



Drilling Update - Bonanza Gold Grades Returned from Palito Extension Drilling

Serabi Gold plc (AIM:SRB, TSX:SBI and SBI.WT), the Brazilian focused gold exploration company, is pleased to announce encouraging preliminary analytical results from shallow extension drilling on the south-eastern strike extension of the Palito deposit have returned Bonanza grade gold and high grade copper results

Preliminary analytical results set out below from shallow infill and step out drilling on the strike extension of the Palito Main Zone have been returned from the onsite analytical laboratory at the Palito mine (see footnote – Preliminary Assay Results). Drilling commenced in late October on the shallow depth projection of several interpreted higher grade mineralized shoots and was completed in mid-November. The program completed a total of 8 holes for a total of 937m of shallow diamond drill holes (PDD0519-PDD0526). Preliminary assays for the first five of these holes have now been received. All eight holes have been sampled, and submitted to the Company's primary laboratory at ALS Chemex in Vancouver. The results of this final analysis will be released in due course.

Mike Hodgson, Chief Executive, commented:

"We are confident that the existing Palito gold resource extends towards the Espeto prospect located some 800 metres to the south east, and with Curretela a further 900 metres along strike, the potential continues. In late 2008 we undertook some additional drilling which showed significant extension to the current limit of the Palito resource by some 500 metres and this new drilling not only supports this, but adds a further 300 metres. If this is substantiated by further resource drilling it would more add some 80% to the strike length of the current Palito resource. The grades are of course very pleasing and suggest that the high grade nature of the ore that makes Palito such a compelling opportunity continue along the mineralized zone. The relative shallowness of the intersections (mostly between 45 metres and 80 metres vertical depth) is also indicative of the possibility to initially use open pit mining methods which can reduce the complexity and risk of future mining operations."

Significant preliminary results (subject to confirmation by ALS Chemex) returned to date include:

Hole	East (UTM)	North (UTM)	RL (UTM)	Hole Depth (m)	Dip/Azm	From (m)	To (m)	Width (m)	Au g/t	Cu %
PDD0519	634410	9300977	204	126.3	-64/211	96.39	97.11	0.72	9.26	0.40
PDD0520	634367	9300979	209	124.85	-69/211	No significant Assays				
PDD0521	634367	9300980	209	75.1	-58/208	No significant Assays				
PDD0522	634300	9301054	224	150.1	-64/210	104.86	105.76	0.90	20.60	3.56
PDD0523	634270	9301072	223	105.3	-49/210	71.21	72.57	1.36	48.07	2.64
					<i>including</i>	<i>72.00</i>	<i>72.57</i>	<i>0.57</i>	<i>103.94</i>	<i>6.04</i>
PDD0524	634270	9301073	223	150	-68/211	assays pending				
PDD0525	634339	9300992	215	84.8	-48/225	assays pending				
PDD0526	634339	9301001	215	120.5	-69/211	assays pending				
Previous drilling from 2008 and since last Geological Resource Update										
Hole	East (UTM)	North (UTM)	RL (UTM)	Hole Depth (m)	Dip/Azm	From (m)	To (m)	Width (m)	Au g/t	Cu %
PDD0444	634344	9300995	211	220.1	-59/211	55.15	56.12	0.97	3.43	0.04
						58.90	59.83	0.93	34.75	0.24
PDD0447	634307	9301051	219	238.5	-48/211	79.00	79.70	0.7	0.97	0.15
PDD0450	634231	9301082	223	230.9	-50/209	54.25	56.80	2.55	2.43	0.55
					<i>including</i>	<i>55.65</i>	<i>56.80</i>	<i>1.15</i>	<i>3.56</i>	<i>1.10</i>
PDD0452	634416	9300971	203	220.3	-50/210	75.64	76.55	0.91	5.01	0.04

Note: 1) Assay intercepts for PDD0519 – PDD0526 are calculated based on a minimum weighted average grade of 0.5g/t Au using a 0.5g/t Au weighted average lower cut and a maximum internal waste interval of 1.2m. All assays were completed by Serabi's onsite laboratory using a 30gm DIBK aqua regia digest with an AAS analysis. Serabi's onsite laboratory is not certificated for analysis and these results should be considered preliminary in nature (please refer to the footnote at the end of this release for further details).

2) Assay intercepts for PDD0444-PDD0452 are calculated based on a minimum weighted average grade of 0.5g/t Au using a 0.5g/t Au weighted average lower cut and a maximum internal waste interval of 1.2m. All assays were completed by an independent accredited laboratory using a 30gm Fire Assay charge with an AAS analysis.

The recent shallow drilling program was undertaken to confirm the strike continuity of the Palito Main Zone (PMZ) indicated by the last drill holes completed at the end of 2008 drilling campaign and the initial drill hole reported from the Espeto prospect (as announced 15 July 2011).

Figure 1 below plots the above results on a longitudinal section of the Palito Main Zone and illustrates their location relative to the existing physical limit of mineralization included in the current geological resource. Intersections are reported in grammes of gold per metre.

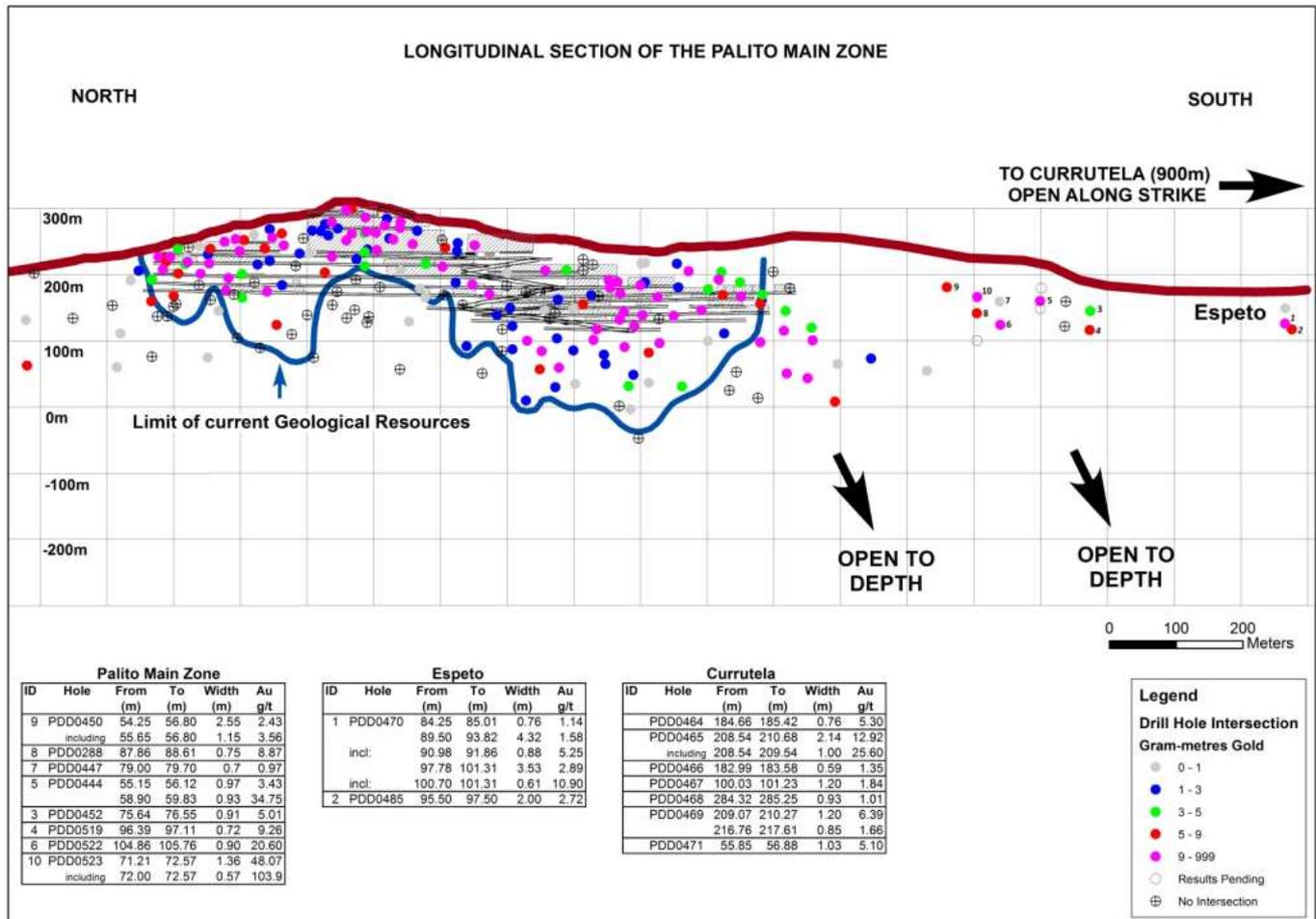


FIGURE 1 – LONGITUDINAL SECTION OF THE PALITO MAIN ZONE

These results highlight the prospectivity remaining along strike from Palito and into the Espeto and Currutela prospects and supported by the geophysical information gathered by the Company and also confirm the continuing high grade nature of the mineralisation. High grade intercepts have now been returned continuously along the strike of the PMZ for 800m beyond the current limit of the geological resource at Palito estimated in March 2008.

As noted in the Company's announcement of 23 November 2011, final assay results have been delayed due to technical issues with an independent laboratory used by the Company. Results from a certificated analytical laboratory are expected within the coming months.

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

Forward-looking statements

This press release contains forward-looking statements. All statements, other than of historical fact, that address activities, events or developments that the Company believes, expects or anticipates will or may occur in the future (including, without limitation, statements regarding the estimation of mineral resources, exploration results, potential mineralization, potential mineral resources and mineral reserves) are forward-looking statements. Forward-looking statements are often identifiable by the use of words such as "anticipate", "believe", "plan", "may", "could", "would", "might" or "will", "estimates", "expect", "intend", "budget", "scheduled", "forecasts" and similar expressions or variations (including negative variations) of such words and phrases. Forward-looking statements are subject to a number of risks and uncertainties, many of which differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, failure to establish estimated mineral resources, the possibility that future exploration results will not be consistent with the Company's expectations, the price of gold and other risks identified in the Company's most recent annual information form filed with the Canadian securities regulatory authorities on SEDAR.com. Any forward-looking statement speaks only as of the date on which it is made and, except as may be required by applicable securities laws, the Company disclaims any intent or obligation to update any forward-looking statement.

Qualified Persons Statement

The information contained within this announcement has been reviewed and verified by Michael Hodgson, CEO of the Company. Mr Hodgson is an Economic Geologist by training with over 25 years' experience in the mining industry. He holds a BSc (Hons) Geology, University of London, a MSc Mining Geology, University of Leicester and is a Fellow of the Institute of Materials, Minerals and Mining and a Chartered Engineer of the Engineering Council of UK, recognizing him as both a Qualified Person for the purposes of Canadian National Instrument 43-101 and by the AIM Guidance Note on Mining, Oil and Gas Companies dated March 2006.

Quality Assurance and Quality Control Procedures Disclosure

The Company has implemented and maintains a Serabi quality assurance/quality control (QA/QC) protocol at its JDO Project as defined in its "NI 43-101 Technical Report for the Jardim Do Ouro Project, Para State, Brazil" dated 22 December 2010. This ensures best

industry practice in sampling and analysis of exploration and resource definition samples. The insertion of field duplicates, certified standards and blank samples into the sample stream form part of the Serabi procedure (these act as an independent check on contamination, precision and accuracy in the analytical laboratory).

Assay results are reported once rigorous QAQC procedures have been approved

Preliminary Assay Results

The assay results reported in the table within this release are those provided by the Company's own on-site laboratory facilities and have not yet been independently verified although the Company has already despatched duplicate samples for such verification using fire assay methodology. Serabi closely monitors the performance of its own facility against results from independent laboratory analysis for quality control purposes. In 2008 NCL(Brasil) Ltda, the author of the Company's independent technical reports produced in compliance with Canadian National Instrument 43-101 reviewed and compared over 1,000 sample results of the Palito laboratory against results obtained by an independent laboratory using fire assay. They noted that when discarding from the sample population all results of less than 0.7g/t "the repeatability improves significantly reaching the generally accepted limits of variance (90% of the samples with HARD<20%)". Further details are set out in their report NI 43.101 TECHNICAL REPORT FOR THE JARDIM DO OURO PROJECT, PARA STATE, BRAZIL dated December 9, 2010 and available on the Company's website.

During 2011 the Company has continued to monitor the performance of its own laboratory against results reported by the Company's independent laboratory and have concluded that by eliminating from its sample population all results of less than 0.3 g/t there remains good correlation and for higher grade gold values the tendency is for the Company's own results to be under-reported due to the improved gold recovery that can be obtained using fire assay methods.

The Company would expect that in the preparation of any future independent Reserve/Resource statement undertaken in compliance with a recognised standard, the independent authors of such a statement would not use Preliminary assay results but would only use assay results reported by an appropriately certificated laboratory.

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

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