Intelligence, “GHG and gold mines – Canada emissions drop the most”, Aug-2023, <https://www.spglobal.com/marketintelligence/en/news-insights/research/ghg-and-gold-mines-canada-emissions-drop-the-most>

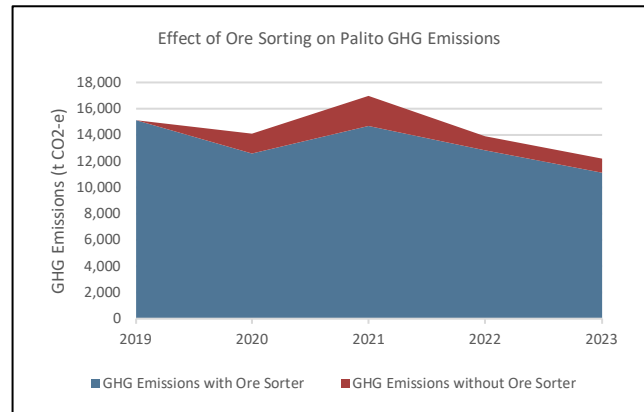
Case Study – The Use of Ore Sorting Technology

The unique nature of Serabi’s assets has allowed it to use innovative ore-sorting technology to reduce its carbon footprint without compromising on production efficiency or profitability.

Traditional gold mining operations often involve extensive processing of ore to extract the valuable metal, which consume substantial energy, resulting in significant carbon emissions. To improve operational efficiency and address environmental concerns, ore sorting was introduced to the Palito processing plant in 2020.

Ore sorting technology utilizes sensors and advanced algorithms to identify and separate valuable ore from waste material before it enters the processing plant. This allows for selective processing of high-grade ore, reducing the overall volume of material that needs to be processed, resulting in lower energy consumption and reduced carbon emissions, as well as improving the efficiency of gold recovery, leading to higher overall yields and increased profitability.

The impact of ore sorting has on Serabi’s greenhouse gas emissions is shown in the chart below.



Following the successful implementation of ore sorting at the Palito complex, a second ore sorting unit has been ordered for the Coringa operation and is scheduled to be commissioned in 2024. It is anticipated that the greenhouse gas emissions savings from this unit will be substantial as it will significantly reduce the volume of material that needs to be transported from the Coringa mining operation to the Palito processing complex.

Risk management

Disclose how the organisation identifies, assesses and manages climate-related risks.

a) Describe the organisation’s processes for identifying and assessing climate-related risks.

Climate related risks are identified through Serabi’s integrated risk management framework. Our risk management framework, overseen by the Audit and Risk Committee, considers both emerging and principal risks with the potential to impact our business including climate-related risks.

Management annually reviews the organisational risk matrix taking into account operational, social and climate-related risk. Risks are ranked according to impact and probability and the mitigation strategies considered. The risk matrix and mitigation strategies are presented to the Audit and Risk Committee for consideration and prioritisation.

b) Describe the organisation’s processes for managing climate-related risks.

The monthly and quarterly measurements of key statistics compared with prior years and positive and negative variances are investigated. Half-yearly reviews are also considered and mitigation activities are reviewed and amended where planned actions are not achieving the anticipated outcomes.

c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation’s overall risk management.

As set out earlier, climate-related risks are assessed as part of the overall risk management framework process. All operational areas compile their own climate-related statistics for review and aggregation. These are reported up to the Sustainability Committee.

The Local ESG management team co-ordinate, oversee mitigation plans and interreact with local government agencies in establishing any requirements imposed by regulators.

Local ESG teams charged with identifying potential risks and escalating to management for inclusion on the risk matrix.

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Metrics and targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

a) Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.

The Company recognizes the importance of transparently disclosing climate-related risks and opportunities to stakeholders. In alignment with the recommendations set forth by the Task Force on Climate-related Financial Disclosures (TCFD), the Company has established key metrics to effectively manage and report on climate-related impacts. During 2024 the Company intends to establish its future targets.

The Group considers Scope 1 & 2 greenhouse gas emissions and emissions intensity as the principal metric to assess the Group's performance in relation to its climate related risks and opportunities. As the global fight against climate change is linked to greenhouse gas emissions, these metrics are considered the most relevant to use as a key performance indicator.

Scope 1 & 2 greenhouse gas emissions and emissions intensity are measured and recorded in accordance with the framework and methodologies developed by the GHG Protocol to manage and measure GHG emissions.

The Group also measures and reports on its energy consumption and management, including the amount of grid supplied energy and the amount of energy from renewable sources.

The Group plans to expand its emissions data capture programme in the future to include Scope 3 emissions.

b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

Metric	Unit	2023	2022	2021
Greenhouse Gas Emissions				
Scope 1 Emissions	tCO ₂ -e	12,946	13,206	13,192
Scope 2 Emissions	tCO ₂ -e	962	938	1,471
Scope 1 + 2 Emissions	tCO ₂ -e	13,908	14,144	14,663
Scope 1 + 2 Emissions Intensity	kg CO ₂ -e / oz Au	420	445	433
Energy Management				
Total Electricity Consumed	kWh	22,435,780	22,139,621	21,258,207
Grid Electricity	kWh	12,910,874	12,595,605	10,960,415
Grid Electricity Percent of Total Electricity Consumed	%	58	57	52
Percent of Grid Electricity from Renewable Sources	%	61*	61	61
Total Energy Use	GJ	229,397	231,921	225,813
Energy Intensity	GJ / oz Au	6.9	7.3	6.7

Scope 1: All direct GHG emissions.

Scope 2: Indirect GHG emissions from the consumption of purchased electricity. Scope 2 emissions are calculated using location-based emission factors.

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Environmental and Social

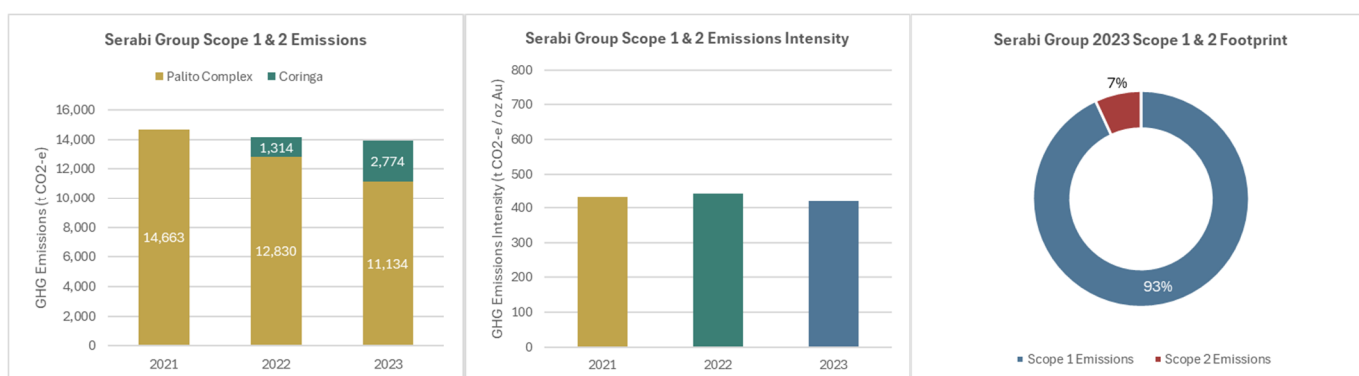
Non-Financial and Sustainability Information Statement

* Estimate extrapolated from past years reported data.

In 2023, total combined Scope 1 and 2 emissions for the Group were 13,908 tCO₂-e, a decrease of 2% from 14,144 tCO₂-e in 2022. Scope 1 emissions were 12,946 tCO₂-e for 2023, a 2% decrease from 13,206 tCO₂-e in 2022 and Scope 2 emissions were 962 tCO₂-e in 2023, up 3% from 938 tCO₂-e in 2022.

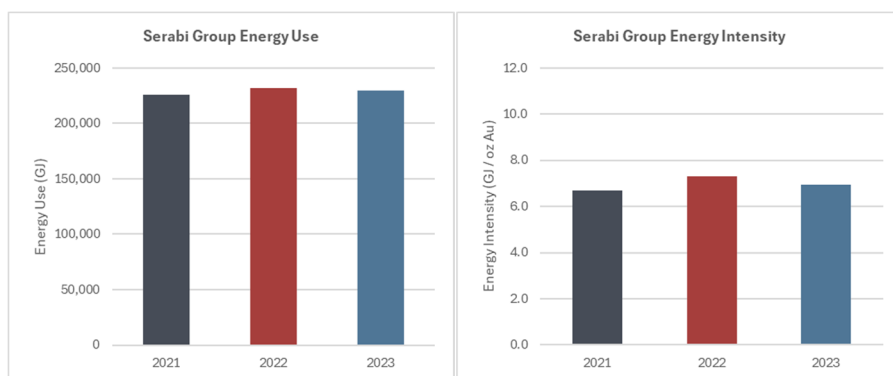
Scope 1 emissions, from the direct combustion of fossil fuels, make up 93% of the Group’s Scope 1 and 2 emissions and represent the greatest opportunity for emissions reduction as the Group transitions to more grid utilization.

The Group’s greenhouse gas emissions intensity per ounce of gold decreased to 420 tCO₂-e/oz Au, compared to 445 tCO₂-e/oz Au in 2022. This represents a 6% decrease from 2022 and still remains well below the industry average and within the lower spectrum of emissions intensities for gold mining companies.



Electricity consumption for the Group was 22,435,780 kWh in 2023, of which 58% was from purchased electricity. The regional electricity supplier, Equatorial Para, reported that 61% of supplied electricity to the state was generated by renewable energy sources in 2022. Whilst 2023 data from Equatorial Para is not available at the time of writing, the energy mix of the supplied electricity is not expected to be materially different. The Group maintains no premises in the UK and therefore electricity consumption from a UK source was immaterial relative to the rest of the Group.

In 2023, the Group’s overall energy use decreased by 1% in 2023 to 229,397 million GJ, from 231,921 million GJ in 2022, and the associated energy intensity per ounce of gold decreased 5% from 7.3 GJ/oz Au to 6.9 GJ/oz Au.



This Strategic Report was approved by the Board on 26 April 2024
By order of the Board

Mike Hodgson
Chief Executive Officer

Strategic Report
Environmental and Social
Non-Financial and Sustainability Information Statement

26 April 2024

Corporate Governance

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CORPORATE GOVERNANCE

Corporate Governance Report

Dear Shareholders,

Chair's introduction

As Chair, my role includes leading the Board and upholding the highest standards of corporate governance throughout the Group. As a Board, we recognise the benefits and value of a robust governance framework and how this supports the Group's continued growth. We have developed our governance structure to support these growth aspirations. The Board has an Audit and Risk Committee, Remuneration and People Committee, a Sustainability Committee, Mergers and Acquisitions Committee and a Disclosure Committee. The Structure of the Board Committees is set out on page 58.

FY23 Governance in focus

During 2023 we have continued to develop our governance framework and practices. We have reviewed the membership of each committee and reviewed and updated the terms of reference of each committee. We have also revised the Group's authority limits and the Schedule of Matters Reserved for Board decision and documented all these and other Board procedures in an updated Board charter. A Board Programme and calendar has been developed to take into account the requirements of this updated Board charter and to ensure that requirements are fulfilled on a timely basis across the year. Further details of these governance improvements are set out in the Governance Report.

Board appointments

In January 2023 we welcomed Carolina Margozzini to the Board, as a Non-executive Director. Carolina is a principal of Megeve Consulting S.A which manages the assets of Fratelli Investments Limited (Fratelli) on a non-discretionary basis. Fratelli holds a 25.5% investment in the Company. As a principal of Megeve, Carolina is focused on direct private equity investments in Mining and Energy in Latin America and technology investments globally. In May 2023 we also welcomed Deborah Gudgeon to the Board as an Independent Non-executive Director and Chair of the Audit and Risk Committee. Deborah has significant experience in acting as an independent Non-executive director and as chair of Audit Committees. The Report of the Audit and Risk Committee can be found on pages 63 to 66.

Board Evaluation

During 2021 and 2022 a Board evaluation was undertaken by an independent board evaluator and the Board has since then implemented the primary recommendations from that evaluation. Between November 2023 and February 2024, a further evaluation has been undertaken by Ceradas Limited, a board effectiveness consultancy. Further details of the process of this board evaluation and the recommendations can be found on page 61.




Compliance with the QCA Corporate Governance Code

In recognising the importance of high standards of corporate governance, we continue to apply the Quoted Company Alliance Corporate Governance Code (the "QCA Code"). A description of how the Board complies with the principles of the QCA Code is provided on pages 55 to 57.. The Corporate Governance Report on pages 53 to 62 sets out further information about the Group's governance framework and how the Board applies the recommendations of the QCA Code.





In addition, the Company, as a result of the listing of its shares on the TSX, is obliged to comply with the Canadian National Policy - 58-201 - Corporate Governance Guidelines, which establishes corporate governance guidelines that apply to all public companies. The Company has instituted corporate governance practices that also, where practical, take consideration of these guidelines.

Michael D Lynch-Bell
Chair
26 April 2024

The Board of Directors

																							
<p>Committee Membership</p> <table border="1" data-bbox="108 712 419 1084"> <tr> <td>A</td> <td>Audit & Risk Committee</td> </tr> <tr> <td>D</td> <td>Disclosure Committee</td> </tr> <tr> <td>M</td> <td>Mergers & Acquisitions Committee</td> </tr> <tr> <td>R</td> <td>Remuneration Committee</td> </tr> <tr> <td>S</td> <td>Sustainability Committee</td> </tr> <tr> <td></td> <td>Chair</td> </tr> </table>	A	Audit & Risk Committee	D	Disclosure Committee	M	Mergers & Acquisitions Committee	R	Remuneration Committee	S	Sustainability Committee		Chair	<p>Michael Hodgson Chief Executive</p> <p>Committee Membership</p> <table border="1" data-bbox="448 775 608 815"> <tr> <td>D</td> <td>S</td> </tr> </table> <p>Mike has worked in the mining industry for 40 years and has extensive international experience. Most recently he worked as Chief Operating Officer and Vice President Technical Services for Canadian-based Orvana Minerals Corporation. Prior to that, Mike provided consulting services to a number of mining companies in Europe and South America. Previous appointments include Manager Technical Services and Operations for TVX Gold Inc., Mining Technical Consultant at ACA Howe International Ltd and similar roles at Rio Tinto plc and Zambia Consolidated Copper Mines Ltd. Mike has, during his career, acquired extensive experience in narrow vein underground mining operations.</p> <p>Originally qualified in mining geology, Mike is a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer of the Engineering Council of UK and a “Qualified Person” in accordance with the Canadian National Instrument 43-101 - Standards of Mineral Disclosure for Mineral Projects.</p>	D	S	<p>Clive Line Finance Director</p> <p>Committee Membership</p> <table border="1" data-bbox="791 775 871 815"> <tr> <td>D</td> </tr> </table> <p>Clive is a Chartered Accountant and has been involved in mining and other natural resources companies since 1987, overseeing financial and legal issues for exploration and development projects in Africa, Europe and the former Soviet Union.</p> <p>Having worked with Price Waterhouse in both the UK and Australia, Clive joined Cluff Resources plc in 1987, where he was finance director prior to joining the privately owned Quest Petroleum Group in a similar position in 1993. Following the successful sale of this group he became involved with Eurasia Mining plc and Northern Petroleum plc, both of which were admitted to trading on AIM in 1996. Between 1999 and 2005 Clive worked as a divisional finance director within the Interpublic Group, one of the world’s largest marketing services companies, prior to joining Serabi in 2005.</p> <p>Clive has an Honours degree in Accounting and Finance and is a member of the Institute of Chartered Accountants of England and Wales.</p>	D	<p>Michael Lynch-Bell Non-executive Chair</p> <p>Committee Membership</p> <table border="1" data-bbox="1134 775 1445 815"> <tr> <td>A</td> <td>D</td> <td>M</td> <td>R</td> <td>S</td> </tr> </table> <p>Michael spent a 38-year career with Ernst & Young (EY), having led its Global Oil and Gas, UK IPO and Global Oil and Gas and Mining transaction advisory practices. He was a member of EY’s assurance Practice from 1974 to 1996, when he transferred to the Transaction Advisory Practice. Michael was also UK Alumni sponsor and a member of the firm’s Europe, Middle East, India and Africa and Global Advisory Councils. He retired from EY as a partner in 2012 and continued as a consultant to the firm until November 2013. Michael is also senior independent director of London-listed Gem Diamonds Limited and independent non-executive chairman of ASX-listed Little Green Pharma Limited.</p> <p>Michael graduated from the University of Sheffield with a BA Hons Economics and Accountancy and is a member of the Institute of Chartered Accountants in England and Wales.</p>	A	D	M	R	S
A	Audit & Risk Committee																						
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The Board of Directors

												
<p>Luis Azevedo Independent Non-executive Director</p> <p>Luis is a seasoned industry professional both as a licensed lawyer and geologist with over 37 years of international experience including Brazil. He is currently a Partner at FFA Legal Ltda, a legal firm he founded with its main office in Rio de Janeiro, Brazil, which is focused on natural resources companies. Luis is also Chairman and CEO of Bravo Mining Group and an Executive Director of Harvest Minerals Limited, Jangada Mines plc and GK Resources. Luis previously worked for Western Mining Corporation, Barrick Gold Corporation and Harsco Corporation and was also an executive director of Avanco Resources Ltd..</p> <p>Luis received a geology degree from Universidade do Estado do Rio de Janeiro in 1986, a law degree from Faculdade Integradas Cândido Mendes in 1992 and a post graduate degree from Pontificia Universidade Católica of Rio de Janeiro in 1995.</p>	<p>Deborah Gudgeon Independent Non-executive Director</p> <p>Committee Membership</p> <table border="1" data-bbox="451 840 687 880"> <tr> <td>A</td> <td>D</td> <td>S</td> </tr> </table> <p>Deborah qualified as an ACA accountant at PwC (Coopers & Lybrand) before spending eight years as Finance Executive with Lonrho plc, the Africa-focused mining and trading group. Deborah subsequently held positions with Deloitte, BDO, Gazelle Corporate Finance and Penfida Limited. Deborah has significant experience in acting as an independent non-executive director, having held that position at Ithaca Energy plc, Petra Diamonds Limited, Evraz plc, Highland Gold Mining Limited and Acacia Mining plc. As well as being an independent non-executive director, Deborah is or was also chair of the audit committee for each of these entities.</p> <p>Deborah has a degree in Economics from the London School of Economics, a post-graduate degree in Journalism and is a member of the Institute of Chartered Accountants of England and Wales.</p>	A	D	S	<p>Carolina Margozzini Non-executive Director</p> <p>Committee Membership</p> <table border="1" data-bbox="796 840 952 880"> <tr> <td>M</td> <td>R</td> </tr> </table> <p>Carolina is Principal of Private Equity & Venture Capital at Megeve Investments (“Megeve”), where she is focused on direct private equity investments in Mining and Energy within Latin America, and technology investments globally. Megeve is an investment adviser to Fratelli. Carolina currently serves as Board Member at Haldeman Mining Company, a copper and gold producer in Chile, and at Colgener, a Colombian Energy Company. Previously, Carolina was Head of Research and Financial Analysis at Blumar, a fishery and salmon farming company. Carolina started her career in Investment Banking at Citibank, where she gained experience in M&A, Equity, and Debt Capital Markets.</p> <p>Carolina has a bachelor’s degree in Business and Administration with a Major in Finance from Universidad Católica de Chile.</p>	M	R	<p>Mark Sawyer Non-executive Director</p> <p>Committee Membership</p> <table border="1" data-bbox="1141 840 1447 880"> <tr> <td>A</td> <td>M</td> <td>R</td> <td>S</td> </tr> </table> <p>Mark has a 28-year career in the mining sector. He co-founded Greenstone Resources in 2013 with a strategy to back junior mining companies and assist them in realising their growth potential. Prior to establishing Greenstone, Mark was GM and Co-Head Group Business Development at Xstrata plc where he was responsible for originating, evaluating and negotiating new business development opportunities. Prior to Xstrata, Mark held senior roles at Cutfield Freeman & Co (a boutique corporate advisory firm in the mining industry) and Rio Tinto plc.</p> <p>Mark qualified as a lawyer and has a law degree from the University of Southampton.</p>	A	M	R	S
A	D	S										
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Corporate Governance Report

Corporate Governance Code

The QCA Code requires the Company to apply the ten principles of corporate governance as set out below and to publish certain related disclosures in the Annual Report, on the website, or a combination of both. The Company has complied with the QCA Code's recommendations and has provided full disclosure relating to all of the principles in a corporate governance statement on its website at Serabigold.com.

A summary of compliance with the principles of the QCA Code is set out below.

Section 1: Deliver growth		Links to the following report section
<p>Principle 1: Establish a strategy and business model that promote long-term value for shareholders.</p>	<p>Serabi's objective is to become a pre-eminent junior gold mining company, securing future growth through expansion of its existing projects and, taking advantage of its position as a gold producer, to become involved with and successfully develop other carefully selected opportunities.</p>	<p>The Group's business model and strategy are described in the Strategic Report on pages 14 to 16.</p>
<p>Principle 2: Seek to understand and meet shareholder needs and expectations.</p>	<p>The Board is committed to providing shareholders with clear and timely information on Serabi's activities, strategy and financial position. General communication with shareholders is coordinated by the Executive Directors together with the Business Development Manager.</p> <p>The Board is kept informed of the views and concerns of shareholders through briefings from the Executive Directors, the Chair and the Company's brokers.</p>	<p>The Group's approach to shareholder communications is described further in this Corporate Governance Report on pages 55 to 57.</p>
<p>Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success.</p>	<p>The Board recognises that the long-term success of the Company is reliant upon the efforts of its key stakeholders. The Group has staff dedicated to ensuring that it has active relationships with local communities who are within the vicinity of its operations to understand their concerns and expectations, thereby seeking to ensure mutually beneficial co-operation for both sides. The Group is subject to oversight by a number of different governmental and other bodies who directly or indirectly are involved with the licensing and approval process of mining operations in Brazil.</p> <p>Additionally, given the nature of the Company's business, there are other parties who, whilst not having regulatory power, nonetheless have interest in seeing that the Company conducts its operations in a safe, responsible, ethical and conscientious manner. The Board makes all reasonable efforts, directly or through its advisors, to engage in and maintain active dialogue with each of these governmental and non-governmental bodies, to ensure that any issues faced by the Company, including but not limited to regulations or proposed changes to regulations, are well understood and ensuring, to the fullest extent possible, that the Company is in compliance with all appropriate regulation, standards and specific licensing obligations, including environmental, social and safety, at all times.</p>	<p>The Group's community and corporate social responsibility disclosure is provided as part of the Environmental and Social section on pages 37 to 42.</p> <p>The Group's engagement model with clients and wider stakeholders is described in the Strategic Report on pages 17 to 19.</p>

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Section 1 continued: Deliver growth		Links to the following report section
<p>Principle 4: Embed effective risk management considering both opportunities and threats throughout the organisation.</p>	<p>The Board, supported by the Audit and Risk Committee and the Group's senior management, are responsible for the Group's Risk Management framework and ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company.</p>	<p>The Group's risk management framework is described further in the Strategic Report on pages 28 to 36 and in this Corporate Governance Report on pages 63 to 66.</p>
Section 2: Maintain a dynamic framework		Links to the following report section
<p>Principle 5: Maintain the Board as a well-functioning, balanced team led by the Chair.</p>	<p>The Board's composition reflects a broad range of commercial and professional skills across geographies and industries. The framework of Board Committees, each with their own Terms of Reference, the Board meeting timetable and administration, access to advice and regular Board performance reviews, all ensure continued Board effectiveness.</p>	<p>The Board's composition and operating framework and activities are described further in this Corporate Governance Report on pages 53 to 62.</p>
<p>Principle 6: Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities.</p>	<p>As a publicly owned, junior gold mining company, the Board needs to represent a wide range of skills and competencies. The Serabi Board includes Directors with technical mining and geological expertise, financial backgrounds, a legal background specialising in the natural resources sector in Brazil and investment banking and corporate finance experience.</p>	<p>Biographical details of the Directors, including relevant experiences are provided on pages 53 to 54.</p>
<p>Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement.</p>	<p>The Board understands the importance of assessing the effectiveness and contributions of the Board as a whole and its governance structure. During 2021 and 2022 an independent evaluation was undertaken by an independent board evaluator and the Board has since then implemented the primary recommendations from that evaluation. Between November 2023 and February 2024, a further evaluation has been undertaken by Ceradas Limited, a board effectiveness consultancy.</p>	<p>The Board's evaluation framework and FY23 evaluation process are described further in this Corporate Governance Report on page 61.</p>
<p>Principle 8: Promote a corporate culture that is based on ethical values and behaviours.</p>	<p>The Board, through its actions and direction, has sought to establish a corporate culture that places the emphasis on the Group's and Board's cultural priorities of social responsibility, transparency, health and safety, risk management and sustainability.</p>	<p>The Group's culture and values are discussed in the Environmental and Social section on pages 37 to 42.</p>
<p>Principle 9: Maintain governance structures and processes that are fit for purpose and good decision making by the Board.</p>	<p>The Board is ultimately responsible for the strategy, management, performance and long-term success of the Group. The appropriateness of the Board's structures has been assessed by the board evaluations and have evolved in parallel with the Group's objectives and as the Company develops. The Board's governance framework supports the executive team to develop and execute the Group's strategy and the size of the Board enables it to reach decisions through open and constructive discussions.</p>	<p>The governance structure is provided on pages 57 to 59 and processes are described further on pages 60 to 62 of this Corporate Governance Report.</p>

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Section 3: Build trust		Links to the following report section
<p>Principle 10: Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.</p>	<p>The Company is committed to open communications with all of its shareholders. It is important for the Board to appreciate the aspirations of the shareholders and equally that the shareholders understand how the actions of the Board and short-term financial performance relate to the achievement of the Group's longer-term goals.</p>	<p>The governance of the Company, which is led by The Board, is described further in this Corporate Governance Report on pages 58 to 62.</p> <p>The website, serabigold.com, provides the Group's reports and presentations, notices of AGMs and results of voting on all resolutions at AGMs.</p>

Board Composition and independence

The Board is comprised of seven Directors: the Chief Executive Officer, Mike Hodgson, the Finance Director, Mr Clive Line and five Non-executive Directors. Of the Non-executive Directors, Mr Michael Lynch-Bell, who is also the Chair and Mr Luis Azevedo and Deborah Gudgeon are considered to be independent. Mr Mark Sawyer and Ms Carolina Margozzini, are not considered to be independent under the QCA Code, by virtue of being appointed representatives of significant shareholders.

The Company has also entered into relationship agreements (Relationship Agreements) with each of Fratelli Investments Limited (*Fratelli*) and Greenstone Resources II LP (*Greenstone*), its two principal shareholders. These Relationship Agreements allow each of Fratelli and Greenstone, based on their current shareholdings, to appoint up to two Non-executive Directors each to the Board. Fratelli has therefore appointed Carolina Margozzini to the Board and Greenstone has appointed Mark Sawyer to the Board.

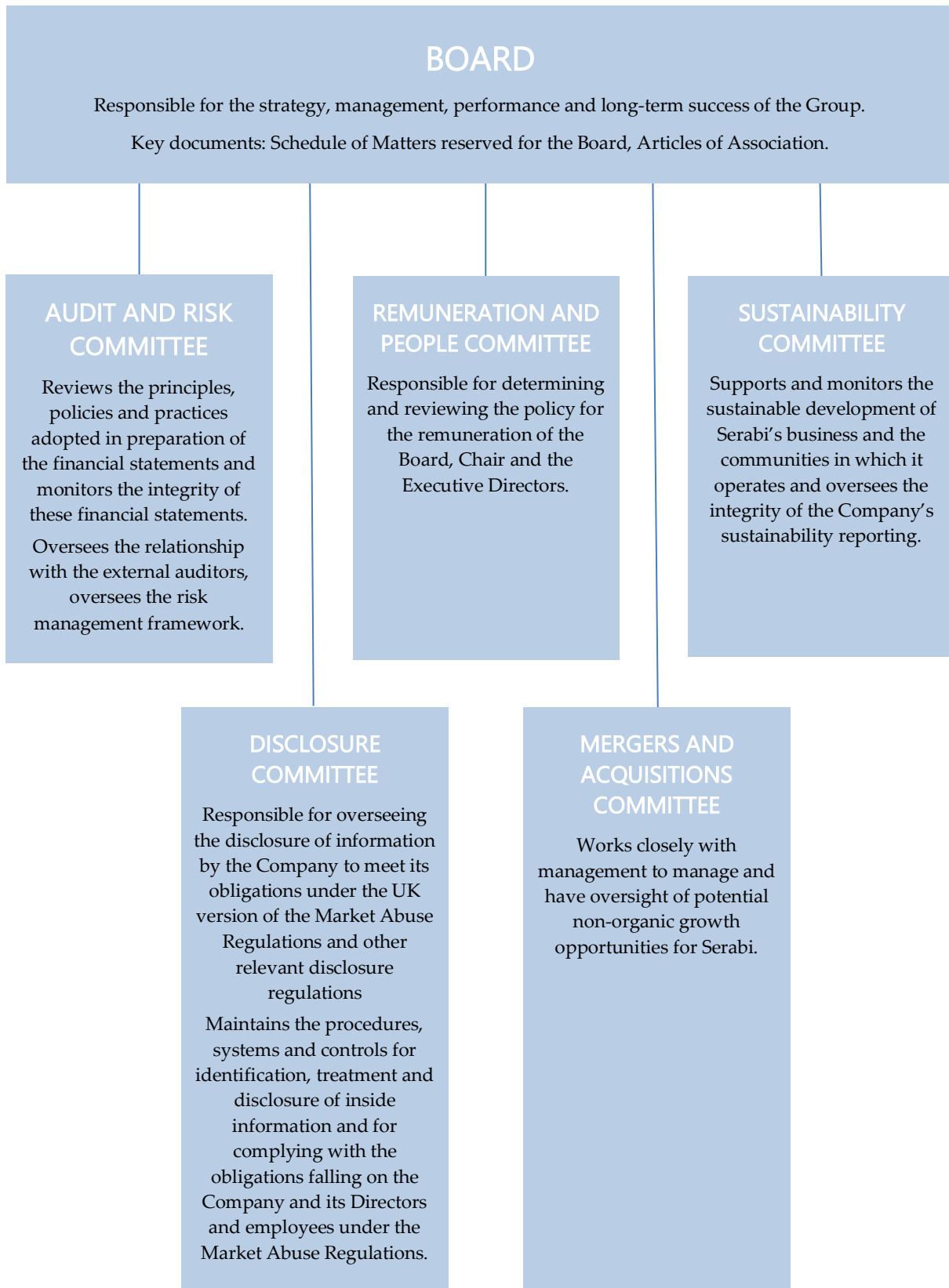
The Relationship Agreements require that (i) the Company is capable of carrying on its business independently of each of Fratelli and Greenstone; (ii) transactions between any member of the Group and any member of either Fratelli or Greenstone are made at arm's length on a normal commercial basis and approved by Directors independent of Fratelli or Greenstone as appropriate; (iii) any disputes between Fratelli and/or Greenstone and any member of the Group shall be dealt with by a committee of the independent Directors; (iv) the selection, approval and removal of senior management and Executive Directors shall be subject to the approval of a majority of the Non-executive Directors of the Company; and (v) neither Fratelli nor Greenstone shall take any action as a result of which there would be fewer than two Directors independent of Fratelli and Greenstone on the Board.

Board and Board Committee Structure

The Board has established an Audit & Risk Committee, a Remuneration & People Committee, a Disclosure Committee, a Mergers & Acquisitions Committee and a Sustainability Committee. In addition, at the executive level, there are two committees - the Executive Committee and the Project Steering Committee - which meet as and when necessary.

The Board has not established a separate Nominations Committee as it considers that this responsibility can be currently discharged by the Remuneration & People Committee or, if the circumstances so dictate, the Board as a whole. As such, the Remuneration Committee was renamed the Remuneration & People Committee.

Board Governance Framework



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Operation of the Board

The Board is responsible for the overall management of the Group including the formulation and approval of the Group's long-term objectives and strategy, the approval of budgets, the oversight of Group operations, the maintenance of sound internal control and risk management systems and the implementation of the Group's strategy, policies and plans. The Chief Executive Officer and the Finance Director are responsible for the daily operation of the Group and they involve other levels of management in the day-to-day operations as appropriate. The Chief Executive Officer and Finance Director are also responsible for making recommendations to the Board regarding short and medium-term budgets, targets and overall objectives and strategies for the Group. During the year the formal schedule of matters specifically reserved for decision by the Board was updated and includes:

- setting the Company's purpose, values and long-term objectives and strategy
- approval of the annual budget;
- approval of material capital expenditure projects;
- any extension of the Group's activities into new business or geographic areas outside the UK or Brazil;
- changes relating to the Group's capital structure and major changes relating to the Group's corporate structure
- approval of acquisitions;
- approval of quarterly financial reports, trading updates, the half-yearly reports, announcement of year-end results and the Annual Report and Accounts;
- internal control and risk management; and
- material contracts, expenditure and Group borrowings.

The Board holds regular, scheduled meetings throughout the year to review the Group's financial and operational performance and to consider any other matters as appropriate, including risk management and shareholder feedback. The Board meeting timetable is based on the financial and reporting timetable. There are up to 10 scheduled Board meetings throughout the year. All of the Directors receive comprehensive Board packs in advance of Board and Committee meetings. During the year a Board portal was set up as a repository for Board and committee papers. This provides a confidential and efficient mechanism for the distribution of Board papers in a timely manner.

Given the geographical distribution of Directors a number of the scheduled Board and Committee meetings are held online but meetings are also held in person whenever possible. All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that the Board procedures are followed, and that applicable rules and regulations are complied with. In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, as required.

A record of the number of meetings of the Board during the year and the attendance by each of the Directors is provided below:

Director	Board Meetings (Attended/Held)
Michael Lynch-Bell	10/10
Michael Hodgson	10/10
Clive Line	10/10
Luis Azevedo	7/10
Hector Alegria ⁽¹⁾	3/3
Nicholas Bañados ⁽²⁾	0/1
Deborah Gudgeon ⁽³⁾	5/5
Carolina Margozzini ⁽⁴⁾	10/10
Mark Sawyer	8/10

1. Resigned on 9 March 2023
2. Resigned on 24 January 2023
3. Appointed on 9 May 2023
4. Appointed on 24 January 2023

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Board Activities During the Year

Strategy	<ul style="list-style-type: none"> • A number of strategic presentations have been received at meetings throughout the year • The Board has set up a Mergers and Acquisitions Committee to discuss non-organic growth opportunities
Operations	<ul style="list-style-type: none"> • The CEO has presented a report at each Board meeting which includes updates on production, plant performance, health and safety, exploration, licenses and permits and ESG
Finance	<ul style="list-style-type: none"> • The Finance Director has presented a financial report and cash management report at each Board meeting • Approval of the Annual Report and interim report, quarterly reports and associated financial statements • Approval of the annual budget • Approval of the extension of the Santander US\$5 Million facility • Approval of the Group Authority Limits
Audit and Risk	<ul style="list-style-type: none"> • The Chair of the Audit and Risk Committee reported to the Board on the proceedings of each Audit and Risk Committee meeting • The Board were updated on the whistleblowing procedures and amendments to the policy • The Audit and Risk Committee assessed the competency of the Group's auditors and reported their opinion to the Board.
Stakeholders	<ul style="list-style-type: none"> • Stakeholders including local communities, Governmental agencies and regulators, lenders and shareholders were regularly considered as part of the CEO's report and separately • HR reports were either reported separately or in the CEO's report • Share register analysis reports were provided at each meeting
Governance	<ul style="list-style-type: none"> • The Committee chairs reported on key matters discussed at the Board Committees • The Company Secretary reported on key governance regulatory developments and on the work carried out to update the Group's governance policies and procedures • The Board reviewed their Schedule of Matters and updated the Terms of Reference of the Board committees, updated the Group authority limits and adopted a Board charter • A Board effectiveness review has been undertaken by an independent board effectiveness consultancy

Conflicts of Interest

The Board is satisfied that, as a whole, it is able to exercise independent judgement. The Articles of Association of the Company restrict the role of the Directors in any situation where there is considered to be a conflict of interest and requires such conflicted Director(s) to abstain from voting and participation in any meeting or voting where the matter giving rise to the conflict is to be considered. The Company Secretary keeps a register of conflicts of interest. The register sets out the situations where each Director's interest may conflict with those of the Company (situational conflicts). The register is considered and reviewed at each Board meeting so that the Board may consider and authorise any new situational conflicts identified. At the beginning of each meeting, the Chair reminds the Directors of their duties under sections 175, 177 and 182 of the Companies Act 2006 which relate to the disclosure of any conflicts of interest prior to any matter that may be discussed by the Board.

Training and Development

Directors are encouraged to continue their ongoing professional development. During the year the Directors received training from the Company's lawyers, Travers Smith LLP on the UK Market Abuse Regulations and the procedures that the Company had adopted to manage inside information and its dissemination including the operation of the Disclosure Committee. During

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the year the Directors also received update training on Directors' duties and the AIM Rules from Travers Smith LLP. The Company Secretary provides updates on governance and regulatory matters at each Board meeting.

Induction

On joining the Board, Directors receive an induction programme including meetings with members of the Board and senior management, access to Board and Committee papers, minutes, Company procedures and policies and meetings with relevant external advisers including the Company's Nomad.

Time Commitment

All Directors pre-clear any proposed appointments to listed company boards with the Board, prior to committing to them. The Non-executive Directors are required, by their letters of appointment, to devote as much of their time, attention, ability and skills as are reasonably required for the performance of their duties. This is anticipated as a minimum of one day a month.

Advice

The Board has access to Travers Smith LLP, as UK legal advisers to the Company, to Peterson McVicar LLP as legal advisers in Canada and to Beaumont Cornish Limited as Nominated Adviser.

Board Evaluation

Between November 2021 and February 2022, an independent evaluation was undertaken by Board Excellence, an international board practice. Board Excellence's report highlighted the need to improve the current system of corporate governance. During 2022, the Board implemented a primary recommendation of the Board Excellence report and appointed an independent chair. During 2023, the Board has taken steps to further improve its corporate governance and regulatory compliance framework, including:

- The appointment of a new chair of the Audit & Risk Committee
- The establishment of a Sustainability Committee
- Redrafting of the Board Charter and Guidelines and revision of the terms of reference of the Audit & Risk Committee, Remuneration & People Committee and Sustainability Committee
- Revision of the Company's Market Abuse Regulation compliance handbook and training
- The establishment of a Disclosure Committee
- The outsourcing of the Company Secretarial function
- Updating the Board programme and calendar
- Revision of the Board Conflicts Policy and Directors Interest procedures

Between November 2023 and February 2024, a Board evaluation has been undertaken by Cerasdas Limited, an independent board effectiveness consultancy. The objective of the review was to assess how the Directors perceive the progress that the Board and Company generally had made since the 2022 Board evaluation in order to identify and make recommendations to further improve the effectiveness of the Board and its committees. The Board review was undertaken using interviews of all Directors, meeting observations and key documentation research. A Board report setting out the assessment of the Board and the Committees was presented to the Board in February 2024. Generally it was acknowledged that there was widespread evidence of significant improvements to the Board's overall effectiveness. There were also some opportunities for further improvements. The key recommendations from the review were:

- Include on the Board timetable a standalone session to discuss strategic direction and milestones for the longer term
- Consider holding a Board meeting in Brazil at least once a year
- Include in the Board programme a regular session to review business performance on culture and ESG matters
- Consider appointing one of the South American based Non-executive Directors as a Workforce Engagement Director to meet with representatives from the workforce on site in Brazil at least annually and report back to the Board
- Consider options for bringing additional technical, engineering or mining expertise/advisors into the Board discussions

Relations with Shareholders

The Board is committed to providing shareholders with clear and timely information on Serabi's activities, strategy and financial position. General communication with shareholders is coordinated by the Executive Directors together with the Business Development Manager. The Company publishes on its website a range of information which helps current and potential shareholders to make an assessment of the Group's position and prospects.

The Board maintains dialogue with the Company's major institutional investors. The Board also acknowledges that the majority of its private investors hold their shares via nominee shareholders and may not be able to fully exploit their shareholder rights

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effectively. Management attends selected industry events at which they are available to engage with private investors. The Board is kept informed of the views and concerns of shareholders through briefings from the Executive Directors and the Company's brokers.

Annual General Meeting (AGM)

The AGM is the annual opportunity for all shareholders to meet with the Directors and to discuss with them the Company's business and strategy. The notice of AGM is posted to all shareholders at least 21 clear days before the meeting. Separate resolutions are proposed on all substantive issues for each resolution, shareholders will have the opportunity to vote for or against or to withhold their vote. Following the meeting, the results of votes lodged will be announced to the London Stock Exchange and displayed on the Company's website

CORPORATE GOVERNANCE

Audit and Risk Committee Report

The following report sets out the responsibilities and activities of the Audit and Risk Committee for the year ended 31 December 2023. This report is prepared in accordance with the Quoted Companies Alliance (“QCA”) corporate governance code for small and mid-sized quoted companies, revised in April 2018.

Committee Composition

The Audit and Risk Committee is comprised of Non-executive Directors. It is chaired by Deborah Gudgeon and its other members are Michael Lynch-Bell and Mark Sawyer. Deborah joined the Committee on appointment to the Board on 9 May 2023. Michael chaired the Committee on an interim basis from August 2022 before handing over to Deborah in May 2023.

The Committee is considered, as a whole, to have the required competence relevant to the mining sector. Deborah Gudgeon has significant, recent and relevant financial experience. Deborah qualified as a Chartered Accountant with PwC (Coopers and Lybrand) and is currently chair of the Audit Committee of Ithaca Energy plc and Petra Diamonds Ltd. Michael Lynch-Bell is a chartered accountant with a 38-year career with Ernst and Young. More information on the Committee members’ skills and experience can be found on pages 53 to 54.

The Committee meets at least four times a year. During the year the Committee met five times. Attendance at regular scheduled Committee meetings is shown below.

Director	Audit Committee Meetings (Attended/Held)
Deborah Gudgeon (Chair) ⁽¹⁾	4/4
Michael Lynch-Bell	5/5
Mark Sawyer	5/5

(1) - Appointed 9 May 2023

The Finance Director is invited to attend the Committee meetings and the Committee has the right to request other Executive Directors and senior management to attend its meetings. Other advisers to the Group also attend meetings as requested by the Committee. The external auditor attends the meetings to report on the planning, execution and results of the annual audit and has direct access to the Chair of the Committee. Following each meeting, the Committee Chair reports formally to the Board on the main issues considered by the Committee and its recommendations to the Board. The Company Secretary attends each meeting as Secretary to the Committee.

At least once a year, the Committee meets with the external auditor without management present to ensure that there are no issues in the relationship between management and the external auditors that should be addressed.

Committee Responsibilities

The purpose of the Audit and Risk Committee (“ARC”) is to assist the Board in discharging its governance responsibilities in respect of external audit, internal audit, risk and internal control and to oversee the integrity of the Group’s financial reporting and associated narrative statement.

The main duties of the Committee are set out in the Terms of Reference. These Terms of Reference were reviewed and updated during the year and a copy can be found on the Company’s website.

The Committee’s key responsibilities include the following:

- monitoring the integrity of the Group’s financial reporting including the annual and interim reports and other significant announcements relating to financial performance and reporting to the Board on significant issues;
- reviewing and challenging significant accounting policies and practices adopted by the Group;
- reviewing and challenging whether the Group has adopted appropriate accounting standards and policies and made appropriate estimates and judgements;
- advising on the clarity of disclosures and information contained in the financial reports;
- reviewing the procedures and systems established to identify, assess, monitor and manage risks, including emerging risks;
- reviewing the adequacy and effectiveness of the systems of internal control and the risk management framework;
- overseeing the relationship with the external auditor, including their remuneration and the effectiveness of the audit processes and making recommendations on the auditor’s appointment;

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Audit and Risk Committee Report

- maintaining and reviewing the external auditor’s independence and objectivity; and
- reviewing the Group’s whistleblowing procedures and reports to the Board.

Activities during the year

Relationship with the external auditors

The Committee has primary responsibility for managing the relationship with the external auditor, including assessing their performance, effectiveness and independence annually and recommending to the Board their reappointment or removal. Following a tender process in 2022, PKF Littlejohn LLP (PKF) were appointed as Serabi’s auditor and KPMG Auditores Independentes (“KPMG”) were appointed to undertake the statutory audits of each of the Group’s subsidiaries in Brazil and support the audit work of PKF. During the year, the members of the Committee met with representatives from PKF without management present, to ensure that there were no issues in the relationship between management and the external auditor that it should address. In addition, the Chair of the Committee met KPMG in Brazil without management present. Neither PKF or KPMG raised any issues.

Audit Process

The Committee considers the nature, scope and results of the external auditor’s work and reviews, develops and implements a policy on the supply of any non-audit services that are to be provided by the external auditor. It receives and reviews reports from the Group’s auditors relating to the Group’s annual report and accounts and the external audit process. In respect of the audit for the financial year ended 31 December 2023, PKF presented their audit plan (prepared in consultation with management) to the Committee in December 2023. The Audit Plan included an assessment of audit risks, and robust testing procedures. The Committee approved the implementation of the plan following discussions with both PKF and management.

Audit and non-audit fees

The Company has agreed to pay £140,000 for the audit fees of the Group Auditor for the financial year ended 31 December 2023. In addition it will pay a fee of US\$141,638 to KMPG for the fee as the component auditor reporting to the Group Auditor. The Company has adopted a non-audit services policy which limits the external auditor to working on the audit or such other matters where their expertise as the Company’s auditor makes them the logical choice for the work. This is to preserve their independence and objectivity. The Company did not incur any non-audit fees with PKF for the financial year ended 31 December 2023.

Effectiveness and independence

The Chair of the Committee speaks regularly to the audit partner to ascertain if there are any concerns, to discuss the audit reports and to ensure that the auditor has received support and information requested from management. The Committee continues to monitor the external auditor’s objectivity and independence and is satisfied that PKF and the Group have appropriate policies and procedures in place to ensure these requirements are not compromised and that PKF continue to be independent and objective.

Re-appointment of the external auditor

The Committee recommends to the Board the re-appointment of PKF Littlejohn LLP as auditor at the forthcoming Annual General Meeting (AGM)

Key judgements and estimates

The Committee reviewed the external reporting of the Group. In assessing the annual report, the Committee considers the key judgements and estimates. The significant issues considered by the Committee in respect of the year ended 31 December 2023 are set out in the table below:

Significant issues and judgement	How the issues were addressed
<p>Valuation of capitalised exploration costs As at 31 December 2023, the Group’s Deferred exploration assets are valued at \$20.5m (2022: \$18.6m) and are key to the long-term success of the Group. Significant judgement and estimation is required by management to assess the recoverability of the balances and as a result there is the risk that these balances are incorrectly valued.</p>	<p>The ARC have reviewed management reports detailing the exploration expenditures incurred and ensured that costs are capitalised according to accounting stands and in line with policies set by the Group. The ARC has reviewed with management the validity of current exploration licences ensuring that they remain valid during the year and at the year-end; Management have prepared details of future plans for each license including providing potential expenditure projections for each licence where necessary;</p>

CORPORATE GOVERNANCE
Audit and Risk Committee Report

Significant issues and judgement	How the issues were addressed
	<p>Consideration was given to the impairment indicators set out in IFRS 6 & IAS 36; and key external reports were reviewed for indicators of impairment.</p> <p>The ARC have also considered the work undertaken by the Auditors and their reviews of the exploration and evaluation expenditures and assessment of their eligibility for capitalisation under IFRS 6 by corroborating spend to original source documentation.</p>
<p>Carrying value of mining assets As at 31 December 2023 the Group's Mining Assets totalled \$53.3m (2022: \$48.4m). Management assess the recoverable amounts of these balances on a cash generating unit (CGU) basis using a management prepared discounted cash flow model. Significant judgements and estimates used are used by management in determining the valuation of these assets.</p>	<p>The ARC has reviewed and challenged management's projections of future revenues and costs for each cash generating unit ("CGU"). The have considered and satisfied themselves of the economic assumptions used by managements in generating discounted cash flow model and the discount rates used.</p> <p>The ARC has assessed and reviewed any potential indicators of impairment that may apply to the Group or a CGU.</p> <p>Members of the ARC have visited the operations and discussed operational plans with site management.</p> <p>The ARC has discussed with the Auditors the work that thee Auditors have undertaken including own review of management's discounted cash flow model; involving</p> <ul style="list-style-type: none"> • assessing and challenging the appropriateness of management's inputs and assessment of each cash generating unit; • assessing and reviewing indicators of impairment as per IAS 36 and considering whether any apply to the Group; • ensuring that the basis of preparation of the model is in line with applicable accounting standards; • assessing and challenging the appropriateness of estimates and inputs; ; and • ensuring inputs into the model are in line with third party expert's opinion of total mineral resources available at each site. <p>The ARC has also required management to undertake an independent verification of plant and equipment and discussed with the Auditors their separate verification work undertaken in respect of plant and equipment.</p>
<p>Valuation of investments and intercompany receivables As at 31 December 2023, the carrying value of investments in subsidiaries is \$103.3m (2022: \$102.9m). This value is ultimately dependent on the value of the underlying assets. The carrying value of these investments is material to the parent company financial statements. A significant portion of the underlying assets are exploration mining assets making it difficult to definitively determine their value. Valuations for these projects are therefore based on judgments and estimates made by the Directors - which leads to a risk of misstatement.</p>	<p>Ownership of investments held by the Parent Company were reviewed and confirmed</p> <p>An impairment review for all investments was prepared by management and management were challenged in respect of the assumptions and judgements made;</p> <p>The value of the net investment in subsidiaries was reviewed against the underlying assets to assess the recoverability of investments;</p> <p>Management's assumptions that the operation in Brazil is one cash generating unit (CGU) was reviewed and challenged; and</p> <p>Management's cash flow forecast for the CGU was tested which underpins the value held as investments by Serabi Gold plc.</p>

Risk management and internal controls

Internal control structure

The Board oversees the Group's risk management and internal controls and determines the Group's risk appetite. The Board has, however, delegated responsibility for review of the risk management methodology and the effectiveness of internal controls to

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Audit and Risk Committee Report

the Audit and Risk Committee. The Group's system of internal controls includes financial, operational and compliance controls and risk management, with the Group's policies and procedures including clearly defined levels of delegated authority. During the year the Committee has reviewed and revised these defined levels of delegated authority and has ensured that they have been communicated throughout the Group. Internal controls have been implemented in respect of the key operational and financial processes of the business. These policies are designed to ensure the accuracy and reliability of financial reporting and govern the preparation of the Financial Statements.

The Board is ultimately responsible for the Group's system of internal controls and risk management and discharges its duties in this area by:

- holding regular Board meetings to consider the matters reserved for its consideration;
- receiving regular management reports which provide an assessment of key risks and controls;
- scheduling regular Board reviews of strategy including reviews of the material risks and uncertainties (including emerging risks) facing the business;
- ensuring there is a clear organisational structure with defined responsibilities and levels of authority;
- ensuring there are documented policies and procedures in place and reviewing these policies and procedures regularly;
- having comprehensive budgets, forecasts and business plans, approved by the Board, reviewed on a regular basis, with performance monitored against them and explanations obtained for material variances;
- reviewing regular reports containing detailed information regarding operational and financial performance, rolling forecasts, cashflows and key performance indicators.
- having documented whistleblowing policies and procedures

Internal audit function

The Group does not currently have an internal audit team. The need for this is reviewed annually by the Committee. During 2021/22 an external review of the Group's key internal controls at its operations in Brazil was undertaken by Deloitte Touche Tohmatsu Consultores Ltda in Brazil (Deloitte). Management and the Board have been working through 2022 and 2023 to implement the additional recommendations from this review. The review observed that whilst management had implemented a number of additional procedures and processes, there continued to be areas for improvement and additional financial and operational controls that could be implemented. The Committee has overseen the implementation of management's responses to the Deloitte recommendations. Now the implementation of these recommendations is largely complete the Committee have concluded that it is now appropriate to establish an internal audit function to provide a key source of internal assurance going forward, with a recruitment process currently in progress.

Anti-bribery and whistleblowing

The Company is required to maintain, subject to the oversight by the Audit and Risk Committee, a mechanism for the confidential reporting of suspected fraud and other wrongdoing. The Group has in place a whistleblowing policy, which sets out the formal processes to be followed by employees and the procedures for reporting incidents. A confidential third-party email and phone number are provided within the policy to ensure staff can report on a confidential basis. The policy is provided to every employee of the Group and training is provided. The Audit and Risk Committee reviews the whistleblowing policy annually to ensure that it remains fit for purpose. The Committee receives regular whistleblowing reports and other reports on the effectiveness of the Whistleblowing policy and then reports regularly to the Board on these matters. During the year the Committee has also reviewed the Group Bribery policy and approved a Gift and Hospitality policy to support the Bribery policy. These updated policies are being rolled out throughout the Group and training will be provided to all staff on the operation of these policies.

Deborah Gudgeon
Chair of the Audit Committee
26 April 2024

CORPORATE GOVERNANCE

Remuneration Committee Report

Directors Remuneration Report

Statement from the Chair of the Remuneration Committee

Serabi Gold is listed on the Alternative Investment Market (AIM) and therefore provides these remuneration disclosures on a voluntary basis. As such, charts and tables included here are unaudited.

As the Company Chair has set out earlier, during 2023 the Company has achieved some key milestones and we are on track to build on these in 2024. The Board however recognises that there will be challenges ahead and that compensation plays an important role in achieving short and long-term business objectives that drive success.

The Group's principal goal is to create value for its shareholders. The Group's compensation philosophy is based on the objectives of linking the interests of the senior management with both the short and long-term interests of the Group's shareholders, of linking executive compensation to the performance of the Group and the individual and of compensating senior management at a level and in a manner that ensures the Group is capable of attracting, motivating and retaining individuals with exceptional skills. The Remuneration Policy is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and the long-term. Base salaries are aligned with and judged against corporations of a comparable size and stage of development within the mining industry, thereby enabling the Group to compete for and retain executives critical to the Group's long-term success. Incentive compensation is directly tied to corporate performance. Share ownership opportunities are provided to align the interests of senior management with the longer-term interests of shareholders.

Implementation of the Remuneration policy during the year

Base Salary

Although approved in principle by the Board in 2022 no salary increases were applied to the Executive Directors' salaries during 2022. Salary increases were however approved and implemented for all other staff including the rest of the senior management. In early 2023 the Committee therefore agreed to apply and backdate the salary increases agreed in 2022 for the Executive Directors. These amounted to 12% for Michael Hodgson and 7% for Clive Line. Pay rises of 5% were applied to all senior management for 2023 including the Executive Directors.

Annual Bonus

The 2023 Annual Bonus was based on health and safety targets, production targets, cash costs, financing and permitting. There was a strong performance against these operational targets. The maximum theoretical payout for the Executive Directors was 75% of base salary for Michael Hodgson and 65% of base salary for Clive Line. The resultant out-turn based on performance against agreed KPIs was 45% of maximum for both Michael Hodgson and Clive Line.

Share Based Incentive Plans

Conditional share awards are awarded annually under the Serabi 2020 Restricted Share Plan (the "2020 Plan"). The performance criteria for these awards are Total Shareholder Return, Return on Capital Employment and Return on Sales. In respect of all of the 404,700 Conditional Share Awards granted for the calendar year 2020, the Board determined that none of the performance criteria were achieved and accordingly all 404,700 Conditional Share Awards have lapsed. While the intention of the Board is that awards under the 2020 Plan are awarded annually, as a result of exceptional circumstances in 2022, no awards under the 2020 Plan were made in 2022. The Board therefore granted awards for 2022 and 2023 during 2023.

Remuneration arrangements for 2024

For 2024 it is currently intended that the Executive Director remuneration framework will operate in line with the prior year and there will be minimal changes proposed to incentive opportunities or performance measures. The Committee undertook an independent third-party benchmarking exercise during 2023. The benchmarking review examined the competitiveness of the current remuneration arrangements relative to sector peers and typical market practice. It also reviewed the effectiveness of the current arrangements in supporting the delivery of the strategy and motivating the senior management team as well as its alignment with the expected governance standards for the Company. In general, the review concluded that total compensation was competitive. The review also concluded that the use of multiple metrics for the bonus plan ensured a more motivational bonus plan. The metrics used for the long-term incentive share based plan were consistent with market peers although the review highlighted that binary targets were unusual and that it was more common to set an explicit performance range with vesting based on a straight-line sliding scale. A more linear approach has therefore been taken for assessment of performance targets linked to the grant of awards in 2023.

CORPORATE GOVERNANCE
Remuneration Committee Report
Directors Remuneration Report

Closing remarks

The Board is committed to maintaining high standards of corporate governance and complies with the provisions of the Quoted Companies Alliance (QCA) corporate governance code in so far as is practicable for the Company’s size and structure. During 2023, as outlined in the corporate governance report, there have been significant improvements to the Company’s corporate governance arrangements and the Company aims to continuously improve governance as the Company grows. The Remuneration and People Committee has spent time in 2023 reviewing the appropriateness of the Remuneration policy. The Committee also changed its name to the Remuneration and People committee and amended its terms of reference in 2023 to ensure that there was a people focus when setting the policy for the Executive Directors and that the remuneration of the wider workforce was also considered and catered for. During 2024 the Committee intends to further review the appropriateness of the policy for its senior management and colleagues in Brazil, including the possibility of share-based arrangements for Brazilian based colleagues to ensure all key staff incentives are aligned with shareholders.

On behalf of the Remuneration Committee

Mark Sawyer

Chair of the Remuneration Committee

26 April 2024

Directors’ Remuneration Policy framework

Following industry practice and best practice corporate governance guidelines, Serabi’s Executive Directors’ Remuneration Policy comprises fixed and variable annual compensation to drive delivery of near-term targets, with an additional overarching long-term incentive plan to maintain a longer-term focus on generating value for shareholders and stakeholders. A significant proportion of each Director’s total remuneration package is structured to link rewards to the attainment of performance targets, both short-term and long-term.

Our Policy continues to ensure there are no rewards for failure, by providing clarity around the Committee’s discretion under the Policy. This includes committee powers to override formulaic outcomes if pay-outs do not reflect overall business or individual performance, as well as discretion to pay some or all of the bonus in shares and/or to require deferral of a portion of the bonus.

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024
<p>Base salary</p> <p>To reflect size and scope of the role and individual’s performance and contribution.</p>	<p>Reviewed on an annual basis with any increases normally taking effect from 1 January.</p> <p>The Committee reviews base salaries with reference to:</p> <ul style="list-style-type: none"> • the size and scope of the individual’s roles; • the individual’s performance and experience; • business performance and the external economic environment; 	<p>There is no maximum salary increase. The Committee retains discretion to make appropriate adjustments to salary levels to ensure they remain appropriate in the context of the size and scope of the role and the size and complexity of the business.</p>	<p>Company and individual performance are considered when setting Executive Director base salaries.</p>	<p>Base remuneration will be increased by 4.2% with effect from 1 January 2024 to:</p> <p>CEO: £343,000 FD: £241,000</p>

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Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024
	<ul style="list-style-type: none"> market practice at other companies of a similar size and complexity; and salary increases across the Group 			
<p>Annual bonus</p> <p>To incentivise the delivery of annual operational and financial performance and the achievement of strategic business priorities.</p>	<p>Performance is measured on an annual basis for each financial year.</p> <p>Performance measures are reviewed at the start of the year to ensure they remain appropriate and align with the business strategy and priorities</p> <p>Stretch targets are set.</p> <p>At the end of the year the committee determined the extent to which these were achieved.</p> <p>Awards are paid in cash.</p>	<p>The maximum opportunity for the Directors is:</p> <p>CEO 75% of base salary</p> <p>FD 65% of base salary</p>	<p>Performance measures are selected and their respective weightings may vary from year to year depending on financial and strategic priorities.</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the policy limits) and downwards to ensure alignment of pay with the underlying performance of the business over the financial year.</p>	<p>It is currently intended that the annual bonus will operate in line with the prior year.</p>
<p>Share based incentive plans</p> <p>To drive sustained long-term performance that supports the creation of shareholder value.</p>	<p>Conditional share awards (CSAs) under the 2020 plan reward delivery of sustained long-term improvements in shareholder returns by aligning performance directly with an increase in the fundamental measure of the generation of shareholder value.</p> <p>The Board seeks to award equity related incentives on an annual basis. Whilst it is generally expected that these will be equity settled, provisions exist, to be used at the</p>	<p>The executive directors receive annual awards of up to 50% of base salary.</p>	<p>The vesting of the CSAs is subject to company performance and continued employment.</p>	<p>It is currently intended that the CSA will operate in line with prior years albeit the performance measures will operate on a more linear basis.</p>

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Directors Remuneration Report

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024
	discretion of the Board, for these awards to be cash settled on an equivalent basis where, for example, the tax treatment might significantly disadvantage an individual recipient.			

Benefits and pension

Serabi offers health care benefits to its Executive Directors and employees. In Brazil this also extends to dental care. The Group does not operate any pension plans for its Executive Directors except to the minimum extent required under UK law. The level of pension contribution made to an individual's defined contribution scheme will generally be linked to an employee's base salary, though the Committee may, at its election, approve single lump sum payments which can increase the overall level of retirement benefit provided for any individual. To the extent that a Director exceeds their annual allowance or lifetime allowance, they receive no additional remuneration in lieu of pension.

Notes on the Policy Table

Malus and clawback

Malus and clawback provisions may be applied to the share-based incentive plans in the following circumstances:

- Material misstatement of results
- An error in assessing the performance conditions
- An act or omission by the participant which would enable the Company to summarily dismiss them
- Any other instance where the Remuneration Committee regards it appropriate

Non-executive Director Policy Table

Details of the policy on fees paid to our Non-executive Directors and how this policy will be implemented for 2024 or set out in the table below:

Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024
Fees To attract and retain Non-executive Directors of the highest calibre with broad commercial and other experience relevant to the company.	The Chair and Non-executive Directors receive a basic fee for their respective roles. Additional fees may be payable to Non-executive Directors for additional services such as acting as Senior Independent Director or as Chair of any of the Board's Committees etc.	It is expected that increases to Non-executive Director fee levels will be in line with salaried employees over the life of the policy. However, in the event that there is a material misalignment with the market or a change in the complexity,	Not performance related.	The Base fees for Non-executive Directors and Chair is to be increased by 4.2% Chair - £83,360 Non-executive Directors - £44,806 The Chair and other Non-executive Directors

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Purpose and link to strategy	Operation	Opportunity	Performance metrics	Implementation of Remuneration Policy for 2024
	<p>Fee levels are reviewed from time to time against similar roles at comparable companies, taking into account time, commitment and responsibility of the role, with any adjustments normally effective 1 January in the year following review.</p> <p>The fees paid to the Chair are determined by the Committee, whilst the fees of the Non-executive Directors are determined by the Board.</p>	<p>responsibility or time commitment required to fulfil a Non-executive Director role, the Board has discretion to make an appropriate adjustment to the fee level.</p>		<p>also receive fees for membership and chairing a Board Committee</p> <p>Chair of a committee - £7,500 or £10,000</p> <p>Membership of a committee £5,000</p>

Discretion

The Committee will operate all incentive plans according to the rules and discretions contained therein to ensure that the implementation of the Remuneration Policy is fair, both to the individual director, shareholders and stakeholders. The discretions cover aspects such as:

- selection of participants;
- timing of grant and vesting of awards;
- size of awards (subject to the Policy limits);
- choice of measures, weightings and targets;
- determining level of pay-out or vesting based on an assessment of performance and to override formulaic outcomes where appropriate;
- determining whether and, if so, the proportions at which the bonus will be payable in cash, deferred cash, shares or deferred shares and the terms applying to such shares and deferrals;
- treatment of awards on termination of employment and change of control;
- adjustment of awards in certain circumstances, e.g., changes in capital structure;
- adjustment of performance conditions in exceptional circumstances; and
- application of malus and/or clawback.

Any such use of discretion will be fully disclosed in the subsequent Annual Report.

Performance Measures and target setting

The Committee reviews annually performance measures and target weightings. Performance measures used under the annual bonus and long-term incentives are selected and reviewed annually to reflect the Group's main short and long-term objectives and reflect both financial and non-financial priorities. These will typically include a mix of strategic, financial, operational and health and safety targets. Performance measures are set to be stretching but achievable, taking into account a range of internal and external reference points, having regard to the particular strategic priorities and economic environment in a given year.

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Recruitment policy for Executive Directors

In the case of a new externally appointed Executive Director, the Committee may make use of all existing components under the Remuneration Policy applying to existing Executive Directors, including salary, pension, benefits, annual bonus and CSA awards. The current maximum limits under the existing Policy will apply similarly on recruitment, except that the maximum annual bonus opportunity will be pro-rated to reflect the proportion of employment during the year. Depending on the timing of appointment, it may be appropriate to operate different performance measures for the remainder of that bonus period. Where appropriate and necessary to facilitate the recruitment of an individual, the Committee may consider using other remuneration tools and may exercise discretion, as appropriate, to make awards using a different structure.

Directors' service contracts and termination policy

The Executive Directors have rolling-term Service Agreements with the Group. The Executive Directors' Service Agreements each include the ability for the Group, at its discretion, to pay basic salary only in lieu of any unexpired period of notice. Payments may be made as either a lump sum or in equal monthly instalments until the end of the notice period at the discretion of the Group. The Committee will seek to ensure that there are no unjustified payments for failure. For the current Executive Directors, where the appointment is terminated by reason of the executive's death, redundancy, injury, ill health or disability, the Executive Director shall be entitled to participate in such bonus scheme arrangements of the Group applicable to Directors of the Group, in line with the Group's bonus policy. Any bonus awarded to the executives is entirely discretionary and may at the Group's discretion be paid to the executive as a combination of shares and cash.

Shareholder views

The Company has not, to date, sought formal shareholder approval for its Remuneration Policy although welcomes discussion with shareholders on the policy. The Committee is aware of the forthcoming changes to the QCA Code and will therefore seek approval of the Remuneration Policy and the Remuneration Report at its 2025 Annual General Meeting in accordance with the QCA Code.

Directors' Remuneration Report

The Service Agreements contain provisions enabling the Group to place the Executive Director on gardening leave during the period of notice.

Name	Date of Service Agreement	Notice by Group/Individual
Michael Hodgson	1 February 2007	12/6 months
Clive Line	14 March 2005	12/6 months
Non-executive Directors		
Michael Lynch-Bell	8 August 2022	N/A ⁽²⁾
Luis Azevedo	27 April 2020	N/A ⁽²⁾
Deborah Gudgeon	9 May 2023	N/A ⁽²⁾
Caroline Margozzini	N/A ⁽¹⁾	N/A
Mark Sawyer	N/A ⁽¹⁾	N/A

- (1) Service agreements are not entered into with Non-executive Directors appointed by major shareholders pursuant to the Relationship Agreement between the Company and the respective shareholder.
- (2) Non-executive Directors are appointed for terms of up to three years. The service agreements anticipate a Non-executive Director serving up to two terms, each of three years.

When considering exit payments, the Committee reviews all potential incentive outcomes to ensure they are fair to both shareholders and participants. The table below summarises how incentive awards are typically treated in specific circumstances. Whilst the Committee retains overall discretion on determining good leaver status, it typically defines a good leaver in circumstances such as death, redundancy, injury, ill health or disability, retirement with the agreement of the Group and personal circumstances affecting immediate family preventing the individual working for the Group. Other leavers may include those leaving employment for any other reason as well as those leaving due to misconduct, wilful failure to perform duties and any action that would entitle the Group to terminate employment without notice or payment in lieu of notice:

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Directors Remuneration Report

Component	Good leaver reasons	Other leaver reasons	Change of control
Annual bonus	Paid at the same time as continuing employees, to the extent that the performance conditions are achieved and pro-rating for the proportion of the financial year served, unless the Committee determines otherwise	No bonus payable unless the Committee determines otherwise (as set out above).	Paid immediately on the effective date of change of control, subject to the achievement of performance conditions and pro-rated for the proportion of the year served to the date of change of control, unless the Committee determines otherwise.
Conditional Share Awards	May retain their awards which will vest in accordance with the original terms and whilst continuing to be subject to performance conditions and pro-rating for the time elapsed since grant. These provisions may be over-ridden at the sole discretion of the Board	Shall cease to have any entitlements including the right to exercise any vested but unexercised options	All awards that have not vested shall vest on the date of the event and any Option must be exercised within 30 days (or such other period as the Board agrees) of the event. In certain circumstances the Board with the consent of the acquiring company may agree to exchange the awards for equivalent awards in the new company provided the terms of the awards are not modified in any significant way.

The Committee reserves the right to make any other payments in connection with termination of employment where the payments are made in good faith in discharge of an existing legal obligation (or by way of damages for breach of such an obligation) or by way of a compromise or settlement of any claim arising in connection with the cessation of a director's office or employment. Any such payment may include, but is not limited to, paying reasonable fees for outplacement assistance and/or the director's legal or professional advice fees in connection with their cessation of office or employment.

External appointments

The Executive Directors are restricted under the terms of their Service Agreements from assuming any responsibilities or duties in any person without written Board consent. The Board may agree to such external appointments at its discretion, provided that any such external appointments do not and are unlikely to interfere with the Executive Director's duties to the Group. The Policy is for the individual to retain any fee earned in relation to an external appointment.

Consideration of employment conditions elsewhere in the Group

In making decisions on Executive Director remuneration, the Committee considers pay and conditions of other employees across the Group, and considers any informal feedback received. The Group does not formally consult with employees on executive remuneration as the size and scope of Serabi's operations at this stage in its development would make any consultation process ineffectual.

Annual Report on remuneration

The following section provides details of how Serabi Gold's Remuneration Policy was implemented during the financial year ending 31 December 2023.

Remuneration Committee membership and activities in 2023

The Remuneration Committee's members as at 31 December 2023 were Non-executive Director Mark Sawyer, who is the Chair of the Committee, Michael Lynch-Bell and Carolina Margozzini.

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Directors Remuneration Report

Director	Remuneration Committee Meetings (Attended/Held)
Mark Sawyer (Chair)	2/2
Michael Lynch-Bell	2/2
Carolina Margozzini	2/2

The Committee operates under agreed Terms of Reference which set out its duties, including reviewing senior executive appointments and determining the Group's policy in respect of the terms of employment, including remuneration packages of Executive Directors and other members of senior management.

The Committee's Terms of Reference were reviewed and updated during the year and are available on the Group's website. The Remuneration Committee met formally twice during 2023 and also on an ad-hoc basis when required.

Remuneration Committee activities during the year were as follows:

- Review and approval of Executive Director performance against annual bonus targets for 2022.
- Review and assess approval of Executive Director performance against 2020 CSA targets (lapsed).
- Determination of performance targets for the share incentives for 2023.
- Determination of performance targets for the 2023 annual bonus.
- Receipt and discussion about the third-party benchmarking exercise.
- Review of remuneration arrangements and policies for Executive Directors, senior management and the wider Group.
- Review and approval of salary increases for the Executive Directors and senior management and agree the backdating of the salary increases for 2022 previously agreed.

During the year the Committee appointed an external third-party consultant, Ellason LLP, to provide a benchmarking exercise. The benchmarking review examined the competitiveness of the current remuneration relative to sector peers and typical market practice. FFA Legal also carried out a compensation survey in Brazil to benchmark the managers' salaries in Brazil to ensure these salaries were competitive.

Director	Financial Year	Salary US\$	Fees as Director US\$	Other fees US\$	Bonus US\$	Pension US\$	IFRS 2 charge for options granted US\$	Other US\$	Total US\$
Michael Hodgson ⁽¹⁾	2023	398,906	–	–	138,126	9,989	82,174	5,574	634,769
	2022	376,847	–	–	43,411	9,752	26,389	5,285	461,685
Clive Line ⁽¹⁾	2023	287,064	–	–	83,882	–	61,159	4,645	436,750
	2022	270,936	–	–	26,416	–	18,472	4,404	320,228
Luis Azevedo ⁽²⁾	2023	–	–	–	–	–	663	–	663
	2022	–	28,496	–	–	–	5,278	–	33,774
Michael Lynch-Bell ⁽³⁾	2023	–	115,495	–	–	–	–	–	115,495
	2022	–	44,610	–	–	–	–	–	44,610
Carolina Margozzini ^{(4) (8)}	2023	–	–	–	–	–	–	–	–
	2022	–	–	–	–	–	–	–	–
Deborah Gudgeon ⁽⁵⁾	2023	–	44,349	–	–	–	–	–	44,349
	2022	–	–	–	–	–	–	–	–

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Remuneration Committee Report
Directors Remuneration Report

Director	Financial Year	Salary US\$	Fees as Director US\$	Other fees US\$	Bonus US\$	Pension US\$	IFRS 2 charge for options granted US\$	Other US\$	Total US\$
Mark Sawyer ⁽⁶⁾	2023	-	-	-	-	-	633	-	633
	2022	-	19,271	-	-	-	5,278	-	24,549
Aquiles Alegria ⁽⁶⁾	2023	-	-	-	-	-	-	-	-
	2022	-	26,569	-	-	-	5,278	-	31,847
Nicolas Bañados ⁽⁷⁾	2023	-	-	-	-	-	633	-	633
	2022	-	21,618	-	-	-	-	-	21,618
Total	2023	685,970	159,844	0	222,008	9,989	145,262	10,219	1,233,292
Total	2022	647,783	140,564	0	69,828	9,752	60,695	9,689	907,786

- (1) Salaries and bonuses paid to the executive directors reflect the period to which they relate and may not have been received during those periods.
- (2) Luis Azevedo is the owner of FFA Legal which provides legal services to the Group and its Brazilian subsidiaries. During 2023 charges issued by FFA Legal US\$484,350 of which US\$155,785 was outstanding at the period end.
- (3) Michael Lynch-Bell was appointed on 8 August 2022
- (4) Carolina Margozzini was appointed on 24 January 2023
- (5) Deborah Gudgeon was appointed on 9 May 2023
- (6) Aquiles Alegria stepped down from the Board on 9 March 2023
- (7) Nicolas Bañados stepped down from the Board on 24 January 2023
- (8) Fratelli Investments Ltd and Greenstone Resources II LP agreed to waive any fees due in respect of their nominee directors with effect from 1 July 2022 until 31 December 2023. Fees for the nominee directors were reinstated with effect from 1 January 2024

Incentive outcomes for the year ended 31 December 2023

Annual bonus in respect of 2023 performance

The maximum bonus award for 2023 was 75% of salary for Mike Hodgson and 65% of salary for Clive Line. Operational performance criteria were set for the annual bonus. These KPIs included: health and safety, production, costs, financing and permitting. The KPIs each had different weightings. The resultant out turn was 45% of the maximum for each Director. These bonus amounts will be settled to the individuals in 2024 and reflected in the remuneration paid in 2024.

Annual bonus in respect of 2022 performance

The maximum bonus award for 2022 was 75% of salary for Mike Hodgson and 65% of salary for Clive Line. Operational performance criteria were set for the annual bonus. These KPIs included: health and safety, production, costs, financing and permitting. The KPIs each had different weightings. The resultant out turn was 15% of the maximum for each Director. These bonus amounts were settled to the individuals in 2023 and reflected in the remuneration paid in 2023.

Conditional Share Awards vesting in 2023

CSA granted in respect of the 2021 calendar year were scheduled to vest on 7 December 2024 based on the performance measurements between 1 January 2021 to 31 December 2023. The awards were based on 40% Total Shareholder Return (TSR), 30% Return on Capital Employment (ROCE) and 30% on Return on Sales (ROS). None of these performance targets have been met so accordingly these awards have lapsed.

CSA granted in respect of the 2020 calendar year were scheduled to vest on 7 December 2023 based on the performance measurements between 1 January 2020 to 31 December 2022. The awards were based on 40% Total Shareholder Return (TSR), 30% Return on Capital Employment (ROCE) and 30% on Return on Sales (ROS). None of these performance targets have been met so accordingly these awards have lapsed.

CORPORATE GOVERNANCE

Remuneration Committee Report

Directors Remuneration Report

Ordinary shares and options

The Directors of the Company, who held office during the year and as of 31 December 2023, had the following interests in the ordinary shares of the Company according to the register of Directors' interests:

	Shares held at 31 December 2023	Shares held at 31 December 2022 ¹
Michael Hodgson	70,066	70,066
Clive Line	73,332	73,332
Michael Lynch-Bell	-	-
Carolina Margozzini ⁽²⁾	-	-
Luis Azevedo	-	-
Deborah Gudgeon	-	-
Mark Sawyer ⁽³⁾	-	-

(1) Or date of appointment if later.

(2) Carolina Margozzini is Principal of Megeve Investments which is investment adviser to Fratelli Investments Limited which as at 31 December 2023 was interested in 19,318,785 ordinary shares.

(3) Mark Sawyer is a partner of Greenstone Resources II LP which as at 31 December 2023 was interested in 19,083,394 ordinary shares.

During the year ended 31 December 2023 the Company's shares have traded between 21.00 pence and 45.94 pence.

Conditional Share Awards - The 2020 Plan

All employees of the Group (including Executive Directors who are employees) are eligible to participate in the 2020 Plan. Awards provide rights to acquire ordinary shares (subject to restrictions) in the capital of the Company (whether by transfer or subscription) in such form (including but not limited to conditional shares or options) as the Board may determine in its absolute discretion. The number of shares over which awards to subscribe for shares may be granted under the 2020 Plan on any date shall be limited so that the total number of shares issued and issuable pursuant to rights granted under any employee share scheme operated by the Company in any rolling ten year period is restricted to 10% of the Company's shares in issue calculated at the relevant time excluding any lapsed awards or those that are no longer capable of exercise. Awards may be granted subject to performance conditions which will be specified at the time of grant. All awards under the 2020 Plan are subject to malus and clawback provisions.

Grants in 2023

No Conditional Share Awards were made by the Company during 2022. In 2023 the Board has approved the issue of a further Conditional Shares Award ("CSA") to the Executive Directors in respect of the annual Long Term Incentive Plan awards for the calendar year 2022. In accordance with the terms of the Serabi 2020 Restricted Share Plan (the "2020 Plan"), Michael Hodgson and Clive Line received an entitlement equivalent in value to 50% of their respective salaries for the calendar year 2022. The awards will vest, subject to the achievement of the stipulated performance criteria, on the second anniversary of the award. This is in recognition that the award was delayed by one year. Performance conditions will still be assessed over a three-year period.

The Board also approved the issue of CSA to the Executive Directors in respect of the annual Long Term Incentive Plan awards for the calendar year 2023. In accordance with the terms of the Serabi 2020 Restricted Share Plan (the "2020 Plan"), Michael Hodgson and Clive Line each received an entitlement equivalent in value to 50% of their respective salaries for the calendar year 2023. The awards will vest, subject to the achievement of the stipulated performance criteria, on the third anniversary of the award.

Executive Share Option Plan

The Serabi 2011 Share Option Plan has reached the end of its intended life and no new options will be issued under this arrangement. All remaining options in issue on 1 January 2023, expired on 26 May 2023. No options were exercised in 2023.

CORPORATE GOVERNANCE
Remuneration Committee Report
Directors Remuneration Report

Summary of Directors' Interests

The beneficial interests of the Executive Directors in share awards and share options as at 31 December 2023 are shown in the following tables.

CSA – Conditional Share Awards (2020 Plan)

ESOP – Executive Share Option Plan (Serabi 2011 Share Option Plan)

Michael Hodgson									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2023	CSA	31 Jul 2026	UK£0.25	n/a	–	490,400	–	–	490,400
2022	CSA	31 Jul 2025	UK£0.25	n/a	–	271,900	–	–	271,900
2021	CSA	7 Dec 2024	UK£0.67	n/a	193,000	–	–	–	193,000 ⁽¹⁾
2020	CSA	7 Dec 2024	UK£0.67	n/a	162,500	–	(162,500)	–	–
2020	ESOP	26 May 2023		UK£0.85	500,000	–	(500,000)	–	–
Total					855,500	762,300	(662,500)	–	955,300

(1) The performance criteria related to these CSA's were measured after 31 December 2023 and it was determined that none of the performance criteria had been met. Accordingly, these CSAs lapsed after the end of the calendar year

Clive Line									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2023	CSA	2026			–	344,300	–	–	344,300
2022	CSA	2025			–	190,500	–	–	190,500
2021	CSA	7 Dec 2024	UK£0.67	n/a	138,000	–	–	–	138,000 ⁽¹⁾
2020	CSA	7 Dec 2024	UK£0.67	n/a	128,600	–	(128,600)	–	–
2020	ESOP	26 May 2023		UK£0.85	350,000	–	(350,000)	–	–
Total					616,600	534,800	(478,600)	–	672,800

(1) The performance criteria related to these CSA's were measured after 31 December 2023 and it was determined that none of the performance criteria had been met. Accordingly, these CSAs lapsed after the end of the calendar year

Luis Azevedo									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2020	ESOP	26 May 2023		UK£0.85	100,000	–	100,000	–	–
Total					100,000	–	100,000	–	–

CORPORATE GOVERNANCE
Remuneration Committee Report
Directors Remuneration Report

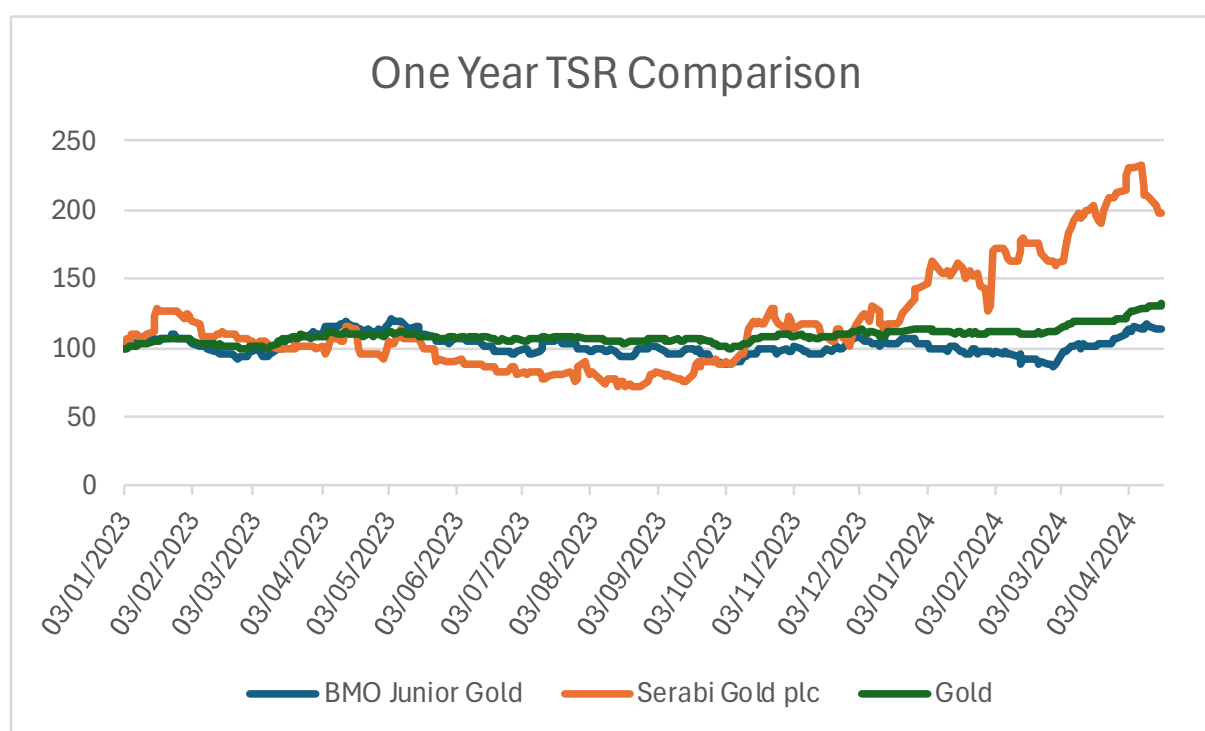
Mark Sawyer									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2020	ESOP	26 May 2023		UK£0.85	100,000	–	100,000	–	–
Total					100,000	–	100,000	–	–

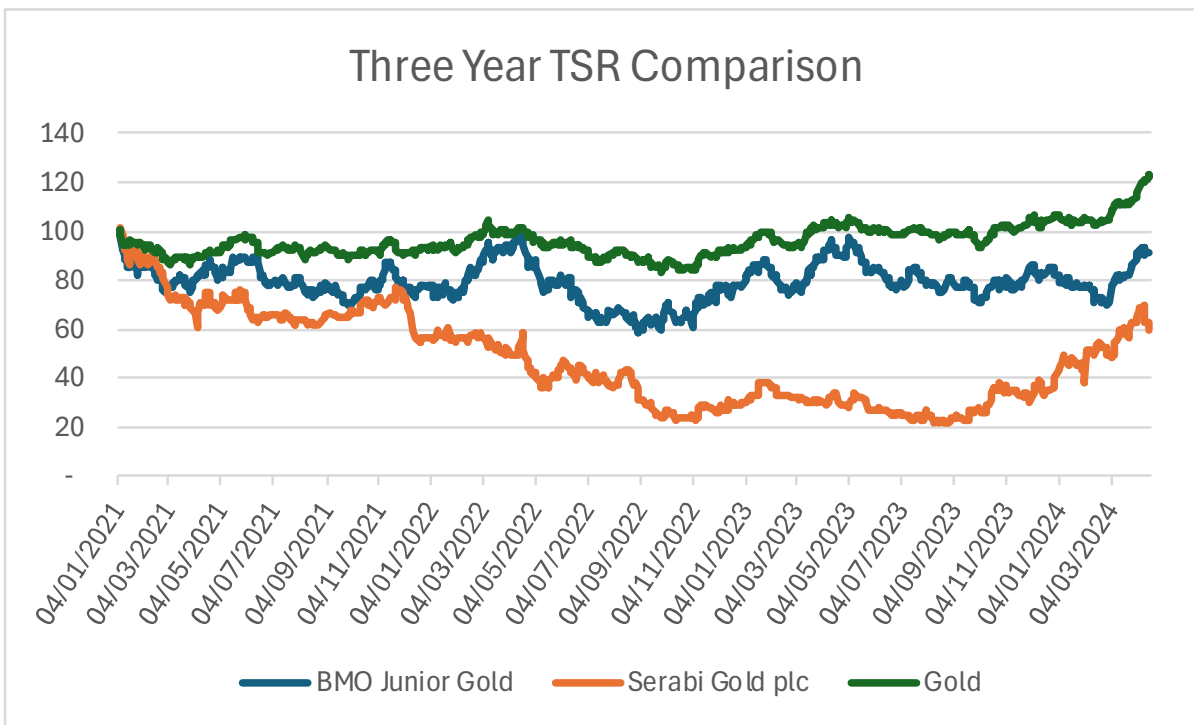
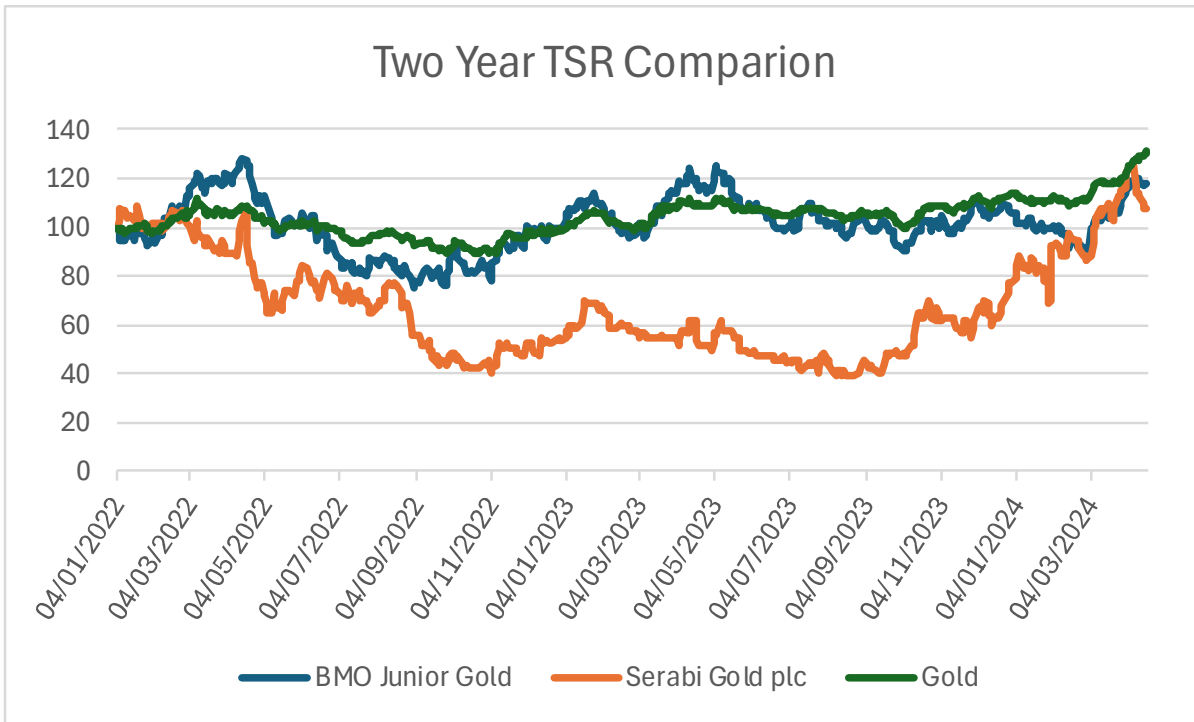
Nicolas Bañados ⁽¹⁾									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2020	ESOP	26 May 2023		UK£0.85	100,000	–	100,000	–	–
Total					100,000	–	100,000	–	–

(1) Nicolas Bañados resigned from the Board on 24 January 2023.

Hector Alegria ⁽¹⁾									
Award year	Plan	Vesting by	Share price at date of award £	Exercise price £	At 31 December 2022	Granted	Lapsed	Exercised	At 31 December 2023
2020	ESOP	26 May 2023		UK£0.85	100,000	–	100,000	–	–
Total					100,000	–	100,000	–	–

(2) Hector Alegria resigned from the Board on 9 March 2023.





CORPORATE GOVERNANCE

Sustainability Committee Report

During 2023, the Board has established a Sustainability Committee to enhance Serabi's social licence to operate by supporting and monitoring the sustainable development of Serabi's business and the communities in which it operates and overseeing the integrity of its sustainability reporting.

Committee Composition

The Sustainability Committee is comprised of one Executive Director and three Non-executive Directors. It is chaired by Michael Lynch-Bell, Chair of the Company. Its other members are Mark Sawyer, Mike Hodgson and Deborah Gudgeon. The Committee plans to meet four times a year. The Committee did not meet in 2023 but has so far met once in 2024.

Committee Responsibilities

The Committee has oversight of the following areas:

- (a) Safety, including:
 - (i) major hazards, including underground mines, tailings and water storage;
 - (ii) critical risk management; and
 - (iii) safety maturity;
- (b) Health, including:
 - (i) occupational health; and
 - (ii) mental health and well-being in the workforce;
- (c) Environment, including:
 - (i) water management;
 - (ii) air emissions, including dust;
 - (iii) land stewardship and biodiversity;
 - (iv) waste management; and
 - (v) mine closure and legacy management,
- (d) Climate change, including compliance with the Taskforce on Climate-related Financial Disclosure (*TCFD*) requirements and decarbonisation initiatives and targets
- (e) Communities and social performance, including:
 - (i) community relations, including with traditional owners and other indigenous peoples on whose lands Serabi operates and local politicians;
 - (ii) the economic, cultural and social development of the communities in which Serabi operates, including employment, training and development, and local supply chain development;
 - (iii) sustainable development issues as they relate to suppliers and supply chains, including modern slavery;
 - (iv) security (being the security of the Group's people and assets, including business resilience); and
 - (v) human rights monitoring (including oversight of equality, diversity and inclusion initiatives) and issue management.

Committee Activities

The Committee has considered the reporting requirements that apply to the Company in 2023 and 2024 and the Company's compliance with these requirements. To further advise the Committee, proposals from ESG consultants have been considered by the Committee and an appointment process is being undertaken. The plan is for the consultant to assist with compliance reporting of current and future regulations and assist with target setting, measurement and assurance including assurance of our supply chains.

The Committee has reviewed key data from operations on health and safety, community engagement, water usage, waste production, energy intensity, emissions, tailings management and diversity. Going forward the Committee will review this data on a quarterly basis and will be setting targets on these matters.

CORPORATE GOVERNANCE

Sustainability Committee Report

The Committee has reviewed and approved its TCFD aligned reporting disclosures, the environmental and social reporting in the Annual Report and is working on its reporting disclosures for the Canadian Fighting Against Forced Labour and Child Labour in Supply Chain Act.

Michael Lynch-Bell
Chair of the Sustainability Committee

26 April 2024

CORPORATE GOVERNANCE

Directors Report

The Directors present their report together with the audited financial statements for the year ended 31 December 2023.

Results and dividends

The Group profit for the year after taxation amounts to US\$6,575,612 (2022: loss of US\$983,047). The Directors do not recommend the payment of a dividend.

The results for the year are set out on page 94 in the statement of comprehensive income.

Principal activities and business review

The principal activity of the Company is that of a holding and gold sales company and a provider of support and management services to its operating subsidiaries. Together with its subsidiaries (see note 12), it is involved in the development of gold and other metals mining projects in Brazil and the operation of the Palito gold mine in the Tapajos region of Brazil. The Company does not have any branches outside of the UK and the operations in Brazil are conducted through wholly owned subsidiaries incorporated in Brazil.

A detailed review of activities, future developments and the Group's projects is included in the Chair's Statement and the Strategic Report.

The Board

The Directors, who served throughout the year unless stated otherwise are detailed below:

Name	Service in the year 31 December 2023
Michael Lynch-Bell	Served throughout the year
Michael Hodgson	Served throughout the year
Clive Line	Served throughout the year
Luis Azevedo	Served throughout the year
Hector Alegria	Resigned on 9 March 2023
Nicholas Bañados	Resigned on 24 January 2023
Deborah Gudgeon	Appointed on 9 May 2023
Carolina Margozzini	Appointed on 24 January 2023
Mark Sawyer	Served throughout the year

The roles and biographies of the Directors in office as at the date of this report are set out on pages 53 to 54.

Substantial shareholdings

The tables below show the interests in the shares notified to the Company in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules issued by the Financial Conduct Authority as at 31 December 2023 and as at 25 April 2024 (being the latest practicable date prior to the publication of this report):

As at 31 December 2023	Number of shares held	Per centage
Fratelli Investments Limited	19,318,785	25.5%
Greenstone Resources II LP	19,083,394	25.2%
Premier Miton Group PLC	3,569,225	4.7%
River and Mercantile Asset Management	3,622,550	4.8%
Kave Sigaroudinia	2,326,476	3.1%

As at 25 April 2024	Number of shares held	Per centage
Fratelli Investments Limited	19,318,785	25.5%
Greenstone Resources II LP	19,083,394	25.2%
Premier Miton Group PLC	3,569,225	4.7%
Kave Sigaroudinia	3,241,021	4.2%

CORPORATE GOVERNANCE

Directors Report

Share capital

Details of the share capital and movements in share capital during the period are disclosed in note 22 to the financial statements. The Company's share capital consists of one class of ordinary share, which does not carry rights to fixed income. As at 31 December 2023, there were 75,734,551 ordinary shares of £0.10 each in issue. Ordinary shareholders are entitled to receive notice and to attend and speak at general meetings. Each shareholder present in person or by proxy (or by duly authorised corporate representatives) has, on a show of hands, one vote. On a poll, each shareholder present in person or by proxy has one vote for each share held.

Other than the general provisions of the Articles (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of the ordinary shares. The Directors are not aware of any agreements between holders of the Company's shares that may result in the restriction of the transfer of securities or on voting rights. No shareholder holds securities carrying any special rights or control over the Company's share capital. The Company did not undertake any purchases of its own shares during the period.

As at 31 December 2023, there were no warrants in issue (2022: 4,003,527). The warrants in issue at 31 December 2022 were unexercised and expired on 23 May 2023.

Company's listings

The Company's ordinary shares have been traded on AIM since 10 May 2005 and on the TSX since 30 March 2011.

Powers of Directors

Subject to the Company's Articles of Association, UK legislation and any directions given by special resolution, the business of the Company is managed by the Board, which may exercise all the powers of the Company. The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enables risk to be assessed and managed. It also sets up the Group's strategic aims, ensuring that the necessary financial and human resources are in place for the Group to meet its objectives and review management performance. The Board also sets the Group's values, standards and culture. Further details on the Board's role can be found in the Corporate Governance Report on pages 52 to 62.

Directors' interests

Details of the Directors' share interests can be found in the Remuneration Committee Report on pages 67 to 79. All related party transactions are disclosed in note 25 to the financial statements.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Strategic Report. The financial position of the Group, its cash flows, and liquidity position are described in the Chief Financial Officer's Review and set out in the Group Financial Statements. Further details of the Group's commitments and maturity analysis of financial liabilities are set out in note 24 and 26 respectively of the Group Financial Statements. In addition, note 23 to the Group Financial Statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Directors have a reasonable expectation that, after taking into account reasonably possible changes in trading performance, and the current macroeconomic situation, the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further details are provided in Going Concern section of the Group Strategic Report on pages 26 and 27.

Website publication

The Directors are responsible for ensuring the Annual Report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

CORPORATE GOVERNANCE

Directors Report

Engagement with stakeholders

Details of the approach taken by the Directors to engage with its various stakeholders including its suppliers are outlined in the Strategic Report on pages 17 to 21.

Principal risks and uncertainties

The principal risks and uncertainties are outlined in the Strategic Report on pages 28 to 36.

Management of financial risks

Capital management and financial risk disclosures are provided within notes 23 and 26 of the financial statements.

Corporate governance

The Directors have responsibility for the overall corporate governance of the Group and recognise the need for the highest standards of behaviour and accountability. The Directors are committed to the principles underlying best practice in corporate governance and have adopted the Corporate Governance Code ("the QCA Code") prepared by the Quoted Companies Alliance ("QCA"). In addition, the Company as a result of the listing of its shares on the TSX observes the principles of Canadian National Policy 58-201 – Corporate Governance Guidelines which establishes corporate governance guidelines that apply to all public companies. The Group has instituted corporate governance practices that also, where practical, take consideration of these guidelines. Further details are set out in the Report on Corporate Governance on pages 52 to 62.

Employees

The Group has a policy of equal opportunities throughout the organisation and is proud of its culture of diversity and tolerance. Employees benefit from regular communication both informally and formally with regard to Group issues (external and internal developments, updates, etc.), including regular news updates distributed electronically and displayed at the mine site and in the corporate offices. Employees are made aware of the Company's share dealing policy, both to ensure compliance with listing rules but also to make them aware of the opportunity to participate in the Company's share performance.

Share dealing

The Company has adopted a share dealing code for Directors and employees in accordance with the AIM Rules and Market Abuse Regulations and takes proper steps to ensure compliance by the Directors and its employees.

Internal controls

Taking into account the principal risks, emerging risks and the ongoing work of the Audit & Risk Committee in monitoring the risk management and internal control systems on behalf of the Board, the Directors:

- are satisfied that they have carried out a robust assessment of the principal and emerging risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity; and
- have reviewed the effectiveness of the risk management and internal control systems and no significant failings were identified.

Key contracts

The Group has contractual arrangements with key suppliers for its operations notably for fuel, power, reagents and equipment spare parts. It also has an existing commitment to sell its production of copper/gold concentrate to a single customer which was entered into at the start of 2022 for a two year period and which has subsequently been extended for a further 12 month period. However, management considers that alternative suppliers and purchasers could be arranged if necessary and do not therefore consider that the Group is unduly reliant on any single contract or supplier.

The Group is reliant on retaining its exploration and mining licences and its operating licences which are subject to compliance with various Federal and State regulations and obligations. The Group considers such compliance a high priority in view of this reliance.

CORPORATE GOVERNANCE

Directors Report

Relationship Agreements

Details of the relationship agreements with each of Fratelli Investments Limited and Greenstone Resources II LP, the Company's two principal shareholders are contained within the Corporate Governance Report on page 57.

Indemnification of Directors and officers

During the financial year, the Group paid a premium in respect of a contract, insuring the Directors of the Company, the Company Secretary and all executive officers of the Group against liability incurred as such a Director, Company Secretary or executive officer to the extent permitted under legislation. This insurance has been in place during the year and remains in place at the signing of this report.

Articles of Association

The Company's latest Articles of Association were adopted on 3 March 2014. The rules governing the appointment and replacement of Directors are contained in the Company's Articles of Association. Changes to the Articles of Association must be approved by shareholders in accordance with legislation in force from time to time. A copy of the Company's Articles of Association can be found on the Company's website at www.serabigold.com.

Political donations

No political donations were made in 2023 (2022: Nil).

Auditor

The auditor, PKF Littlejohn LLP, has confirmed its willingness to remain as auditor to the Company. A resolution to appoint PKF Littlejohn LLP will be put to the Annual General Meeting.

Annual General Meeting

The Annual General Meeting will be held on 13 June 2024. At the meeting, resolutions will be proposed to receive the Annual Report and financial statements, re-elect the Directors and appoint as auditor and authorise the Audit and Risk Committee to determine the remuneration of PKF Littlejohn LLP. In addition, it will be proposed that expiring authorities to allot shares and to repurchase shares are extended. An explanation of the resolutions to be put to shareholders at the 2024 AGM and recommendations in relation to them will be set out in the 2024 AGM Notice.

Disclosure of audit information

As far as each of the Directors is aware, at the time this report was approved:

- (a) there is no relevant available information of which the auditor is unaware; and
- (b) they have taken all steps that ought to have been taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Directors' responsibilities statement

The Directors are responsible for preparing the Strategic Report, the Director's Report and the Financial Statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Parent Company financial statements in accordance with United Kingdom ("UK") -adopted international accounting standards ("UK-IAS"). The Directors are required by the AIM Rules of the London Stock Exchange to prepare Group Financial Statements in accordance with UK-IAS.

Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK IAS and regulations have been followed, subject to any material departures

CORPORATE GOVERNANCE

Directors Report

- disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the Financial Statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the Group's auditor is unaware, and
- The Directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This confirmation is given pursuant to section 418 of the Companies Act 2006 and should be interpreted in accordance with and subject to those provisions.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions. The Company is compliant with AIM Rule 26 regarding the Company's website.

By order of the Board

Kerin Williams
Company Secretary
26 April 2024

Financial Statements

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FINANCIAL STATEMENTS

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SERABI GOLD PLC

Opinion

We have audited the financial statements of Serabi Gold Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Group Statement of Comprehensive Income, the Group Balance Sheet, the Company Balance Sheet, the Group and Company Statements of Changes in Equity, the Group and Company Cashflow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- obtaining the group cash flow forecast and assessing the reasonableness of underlying assumptions, including forecast levels of expenditure and revenue used in preparing these forecasts. To assess the reasonableness and timings of the cash inflows and outflows, we used our knowledge of the business and compared the forecasts to the Directors' approved budgets and challenged the inputs used;
- assessing whether a liquidity shortfall arises at any point during management's assessment;
- comparing forecast sales with recent historical financial information to consider accuracy of forecasting;
- verifying cash balances used in the forecast close to the date of sign off of these financial statements;
- performing sensitivity analysis thereon and evaluating potential mitigating factors that could be actioned by management; and
- assessing the appropriateness of the going concern disclosures included in the financial statements against the requirements of the relevant auditing standards.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

FINANCIAL STATEMENTS

Independent Auditor's Report

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. At the planning stage materiality is used to determine the financial statement areas that are included within the scope of our audit.

Materiality for the group financial statements as a whole was \$900,000 (2022: \$881,000) with performance materiality set at \$630,000 (2022: \$528,000), being 70% of group materiality. Materiality for the financial statements as a whole was based upon 1.5% of the group's revenues.

In determining materiality, we considered the Key Performance Indicators ("KPIs") used in the Annual Report and Accounts. We consider revenue to be the primary measure used by the shareholders in assessing the performance of the group, driving profitability within the group and revenue is expected to provide a more stable measure year on year. The percentage applied to this benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported profit were appropriately considered.

In determining performance materiality, we have increased the performance materiality from 60% to 70% of overall materiality for the group as this is our second year as auditors and we did not identify any material errors or adjustments in the prior period.

We agreed with the audit committee that we would report all individual audit differences identified for the group during the course of our audit in excess of \$45,000 (2022: \$44,000) together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality applied to the company's financial statements was \$850,000 with performance materiality set at \$595,000, being 70% of the company materiality.

The benchmark for materiality of the company was 0.6% of the company's gross assets. The significant judgements used by us in determining this were that total assets are the primary measure used by the shareholders in assessing the performance of the company. The percentage applied to this benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the shareholders, and also to ensure that matters that would have a significant impact on the reported profit were appropriately considered.

In determining performance materiality, we have increased the performance materiality from 60% to 70% of overall materiality for the Company as this is our second year as auditors and we did not identify any material errors or adjustments in the prior period.

We agreed with the Audit Committee that we would report all individual audit differences identified for the company during the course of our audit in excess of \$42,500 (2022: \$36,000) together with any other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

While materiality for the group financial statements as a whole was set at \$900,000, each significant component of the group was audited to an overall materiality ranging between \$300,000 and \$600,000, with performance materiality set at 70%. We applied the concept of materiality in planning and performing our audit and in evaluating the effects of misstatement

Our approach to the audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

As part of designing our audit, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas involving significant accounting estimates and judgement by the directors and considered future events that are inherently uncertain. These areas of estimate and judgement included:

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- Quantification of mineral resources
- Revenue recognition
- Inventory valuation
- Impairment of mining assets and other property, plant and equipment
- Recoverability of debts including recoverable taxes
- Recoverability of investments in subsidiaries and inter-company debts
- Restoration, rehabilitation and environmental provisions

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our scope addressed this matter
<p>Valuation of capitalised exploration costs (Note 9)</p> <ul style="list-style-type: none"> • As at 31 December 2023, the Group's Deferred exploration assets are valued at \$20.5m (2022: \$18.6m) and are key to the long-term success of the Group. Details of these assets and the related critical judgements and estimates are disclosed in notes 1 and 9. • Significant judgement and estimation is required by management to assess the recoverability of the balances and as a result there is the risk that these balances are incorrectly valued. 	<p>Our work in this area included:</p> <p>Reviewing the exploration and evaluation expenditures to assess their eligibility for capitalisation under IFRS 6 by corroborating spend to original source documentation;</p> <p>Obtaining the current exploration licences and ensured that they remain valid during the year and at the year end;</p> <p>Challenging management over the future plans for each licence including obtaining cashflow projections for each licence where necessary;</p> <p>A consideration of any impairment indicators set out in IFRS 6 & IAS 36; and</p> <p>A review of key external reports for indicators of impairment.</p>
<p>Carrying value of Mining assets (Note 10)</p> <p>As at 31 December 2023 the Group's Mining Assets totalled \$53.3m (2022: \$48.4m) and details of these assets and the related critical judgements and estimates are disclosed in notes 1 and 10.</p> <p>Management assess the recoverable amounts of these balances on a cash generating unit (CGU) basis using a management prepared discounted cash flow model.</p> <p>Given the significant judgements and estimates used by management in determining the valuation of these assets there is the risk that the valuation of the mining assets is incorrect.</p>	<p>Our work in this area included:</p> <p>Obtaining, reviewing & challenging management's discounted cash flow model;</p> <p>Assessing & challenging the appropriateness of management's inputs and assessment of each cash generating unit;</p> <p>Assessing and reviewing indicators of impairment as per IAS 36 and considering whether any apply to the Group;</p> <p>Ensuring that the basis of preparation</p>

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Key Audit Matter	How our scope addressed this matter
	<p>of the model is in line with applicable accounting standards;</p> <p>Assessing & challenging the appropriateness of estimates and inputs; and</p> <p>Ensuring inputs into the model are in line with third party expert's opinion of total mineral resources available at each site.</p>
<p>Valuation of investments and Intercompany receivables (Plc only) – (Note 12)</p>	
<p>As at 31 December 2023, the carrying value of investments in subsidiaries is \$103.3m (2021: \$102.9m). This value is ultimately dependent on the value of the underlying assets. The carrying value of these investments is material to the parent company financial statements.</p> <p>A significant portion of the underlying assets are exploration mining assets making it difficult to definitively determine their value.</p> <p>Valuations for these projects are therefore based on judgments and estimates made by the Directors - which leads to a risk of misstatement.</p>	<p>Our work in this area included:</p> <p>Confirming ownership of investments held by the Parent Company to underlying documentation;</p> <p>Obtaining the impairment review for all investments prepared by management and challenging management in respect of the assumptions & judgements made;</p> <p>Reviewing the value of the net investment in subsidiaries against the underlying assets to assess the recoverability of investments; and</p> <p>Obtaining and testing management's cash flow forecast for the CGU which underpins the value held as investments by Serabi Gold plc.</p>

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

FINANCIAL STATEMENTS

Independent Auditor's Report

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research and experience of the sector etc.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from the Companies Act 2006, UK-adopted international accounting standards, the AIM Rules for Companies, as well as local laws and regulations in the jurisdiction in which the group and parent company operate.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
 - conducting enquiries of management regarding potential instances of non-compliance;
 - reviewing RNS announcements;
 - reviewing legal and professional fees ledger accounts; and
 - reviewing board minutes and other correspondence from management.

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Independent Auditor's Report

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, whether key management judgements could include management bias was identified in relation:
 - Valuation of capitalised exploration costs
 - Carrying value of Mining assets
 - Valuation of investments and Intercompany receivables

We addressed these as outlined in the Key audit matters section above. The potential for management bias also existed in the recognition and recoverability of current & deferred tax assets, valuation of inventory and share-based payments recognised in the year. Audit procedures were performed in this regard to recalculate the charge with reference to the underlying agreements.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- Compliance with laws and regulations at the subsidiary level was ensured through enquiry of management, communication with component auditors and correspondence for any instances of non-compliance

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Joseph Archer (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor
26 April 2024

15 Westferry Circus
Canary Wharf
London E14 4HD

FINANCIAL STATEMENTS
Group Statement of Comprehensive Income/(Loss)
For the year ended 31 December 2023

	Notes	Group	
		For the year ended	For the year ended
		31 December 2023	31 December 2022
		US\$	US\$
Revenue from continuing operations	2	63,707,468	58,709,328
Cost of sales		(43,184,739)	(43,110,870)
Stock impairment provision		(230,000)	—
Provision for impairment of taxes receivable		—	(1,151,899)
Depreciation and amortisation charges		(6,239,556)	(6,572,461)
Total cost of sales		(49,654,295)	(50,835,230)
Gross operating profit		14,053,173	7,874,098
Administration expenses		(6,492,165)	(5,447,224)
Share-based payments		(197,344)	(249,210)
Gain on disposal of fixed assets		180,966	33,993
Operating profit	3	7,544,630	2,211,657
Foreign exchange gain		174,105	131,938
Other income – exploration receipts	4	4,680,414	—
Other expenses – exploration expenses	4	(4,339,554)	—
Finance expense	5	(739,245)	(3,411,784)
Finance income	5	847,523	291,885
Profit / (loss) before taxation		8,167,873	(776,304)
Income tax expense	6	(1,592,261)	(206,743)
Profit / (loss) for the period⁽¹⁾		6,575,612	(983,047)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		4,496,030	2,371,399
Total comprehensive profit for the period⁽¹⁾		11,071,642	1,388,352
Earnings per ordinary share (basic)⁽¹⁾	8	8.68c	(1.30c)
Earnings per ordinary share (diluted)⁽¹⁾	8	8.68c	(1.30c)

- (1) The Group has no non-controlling interests and all profits are attributable to the equity holders of the Parent Company.
(2) Notes to the Accounts on pages 100 to 142 form an integral part of these financial statements

FINANCIAL STATEMENTS

Group Balance Sheet
As at 31 December 2023

Company Number 5131528

	Notes	Group	
		At 31 December 2023 US\$	At 31 December 2022 US\$
Non-current assets			
Deferred exploration costs	9	20,499,257	18,621,180
Property, plant and equipment	10	53,340,903	48,482,519
Right of use assets	11	5,316,330	5,374,042
Taxes receivable	14	4,653,063	3,446,032
Deferred taxation	6	1,791,983	1,545,684
Total non-current assets		85,601,536	77,469,457
Current assets			
Inventories	13	12,797,951	8,706,351
Trade and other receivables	14	2,858,072	5,291,924
Prepayments	15	2,320,256	1,572,149
Derivative financial assets	20	115,840	—
Cash and cash equivalents	16	11,552,031	7,196,313
Total current assets		29,644,150	22,766,737
Current liabilities			
Trade and other payables	17	8,626,292	5,830,872
Interest-bearing liabilities	19	6,403,084	6,111,126
Accruals		649,225	461,857
Total current liabilities		15,678,601	12,403,855
Net current assets		13,965,549	10,362,882
Total assets less current liabilities		99,567,085	87,832,339
Non-current liabilities			
Trade and other payables	17	3,960,920	3,800,886
Provisions	18	2,663,892	1,190,175
Deferred tax liability	6	—	480,922
Interest-bearing liabilities	19	150,224	837,293
Total non-current liabilities		6,775,036	6,309,276
Net assets		92,792,049	81,523,063
Equity			
Share capital	22	11,213,618	11,213,618
Share premium reserve		36,158,068	36,158,068
Share incentive reserve		175,573	1,324,558
Other reserves		15,960,006	14,459,255
Translation reserve		(61,780,741)	(66,276,771)
Retained surplus		91,065,525	84,644,335
Equity shareholders' funds attributable to owners of the parent		92,792,049	81,523,063

Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$15,598,545 (2023: merger reserve of US\$361,461 and taxation reserve of US\$14,097,794).

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2024 and signed on its behalf by:

Clive Line
Finance Director
26 April 2024

FINANCIAL STATEMENTS

Company Balance Sheet

As at 31 December 2023

Company Number 5131528

Company

	Notes	At 31 December 2023 US\$	At 31 December 2022 US\$
Non-current assets			
Investments in subsidiaries	12	103,350,358	102,950,962
Other receivables	14	9,788,536	9,786,036
Total non-current assets		113,138,894	112,736,998
Current assets			
Trade and other receivables	14	2,491,548	5,244,841
Prepayments and prepaid taxes	15	226,216	163,737
Derivative financial assets		115,840	—
Cash and cash equivalents	16	7,713,125	4,156,908
Total current assets		10,546,729	9,565,487
Current liabilities			
Trade and other payables	17	33,527,595	30,773,071
Accruals		225,381	231,278
Total current liabilities		33,752,976	31,004,349
Net current liabilities		(23,206,247)	(21,438,862)
Total assets less current liabilities		89,932,647	91,298,136
Net assets		89,932,647	91,298,136
Equity			
Share capital	22	11,213,618	11,213,618
Share premium reserve		36,158,068	36,158,068
Share incentive reserve		175,572	1,324,558
Merger reserve		361,461	361,461
Retained surplus		42,023,928	42,240,431
Equity shareholders' funds attributable to owners of the parent		89,932,647	91,298,136

A separate statement of comprehensive income for Serabi Gold plc has not been prepared as permitted by Section 408 of the Companies Act 2006. The loss of the Company for the year ended 31 December 2023 was US\$1,562,831 (2022: loss of US\$2,128,003).

The financial statements were approved and authorised for issue by the Board of Directors on 26 April 2024 and signed on its behalf by:

Clive Line
Finance Director
26 April 2024

FINANCIAL STATEMENTS

Statements of Changes in Shareholders' Equity

For the year ended 31 December 2023

Group	Share capital US\$	Share premium US\$	Share incentive reserve US\$	Other reserves US\$	Translation reserve US\$	Retained surplus US\$	Total equity US\$
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	-	-	-	-	2,371,399	-	2,371,399
Profit for year	-	-	-	-	-	(983,047)	(983,047)
Total comprehensive income for the year	-	-	-	-	2,371,399	(983,047)	1,388,352
Transfer to taxation reserve	-	-	-	764,524	-	(764,524)	-
Share based incentive expense	-	-	249,210	-	-	-	249,210
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	-	-	-	-	4,496,030	-	4,496,030
Profit for year	-	-	-	-	-	6,575,612	6,575,612
Total comprehensive income for the year	-	-	-	-	4,496,030	6,575,612	11,071,642
Transfer to taxation reserve	-	-	-	1,500,751	-	(1,500,751)	-
Share based incentives lapsed in period	-	-	(1,346,329)	-	-	1,346,329	-
Share based incentive expense	-	-	197,344	-	-	-	197,344
Equity shareholders' funds at 31 December 2023	11,213,618	36,158,068	175,573	15,960,006	(61,870,741)	91,065,525	92,792,049

Other reserves comprise a merger reserve of US\$361,461 and a taxation reserve of US\$15,598,545 (2022: merger reserve of US\$361,461 and taxation reserve of US\$14,097,794).

The following is a description of each of the reserve accounts that comprise equity shareholders' funds

Share capital	The share capital comprises the issued ordinary shares of the Company at par.
Share premium	The share premium comprises the excess value recognised from the issue of ordinary shares at par.
Share incentive reserve	Cumulative fair value of options charged to the statement of comprehensive income net of transfers to the profit and loss reserve on exercised and cancelled/lapsed options.
Other reserves	Other reserves is comprised of a merger reserve arising on the acquisition of Kenai Resources Limited, representing the difference between the nominal value of the shares issued and their fair value, and a warrant reserve being the cumulative fair value of warrants issued associated with equity shares issued. The Group has also established a taxation reserve. The reserve is used to accumulate taxation savings received by the Group as a result of a lower taxation rate being applied in Brazil through its eligibility for a tax incentive programme ("SUDAM"). SUDAM reduces the Group's effective tax rate from approximately 34 per cent to approximately 15.25 per cent. The regulations of the incentive programme require the Group to accumulate incentives received through tax savings in a taxation reserve. The taxation reserve is not considered a distributable reserve but can be used to meet the cost of regional investment programmes completed by the Group and approved by SUDAM.
Translation reserve	Cumulative gains and losses on translating the net assets of overseas operations to the presentation currency.
Retained surplus	Retained surplus / (accumulated losses) comprise the Group's cumulative accounting profits and losses since inception.

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Statements of Changes in Shareholders' Equity

For the year ended 31 December 2023

Company	Share capital US\$	Share premium US\$	Share option reserve US\$	Other reserve US\$	Retained surplus US\$	Total equity US\$
Equity shareholders' funds at 31 December 2021	11,213,618	36,158,068	1,075,348	361,461	44,368,434	93,176,929
Loss for the year	-	-	-	-	(2,128,003)	(2,128,003)
Comprehensive loss for year	-	-	-	-	(2,128,003)	(2,128,003)
Share based incentive expense	-	-	249,210	-	-	249,210
Equity shareholders' funds at 31 December 2022	11,213,618	36,158,068	1,324,558	361,461	42,240,431	91,298,136
Loss for the year	-	-	-	-	(1,562,831)	(1,562,831)
Comprehensive loss for year	-	-	-	-	(1,562,831)	(1,562,831)
Share based incentives lapsed in period	-	-	(1,346,328)	-	1,346,328	-
Share based incentive expense	-	-	197,342	-	-	197,342
Equity shareholders' funds at 31 December 2023	11,213,618	36,158,068	175,572	361,461	42,023,928	89,932,647

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Cashflow Statements
For the year ended 31 December 2023

	Notes	Group		Company	
		For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Cash outflows from operating activities					
Profit/(loss) for the period		6,575,612	(983,047)	(1,562,831)	(2,128,003)
Net financial (income)/expense		(623,243)	2,987,961	(638,250)	(12,712)
Depreciation – plant, equipment and mining properties		6,239,556	6,572,461	–	–
Provision for impairment of taxes receivable		–	1,151,899	–	–
Provision for inventory impairment		230,000	–	–	–
Taxation expense	6	1,592,261	206,743	–	–
Share-based payments		197,344	249,210	197,343	249,210
Gain on fixed asset sales and other items		(180,966)	(33,993)	–	–
Taxation paid		(1,400,365)	(129,426)	(90,586)	(23,140)
Interest paid		(426,366)	(208,592)	(10,067)	35,384
Foreign exchange (loss)/gain		(82,829)	(191,328)	–	–
Changes in working capital					
Increase in inventories		(2,830,651)	(1,435,025)	–	–
Increase in receivables, prepayments and accrued income		1,614,497	(6,465,608)	2,690,814	(2,987,542)
Increase/(decrease) in payables, accruals and provisions		1,188,337	234,314	56,305	(262,720)
Increase in short-term intercompany payables		–	–	3,111,857	1,159,973
Net cash inflow/(outflow) from operations		12,093,187	1,955,569	3,754,585	(3,969,552)
Investing activities					
Purchase of property, plant, equipment, and projects in construction	10	(2,378,317)	(4,447,588)	–	–
Mine development expenditure	10	(4,425,839)	(3,629,505)	–	–
Geological exploration expenditure	9	(571,411)	(855,607)	–	–
Pre-operational project costs	9	–	(2,328,113)	–	–
Proceeds from sale of assets		326,727	171,824	–	–
Investment in subsidiaries	12	–	–	(399,396)	(327,119)
Interest received and other finance income		313,106	126,390	189,164	2,090
Net cash outflow on investing activities		(6,735,734)	(10,962,599)	(210,232)	(325,029)
Financing activities					
Receipt of short-term loan	19	5,000,000	4,917,775	–	–
Repayment of short-term loan	19	(5,096,397)	–	–	–
Payment of lease liabilities		(1,171,602)	(1,027,151)	–	–
Net cash (outflow)/inflow from financing activities		(1,267,999)	3,890,624	–	–
Net increase/(decrease) in cash and cash equivalents		4,089,454	(5,116,406)	3,544,353	(4,294,581)
Cash and cash equivalents at beginning of period		7,196,313	12,217,751	4,156,908	8,586,734
Exchange difference on cash		266,264	94,968	11,864	(135,245)
Cash and cash equivalents at end of period		11,552,031	7,196,313	7,713,125	4,156,908

FINANCIAL STATEMENTS

Notes to the Financial Statements

For the year ended 31 December 2023

1 Significant accounting policies

(a) Basis of preparation

Serabi Gold plc (the “Company”) is a public limited company incorporated and domiciled in England, the shares of which are listed on AIM, part of the London Stock Exchange, and the Toronto Stock Exchange. The public registered office and principal place of business are disclosed in the shareholder information section of the Annual Report.

The principal activities of the Group are described in the Directors’ Report on page 82.

The consolidated financial statements are presented in 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. The consolidated financial statements are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.

The parent and consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards (UK IAS) and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group prepares its consolidated financial statements in accordance with UK IAS.

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.

Going concern and availability of finance

The Group’s business activities, together with the factors likely to affect its future development, performance and position, are set out in the Group Strategic Report. The financial position of the Group, its cash flows, and liquidity position are described in the Chief Financial Officer’s Review and set out in the Group Financial Statements. Further details of the Group’s commitments and maturity analysis of financial liabilities are set out in note 24 and 26 respectively of the Group Financial Statements. In addition, note 23 to the Group Financial Statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Directors have a reasonable expectation that, after taking into account reasonably possible changes in trading performance, and the current macroeconomic situation, the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the Financial Statements. Further details are provided in Going Concern section of the Group Strategic Report on pages 26 and 27.

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(b) Basis of consolidation

(i) Subsidiaries and acquisitions

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is recognised where an investor is expected, or has rights, to variable returns from its investment with the investee, and has the ability to affect these returns through its power over the investee. Based on the circumstances of the acquisition an assessment will be made as to whether the acquisition represents an acquisition of a business or the acquisition of assets. In the event of a business acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair value at the date of acquisition. Any excess of the cost of the acquisition over the fair values of the identifiable net assets acquired is recognised as a “fair value” adjustment. If the cost of the acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognised directly in profit or loss. In the event of an asset acquisition, assets and liabilities are assigned a carrying amount based on relative fair value.

The results of subsidiaries acquired or disposed of during the year are included in the statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

In the Company’s balance sheet, investments in subsidiaries includes the investment in Kenai Resources Limited (“Kenai”) which was calculated at fair value, and the difference between the value of the shares issued and their fair value has been credited directly to a merger reserve.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies into line with those used by the Group.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(c) Foreign currencies

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.

The US Dollar/Sterling exchange rate at 31 December 2023 was 1.2769 (2022: 1.2055). The Brazilian Real/US Dollar exchange rate at 31 December 2023 was 4.9947 (2022: 5.2171.).

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(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation (note 1(d) (iii)) and impairment losses (note 1(h)).

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 be based on management's judgement as to the recoverability of Measured, Indicated and Inferred Resources and these judgements 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 estimated useful lives are as follows:

Mining assets

Processing plant	3 – 7 years
Other plant and assay equipment	2 – 10 years
Heavy vehicles	8 years
Light vehicles	3 years
Buildings	10 – 20 years
Mining properties	unit of production

Other assets

Furniture and fittings	4 years
Office equipment	4 years
Communication installations	5 years
Computers	3 years

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)) 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

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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) Trade and other receivables

Trade receivables are not interest-bearing and are stated at amortised cost at the balance sheet date.

Other receivables are not interest-bearing and are stated at amortised cost at the balance sheet date.

Receivables in respect of sale of gold/copper concentrate are re-valued using the best estimate of the forecast metal prices for the expected date of settlement (see Revenue policy - note 1(o)).

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.

(g) 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.

(h) 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.

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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.

(i) Share capital and share premium

The Company's ordinary shares are classified as equity.

Called up share capital is recorded at par value of 10 pence per ordinary share.

Monies raised from the issue of shares in excess of par value are recorded as share premium. Costs associated with the raising of capital are netted off this amount.

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in profit or loss over the period of the borrowings using the effective interest rate method.

If there is an adjustment to the repayment terms of any borrowings which generates a variation of more than 10 per cent of the future cash flows, under IFRS 9 this constitutes a substantial modification to the original valuation of the loan. Accordingly, the original loan under the terms of IFRS 9 would be considered to be repaid and a new loan is considered to have been taken out. If the variation is less than 10 per cent of the future cash flows, this variation would be considered a non-substantial modification. For a non-substantial modification, the difference between the revised measurement of the liability (calculated as the present value of the revised cash flows discounted at the original effective interest rate) and the carrying amount at the point of the modification should be recognised through profit or loss.

Interest on borrowings used specifically to fund the acquisition of non-current assets is capitalised as part of the acquisition cost of the asset, otherwise borrowing costs are expensed as incurred. Borrowing costs comprise interest and other costs that the Group incurs in connection with the borrowing of finance.

(k) Employee benefits

(i) *Share-based payment transactions and share options*

The Group issues share-based payments including share options and restricted share awards to certain employees, which are measured at fair value at date of grant. The fair value of share options is determined at the grant date and expensed on a graded vesting basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Dependent on the nature of the award and any performance conditions attaching thereto, the Group use either Monte Carlo simulation methods or the Black-Scholes method to calculate fair value. The expected life of the instrument used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions (if any are imposed as a condition of the award but including periods when management and Directors are prevented from trading) and behavioural considerations. The fair value of restricted stock awards is determined at the grant date based on the value of the award and expensed on a graded vesting basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

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The entity measures the fair value of the services received by reference to the fair value of the equity instruments granted, because typically it is not possible to estimate reliably the fair value of the services received. The fair value is measured at the date of grant. Where the equity instruments granted do not vest immediately but after a specified number of years, the fair value is accounted for over the vesting period.

(ii) *Pension costs*

The Group does not operate any pension plan for its employees although it does make contributions to employee pension plans in accordance with its arrangements with those employees. The Company has no contractual commitment as to the ability of those funds to provide any minimum level of future benefit to the individual and is contracted only to make pre-defined levels of contribution. Company contributions to such schemes are charged against profit as they fall due.

(l) **Provisions, contingent liabilities and contingent assets**

Provisions are recognised when:

- (i) the Group has a present legal or constructive obligation as a result of past events;
 - (ii) it is more likely than not that an outflow of resources will be required to settle the obligation; and
 - (iii) the amount can be reliably estimated.
- Restoration, rehabilitation and environmental costs

Provision for environmental remediation and decommissioning of the Group's mining and exploration facilities has been estimated using current prices which are inflated and then discounted for the time value of money. While the provision has been based on the best estimates of future costs and economic life, there is uncertainty regarding the amount and timing of these costs.

- Employment provision

Provision for employment claims is made where sums are claimed by employees or employees by third parties contracted by the Group, based on management's best estimate of the potential value of any settlement that could arise based on legal opinion.

(m) **Trade and other payables**

Trade and other payables that are not interest-bearing are stated at amortised cost. Any interest charges or late payment penalties are recognised only when agreed with the supplying party or it is considered probable that they will be levied.

(n) **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.

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(o) 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 and São Chico ore bodies 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 Group's performance obligation is considered to be the delivery of gold doré and copper/gold concentrate in accordance with agreed criteria.

The Group recognises 100 per cent 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 Group having the right to payment, but no ongoing physical possession or involvement with the concentrate or gold doré, legal title and insurance risk having transferred.

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.

(p) Financing expenses

Financing expenses comprise interest payable on borrowings calculated using the effective interest rate method and interest receivable on funds invested. It also includes charges arising on the unwinding of discount factors relating to the provisions for future charges.

(q) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the year end and any adjustments in respect of prior years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet method. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(r) Segmental reporting

An operating segment is a component of the Group engaged in exploration or production activity that is regularly reviewed by the Chief Operating Decision Maker ("CODM") for the purposes of allocating resources and assessing financial performance. The

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CODM is considered to be the Board of Directors. The Group has only one primary business activity namely the conduct of gold mining and exploration in Brazil. For management purposes, however, the Group recognises two separate segments, Brazil and UK. Copper/gold concentrate is produced in Brazil and sales routed through the UK, whilst sales of gold bullion are conducted directly from Brazil. The operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

The Group does not report geographic segments by location of customer as its business is the production of gold which is traded as a commodity on a worldwide basis. Sales are ultimately made into the bullion market, where the location of the ultimate customer is unknown.

(s) Investments in subsidiaries

Investments in subsidiaries are recognised at cost, less any provision for impairment.

(t) Financial instruments

Financial assets and financial liabilities are recognised in the Group statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset, and the net amount reported in the consolidated statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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's 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 FVTPL.

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(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. Further details of the reviews undertaken during the year are set out in note 14.

(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-the-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

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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 Company issued warrants to subscribe for shares at a share price of 93 pence per warrant exercisable at any time at the warrant holders election until 22 May 2023. The conversion rights embedded in the warrant notes represented a derivative as the Group's functional currency is United States Dollars but the conversion price was denominated in Pounds Sterling. Therefore, the amount to be released in US Dollars on conversion was variable dependent upon the exchange rate between the US Dollar and GB Pound.

(u) Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Group obtains substantially all the economic benefits from use of the asset; and
- The Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease. In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset. In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated based on the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right of use assets are amortised on a straight-line basis over the remaining term of the lease.

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets (where the value of the lease obligation over the lease period is less than US\$5,000) and short-term leases (where the period of the contractual lease obligations is 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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(v) Payments for business acquisition

The acquisition of Chapleau Resources Ltd in December 2017, incorporating the rights to the Coringa gold project, was accounted for as an asset purchase and the assets and liabilities of Chapleau were consolidated within the Group financial statements from 21 December 2017, being the effective date of the acquisition. The cash payments due were to be paid over a period of time and each of the stage payments were discounted at a 10 per cent cost of capital. On 31 March 2020, the Group agreed with the vendor that the final payment of US\$12 million due on 31 March 2020 would instead be paid over a series of monthly instalments over approximately 15 months. The Group recognised this change in payment terms as a non-substantial modification and re-categorised the remaining payment schedule as an interest-bearing liability rather than as a general creditor. The interest-bearing liability was recorded at fair value at the date of initial recognition and interest charged and the new effective interest rate.

(w) Payments for mineral property acquisition

Under existing agreements in place at the time that the Group acquired Kenai Resources Limited in 2013, the Group, subject to certain conditions, had rights to acquire or could be obliged to acquire a net profits interest held by a third party in the property which includes the São Chico orebody. The Group had initially accounted for the future acquisition of this net profits interest and the concurrent potential liability based on the fair value of the potential future obligations under the agreement. In February 2019, the conditions of the existing agreement having not been satisfied, the Group entered into a separate agreement to acquire the rights of the third party with the consideration being paid over 24 months. The variation in the fair value of the amended consideration was treated as an amendment to the original recognised value of the investment included within mining property. The unwinding of the fair value as the staged payments were made was being treated as a further amendment to the value of the investment in mining property.

(x) Taxes receivable

The Group expects at any point in time to be due rebates of taxes in each of the jurisdictions that it has operations. The recoverability of these tax debts varies according to the jurisdictions and whether these taxes are recoverable at a Municipality, State or Federal level. Where permitted, the Group will always seek to offset any tax debts owing against tax debts that it is owed. The Group makes regular assessments as to the potential for non-recoverability and will make provision accordingly. In making its judgement, management will consider the legal advice that it receives, the history of recoverability both of itself and also other entities, arrangements that may be available for partial recovery through approved schemes and the timescale during which recovery may occur. The Group will make provision for the estimate of any taxes that are considered as potentially not recoverable within a reasonable time period (up to five years) and will also discount the value of any final amount that management estimates may be recoverable, for the time value of money. Taxes receivable are classified as long-term or short-term receivables based on the expected time frame over which they are expected to be recovered.

(y) Earnings per share

Basic earnings per share is calculated by dividing profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year. Any shares held by nominees of the Company in respect of any employee share trust arrangements are eliminated from the weighted average number of shares. Diluted earnings per share is calculated by dividing the profit after tax attributable to members of the holding company by the weighted average number of shares in issue during the year, adjusted for potentially dilutive share options, warrants or other equity related instruments that can be converted into shares of the Company and to the extent that these share options, warrants and other instruments have vested and are exercisable at the end of the year. Where there is a loss, and therefore the effect of dilution would be to increase the loss per share such dilutive effect is ignored and the basic measure is used.

(z) Hedging activities

In order to reduce its exposure to foreign exchange and commodity price, the Group may from time to time enter into forward, option or other contracts. These derivatives, if classified as cash flow hedges, will initially be recognised at fair value and then re-measured at fair value at the end of each reporting date. For hedging instruments that are not classified as a cash flow hedge

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these derivative financial instruments will be accounted for at fair value through the profit and loss (FVTPL). Hedging instruments will be documented at inception and effectiveness will be tested throughout their duration.

Changes in the value of cash flow hedges will be recognised in other comprehensive income and any ineffective portion is immediately recognised in the income statement. If the firm commitment or forecast transaction that is the subject of a cash flow hedge results in the recognition of a non-financial asset or liability, then at the time the asset is recognised, the associated gains or losses on the derivative that had been previously recognised in other comprehensive income are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or liability, amounts deferred in other comprehensive income are recognised in the statement of comprehensive income in the same period in which the hedged item affects net profit.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- There is an economic relationship between the hedged item and the hedging instrument
- The effect of credit risk does not dominate the value changes that result from that hedging relationship
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually uses to hedge that quantity of hedged item.

At inception of the hedge relationship, the group will document the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group will also document its risk management objective and strategy for undertaking its hedge transactions.

Hedge ineffectiveness may occur due to:

- Fluctuation in volume of hedged item caused due to operational changes
- Index basis risk of hedged item vs hedging instrument
- Credit risk as a result of deterioration of credit profile of the counterparties

During the first of quarter of 2023, the 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. The hedging arrangements are unsecured and not subject to margin calls.

The gold and hedging contracts entered into by the Group are valued on a mark-to-market basis at the end of each period and any increase or decrease in value reported through the income statement. Any settlement values receivable or payable during the period are recognised in the period and reported through the income statement.

(aa) Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements and assumptions about the future for the purpose of accounting estimates. These are based on management's best knowledge of the relevant facts and circumstances. However, these judgements and estimates regarding the future are a source of uncertainty and actual results may differ from the amounts included in the financial statements and adjustment will consequently be necessary. Estimates are continually evaluated, based on experience and reasonable expectations of future events.

Accounting estimates are applied in assessing and determining the carrying values of significant assets and liabilities.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Mineral resources – see statement of Mineral resources and reserves in the Strategic Report

Quantification of mineral resources requires a judgement on the reasonable prospects for eventual economic extraction. These judgements are based on assessments made in accordance with the procedures stipulated under Canadian National Instrument 43-101 and the estimation undertaken in accordance with the requirements of Canadian National Instrument 43-101. These factors are a source of uncertainty and changes could result in an increase or decrease in mineral resources and changes to the categorisation of mineral resources between Mineral Reserves, Measured and Indicated Mineral Resources and Inferred Mineral Resources. Only Mineral Reserves have been established to have economic viability and only at the time that such estimation is undertaken, and any change in the underlying factors under which the economic assessment was made may give rise to management making a judgement as to the continuing economic viability of such Mineral Reserves and how they should be used for the purpose of forecasts. This would, in turn, affect certain amounts in the financial statements such as depreciation, which is calculated on projected life of mine figures, and carrying values of mining property and plant which are tested for impairment by reference to future cash flows based on projected life of mine figures.

Mineral Resources have not been established to have economic viability and to the extent that management includes Mineral Resources to calculate projected life of mine figures or in calculations of amortisation or depreciation, management will make judgements based on historical reports, future economic factors and other empirical measures to make estimates as to the level of Mineral Resources that it incorporates into its assessments.

The Group includes all of its Measured, Indicated and Inferred Resources in its calculations of amortisation, its life of mine plans for the purposes of assessing the long-term value of its mines and in calculating its estimates for rehabilitation expenditures. In prior periods the Group whilst including all of its Measured, Indicated and Inferred Resources for the São Chico deposit had used 100 per cent of Measured, Indicated and Inferred Resources but only 25 per cent of the Inferred Resources identified at the Palito deposit. This historical situation reflected the uncertainty when mining of the Palito deposit was restarted in 2013 and Inferred Resources were located in areas of the deposit that had no immediate access. With the successful development of the deposit over the intervening years and continuing improvement in the understanding of this deposit and its geology, management has established much greater confidence in the ability for the deposit to continue to be expanded and for Inferred Resources to be converted into production ounces. Accordingly, effective from 1 January 2020, the Group has determined that it is reasonable to use 100 per cent of the Inferred Resources attributable to the Palito deposit in its calculations of amortisation, its life of mine plans for the purposes of assessing the long-term value of its mines and in calculating its estimates for rehabilitation expenditure for Palito.

In assessing amortisation, the Group is required to determine the future capital mine development required to gain access to all identified mineral resources used as the basis for amortisation. Management assesses the vertical extent of the remaining mineral resources to be mined and estimate, based on current operating costs and operating parameters, the expected costs of ramp development required to reach the lowest elevations of the mineral resources. A summary of the Group's mineral resources is set out in the Strategic Report in the section Mineral Reserves and Resources.

Revenue

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. In estimating the revenue derived from the sale of copper/gold concentrate the Group will use assay information provided by the Group's in house laboratory, and assessments of weight and humidity also provided by on-site personnel in the determination of the total metal content of the product being sold and therefore its sales value. These estimates are subject to amendment when the product is received at the refinery and is weighed and assayed under the scrutiny of the refinery, the purchaser and a representative of the Group. The final metal content is determined only based on the results of these measurements and the data derived from the Group's on-site laboratory is not used in the final calculation of metal content. Taking into account production time frames, transport and hipping, the final determination of metal content may occur up to six months after the date of production. Adjustments to revenue to reflect the final agreed metal content are generally made at the time that the metal content is agreed.

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Inventory valuation (note 13)

Valuations of gold in stockpiles and in circuit require estimations of the amount of gold contained in, and recovery rates from, the various stages of work in progress. These estimations are based on analysis of samples and prior experience. A judgement is also required about when stockpiles will be used and what gold price should be applied in calculating net realisable value; these are both sources of uncertainty.

The amounts recognised in the consolidated financial statements are derived from the Group's best estimation and judgement.

Based on operational history management has high confidence in the estimations of gold contained in inventory and the expected recovery rates for the gold contained within each stage of work-in-progress. Once material enters the process plant it is transformed into a saleable product which will be sold within approximately six to eight weeks of that date. The prevailing price of gold and copper is the most critical variable in the assessment of valuation. The Group carries an impairment provision of US\$230,000 against the carrying value of its low grade stockpile of Coringa ore valued (after provision) at US\$1.1 million. The Group estimates that a prevailing gold price of US\$1,586 would have been required before there was any requirement to impair the valuation of other work in progress inventory at 31 December 2023.

Impairment of mining property and other property, plant and equipment (note 10)

An initial judgement is made as to whether the mining assets are impaired based on the matters identified for mining assets in the impairment policy at 1 h) relating to IAS 36 impairment.

In considering the impairment of its mining assets in accordance with IAS 36, management will use gold prices and exchange rates applicable at the balance sheet date. The mine life will be based on the judgement of management of that portion of Measured, Indicated, and Inferred Resources that can be recovered on the basis that, given the nature of the Group's orebodies, the mineral reserves (that portion of the mineral resource that has been proven by independent study to have economic viability) comprises a small part of the total mineral resource of the Group's orebodies and does not reflect management's view of the true life of the orebody. Production costs, estimated capital costs and plant performance are based on current operating performance and costs. The value in use calculation will also be determined by the judgements made by management regarding any future changes in legislation or economic circumstances that might impact the operations.

Management has noted that over the last financial year and up to the date of the signing of the financial statements:

- The gold price has since March 2020 been trading at levels which represent an extended period of pricing at five year highs for gold.
- The Brazilian Real has since the end of 2019 generally been at a level of BrR\$4.90 to US\$1:00 or weaker representing an extended period of trading when the currency has been at its weakest for over 10 years. The Company incurs between 82 per cent and 85 per cent of its expenditure in Brazilian Real.
- The Group has continued to identify and replenish its total Mineral Resources

As a result of these considerations, management has determined that it is not aware of any indicator of impairment.

In the event that there is an indication of impairment, mining assets are assessed for impairment through an estimation of the value in use of the cash generating units ("CGUs"). The value in use calculation requires the entity to estimate the future cash flows expected to arise from a CGU and a suitable discount rate in order to calculate present value. A CGU is a group of assets that generates cash inflows from continuing use. Given their interdependences and physical proximity, the Palito and São Chico Mines are considered to be one single CGU. Management considers that there was no indicator of impairment identified in the year.

As described in note 1(d) (iii), the Group reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period. Further details regarding the annual review that has been undertaken is set out in Note 10.

Recoverability of debts including recoverable taxes (notes 14 and 15)

In making its judgements over the recoverability of any amounts owed to the Group management will assess the creditworthiness of the debtor, the legal enforceability of the Group's rights and the practicalities and costs of obtaining and enforcing judgements relative to the debt outstanding. Based on these assessments it will estimate the likely recoverability of

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sums that are due to the Group, the likely time period over when such debts might be received and any provision that needs to be established against the future recoverability. Recoverable taxes comprise any Federal or State levied input taxes incurred by the Group including taxes levied on the purchase of goods and services that are designated in law as being recoverable either in cash, kind or by way of set-off against other tax liabilities at either a Federal or State level. IFRS 9 requires the Parent Company to make assumptions when implementing the forward-looking expected credit loss model.

In making its judgement regarding recoverable taxes, management will consider the legal advice that it receives, the history of recoverability both of itself and also other entities, arrangements that may be available for partial recovery through approved schemes and the timescale during which recovery may occur. The Group will make provision for the estimate of any taxes that are considered as potentially not recoverable within a reasonable time period (up to five years) and will also discount the value of any final amount that management estimates may be recoverable, for the time value of money.

Recoverability of investments in subsidiaries and inter-company debts (note 12)

In making its judgements over the recoverability of any amounts invested into subsidiary companies by way of share capital or loans advanced to subsidiaries, management estimates the expected future cash flows that might be generated by the underlying projects owned and operated by these subsidiaries and the potential value of exploration and development projects owned and managed by these subsidiaries. As each of the subsidiaries is 100 per cent owned (directly or indirectly) by the Company the creditworthiness of the subsidiary is the same as the creditworthiness of the Company subject only to any restrictions that may be imposed on the repatriation of capital and loans by the host government of the subsidiary. Further details are set out in note (s) above.

Restoration, rehabilitation and environmental provisions (note 18)

Management uses its judgement and experience to provide for and amortise the estimated mine closure and site rehabilitation over the life of the mine. Provisions are discounted at a risk-free rate and cost base inflated at an appropriate rate. The ultimate closure and site rehabilitation costs are uncertain and cost estimates can vary in response to many factors including changes to relevant legal requirements or the emergence of new restoration techniques. The expected timing and extent of expenditure can also change, for example in response to changes in ore reserves or processing levels. As a result, there could be significant adjustments to the provisions established which could affect future financial results.

The following are the critical judgements that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Recoverability of deferred exploration expenditure (note 9)

The recoverability of exploration expenditure capitalised within intangible assets is assessed based on a judgement about the potential of the project to become commercially viable and if there are any facts or circumstances that would suggest the costs should be impaired. In making this judgement management will consider the items noted in the impairment policy in respect of exploration assets as noted in accounting policy 1 h). Should an indicator of impairment be identified the value in use is estimated on a similar basis as the mining asset as detailed above. Management determined that there were no indicators of impairment in the year. Management consider that the issues disclosed with regard to the issue of the Installation Licence for Coringa, are matters that are and will be resolved and in particular are not expected to create any material delay to the development of the project. Management has reached its conclusion based on advice from the Group's Brazilian lawyers but has also received positive indications from other parties with whom it has discussed the matter.

Utilisation of historic tax losses and recognition of deferred tax assets (note 6)

The recognition of deferred tax assets is based upon whether sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Recognition of deferred tax assets therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset has been recognised. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

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Recoverability of ICMS tax debts (note 15)

ICMS tax is a State-imposed sales tax which is recoverable from the State of Para. The Group has not to date received any cash refunds and as an exporter generates no output ICMS on its sales. It is reliant on its ability to offset ICMS tax payable against existing debt to minimise the accumulation of an increased level of tax recoverable from the State of Para. It has identified certain arrangements that may allow the Group to recover over next five years some of the debt that is owed to the Group and has provided in full against the remainder. Management considers that based on legal advice received the Group has a good chance of being able to benefit from these schemes. In the event that it is unable to utilise these schemes or that the rate of recovery is slower than anticipated the amount of ICMS that may be recovered in the future will be reduced and may be nil. The Group does not take account of any future benefit from recovery of ICMS tax in its cash flow projections. The Group has made provision for recoverable ICMS that is not anticipated to be recovered within the next five years.

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2 Segmental analysis

The following information is given about the Group's reportable segments, further details of which are set out in note 1(r).

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.

An analysis of the results for the year by management segment is as follows:

	2023			2022		
	Brazil US\$	UK US\$	Total US\$	Brazil US\$	UK US\$	Total US\$
Revenue	32,604,026	31,103,442	63,707,468	29,524,191	29,185,137	58,709,328
Intra-group sales	26,582,279	(26,582,279)	–	25,058,005	(25,058,005)	–
Operating expenses	(39,361,191)	(3,823,548)	(43,184,739)	(39,299,976)	(3,810,894)	(43,110,870)
Provision for impairment of taxes receivable	–	–	–	(1,151,899)	–	(1,151,899)
Stock impairment provision	(230,000)	–	(230,000)	–	–	–
Depreciation and amortisation	(6,069,205)	(170,351)	(6,239,556)	(6,335,957)	(236,504)	(6,572,461)
Gross profit/(loss)	13,525,909	527,264	14,053,173	7,794,364	79,734	7,874,098
Administration expenses	(3,250,393)	(3,241,772)	(6,492,165)	(2,860,672)	(2,586,552)	(5,447,224)
Share-based payments	–	(197,344)	(197,344)	–	(249,210)	(249,210)
Proceeds from sale of assets	180,966	–	180,966	33,993	–	33,993
Operating profit/(loss)	10,456,482	(2,911,852)	7,544,630	4,967,685	(2,756,028)	2,211,657
Net other income	340,860	–	340,860	–	–	–
Foreign exchange (loss)/gain	193,065	(18,960)	174,105	134,665	(2,727)	131,938
Finance expense	(648,659)	(90,586)	(739,245)	(3,351,842)	(59,942)	(3,411,784)
Finance income	123,942	723,581	847,523	124,299	167,586	291,885
Profit/(loss) before taxation	10,465,690	(2,297,817)	8,167,873	1,874,807	(2,651,111)	(776,304)
Income tax expense	(1,752,479)	–	(1,752,479)	(206,743)	–	(206,743)
Profit/ (loss) for the period	8,713,211	(2,297,817)	6,415,394	1,668,064	(2,651,111)	(983,047)

Transactions between segments are accounted for in accordance with the Group's accounting policy for a transaction of that nature. In particular inter-group sales which comprise sales of copper/gold concentrate are recognised at the same time as the Group makes the sale to the end purchaser, with the sale value made in accordance with the contractual terms between the separate entities of the Group. Inter-group sales are transacted at prices intended to conform with accepted norms of international transfer pricing practice.

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

	Total non-current assets	
	31 December 2023 US\$	31 December 2022 US\$
Brazil – operations	58,657,233	53,856,561
Brazil – exploration	20,499,257	18,621,180
Brazil – taxes receivable	4,653,063	3,446,032
Brazil – deferred tax	1,791,983	1,545,684
Brazil – total	85,601,536	77,469,457
UK	–	–
	85,601,536	77,469,457

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An analysis of total assets by location is as follows:

	Total assets	
	31 December	31 December
	2023	2022
	US\$	US\$
Brazil	104,898,070	90,659,109
UK	10,347,616	9,577,085
	115,245,686	100,236,194

During the year, the following amounts incurred by project location were capitalised as pre-operating or deferred exploration costs (see note 9):

	Group	
	For the	For the
	year ended	year ended
	31 December	31 December
	2023	2022
	US\$	US\$
Brazil	571,411	3,183,720

During the year, the following amounts were capitalised as land and buildings, mine assets, property, plant, equipment and projects in construction (see note 10):

	Group	
	For the	For the
	year ended	year ended
	31 December	31 December
	2023	2022
	US\$	US\$
Brazil	6,804,156	8,077,093

Revenue

All of the Group's revenue arises from its activities in Brazil.

An analysis of the revenue by reference to the domicile of the entity within the Group that concludes the sale is as follows:

	31 December	31 December
	2023	2022
	US\$	US\$
Brazil	32,604,026	29,524,191
UK	31,103,442	29,185,137
Total	63,707,468	58,709,328

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An analysis of major customers (accounting for more than 10 per cent of the Group's revenues) is as follows:

	31 December 2023		31 December 2022	
	US\$	%	US\$	%
Customer 1 – sale concluded from UK	31,103,442	48.8%	29,185,137	49.7%
Customer 2 – sale concluded from Brazil	22,170,738	34.8%	28,305,378	48.2%
Other – sale concluded from Brazil	10,433,288	16.4%	1,218,812	2.1%
Total	63,707,468	100.0%	58,709,328	100.0%

3 Operating profit

a. Group operating profit for the year is stated after charging the following:

	Group	
	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Staff costs	18,714,746	18,433,319
Depreciation (property, plant and equipment)	1,948,121	1,911,600
Amortisation of the mine asset	4,291,435	4,660,861

b. Auditor's remuneration

	Group	
	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	178,010	168,835
Fees payable to the Group's auditor and its associates for other services:		
- audit of the Group's subsidiaries pursuant to legislation	-	-
- tax compliance services	-	-
- audit-related assurance services	-	-

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4 Other income and expense

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.

5 Finance expense and income

	Group	
	12 months ended 31 December 2023 US\$	12 months ended 31 December 2022 US\$
Interest and fines on state sales tax	—	(1,819,909)
Provision for interest on disputed tax refunds claimed	—	(1,090,586)
Interest on short term unsecured bank loan	(453,675)	(211,793)
Interest in finance leases	(103,568)	(148,650)
Interest on short term trade loan	(90,586)	(59,942)
Variation on discount on rehabilitation provision	(91,416)	(80,904)
Total finance expense	(739,245)	(3,411,784)
Gain on revaluation of warrants	—	165,495
Gain on revaluation of derivatives	431,348	—
Realised gain on hedging activities	103,069	—
Interest income	313,106	126,390
Total finance income	847,523	291,885
Net finance (expense)/income	108,278	(3,119,899)

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6 Taxation

	Group	
	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Current tax		
UK tax	–	–
Foreign tax – Tax on current year profits	2,199,658	890,176
Foreign tax – Adjustment to prior year’s tax charges	–	–
Total current tax	2,199,658	890,176
Deferred tax		
Increase of deferred tax asset arising from temporary timing differences	(104,652)	(238,569)
Decrease of deferred tax liability arising from temporary timing differences	(502,745)	(444,864)
Total deferred tax	(607,397)	(683,433)
Income tax charge	1,592,261	206,743

The tax provision for the current period varies from the standard rate of corporation tax in the UK of 25.00% (2022: 19.00%). The differences are explained as follows:

	Group	
	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Profit/(loss) on ordinary activities before tax	8,167,873	(776,304)
Tax thereon at UK corporate tax rate of 25.00% (2022: 19.00%)	2,041,969	(147,498)
Factors affecting the tax charge:		
expenses not deductible for tax purposes	423,008	150,778
temporary differences (not recognised)	(64,933)	34,563
lower rate tax overseas – regional tax incentives	(917,056)	(53,764)
higher rate tax overseas	372,537	–
unrecognised tax losses carried forward and similar adjustments	(158,612)	461,233
other movements	(104,6524)	(238,569)
Tax charge	1,592,261	206,743

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Unrecognised gross deferred tax position - 2023	Trading losses	Temporary differences	Total
	US\$	US\$	US\$
Tax losses brought forward	72,372,386	–	72,372,386
Tax movement not recognised in the period	4,361,980	–	4,361,980
Total unrecognised gross deferred tax position at end of period	76,734,366	–	76,734,366

Unrecognised gross deferred tax position - 2022	Trading losses	Temporary differences	Total
	US\$	US\$	US\$
Tax losses brought forward	68,515,983	–	68,515,983
Tax losses not recognised in the period	3,856,404	–	3,856,404
Movement in temporary differences	–	–	–
Total unrecognised gross deferred tax position at end of period	72,372,386	–	72,372,386

Unrecognised deferred tax asset	For the year ended 31 December 2023	For the year ended 31 December 2022
	US\$	US\$
Tax losses ⁽¹⁾	19,183,592	18,093,097
Temporary differences	–	–
Total unrecognised deferred tax asset	19,183,592	18,093,097

Recognised deferred tax asset		
Tax losses brought forward	1,545,684	1,224,360
Tax losses and untaxed expenses recognised in the period	104,652	237,550
Tax losses utilised in the period	–	1,019
Exchange	141,647	82,756
Net recognised deferred tax asset	1,791,983	1,545,684

Recognised deferred tax liability		
Untaxed income brought forward	480,922	861,430
Untaxed income recognised in the period	(502,745)	(444,864)
Exchange	21,823	64,355
Net recognised deferred tax liability	–	480,922

(1) the unrecognised deferred tax asset in respect of UK tax losses has been calculated by reference to the enacted rate of UK corporation tax of 25%.

The deferred tax asset has been recognised in the financial statements only 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 this asset may be recovered.

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7 **Employee information**

The average number of persons, including Executive Directors, employed by the Group during the year was:

	Group		Company	
	For the year ended 31 December 2023 Number	For the year ended 31 December 2022 Number	For the year ended 31 December 2023 Number	For the year ended 31 December 2022 Number
Management and corporate administration	24	24	4	5
Exploration	12	22	–	–
Mine operations and maintenance	521	483	8	9
Mine management and administration	30	35	1	1
Plant and processing	68	82	–	–
Total	655	646	13	15

	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
	Staff costs			
Wages and salaries	14,407,282	14,283,360	4,173,534	4,162,827
Cost of incentive scheme shares	197,344	249,210	197,344	249,210
Social security costs	3,413,039	3,321,560	147,859	119,950
Termination costs	577,215	558,194	–	–
Pension contributions	119,866	20,996	119,866	20,996
Total	18,714,746	18,433,319	4,638,603	4,552,983

No company within the Group operates a pension plan for the Directors or the employees. For those Executive Directors and UK based employees who have an entitlement to pension provision, the premiums are paid directly to the personal pension plans selected by or agreed with the individuals. The Company's obligation is limited to making fixed payments to these individual plans.

Serabi Mineração SA, Chapleau Exploração Mineral Ltda and Gold Aura do Brasil Mineração Ltda all contribute via social security payments to the state pension scheme which operates in Brazil and to which all their respective employees are entitled.

Directors' remuneration

The compensation of the Directors is:

	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Salary and other benefits	916,343	728,848
Post-employment benefits	89,204	9,752
Total	1,005,547	738,601

The remuneration paid to the highest paid Director plus the charge in respect of share incentive awards during the year was US\$568,986 (2022: US\$318,426). This includes cash contributions made by the Company to his money purchase pension scheme of US\$9,989 (2022: US\$9,752).

During the year ended 31 December 2023, two of the Directors (2022: two) were contractually entitled to accrue retirement benefits under money purchase schemes.

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During the years ended 31 December 2023 and 31 December 2022, none of the serving Directors exercised any share options nor did any shares vest pursuant to the Restricted Stock Plan operated by the Company. Details of share incentives held by the Directors at 31 December 2023 and other equity related interests are set out in the Remuneration Report on pages 67 to 79.

8 Earnings per share

	For the year ended 31 December 2023	For the year ended 31 December 2022
Profit/(loss) attributable to ordinary shareholders (US\$)	6,575,612	(983,047)
Weighted average ordinary shares in issue	75,734,551	75,734,551
Basic profit per share (US cents)	8.68	(1.30)
Diluted ordinary shares in issue ⁽¹⁾	75,734,551	81,488,078
Diluted profit per share (US cents)	8.68	(1.30) ⁽²⁾

(1) At 31 December 2023 there were 2,075,400 conditional share awards in issue (31 December 2022 - 864,500). These are subject to performance conditions which may or not be fulfilled in full or in part. These CSAs have not been included in the calculation of the diluted earnings per share. At 31 December 2022 there were also 1,750,000 options and 4,003,527 unexercised warrants in issue.

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

9 Intangible assets

Deferred exploration costs

	Group	
	31 December 2023 US\$	31 December 2022 US\$
Cost		
Opening balance	18,621,180	34,857,905
Exploration and evaluation expenditure	571,411	855,607
Pre-operational project costs	–	2,328,113
Reclassified as tangible assets	–	(20,287,902)
Foreign exchange movements	1,306,666	867,457
Total as at end of period	20,499,257	18,621,180

The value of these assets is dependent on the development of mineral deposits.

Past exploration and evaluation expenditures for a project are transferred to mining property and projects in construction at the commencement of the mine and process plant construction activities for that project.

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10 Tangible assets

Property, plant and equipment – Group

	Land and buildings – at cost US\$	Mining property – at cost US\$	Projects in construction – at cost US\$	Plant and equipment – at cost US\$	Total US\$
2023					
Cost					
Balance at 31 December 2022	2,589,667	66,114,988	11,106,563	18,099,900	97,911,118
Additions	236,907	4,425,839	841,845	1,299,565	6,804,156
Reallocations from projects in construction	2,616,100	1,014,644	(4,902,222)	1,271,478	–
Changes in estimates in provision for rehabilitation	–	1,222,800	–	–	1,222,800
Disposals	–	–	(60,598)	(4,511,613)	(4,572,211)
Foreign exchange movements	299,699	4,391,929	154,593	2,037,353	6,883,574
At 31 December 2023	5,742,373	77,170,200	7,140,181	18,196,683	108,249,437
Depreciation					
Balance at 31 December 2022	(1,287,242)	(34,406,476)	–	(13,734,881)	(49,428,599)
Charge for period	(270,396)	(3,016,791)	–	(1,512,472)	(4,799,659)
Released on asset disposals	–	–	–	2,798,953	2,798,953
Foreign exchange movements	(157,356)	(2,332,560)	–	(989,313)	(3,479,229)
At 31 December 2023	(1,714,994)	(39,755,827)	–	(13,437,713)	(54,908,534)
Net book value at 31 December 2023	4,027,379	37,414,373	7,140,181	4,758,970	53,340,903

No costs of borrowing have been capitalised during the period (2022: nil).

	Land and buildings – at cost US\$	Mining property – at cost US\$	Projects in construction – at cost US\$	Plant and equipment – at cost US\$	Total US\$
2022					
Cost					
Balance at 31 December 2021	2,041,452	39,897,573	12,919,502	14,581,075	69,439,602
Additions	88,785	3,629,505	1,840,007	2,518,796	8,077,093
Reallocations from projects in construction	321,572	3,128,001	(4,605,572)	1,155,999	–
Reclassified from deferred exploration costs	–	20,287,902	–	–	20,287,902
Disposals	–	(2,833,444)	–	(593,917)	(3,427,361)
Foreign exchange movements	137,858	2,005,451	952,626	437,947	3,533,882
At 31 December 2022	2,589,667	66,114,988	11,106,563	18,099,900	97,911,118
Depreciation					
Balance at 31 December 2021	(957,364)	(28,970,616)	–	(11,936,287)	(41,864,267)
Charge for period	(222,005)	(4,339,961)	–	(1,530,433)	(6,092,399)
Released on asset disposals	–	981,804	–	425,247	1,407,051
Foreign exchange movements	(107,873)	(2,077,703)	–	(693,408)	(2,878,984)
At 31 December 2022	(1,287,242)	(34,406,476)	–	(13,734,881)	(49,428,599)
Net book value at 31 December 2022	1,302,425	31,708,512	11,106,563	4,365,019	48,482,519

In determining the recoverability of the carrying value of these assets, the Group prepares estimates of future cash flows based on management's best estimates of future production rates, costs and capital expenditure. Production estimates are based on utilisation of current estimates of mineral resources at each ore deposit operated by the Group.

Management used a base price of US\$1,950 per ounce for the duration of its cash flow projection and a fixed exchange rate of BrR\$4:90 to US\$1:00. The projection was for the period to 31 December 2033.

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Management considered a range of discount rates and was satisfied that even at a 15% discount rate which is above the current WACC of the Group, there was no indicator of impairments.

Management has assumed *inter-alia* that:

- current production rates from the Palito ore body will be maintained.
- ore production from Coringa will increase as the Serra orebody continues to be developed with an ore sorter and crushing plant being installed and operational during Q3 2024.
- As anticipated in the 2019 PEA, a second ore body at Coringa will need to be developed, which will be operational during 2028 to supplement and in time to replace the Serra ore body. Production levels broadly consistent with the projections set out in the 2019 PEA are achieved from 2028 onwards.
- During 2025, the Group will expand the current Palito process plant to expand capacity using a ball mill that was acquired with the Coringa project. This will increase mill capacity by approximately 33% equivalent to an additional 60,000 tpy.

11 Right of use assets

	Plant and equipment	
	31 December 2023 US\$	31 December 2022 US\$
Cost		
Opening balance	7,199,992	3,968,038
Additions	–	2,985,889
Foreign exchange movements	559,851	246,065
Total as at end of period	7,759,843	7,199,992
Depreciation		
Opening balance	(1,825,950)	(1,367,407)
Charge for period	(460,919)	(367,126)
Foreign exchange movements	(156,644)	(91,417)
Total as at end of period	(2,443,513)	(1,825,950)
Net book value at end of period	5,316,330	5,374,042

The Group only leases underground mining equipment. As at 31 December 2023, the future minimum lease payments due in respect of outstanding lease contracts for mining equipment are US\$844,624 (2022: US\$1,946,811). The net present value of these lease contracts is US\$726,831 (2022: US\$1,781,332).

	31 December 2023 US\$	31 December 2022 US\$
Current lease liabilities		
Plant and equipment	694,400	1,109,518
	694,400	1,109,518
Non-current lease liabilities		
Plant and equipment	150,224	837,293
	150,224	837,293
Total lease liabilities	844,624	1,946,811

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12 Investments in subsidiaries

The Group consists of the following subsidiary undertakings:

Name	Incorporated	Registered office address	Activity	% holding
Serabi Mineração SA	Brazil	Rodovia Transgarimpeira, km 22, Bairro Jardim do Ouro – Itaituba/PA CEP 68181-000 Brazil	Gold mining and exploration	100% ⁽¹⁾
Kenai Resources Ltd	British Columbia, Canada	Royal Centre, P.O Box 11125, Suite 1750-1055 W Georgia Street, Vancouver, Canada	Investment	100%
Gold Aura do Brasil Mineração Ltda	Brazil	Rodovia Transgarimpeira, KM 54 Comunidade São Chico – Itaituba/PA CEP 68181-000 Brazil	Gold mining and exploration	99.9% ⁽¹⁾
Serabi Mining Ltd	British Virgin Islands	Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	Investment	100%
Chapleau Resources Ltd	British Colombia, Canada	Royal Centre, P.O Box 11125, Suite 1750-1055 W Georgia Street, Vancouver, Canada	Investment	100%
Chapleau Resources (USA) Inc	Alaska, USA	1029 West 3 rd Avenue Suite 400 Anchorage, Alaska USA	Gold exploration	100% ⁽¹⁾
Chapleau Exploração Mineral Ltda	Brazil	Avenida Jornalista Ricardo Marinho no 360, loja 113 Barra da Tijuca Rio de Janeiro RJ Brazil CEP 22.361-350	Gold mining and exploration	100% ⁽¹⁾
Serabi Gold Nominee Limited	England	66 Lincoln's Inn Fields London WC2A 3LH England	Dormant	100%

(1) indirectly held.

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	Company	
	31 December 2023 US\$	31 December 2022 US\$
Cost at start of period	112,735,884	112,408,765
Investment in subsidiary during period	399,396	327,119
Cost at end of period	113,135,280	112,735,884
Impairment provision	(9,784,922)	(9,784,922)
Net book value at end of period	103,350,358	102,950,962

The value of these investments is dependent on the development of the Group's mineral deposits in Brazil. The Company established an initial impairment provision against the carrying value of its investments in subsidiary entities in 2008. Subsequent to that date the Company has made further acquisitions and invested new capital into certain of its subsidiaries. At the end of 2023 the Company has made an assessment as to whether any indicators exist that could give rise to a potential impairment of or restriction on the future recoverability of the value of the investments that it holds in subsidiary entities and in particular the investments made since 2008. The Board has determined that based on its assessment, it is not aware of any indicators of further impairment.

In determining the recoverability of the carrying value of these assets, management has considered the cash flow projections described in Note 10 above and the value attributed to exploration assets that are not currently considered in the Group's current life of mine operating plans. Following this analysis management considers that there has been no indicator of impairments.

13 Inventories

	Group	
	31 December 2023 US\$	31 December 2022 US\$
Consumables	4,112,470	4,015,338
Stockpile of mined ore	1,230,046	812,794
Other material in process	3,835,693	2,703,297
Finished goods awaiting sale	3,619,742	1,174,922
	12,797,951	8,706,351

14 Trade and other receivables

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Current				
Trade receivables	2,478,386	5,233,976	2,478,386	5,233,975
Other receivables	379,686	57,948	13,162	10,866
Trade and other receivables	2,858,072	5,291,924	2,491,548	5,244,841
Non-current				
Taxes receivable	6,300,583	4,974,687	–	–
Amounts owed by subsidiaries	–	–	18,180,258	18,177,758
Gross receivable	6,300,583	4,974,687	18,180,258	18,177,758
Impairment provision	(1,647,520)	(1,528,655)	(8,391,722)	(8,391,722)
Net value of non-current other receivables	4,653,063	3,446,032	9,788,536	9,786,036

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The trade receivables owed to the Group at the balance sheet date are recoverable from parties with which the Group has had long standing relationships and at the balance sheet date none of the amounts owed to the Group were overdue. The Group has not made any provision for any expected credit losses in respect of these trade receivables.

The Group, in common with all businesses in Brazil, is subject to a number of State and Federal taxes on goods that it purchases. As an exporter of goods, it is exempt from any sales taxes on its products. As a result, it is due tax rebates by both Federal and State tax bodies. In general, the Company is able to utilise its tax debts by way of offset against other taxes that it owes. The Group has however determined, based on the actions of the State tax authorities and the expected future operational expenditures over the next 12 months, that certain State taxes that it is able to recover and is owed at 31 December 2023, are not expected to be recovered through such an offset arrangement during the next 12 months and has therefore categorised the balance owed in respect of these State taxes as being due in more than 12 months. The Group has received legal advice confirming that these taxes owed to the Group by the State of Para are fully recoverable.

At 31 December 2023, Serabi Gold plc has two loans outstanding to subsidiaries that are not fully impaired.

These loans are owed by Chapleau Exploração Mineral Ltda. ("CEML") and Kenai Resources ("Kenai"). Both advances were made on an interest free loan basis and at the time of the initial and each subsequent advance the Company has determined that there was no significant credit risk attaching to each of the loan advances being made.

In determining the credit risk attached to the CEML loan, management has considered different scenarios through which the loan will be recovered.

- a) Scenario 1 – the loan is repaid within the next five years from the successful start up of the Coringa project.
- b) Scenario 2 – the loan is repaid in less than 12 months from the sale of equipment and machinery.

The loan to Kenai is for a total amount of US\$9,015. The credit risk is considered to be immaterial.

15 Prepayments and prepaid taxes

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Recoverable State and Federal taxes	438,861	486,889	–	–
Supplier down payments	424,685	216,941	–	–
Other prepayments and employee advances	1,456,710	868,319	226,216	163,737
Prepayments	2,320,256	1,572,149	226,216	163,737

16 Cash and cash equivalents

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Cash and cash equivalents	11,552,031	7,196,313	7,713,125	4,156,908

Funds are primarily held with HSBC Bank plc in the UK, and Bradesco Bank, ITAU SA, and Santander Bank in Brazil. All of the banking institutions have a AAA credit rating.

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17 Trade and other payables

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Current				
Trade payables	3,587,065	2,701,805	364,120	308,899
Other payables	1,260,628	1,106,393		–
Employee benefits	778,746	561,702	45,300	38,318
Other taxes and social security	2,999,853	1,460,972		
Amounts due to subsidiaries	–	–	33,118,175	30,425,854
Due in less than one year	8,626,292	5,830,872	33,527,595	30,773,071
Non-current				
(Between one and five years)				
Long term tax payable	3,367,626	3,321,255	–	–
Other taxes and social security	593,294	479,631	–	–
Due in more than one year	3,960,920	3,800,886	–	–

18 Non-current provisions

Environmental rehabilitation provision

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Opening balance	1,190,175	2,581,431	–	–
Provided for in year				
as a result of additions on initial recognition	–	–	–	–
as a result of changes in estimates	1,222,800	(792,737)	–	–
as a result of variations in discount	(91,416)	(407,485)	–	–
as a result of exchange variations	342,333	(191,034)	–	–
Total provided for in year	1,473,717	(1,391,256)	–	–
Total non-current provisions	2,663,892	1,190,175	–	–

The environmental rehabilitation provision has been established to cover any asset decommissioning and rehabilitation obligations for the Palito, São Chico and Coringa Mines. Such obligations include the dismantling of infrastructure, removal of residual materials and remediation of disturbed areas. The provision does not allow for any additional obligations expected from future developments. The timing and scope of the rehabilitation is uncertain and is dependent on mine life and quantities extracted from the mine.

Cost estimates are formally reviewed at regular intervals and the provisions are adjusted accordingly.

In calculating the rehabilitation provision, management consider the anticipated date of closure based on the latest available estimations of mineral resources. In addition, the future costs involved in dismantling, earthmoving, on-going monitoring, site clearance and revegetation are based on quotations or management's best estimates, based on historic costs or estimates.

Costs have inflated using the current cost inflation rate in Brazil of 3.9 per cent (2022: 6 per cent) and discounted to provide a fair value using a discount rate of 12.25 per cent (2022: 12.29 per cent) being the Brazilian Government Bond Rate at the time of calculation.

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19 Interest-bearing liabilities

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Current				
Short term loan	5,708,684	5,001,608	–	–
Obligations under right of use leases (note 11)	694,400	1,109,518	–	–
Due in less than one year	6,403,084	6,111,126	–	–
Non-current				
(Between one and five years)				
Obligations under right of use leases (note 11)	150,224	837,293	–	–
Due in more than one year	150,224	837,293	–	–

Each right of use lease is secured against the underlying assets that are the subject of that lease.

Short term loan

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Short term loan				
Balance of short term loan at the start of the period	5,001,608	–	–	–
Repayment of short-term loan	(5,096,397)			
Drawdown of short term loan	5,000,000	4,917,775	–	–
Interest repaid	(334,523)			
Accrued interest	453,675	211,793	–	–
Impact of exchange rate	684,321	(127,960)	–	–
Value of short term loan at the end of the period	5,708,684	5,001,608	–	–

Reconciliation of net cash flow to movement in net funds

	Group		Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Change in cash resulting from cash flows	4,089,454	(5,116,406)	3,544,353	(4,294,581)
Translation movements on cash	266,264	94,968	11,864	(135,245)
Movement in cash in the period	4,355,718	(5,021,438)	3,556,217	(4,429,826)
Opening net funds	247,894	11,482,741	4,156,908	8,586,734
Movement in interest bearing loans and borrowings				
Drawdown of loan	(5,000,000)	(5,001,608)	–	–
Loan repayment	5,001,608	–	–	–
Loan and interest repayments	(708,684)	–	–	–
Movement in lease liabilities				
Non cash movement	(69,415)	(184,650)	–	–
Cash movement	1,171,602	(1,027,151)	–	–
Closing Net Funds	4,998,723	247,894	7,713,125	4,156,908

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	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Analysis of net funds:				
Cash and cash equivalents	11,552,031	7,196,313	7,713,125	4,156,908
Interest-bearing liabilities - current	(6,403,084)	(6,111,126)	–	–
Interest-bearing liabilities – non-current	(150,224)	(837,293)	–	–
Closing net funds	4,998,723	247,894	7,713,125	4,156,908

20 Derivatives

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Foreign exchange hedging contracts				
Fair value at start of period	–	–	–	–
Movement in fair value during period	158,475	–	158,475	–
Fair value at end of period	158,475	–	158,475	–
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Foreign exchange hedging contracts				
Fair value at start of period	–	–	–	–
Movement in fair value during period	(42,635)	–	(42,635)	–
Fair value at end of period	(42,635)	–	(42,635)	–
Total fair value of financial asset at end of period	115,840	–	115,840	–

The Group has determined that the gold and foreign exchange hedges entered into by the Group do not meet the eligibility criteria to be accounted for under the provisions of IFRS 9 – Hedge Accounting. These contracts are therefore fair valued on a mark-to-market basis at the end of each period and any increase or decrease in value reported through the income statement. Any settlement values receivable or payable during the period are recognised in the period and reported through the income statement.

	Group		Company	
	31 December 2023 US\$	31 December 2022 US\$	31 December 2023 US\$	31 December 2022 US\$
Derivative liability related to warrants in issue				
Fair value at start of period	–	165,495	–	165,495
Decrease in fair value at end of period	–	(165,495)	–	(165,495)
Fair value at end of period	–	–	–	–

Fair value was 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.

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The conversion rights embedded in the warrant notes represented a derivative as the Group's functional currency is United States Dollars but the conversion price was denominated in Pounds Sterling. Therefore, the amount to be released in US Dollars on conversion was variable dependent upon the exchange rate between the US Dollar and GB Pound.

21 Analysis of changes in liabilities arising from financial activities

	Current obligations under right of use assets	Non-current obligations under right of use assets	Total
At 1 January 2023	1,109,518	837,293	1,946,811
Cash flows	(1,171,602)	–	(1,171,602)
Non-cash flows			
Transfers	716,923	(716,923)	–
Exchange rate movements	39,561	29,854	69,415
At 31 December 2023	694,400	150,224	844,624

	Current obligations under right of use assets	Non-current obligations under right of use assets	Total
At 1 January 2022	290,060	444,950	735,010
Cash flows	(1,691,259)	–	(1,691,259)
Non-cash flows	–	–	–
- New lease arrangements	1,940,476	925,683	2,866,159
- Transfers	564,283	(564,283)	–
- Exchange rate movements	5,958	30,943	36,901
At 31 December 2022	1,109,518	837,293	1,946,811

22 Share capital

Each of the ordinary shares carries equal rights and entitles the holder to voting and dividend rights and rights to participate in the profits of the Company and in the event of a return of capital equal rights to participate in any sum being returned to the holders of the ordinary shares. There is no restriction, imposed by the Company, on the ability of the holder of any ordinary share to transfer the ownership or any of the benefits of ownership to any other party.

	2023		2022	
	Number	\$	Number	\$
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
Shares issued in period	–	–	–	–
Ordinary shares in issue at end of period	75,734,551	11,213,618	75,734,551	11,213,618

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") replaced the Serabi 2011 Share Option Plan

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Details of the number of the conditional shares awards outstanding under the 2020 Plan are as follows:

	31 December 2023 Number	31 December 2022 Number
Awards in issue at start of period	864,500	864,500
Issued in period		
2022 awards	629,600	–
2023 awards	986,000	–
Expired in period	(404,700)	–
Awards in issue at end of period	2,075,400	864,500

On 1 August 2023, the Company announced that the performance conditions in respect of the 2020 awards had not been achieved and therefore 404,700 conditional share awards issued in respect of 2020 lapsed.

On 1 August 2023, the Company also announced the issuance of a further 1,615,600 Conditional Share Awards to employees (including directors) of the Company.

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 for the calendar years 2022 and 2023 were calculated by reference to the respective 30 day VWAP average of the Company's shares on each of 31 January 2022 and 31 January 2023. 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.

The awards are granted as part of the Company's normal annual compensation review.

During the year a charge of US\$187,074 (2022: US\$167,405) has been recorded in the financial statements in respect of these conditional share awards.

Warrants

As at 31 December 2023, there were no warrants in issue (31 December 2022: 4,003,527 warrants in issue). The exercise period for the warrants expired on 23 May 2023 with no warrants having been exercised. Each warrant entitled the holder to acquire one new ordinary share at an exercise price of 93.75 pence per shares,

Options to subscribe for ordinary shares

In 2011 the Company established a share option scheme (the "Serabi 2011 Share Option Plan") the terms of which were re-approved by shareholders at the Annual General Meeting of the Company held on 15 June 2017. This plan had a 10 year life and no awards have been made under this plan since May 2020.

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Details of the number of share options and the weighted average exercise price ("WAEP") outstanding under the Serabi 2011 Share Option Plan are as follows:

	31 December 2023 Number	31 December 2023 WAEP UK£	31 December 2022 Number	31 December 2022 WAEP UK£
Outstanding at the beginning of the period	1,750,000	0.85	1,750,000	0.85
Expired during the period	(1,750,000)	(0.85)	–	–
Outstanding at the end of the period	–	–	1,750,000	0.85
Exercisable at end of the period	–	–	1,750,000	0.85

Options granted had no market performance criteria and were valued using the Black-Scholes model. The fair value of options is charged to the income statement or capitalised as an intangible asset as appropriate over the vesting period. During the year a charge of US\$10,270 (2022: US\$81,805) has been recorded in the financial statements in respect of these options.

23 Capital management

The Group considers that its capital is comprised of funds available for long term investment plans including project development and exploration activities which may be generated from both internal activities and external sources. The Group has historically sourced equity capital through share issues on the London Stock Exchange and the Toronto Stock Exchange and the Board has managed the capital structure of the Group and aligned this with the risk profiles of its underlying assets.

The Group has historically sourced equity capital through share issues on the London Stock Exchange and the Toronto Stock Exchange and the Board has managed the capital structure of the Group and aligned this with the risk profiles of its underlying assets.

The Group's objectives, when managing its capital are to maintain financial flexibility to achieve its development plans, safeguard its ability to continue to operate as a going concern through management of its costs whilst optimising its access to capital markets by endeavouring to deliver increases in value of the Group for the benefit of shareholders. In establishing its capital requirements, the Group will take account of the risks inherent in its plans and proposed activities and prevailing market conditions.

The Group plans to undertake the development of Coringa including the purchase and installation of a crushing plant and ore-sorter, using cash flow generated from its current operations. If required, the Group plans to borrow additional funds to supplement any additional working capital requirements. The Group's borrowings currently comprise a 12 month, US\$5 million bank loan maturing in January 2025, and lease finance obligation of a further US\$0.84 million. The Group currently has an undrawn facility with a major UK bank and indications of additional lines of credit with three Brazilian banks. It is therefore confident of being able to refinance or repay existing debts as they fall due and meet the costs for the development of Coringa. Should additional funding be required the Group would explore a variety of sources which could include a combination of longer term bank debt, royalty, streaming of gold and copper revenues convertible loans and new equity capital. The Group has been successful in raising funding as and when required in the past and the Directors consider that the Group continues to have strong support from its major shareholders who have been supportive of and provided additional funding when required on previous occasions.

The Company's shares are listed on both AIM and the TSX and quoted on the OTCQX, which management considers increases the potential of the Group to raise finance through further issues of shares in the future.

24 Commitments and contingencies

Capital commitments

The Group holds certain exploration prospects which require the Group to make certain payments under rental or purchase arrangements allowing the Group to retain the right to access and undertake exploration on these properties. Failure to meet these obligations could result in forfeiture of any affected prospects.

Management estimates that the cost over the next 12 months of fulfilling the current contracted commitments on these exploration properties in which the Group has an interest is US\$0.02 million (2022: US\$0.02 million).

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Capital Purchases

At 31 December 2023 the Group had confirmed its order for an ore-sorter for use at its Coringa operation. It has made, during 2023, an initial down payment of €336,100 representing 50% of the purchase costs and a further €268,880 (40% of the purchase price) during March 2023. The remaining cost will be paid 14 days after successful commissioning or within 6 months of delivery whichever is earlier. At 31 December 2023, other than the ore sorter, the Group had not made any other commitments for other capital purchases.

Lease commitments

The Group has elected not to recognise right of use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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 a 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.

25 Related party transactions

Transactions with intergroup entities

During the period the Company made one loan to a subsidiary of US\$2,500 (2022: US\$1,151). There were no loans converted into new shares issued by subsidiaries during 2023 (2022: US\$Nil). The balance of these loans at 31 December 2023 was US\$9.79 million (2022: US\$9.79 million).

The Company has loans receivable from subsidiaries totalling US\$18,180,258 (2022: US\$18,177,758) before any provision for the impairment of these loans (see note 14).

The Company has purchased, during the year from its subsidiary SMSA, 1,560 tonnes of copper/gold concentrate for a consideration of US\$26,602,457 (2022: 1,340 tonnes; US\$25,058,005). At the end of the period the Company owed US\$33,118,175 to its subsidiary SMSA (2022: US\$30,425,854).

During the year the Group has received legal advice from FFA Legal, a Brazilian based law firm totalling US\$484,350 for which US\$155,785 was outstanding at the period end. Luis Mauricio, a non-executive Director of the Group, is the founding Partner of FFA Legal

Key management remuneration

Key management comprises the Executive Directors and the Non-executive Directors only. Their compensation is:

	For the year ended 31 December 2023 US\$	For the year ended 31 December 2022 US\$
Short-term employee benefits	916,343	832,126
Post-employment benefits	89,204	9,752
Share-based payments	145,430	60,695

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Total	1,150,977	902,573
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Further details regarding the remuneration of the Executive Directors and the Non-executive Directors is set out in the Remuneration Report and in note 7.

26 Financial risk management

The Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risk nor its objectives, policies and processes for managing those risks or the method used to measure them from the previous period unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Group up during the year to 31 December 2023 from which financial instrument risk arose or may arise in the future are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Convertible loan notes
- Loans and borrowings
- Leases and asset loans
- Derivative

The principal financial instruments by category are as follows:

Group financial assets

	Fair value through profit or loss		Amortised cost	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Cash and cash equivalents	–	–	11,552,031	7,196,313
Trade and other receivables	2,858,072	5,291,924	–	–
Total financial assets	2,858,072	5,291,924	11,552,031	7,196,313

Group financial liabilities

	Fair value through profit or loss		Amortised cost	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Trade and other payables	–	–	12,587,212	9,631,758
Other loans and borrowings	–	–	6,553,308	6,948,419
Derivatives	–	–	–	–
Total financial liabilities	–	–	19,140,520	16,580,177

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Company financial assets

	Fair value through profit or loss		Amortised cost	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Cash and cash equivalents	–	–	7,713,125	4,156,908
Trade and other receivables	2,491,548	5,244,841	–	–
Total financial assets	2,491,548	5,244,841	7,713,125	4,156,908

Company financial liabilities

	Fair value through profit or loss		Amortised cost	
	2023	2022	2023	2022
	US\$	US\$	US\$	US\$
Trade and other payables	–	–	33,527,595	30,773,071
Total financial liabilities	–	–	33,527,595	30,773,071

General objectives, policies and processes

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives regular information from the Group's management through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

The Group is exposed to commodity price volatility, interest rate risks, credit risks, liquidity risks and currency risks arising from the financial instruments it holds.

The main financial risks arising from the Group's activities remain unchanged from the previous financial year, namely, commodity prices, currency, liquidity, credit and interest rates. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

Commodity price risk

By the nature of its activities the Group and the Company are exposed to fluctuations in commodity prices and, in particular, the price of gold and copper as these could affect its ability to raise further finance in the future, its future revenue levels and the viability of its projects. During February 2023, the Group entered into commodity price hedging arrangements for approximately 10,000 ounces of gold production over a 12 month period to help protect cash flow. It has, however, not established a formal policy regarding hedging of its commodity or currency exposures.. The Group closely monitors the prices of these commodities and the Board does regularly review the Group's strategy towards hedging and the nature and cost of the hedging products available to the Company.

Trade receivables are subject to future variation in commodity prices and accordingly the results for the period and the equity position of the Group may be affected by any change in commodity prices subsequent to the end of the period. Any subsequent adjustment is recognised at FVTPL.

Whilst not representing a financial instrument all inventory as at 31 December 2023 which is unsold, is subject to future variation in commodity prices and accordingly the results for the period and the equity position of the Group may be affected by any change in commodity prices subsequent to the end of the period.

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Interest rate risk

The Group and the Company has fixed rate finance leases for the acquisition of some equipment and utilises fixed rate short-term trade finance (approximately 30 days) in respect of sales of copper/gold concentrate production.

On 28 February 2023, the Group completed a US\$5.0 million unsecured loan arrangement with a Brazilian bank which carried a fixed interest coupon of 7.96 per cent. The loan was repaid as a bullet payment on 22 February 2024. On 7 January 2024, the Group completed a further US\$5.0 million unsecured loan arrangement with a different Brazilian bank which carries a fixed interest coupon of 8.47 per cent. This loan is repayable on 6 January 2025.

As a result, neither the Group nor the Company had any material exposure to market rate movements.

Group

2023	Weighted average effective interest rate %	Non-interest- bearing US\$	Floating US\$	Fixed interest maturity		Total US\$
				One year or less US\$	Over one to five years US\$	
Financial assets						
Cash	–	–	11,552,031	–	–	11,552,031
Receivables	–	2,858,072	–	–	–	2,858,072
Total	–	2,858,072	11,552,031	–	–	14,410,103
Financial liabilities						
Payables	–	13,236,437	–	–	–	13,236,437
Interest-bearing liabilities	7.81%	–	–	6,403,084	150,224	6,553,308
Total	–	13,236,437	–	6,403,084	150,224	19,789,745

2022	Weighted average effective interest rate %	Non-interest- bearing US\$	Floating US\$	Fixed interest maturity		Total US\$
				One year or less US\$	Over one to five years US\$	
Financial assets						
Cash	–	–	7,196,313	–	–	7,196,313
Receivables	–	5,291,924	–	–	–	5,291,924
Total	–	5,291,924	7,196,313	–	–	12,488,237
Financial liabilities						
Payables	–	10,093,615	–	–	–	10,093,615
Interest-bearing liabilities	6.66%	–	–	6,111,126	837,293	6,948,419
Total	–	10,093,615	–	6,111,126	837,293	23,814,394

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Company

2023	Weighted average effective interest rate %	Non-interest- bearing US\$	Floating US\$	Fixed interest maturity		Total US\$
				One year or less US\$	Over one to five years US\$	
Financial assets						
Cash	–	–	7,713,125	–	–	7,713,125
Receivables	–	12,506,300	–	–	–	12,506,300
Total	–	12,506,300	7,713,125	–	–	20,219,425
Financial liabilities						
Payables	–	33,752,976	–	–	–	33,752,976
Derivatives	–	–	–	–	–	–
Total	–	33,752,976	–	–	–	33,752,976

2022	Weighted average effective interest rate %	Non-interest- bearing US\$	Floating US\$	Fixed interest maturity		Total US\$
				One year or less US\$	Over one to five years US\$	
Financial assets						
Cash	–	–	4,156,908	–	–	4,156,908
Receivables	–	15,194,614	–	–	–	15,194,614
Total	–	15,194,614	4,156,908	–	–	19,351,522
Financial liabilities						
Payables	–	31,004,349	–	–	–	31,004,349
Derivatives	–	–	–	–	–	–
Total	–	31,004,349	–	–	–	31,004,349

Liquidity risk

Historically the Group has relied primarily on funding raised from the issue of new shares to shareholders but has also received short-term loans from its shareholders and other recognised lenders and during 2020 issued convertible loan notes to one of its shareholders. It also uses floating rate short-term trade finance and fixed rate finance leases to finance its activities.

On 28 February 2023, the Group completed a US\$5.0 million unsecured loan arrangement with a Brazilian bank which carried a fixed interest coupon of 7.96 per cent. The loan was repaid as a bullet payment on 22 February 2024. On 7 January 2024, the Group completed a further US\$5.0 million unsecured loan arrangement with a different Brazilian bank which carries a fixed interest coupon of 8.47 per cent. This loan is repayable on 6 January 2025.

In addition to the above, the Group had obligations under fixed rate right of use asset leases amounting to US\$0.84 million (2022: US\$1.95 million) (see note 19).

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The following table sets out the maturity profile of the financial liabilities as at 31 December 2023:

	Group		Company	
	2023 US\$	2022 US\$	2023 US\$	2022 US\$
Due in less than one month				
Trade payables and accruals	1,089,407	652,366	3,397,836	3,123,563
Interest-bearing liabilities	57,867	92,460	–	–
Total due in less than one month	1,147,274	744,826	3,397,836	3,123,563
Due in less than three months				
Trade payables and accruals	3,117,037	2,027,529	9,120,065	8,378,113
Interest-bearing liabilities	5,824,417	5,186,528	–	–
Total due in less than three months	8,941,454	7,214,057	9,120,065	8,378,113
Due between three months and one year				
Trade payables and accruals	5,069,073	3,612,834	21,235,075	19,502,674
Interest-bearing liabilities	520,800	832,139	–	–
Total due between three months and one year	5,589,873	4,444,973	21,235,075	19,502,674
Total due within one year	15,678,601	12,403,855	33,752,976	31,004,349
Due more than one year				
Trade payables and accruals	3,960,920	3,800,886	–	–
Interest-bearing liabilities	150,224	837,293	–	–
Total due more than one year	4,111,144	4,638,179	–	–
Total	19,789,745	17,042,034	33,752,976	31,004,349

Currency risk

Although the Company is incorporated in the United Kingdom, its financial statements and those of the Group are presented in US Dollars which is also considered to be the functional currency of the Company as funding of activities of its subsidiaries is generally made in US Dollars, all sales for the Group are denominated in US Dollars and future remittances of dividends, loans or repayment of capital from the subsidiaries are expected to be received in US Dollars.

Share issues have historically been priced solely in Sterling but an issue of special warrants undertaken in December 2010 and an issue of new ordinary shares and warrants on 30 March 2011, were priced in Canadian Dollars. The Company expects that future issues of ordinary shares may be priced in Sterling or Canadian Dollars. Expenditure is primarily in Brazilian Real and also in US Dollars, Sterling, Euros and Australian Dollars.

The functional currency of the Company's operations is US Dollars, which is also the reporting currency for the Group. The Group's cash holdings at the balance sheet date were held in the following currencies:

	Group	
	31 December 2023 US\$	31 December 2022 US\$
US Dollar	7,619,990	3,777,903
Canadian Dollar	24,108	68,137
Sterling	27,765	253,751
Australian Dollar	15,146	17,583
Euro	55,777	202,581
Brazilian Real	3,809,245	2,876,358
Total	11,552,031	7,196,313

The Group is exposed to foreign currency risk on monetary assets and liabilities, including cash held in currencies other than the functional currency of operations.

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The Group seeks to manage its exposure to this risk by ensuring that the majority of expenditure and cash holdings of individual subsidiaries within the Group are denominated in the same currency as the functional currency of that subsidiary. Income is generated in US Dollars. However, this exposure to currency risk is managed where the income is generated by subsidiary entities whose functional currency is not US Dollars, by either being settled within the Group or by ensuring settlement in the same month that the sale is transacted where settlement is with a third party. The following table shows a currency analysis of net monetary assets and liabilities by functional currency of the underlying companies:

Currency of net monetary asset/(liability)	Functional currency			TOTAL 31 December 2023 US\$
	Brazilian Real	Canadian \$	United States \$	
	31 December 2023 US\$	31 December 2023 US\$	31 December 2023 US\$	
US Dollar	–	9,787	12,927,431	12,937,218
Canadian Dollar	–	5,130	24,108	29,238
Sterling	–	–	(144,045)	(144,045)
Australian Dollar	–	–	15,146	15,146
Euro	(885,234)	–	55,777	(829,457)
Brazilian Real	(9,532,192)	–	–	(9,532,192)
Total	(10,417,426)	14,917	12,878,417	2,475,908

The above indicates that the Group's and the Company's primary exposure is to exchange rate movements between UK Pounds Sterling and the US Dollar and the Euro and the Brazilian Real.

The table below shows the impact of changes in exchange rates on the results and financial position of the Group and the Company.

	Against US Dollar US\$
10% weakening of Brazilian Real	(88,523)
10% strengthening of Brazilian Real	88,523
	Against Sterling US\$
10% weakening of US Dollar	8,192
10% strengthening of US Dollar	(9,584)
	Against Euro US\$
10% weakening of Brazilian Real	(4,148)
10% strengthening of Brazilian Real	4,968

The Group's main subsidiaries operate in Brazil with their expenditure being principally in Brazilian Real and their financial statements are maintained in that currency. The Group's policy for dealing with exchange differences is outlined in the statement of Significant Accounting Policies under the heading "Foreign currencies".

The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities are considered and may be used where appropriate in the future.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and holding surplus funds in currencies considered most appropriate to their expected future utilisation.

Credit risk

The Group's exposure to credit risk is limited to its cash and cash equivalents and trade and other receivables amounting to US\$21,186,927 (2022: US\$17,506,418). It is the Group's policy to only deposit surplus cash with financial institutions that hold acceptable credit ratings.

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The Group currently sells all of its gold bullion to a single customer. The Group seeks to receive full settlement by bank transfer on delivery of its product to the purchaser to minimise its exposure to any credit risk on that customer.

During 2023, the Group sold all of its 15 shipments of its copper/gold concentrate production to a single customer, a publicly quoted metals refining group. Settlement terms were in accordance with industry norms. The customer has a strong reputation within the industry and has a good credit risk history. As at the balance sheet date there were no amounts owed to the Group that were overdue (2022: amount overdue: US\$Nil).

The Company's exposure to credit risk amounted to US\$20,219,425 (2022: US\$19,351,523). Of this amount US\$9,788,536 (2022: US\$9,786,036) is due from subsidiary companies, US\$7,713,125 represents cash holdings (2022: US\$4,156,908) and a significant portion of the remainder is represented by trade debtors for the sale of copper/gold concentrate.

Since the inception of its operations the Group has incurred no credit losses nor at any time has the Group been required to consider any impairment of any financial asset. The Group makes its selection of its preferred customers and other credit risk counterparties having given appropriate consideration to their creditworthiness and reputation. On this basis it considers that the credit risk associated with its cash and cash equivalents and in respect of its trade and other receivables to be low. At no time has any customer or credit counterparty been in default of contractual payment terms or sought to vary such terms. The Group would consider a customer to be in default of their obligations in the event that they failed to make payment on the due date without prior notification and agreement or having sought a variation of payment terms failed to make settlement by the revised date. The Group would consider any other credit risk counterparty to be in default of their obligations in the event that they failed to make payment promptly in accordance with contractual arrangements.

In the event that the Group considered that an event had occurred which might indicate that there was no reasonable expectation of recovery, the Group would recognise an impairment at that time. At this time and given publicly available knowledge of its counterparties and their affairs the Group does not consider that it will incur any credit losses in the next 12 month period nor does it consider that any of its credit risk as at 31 December 2023 has been impaired subsequent to the end of the year.

The Company is exposed to credit risk through amounts due from its subsidiary undertakings. Refer to note 1(t) and note 14 for details on the credit loss allowance made.

27 Ultimate controlling party

Fratelli Investments Ltd owns 19,318,785 ordinary shares representing 25.5 per cent of the voting shares in issue and Greenstone Resources II LP owns 19,083,395 ordinary shares representing 25.2 per cent of the voting shares. Both shareholders are completely independent and neither is therefore considered to be a controlling party.

28 Post balance sheet events

On 7 January 2024, the Group completed a US\$5.0 million unsecured loan arrangement with Itau Bank in Brazil. The loan is repayable as a bullet payment on 6 January 2025 and carries an interest coupon of 8.47 per cent. The proceeds raised from the loan are being used for working capital and secure adequate liquidity to repay a similar arrangement which was repaid on 22 February 2023.

Except as set out above, 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.

Glossary

“actinolite”	amphibole silicate mineral commonly found in metamorphic rocks, including those surrounding cooled intrusive igneous rocks
“Ag”	means silver.
“alkalic porphyry”	A class of copper-porphyry mineral deposits characterised by disseminated mineralisation within and immediately adjacent to silica-saturated to silica-undersaturated alkalic intrusive centres and being copper/gold/molybdenum-rich.
“albite”	is a plagioclase feldspar mineral
“aplite”	An intrusive igneous rock in which the mineral composition is the same as granite, but in which the grains are much finer
“argillic alteration”	is hydrothermal alteration of wall rock which introduces clay minerals including kaolinite, smectite and illite
“AISC”	means All-In Sustaining Cost – a non IFRS performance measurement established by the World Gold Council
“ANM”	means the Agencia Nacional de Mineral.
“Au”	means gold.
“assay”	in economic geology, means to analyse the proportions of metal in a rock or overburden sample; to test an ore or mineral for composition, purity, weight or other properties of commercial interest.
“biotite”	A phyllosilicate mineral composed of a silicate of iron, magnesium, potassium, and aluminum found in crystalline rocks and as an alteration mineral.
“breccia”	a rock composed of large angular broken fragments of minerals or rocks cemented together by a fine-grained matrix
“brecciation”	Describes the process where large angular broken fragments of minerals or rocks become cemented together by a fine-grained matrix.
“CIM”	means the Canadian Institute of Mining, Metallurgy and Petroleum.
“CIP” or “Carbon in Pulp”	means a process used in gold extraction by addition of cyanide.
“chalcopyrite”	is a sulphide of copper and iron.
“copper porphyry”	copper ore body formed from hydrothermal fluids. These fluids will be predated by or associated with are vertical dykes of porphyry intrusive rocks
“Cu”	means copper.
“cut-off grade”	the lowest grade of mineralised material that qualifies as ore in a given deposit; rock of the lowest assay included in an ore estimate.
“dacite porphyry intrusive”	a silica-rich igneous rock with larger phenocrysts (crystals) within a fine-grained matrix
“deposit”	is a mineralised body which has been physically delineated by sufficient drilling, trenching, and/or underground work, and found to contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable orebody or as containing ore reserves, until final legal, technical, and economic factors have been resolved.
“electromagnetics”	is a geophysical technique tool measuring the magnetic field generated by subjecting the sub-surface to electrical currents.
“epidote”	is a calcium aluminium iron sorosilicate mineral
“garimpo”	is a local artisanal mining operation
“garimpeiro”	is a local artisanal miner.
“geochemical”	refers to geological information using measurements derived from chemical analysis.
“geophysical”	refers to geological information using measurements derived from the use of magnetic and electrical readings.
“geophysical techniques”	include the exploration of an area by exploiting differences in physical properties of different rock types. Geophysical methods include seismic, magnetic, gravity, induced polarisation and other techniques; geophysical surveys can be undertaken from the ground or from the air.
“gold equivalent”	refers to quantities of materials other than gold stated in units of gold by reference to relative product values at prevailing market prices.

Glossary

“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 grams per tonne (g/t), parts per million (ppm) or parts per billion (ppb).
“g/t”	means grams per tonne.
“granodiorite”	is an igneous intrusive rock like granite.
“hectare” or a “ha”	is a unit of measurement equal to 10,000 square metres.
“hematite”	is a common iron oxide compound
“igneous”	is a rock that has solidified from molten material or magma.
“indicated mineral resource”	is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
“inferred mineral resource”	is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.
“IP”	refers to induced polarisation, a geophysical technique whereby an electric current is induced into the sub-surface and the conductivity of the sub-surface is recorded.
“intrusive”	is a body of rock that invades older rocks.
“lithocap”	Lithocaps are subsurface, broadly stratabound alteration domains that are laterally and vertically extensive. They form when acidic magmatic-hydrothermal fluids react with wallrocks during ascent towards the paleosurface.
“measured mineral resource”	is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
“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.
“mineral reserve”	is the economically mineable part of a measured or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting materials and allowances for losses that may occur when the material is mined.
“mineral resource”	is a concentration or occurrence of diamonds, natural solid inorganic material or natural fossilised organic material including base and precious metals, coal, and industrial minerals in or on the Earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
“Mo-Bi-As-Te-W-Sn”	Molybdenum-Bismuth-Arsenic-Tellurium-Tungsten-Tin
“magnetite”	Magnetic mineral composed of iron oxide found in intrusive rocks and as an alteration mineral.
“monzodiorite”	Is an intrusive rock formed by slow cooling of underground magma.
“monzogranite”	a biotite rich granite, often part of the later-stage emplacement of a larger granite body.
“mt”	means million tonnes.

Glossary

“NI 43-101”	means Canadian Securities Administrators’ National Instrument 43-101 – <i>Standards of Disclosure for Mineral Projects</i> .
“ore”	means a metal or mineral or a combination of these of sufficient value as to quality and quantity to enable it to be mined at a profit.
“oxides”	are near surface bed-rock which has been weathered and oxidised by long-term exposure to the effects of water and air.
“paragenesis”	Is a term used to describe the sequence on relative phases of origination of igneous and metamorphic rocks and the deposition of ore minerals and rock alteration.
“phyllitic alteration”	is a hydrothermal alteration zone in a permeable rock that has been affected by circulation of hydrothermal fluids
“porphyry”	any of various granites or igneous rocks with coarse grained crystals
“ppm”	means parts per million.
“proterozoic”	means the geological eon (period) 2.5 billion years ago to 541 million years ago
“pyrite”	an iron sulphide mineral
“quartz-alunite ± kaolinite”	Alunite is a hydroxylated aluminium potassium sulfate mineral. Its presence is typical in areas of advanced argillic alteration and usually accompanied by the presence of quartz (a crystalline silica mineral) and sometimes kaolinite. (a clay mineral).
“saprolite”	is a weathered or decomposed clay-rich rock.
“scapolites”	are a group of rock-forming silicate minerals composed of aluminium, calcium, and sodium silicate with chlorine, carbonate and sulfate
“sulphide”	refers to minerals consisting of a chemical combination of sulphur with a metal.
“tailings”	are the residual waste material that is produced by the processing of mineralised rock.
“tpd”	means tonnes per day.
“vein”	is a generic term to describe an occurrence of mineralised rock within an area of non-mineralised rock.
“VTEM”	refers to versa time domain electromagnetic, a particular variant of time-domain electromagnetic geophysical survey to prospect for conductive bodies below surface.
“vuggy”	a geological feature characterised by irregular cavities or holes within a rock or mineral, often formed by the dissolution or removal of minerals leaving behind empty spaces

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