



Positive Preliminary Economic Assessment for Serabi's Palito Gold Project supports re-start of mining operations

Serabi Gold plc (AIM:SRB, TSX:SBI and SBI.WT), the Brazilian focused gold exploration and development company is pleased to announce the results of a Preliminary Economic Assessment (the "PEA") for its 100%-owned Palito Gold Project ("Palito" or "the Project"), located in Para State, Brazil. The PEA was completed by NCL Ingenieria y Construccion SA ("NCL"), Serabi's independent engineering consultant, who has offices located in Belo Horizonte, Minas Gerais, Brazil and Santiago del Chile, Chile.

The PEA indicates a project after tax internal rate of return of 68% and has been based only on the previously declared mineral resource estimates for the Palito gold mine and does not consider any additional resources that could be developed from the three discovery areas established in 2011 of Palito South, Currutela and Piaui. The directors believe that the PEA results support a small scale, high grade operation using selective mining techniques and the Board intends, subject to financing, to undertake the necessary mine development and remedial works as soon as possible with the intention of the first gold being produced in the third quarter to 2013.

Highlights of the Palito PEA are as follows:

- After-tax Internal Rate of Return ("IRR") of 68% at a realised gold price of US\$1,400 per ounce;
- Project payback within two years of first gold production;
- Net after-tax cash flow generated over project life of US\$72.2 million at a realised gold price of US\$1,400 per ounce;
- After-tax Net Present Value ("NPV") of US\$38.2 million; based on a 10% discount rate and a realised gold price of US\$1,400 per ounce;
- Average Life of Mine ("LOM") cash operating costs of US\$739 per ounce (gold equivalent) including royalties and refining costs;
- Average annual free cash flow (after tax and sustaining capital expenditure) of US\$11.0 million;
- Average gold grade of 8.98 g/t gold producing a total gold equivalent production of 201,300 ounces;
- Average annual production of 24,400 gold equivalent ounces over the initial 8 year period with ranges between 19,000 to 30,000 ounces gold equivalent per annum;
- Initial capital expenditures of US\$17.8 million prior to production start-up;
- Sustaining capital expenditures of US\$26.4 million to be funded from project cash-flow;
- Measured and Indicated mineral resource inventory of 69,000 gold equivalent ounces, supported by a further Inferred resources of 153,000 gold equivalent ounces from a total geological resource of 224,000 measured and indicated gold equivalent ounces and 444,000 inferred gold equivalent ounces, to be produced by underground open stoping using a cut-off grade of 3g/t gold;
- Total Life of Mine of 9 years;
- Subject to project financing, mine development start-up is expected in the fourth quarter of 2012, with ore processing set to commence during the third quarter of 2013.

Commenting on the announcement, Serabi's CEO, Mike Hodgson stated: "The publishing of the Palito PEA is a major milestone for Serabi. The established infrastructure, year-round road access and a permitted fully licensed operation translate into the opportunity for a rapid return to production. The focus on high grade quality ounces through the introduction of selective mining and using an experienced mining contractor with proven track record in these types of deposits are key to the success of the project, and at these increased gold prices the operation is a very attractive proposition. The capital requirements are therefore relatively modest and with much of the infrastructure in place an initial capital estimate of US\$17.8 million is considered sufficient to see the mine into full production during the latter half of 2013. Most encouraging is that the PEA only considers 30% of the total mineral inventory and with plant capacity more than double the PEA production rate, the



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opportunity to expand production in time from satellite deposits is clear to see. The PEA excludes the recent mine-site discoveries we have made at Palito, most notably the strike extension to the south of Palito which, subject to funding, we will be advancing in the coming months.

The project is a return to the initial and successful period of operation for Palito which was undertaken during 2005 and 2006 prior to switching to bulk mining as a means to increase gold production. During these two years the company averaged mining rates of 250 tpd delivering ore to the plant at an average gold grade of 9.35 g/t, very similar to what is envisaged under the PEA.

We are exploring a variety of funding options and are in active discussions with a number of sources to secure financing for the project as soon as possible."

The project consists of the Palito gold deposit, a past producer. The project development will begin with the de-watering of part of the existing mine, followed by development of the Palito Main Zone and Palito West sectors. Mine deepening will then follow with subsequent mine development generating an ore stockpile. During the twelve months commencing with the start of the mine de-watering, the existing plant will be refurbished where required, with the main areas of work being renovation of the flotation plant and expansion of the Cyanide in Pulp plant ("CIP").

Table 1
Palito Gold Project - Base Case Metrics

	Unit	Amount
Gold Price	US\$/oz	\$1,400
Cut-off grade	g/t of gold	3.00
Run of Mine (ROM) Material to process	Tonnes	740,000
Gold Production start up	Year	Q3 2013
Mining Method		Open Stopping
Throughput	Tonnes per annum	90,000
Gold recovery	%	90.7%
Copper recovery	%	90.0%
Total gold production (after refining)	Ounces (AuEq)	201,300
Mine Life	Years	9
Initial Capital Expenditures	US\$M	\$17.8
Sustaining capital expenditures	US\$M	\$26.4
Mine closure costs	US\$M	\$2.0
Cash Operating Costs (inc. Royalty + TC/RCS)	US\$/oz	US\$738.5
Total Cash Costs (inc. Sustaining capex)	US\$/oz	US\$958
Exchange Rate	R\$: US\$	2.00
Royalties (CFEM&MSE)	%	1.25%
Effective Tax Rate	%	24.1%

Financial Analysis

The cash flow model that has been generated by NCL is based on the mine production and processing schedule, associated gold grades, metallurgical recoveries and capital and operating costs summarised in Table 1 above. The economic analysis assumes delivery of a copper concentrate to an appropriate refinery located outside of Brazil which accounts for approximately 78% by volume of the estimated gold production with the balance being delivered in the form of gold doré to gold traders and refiners located in Brazil. NCL has assumed that overall treatment and refining and insurance charges will account for 9.5% of the value of the concentrate delivered to the refinery whilst a 3% fee has been assumed for the costs of refining gold doré.

The base case economic analysis assumes a gold price of US\$1,400 per ounces and a copper price of US\$3.00 per pound.



The average gross gold revenue per year is US\$32.9 million for the first 8 years of production with copper credits representing additional average annual revenues of US\$1.3 million over the same period. The average annual free cash flow after accounting for taxes and sustaining capital expenditure is estimated to be about US\$11.0 million.

Table 2 below summarises the sensitivity of the Project's Net Present Value ("NPV") to variations in gold price, and capital and operating costs.

Table 2
Project net present value

	Metal Prices		Operating Expenditure		Capital Expenditure		NPV (post tax) (10%)	NPV (post tax) (5%)	IRR (post tax)
	USD/oz (gold)	USD/lb (copper)	USD / tonne ROM	USD / oz (AuEq)	Initial USD(m)	Sustaining USD(m)	USD(m)	USD(m)	
	1,600	3.50	149.4	756.8	17.8	26.4	56.8	75.6	94%
	1,400	3.00	149.4	738.5	17.8	26.4	38.2	52.0	68%
	1,200	2.50	149.4	720.3	17.8	26.4	19.6	28.4	42%
	Sensitivity to Opex								
+20%	1,600	3.50	179.3	866.6	17.8	26.4	45.4	61.3	79%
+20%	1,400	3.00	179.3	848.3	17.8	26.4	26.9	37.7	52%
+20%	1,200	2.50	179.3	830.3	17.8	26.4	8.0	13.6	24%
-20%	1,600	3.50	119.5	647.1	17.8	26.4	68.1	90.0	109%
-20%	1,400	3.00	119.5	628.7	17.8	26.4	49.5	66.4	84%
-20%	1,200	2.50	119.5	610.4	17.8	26.4	31.0	42.8	58%
	Sensitivity to Capex								
+20%	1,600	3.50	149.4	756.8	21.3	31.7	51.1	69.1	74%
+20%	1,400	3.00	149.4	738.5	21.3	31.7	32.5	45.5	52%
+20%	1,200	2.50	149.4	720.3	21.3	31.7	13.9	21.8	29%
-20%	1,600	3.50	149.4	756.8	14.2	21.1	62.5	82.2	123%
-20%	1,400	3.00	149.4	738.5	14.2	21.1	43.9	58.6	92%
-20%	1,200	2.50	149.4	720.3	14.2	21.1	25.3	35.0	59%

Palito Mineral Resource

The following table sets out the Company's Canadian Securities Administrators National Instrument 43-101 ("NI 43-101") compliant measured and indicated mineral resources of 224,000 ounces (gold equivalent) and inferred mineral resources of 444,000 ounces (gold equivalent) estimated as at March 2008 after which time circa 22,500 ounces (gold equivalent) were produced from a combination of underground ore which was produced largely from outside the mineral resource limits and near surface oxide ore which did not form part of the resource calculation.



Table 3
Palito Mine declared mineral resources

	Tonnage	Gold (g/t Au)	Copper (% Cu)	Contained Gold (Ounces)	Contained Gold Equivalent (Ounces)
Measured Resources	97,448	9.51	0.26	29,793	32,045
Indicated Resources	753,745	7.29	0.23	176,673	192,228
Total Measured and Indicated Resources	851,193	7.54	0.23	206,466	224,272
Inferred Resources	2,087,741	5.85	0.27	392,817	443,956

- (1) Mineral resources are reported at a cut-off grade of 1.0 g/t.
- (2) Equivalent gold is calculated using an average long-term gold price of US\$700 per ounce, a long-term copper price of US\$2.75 per pound, average metallurgical recovery of 90.3% for gold and 93.9% for copper.
- (3) The Mineral Resources as set out in the above table have been estimated by Rodrigo Melo who is a competent person under NI 43-101.
- (4) The Palito Mine is wholly owned by Serabi Mineração SA, an indirectly held, wholly owned subsidiary of the Company. The gross mineral resources detailed above are therefore also the net mineral resources attributable to the Company. Serabi Mineração SA is the operator of the Palito Mine.
- (5) Numbers may not add up due to rounding.

Mineral Resources considered in the PEA

The PEA is largely based on two previous technical reports produced by NCL and dated September, 2008 and December, 2010.

The mineral resources reported in this PEA are CIM compliant and continue to restate the mineral resource as stated as of March, 2008. A mine schedule is presented to support the assumption that the mineral resources reported have reasonable prospects of economic extraction. As the mineral resources are hosted in near vertical two dimensional tabular ore-bodies, the blocks considered for mining have been designed by increasing the ore-body width to a minimum mining width of 1.2m assuming that any additional material has zero grade. The ore-bodies have been divided into 30 x 30m panels, leaving six metre crown and rib pillars between blocks. Blocks that exceed a gold cut-off grade of 3.00 g/t are considered to meet all production and development costs and included for production purposes in generating the PEA. Blocks that do not exceed 3.00g/t have been excluded. The most accessible areas have been considered early in the schedule, with production limited at 250tpd or 90,000tpa, and a significant proportion of the mineral resource has not been considered in the economic analysis.

The following tables are provided to illustrate the utilisation of the NI 43-101 compliant mineral resources within the mine plan assumed in the PEA and used to derive the average mined grade. Of the total ore to be delivered to the plant 207,581 tonnes (28%) will be derived from the total Measured and Indicated Resources of 851,193 tonnes and 373,670 tonnes (51%) from total Inferred Resources of 2,087,741 tonnes with the remaining 158,551 tonnes (21%) representing material with an assumed zero grade which it is estimated will be extracted to achieve the planned minimum mining widths.



Table 4
Reconciliation of mineral inventory with the PEA mine plan

Geological Inventory in PEA Mining Inventory					
Category	Tonnes	Au g/t	Cu %	Contained Gold Ounces	Contained Gold Equivalent Ounces
Measured	2,258	5.42	0.21	393	416
Indicated	205,323	9.94	0.28	65,618	68,379
Total Measured and Indicated	207,581	9.89	0.28	66,011	68,795
Inferred	373,670	12.28	0.32	147,570	153,375
Dilution	158,551	-	-	-	-

Geological Inventory in PEA Mining Inventory in Pillars					
Category	Tonnes	Au g/t	Cu %	Contained Gold Ounces	Contained Gold Equivalent Ounces
Measured	-	-	-	-	-
Indicated	73,057	8.03	0.27	18,864	19,817
Total Measured and Indicated	73,057	8.03	0.27	18,864	19,817
Inferred	264,528	9.98	0.25	84,869	88,104

Geological Inventory not scheduled in PEA (low grade/isolated areas/remnants)					
Category	Tonnes	Au g/t	Cu %	Contained Gold Ounces	Contained Gold Equivalent Ounces
Measured	95,190	9.61	0.26	29,399	30,587
Indicated	475,365	6.03	0.20	92,186	96,836
Total Measured and Indicated	570,556	6.63	0.21	121,585	127,423
Inferred	1,449,543	3.44	0.26	160,365	178,842



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- (1) Geological inventory is reported at a cut-off grade of 1.0 g/t.
- (2) Equivalent gold is calculated using an average long-term gold price of US\$1600 per ounce, a long-term copper price of US\$3.38 per pound, average metallurgical recovery of 90.3% for gold and 93.9% for copper.
- (3) The geological inventory as set out in the above tables has been derived from the NI 43-101 compliant Mineral Resources estimated by Rodrigo Melo who is a competent person under NI 43-101.
- (4) The Palito Mine is wholly owned by Serabi Mineração SA, an indirectly held, wholly owned subsidiary of the Company. The gross geological inventory detailed above is therefore also the net geological inventory attributable to the Company. Serabi Mineração SA is the operator of the Palito Mine.
- (5) Numbers may not add up due to rounding.
- (6) The provisions of NI 43-101 require that Inferred Resources may not be aggregated with other categories of mineral resources. Accordingly it is not permitted to provide in these tables the overall total tonnage or weighted average grade for ore comprising each of the Mining Inventory, the Mining Inventory in Pillars and material Not Scheduled in the PEA.

NCL believes that the resource estimates shown in the table above meets the CIM standards for a resource estimate based on CIM Standards of Mineral Resources and Reserves Definitions and Guidelines adopted by the CIM council December 13, 2005.

NCL notes that this technical report is a preliminary economic assessment partially utilising inferred mineral resources. Inferred mineral resources are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves and there is no certainty that the preliminary economic assessment will be realized. Mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mine Schedule and Production

The Palito gold project will employ a combination of contract and owner-operated underground mining. The selective open stoping will be undertaken by a mining contractor with relevant skills and track record in narrow vein mining.

The mining operations include trackless underground ramps and accesses, with lode development on each of the scheduled ore-bodies at 35 metre vertical spacing. Sub-horizontal development will be mined by single boom electrohydraulic jumbos. Mining blocks will be developed above and below the block. Footwall drives and draw-points will be excavated to allow extraction of the stope ore. Ore and waste will be initially mucked by LHD scooptrams, and loaded into 20 tonne trucks at the ramp loading bays by larger front end loaders. The primary mining equipment will be owner-operated using both the existing fleet and new fleet which will need to be ordered.

Based on the mine schedule, the mine plan delivers some 740,000 tonnes of run-of-mine ("ROM") ore during a nine year period at average gold and copper grades of 8.98 g/t and 0.24% respectively.

The table below sets out the total Life of Mine ("LOM") annual mining and production schedule.

Table 5
Annual Mining and Production Schedule

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total LOM
Mine plan										
Tonnes	90,047	89,960	89,888	90,021	89,892	89,501	90,089	89,875	20,528	739,801
Gold Grade	9.58	8.45	9.96	7.36	6.89	7.13	11.05	11.3	9.43	8.98
Copper Grade	0.23	0.18	0.21	0.32	0.28	0.23	0.25	0.21	0.3	0.24
Gold recovery (total)	90.7%	90.7%	90.7%	90.7%	90.7%	90.7%	90.7%	90.7%	90.7%	90.7%
Production Statistics										
Concentrate produced (tonnes)	728	552	646	984	866	720	764	666	210	6,138



	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Total LOM
Gold production in concentrate (ozs)	19,689	17,347	20,446	15,115	14,139	14,577	22,728	23,180	4,421	151,642
Gold production in bullion (ozs)	5,469	4,818	5,679	4,198	3,927	4,049	6,313	6,438	1,228	42,118
Copper (lbs)	417,553	316,667	370,123	564,162	496,567	412,683	438,069	381,864	120,567	3,518,255
Copper (AuEq ounces)	895	679	793	1,209	1,064	884	939	818	258	7539
Total Production (AuEq ounces)	26,053	22,844	26,918	20,522	19,130	19,510	29,980	30,436	5,907	201,300

Metallurgy and Processing

The Palito project has a fully implemented process plant that operated continuously producing copper–gold concentrate and bullion for almost five years, from September 2004 until mid-2010. During this period of time, the plant was fed with 550,000 tonnes of ore, of which 85% came from underground portion of the Palito Mine at the Palito Main Zone area. The rest came from small scale near surface open pit mining.

The plant was previously operating with a capacity to process over 600 tpd of sulphide ore. However in this PEA process rates are limited to 250tpd, and the opportunity exists for the future to create substantial surplus capacity in the plant. Additional mill feed opportunities are being investigated.

The process flow-sheet comprises a crushing circuit, a milling circuit, and a flotation circuit followed by concentrate filtration and storage facilities. The flotation tailings are fed to a cyanide agitation leaching CIP plant, followed by elution and gold refinement circuits, to produce bullion.

The tailings from the CIP circuit flow to detoxification tanks for neutralisation of cyanide, and are eventually pumped to a tailings storage dam situated 1.5km from the process plant.

Infrastructure

Power Supply – the Palito mine-site has been supplied with mains grid power to site for over six years. The Power supply is available from the regional electrical utility company, CELPA (Centrais Elétricas do Para) and the immediate area is served by several hydroelectric power plants. A demand requirement in the order of 1.6mW is estimated at full production capacity, some 0.6mW less than when the mine was in production during 2003-2008. The project also has a back-up power plant capable of delivering 1.0mW of power if required.

Water Supply - the site has an abundance of water, with adequate water storage for all mining and processing needs in numerous water dams. Mine camp water is drawn from boreholes.

Camp - Serabi has established a full mining camp at the Palito Mine. The camp consists of accommodation for the personnel, offices, warehouses, maintenance facilities, and a medical centre operated by qualified personnel. The accommodation facilities consist of four units that can host up to 250 people. Workshops and warehouses are adequate. Fuel is stored on site in storage tanks with an approximate capacity of 90,000 litres of diesel. All of the fuel storage tanks are located in a contained fuel storage area. There is an explosives storage facility located away from the main offices usage of which has been suspended whilst the mine itself has been on care and maintenance.

There is a well-equipped laboratory on site, currently maintained but not in use. The site is self-sufficient for most of the required services. The mine has access to radio telephones (two lines), high speed broadband satellite internet within a secure domain, two telephone land lines and radio communications. Serabi has the facilities to provide catering services for all the personnel.

Serabi contracts its own security service and there is a guard house at the entrance to the mine.

Access Roads and Air Strip - the mine is accessed by unsealed road from the nearest town of Jardim do Ouro and delays can be expected during the wet season. An airstrip, suitable for light planes, was implemented in 2006, and is currently fully operational. Serabi owns sufficient bulldozers, front end loaders and trucks which are used for site construction, road building and road maintenance.



Capital and Operating Expenditures

Capital expenditure

The initial capital expenditure (“CAPEX”) amounts to US\$17.8 million. This includes approximately US\$7.6 million to fund the mine de-watering, the acquisition of the necessary mobile fleet and ramp development and stope preparation activities in the first year prior to the start-up of the plant and consequent revenue generation. A further US\$2.3 million is considered necessary for mine-site overhead costs (“G&A”) during this same period. The plant replacement and refurbishment costs have been estimated at US\$7.2 million which includes a 15% contingency.

Sustaining capital expenditure during the operation totals US\$26.4 million, including US\$17.1 million for continued underground capital development, fleet overhaul and replacement, and the overhaul of some key surface infrastructure during the project life. US\$7.25 million is considered for future tailings management facilities and a US\$2 million provision has been included at the end of the project to cover estimated mine closure costs.

The table below details the total initial and sustaining capital expenditure requirements.

Table 6
Projected capital expenditure requirements

Category	Initial Capital (US\$m)	Sustaining Capital (US\$m)	Total Capital (US\$m)
Underground mining equipment, Development & pre-production operations	7.64	17.13	24.77
Pre-production overhead	2.27		2.27
Plant	7.13		7.13
Tailings Storage Facility	0.75	7.25	8.00
Closure		2.00	2.00
TOTAL	17.79	26.38	44.17

Operating expenditure

The LOM average operating cash cost is US\$549 per gold equivalent ounce or US\$150 per tonne of ROM. The total cash cost per gold equivalent ounce including refining and treatment costs plus government royalties (CFEM) is US\$738.5. The breakdown of Serabi’s mining, processing and general and administration costs are presented in the table below.

	US\$ / oz (AuEq)	US\$ / tonne
Mining Ore	257.3	70.0
Process Plant	138.8	37.8
G&A	152.9	41.6
Op. Cash Costs	549.1	149.4
Refining Costs	171.9	
Royalties (CFEM)	17.5	
Total Cash Costs	738.5	

Taxation

The profits tax assessable on the project takes into account a tax incentive that was granted to the company during 2008 by SUDAM (Amazon Development Superintendence). This incentive consists of a reduction by 75% of the regular corporate income tax (also referred to as IRPJ and currently levied at a rate of 25% for a ten-year period. Thereafter it has been assumed



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that the normal rate of corporate income tax of 25% will be applied. The CSLL tax (a social welfare tax amounting to 9%) has been assumed to apply for the duration of the project life.

Other tax incentives are available and in particular the RECAP is a special tax regime for the acquisition of goods by export companies and applies to the exemption of PIS and COFINS (Brazilian social contribution taxes) on purchases of imported machinery and equipment. In the past Serabi has been able to benefit from this tax regime and will make application again in respect of the project. However at this time no application has been made and the project economics have not considered the potential benefits that such a tax regime may bring to the project.

Permitting

During 2007, on submission of the '*Plano de Aproveitamento Econômico*' (PAE) to the DNPM, Serabi successfully converted exploration license 850.175/2003 into a mining concession. The mining concession itself is granted for an indeterminate period of time, however the award of a mining concession is subject to certain conditions. It is also required that an annual environmental 'Licença do Operacao' (LO) is obtained. The LO is generally renewed annually subject to compliance with environmental matters.

The Palito Mine has valid operating permits that allow both exploration and operating activities to take place. The key permit, the LO Protocol #2711/2008 issued by Secretaria de Estado de Qualidade Ambiental (SEMA), was last renewed April 27th 2012.

The license allows the extraction and processing of gold and associated minerals in the mine license area of 1,712ha up to a maximum rate of 700 tonnes per day.

Other valid permits include:

1. Cadastro Ambiental Rural (proof of land ownership and use for industrial purposes) – Protocol # 12787/2010 – issued by SEMA
2. Outorga (license to extract water for industrial use) valid until 12/01/2013 and issued by SEMA - #193/2010
3. Anexo - Outorga (license to extract water for domestic use) valid until 12/01/2013 and issued by SEMA
4. License to Procure, Store, Use Explosives at site - # 1871 issued by Ministry of Defence valid until 31/10/2013

Technical Report

Serabi expects to file a National Instrument 43-101 compliant technical report in support of the PEA in the near future.

The technical information in this announcement, the Preliminary Economic Assessment and the Mineral Resource estimate was prepared in compliance with the Canadian regulation NI 43-101 in accordance with the rules of the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM"), which is an internationally recognised standard pursuant to the AIM Rules.

The information in this Stock Exchange regulatory announcement that relates to the Preliminary Economic Assessment and Mineral Resources estimate is extracted from information that has been compiled by Mr Carlos Guzmán, MAusIMM (229036) and Registered Member of The Chilean Mining Commission (0119), who carried out the assignment as Principal and Project Director with the firm NCL Ingeniería y Construcción Ltda ("NCL"). Mr Guzmán is familiar with NI 43-101 and, by reason of education, experience and professional registration, fulfils the requirements of a Qualified Person as defined in NI 43-101 and for the purposes of the AIM Rules. Mr Guzmán is responsible for the preparation of the Preliminary Economic Assessment. Mr Guzmán consents to the publication of the Preliminary Economic Assessment and Mineral Resources estimate and the inclusion of the information contained in this announcement in the form and context in which it appears.

The PEA study was completed by NCL which led a consortium of consultants and specialists assembled for the study. NCL was responsible for the preparation of the overall study as well as mine design, mine capital cost, mine operating cost, and economic models. Other members of the consortium included: Ingeniería y Construcción AJG Ltda that was responsible for the design and costing for the process plant replacement, refurbishment and operating and WALM Engenharia e Tecnologia Ambiental Ltda that was responsible for tailings impoundment and tailings dam costs estimate.

NCL is not an associate or affiliate neither of Serabi, nor of any associated company, or any joint-venture company. NCL's fees for this Technical Report are not dependent in whole or in part on any prior or future engagement or understanding resulting from the conclusions of this report. These fees are in accordance with standard industry fees for work of this nature, and NCL's previously provided estimates are based solely on the approximate time needed to assess the various data and reach appropriate conclusions. This report is based on information known to NCL as of 31 March 2012.



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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 or copper 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 scientific and technical information contained within this announcement has been reviewed and approved 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 and Oil & Gas Companies dated June 2009

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

GLOSSARY OF MINING TERMS

The following is a glossary of technical terms:

"**Au**" means gold.

"**AuEq**" means gold equivalent – see definition below.

"**assay**" in economic geology, means to analyze 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.

"**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.

"**COFINS**" (*Contribuição para o Financiamento da Seguridade Social*) is a tax on sales with deductions allowed in respect of services and material costs incurred in operating activities payable as a contribution to the health, social work assistance and social security programme of the Federal government.

"**CSLL**" is a social contribution tax levied by the federal tax authorities on the net profits of a company.

"**Cu**" means copper.

"**cut-off grade**" the lowest grade of mineralized material that qualifies as ore in a given deposit; rock of the lowest assay included in an ore estimate.

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This document is not intended to and does not amount to an invitation or inducement to subscribe for shares in Serabi Gold plc



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“**deposit**” is a mineralized 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 ore body or as containing ore reserves, until final legal, technical, and economic factors have been resolved.

“**DNPM**” means the Departamento Nacional de Producao Mineral.

“**footwall**” means that body of rock that lies below the mineralised ore body.

“**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.

“**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.

“**hectare**” or a “**ha**” is a unit of measurement equal to 10,000 square metres.

“**IBAMA**” means the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renovaveis.

“**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.

“**IRPJ**” is a corporate income tax levied by the federal tax authorities on the net profits of a company.

“**jumbo**” means a self-propelled mechanically powered item of equipment used for drilling into rock.

“**LHD**” means a Load-Haul-Dump vehicle commonly used in underground mining operations.

“**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.

“**mineralization**” the concentration of metals and their chemical compounds within a body of rock.

“**mineralized**” 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 fossilized 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.

“**mt**” means million tonnes.



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"**NI 43-101**" means Canadian Securities Administrators' National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*.

"**open stoping**" is the mining of ore where the host rock is sufficiently strong that the remaining material will not collapse (cave) into the open space created and the open space requires little by way of external support.

"**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.

"**PIS**" (*Programa de Integração Social*) is a tax on sales payable with deductions allowed in respect of services and material costs incurred in operating activities as a contribution to the Social Integration Program being a fund for employees.

"**RECAP**" is a special tax regime for the acquisition of goods by exporting companies

"**SEMA**" means the Secretaria de Estado de Qualidade Ambiental

"**stope**" is the open space created through the process of open stoping.

"**tailings**" are the residual waste material that it is produced by the processing of mineralized rock.

"**tpd**" means tonnes per day.

"**Vein**" is a generic term to describe an occurrence of mineralized rock within an area of non mineralized rock.
