PRESS RELEASE 29 MARCH 2012
SERABI GOLD plc ("Serabi" or "the Company")

SERABI GOLD

Audited Results for the year ended 31 December 2011

Serabi (AIM:SRB, TSX:SBI and SBI.WT), the gold exploration company, today releases its audited results for the year ended 31 December 2011.

A PDF version of Serabi's Directors Report and Financial Statements for the year ended 31 December 2011 together the Chairman's Statement and the Management Discussion and Analysis, is available from the Company's website – www.serabigold.com and will be posted on SEDAR at www.sedar.com.

The following information, comprising the Chairman's Statement, the Finance Review, the Income Statement, the Group Balance Sheet, Group Statement of Changes in Shareholders' Equity and Group Cash Flow, is extracted from these financial statements.

The Company will, in compliance with Canadian regulatory requirements, post its Management Discussion and Analysis for the year ended 31 December 2011 and its Annual Information Form on SEDAR at www.sedar.com. These documents will also available from the Company's website – www.serabigold.com.

CHAIRMAN'S STATEMENT

This 2012 Annual Report marks my first Chairman's statement following my appointment to the Board approximately one year ago. At that time the company was in the midst of a major transition as it was embarking on a renewed emphasis on exploration of its assets in Brazil and was just completing its listing on the Toronto Stock Exchange. As part of that process two other independent directors were appointed to the Board and more recently we also welcomed Christopher Kingsman as a representative of one of our largest shareholders.

Reflecting on the past year and looking to the future, my optimism for Serabi, the Palito mine and our excellent land package in Brazil, remains strong. This optimism is founded on the significant known high grade gold resources, the excellent potential to add to those ounces, our existing infrastructure and mining licences and Brazil itself which is one of the better mining jurisdictions in the world. The past year has seen tremendous uncertainty as the world economy continues to struggle to emerge from the last global recession. Gold, however, continues to provide investors with a back drop of protection in these uncertain times having risen in U.S. dollar terms for 10 straight years. Given the fiscal and monetary conditions which exist in Europe and the United States, I believe gold will continue to remain strong for many years to come.

The extensive exploration programme completed by the company during the year had as it main focus the discovery of potential satellite gold deposits in close proximity to the Palito mine and the existing plant and infrastructure. Two new gold discoveries at Piaui and Currutela were an excellent return for the company's pursuit of a systematic and disciplined approach to exploration. Allied with the strong potential for Palito and Currutela to form a single mineralised belt extending over three kilometres, the company has now established a strong foundation for the resource growth that it set out to achieve two years ago. At the same time other exploration activity conducted by the company over the last 12 months within the Jardim do Ouro project area, has further improved our understanding and highlighted other areas of interest for the future, creating an expectation that further resources can be identified and proven up in the future.

It is this exploration success combined with the back drop of strong gold prices and an uncertain capital market, that has lead the company to once again look to put the Palito mine back into production. In this time of extreme uncertainty, investors, particularly gold investors, are looking to near term production and cash flow rather than longer term value creation from exploration. The company has appointed NCL Ingenieria y Construccion SA ("NCL") of Santiago, Chile to undertake an independent Preliminary Economic Assessment into the viability to re-establishing mining operations at Palito (the "PEA"). NCL have prepared the company's previous technical reports and have also prepared 43-101 reports for other companies active on the Tapajos region. NCL's personnel visited Palito during March 2012 to undertake their field evaluation and gather the required data for their study which we hope will be completed at the end of May 2012.

The successful share placement completed in January of this year provided the funding to undertake this PEA and was well supported by our two major shareholders, Eldorado Gold Corporation and Greenwood Investments Limited and demonstrated that there is strong support for the Board's strategy. The placing also saw Fratelli Investments Limited, an investment group with strong South American connections, take a significant equity position in the company.

With the current gold prices and the decision to focus on selective mining rather than the bulk mining methods that were deployed at Palito in the past we are confident that NCL's report will be positive and subject to securing the required finance on a timely basis we would be looking to have the mine back in commercial production during 2013. We continue to believe that the Tapajos region in Northern Brazil has the potential to host many more producing gold assets and it is the company's desire to be an active participant in any regional consolidation that will allow one or more companies to achieve the synergies and economies of scale to create substantial shareholder value for all.

I would like to thank all our employees and directors for their hard work last year. In particular I would like to thank Mike Hodgson and Clive Line for their exceptional efforts over the last twelve months on many fronts as a result of which the company is now poised to become a gold producer once again. I truly believe the best is yet to come at Serabi and want you to know your continued support is more important than ever.

FINANCE REVIEW

The data included in the selected annual information table below is taken from the Company's annual audited financial statements which were prepared in accordance with International Financial Reporting Standards in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") and adopted for use within the European Union (IFRS) and with IFRS and their interpretations issued by the IASB. There are no material differences on application to the Group. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

	2011 US$	2010 US$	2009 US$
Revenues	3,807	1,229,551	5,512,804
Net loss	(5,935,823)	(5,980,011)	(9,990,502)
Net loss per share (basic and diluted)	(10.01) cents	(15.21) cents	(61.55) cents
Total current assets	3,309,822	11,174,647	7,030,342
Development and deferred exploration costs	16,648,884	9,797,406	6,880,038
Property plant and equipment	28,266,092	33,951,140	35,327,788
Total assets	48,224,798	54,923,193	49,238,168
Total liabilities	4,940,318	10,571,375	6,033,451
Equity shareholders' funds	43,284,480	44,351,818	43,204,717

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Results of Operations

Financial year ended 31 December 2011 compared to the financial year ended 31 December 2010

For the twelve month period ended 31 December 2011 the Company showed a 1% reduction in its net loss and recorded a net loss of US$5,935,823 (10.01 US cents per share) compared to a net loss of US$5,980,011 (15.21 US cents per share) for the comparative period last year

For the twelve months to 31 December 2011 there has been an increase in administration costs of US$619,795 in comparison with the 2010 financial year which has been offset by the recovery of US$540,000 of prior period costs following settlement of a claim against one of the Company's suppliers. As already noted mining operations which had been taking place for the first six months of 2010 were suspended at the end of June 2010 since which time all mining operations have remained suspended. A gross loss of US$1,187,195 was incurred in the twelve months ended 31 December 2010 relating to costs associated with the maintenance of the Palito Mine site and equipment which compares to a gross loss for the current twelve month period ended 31 December 2011 of US$567,705. These costs that have been expensed during the year relate primarily to operating costs of the crushing plant as the company has been crushing old waste rock stockpiles for use in rehabilitation and remediation of the mine site. In addition the company has generated some US$450,000 of income from the sale of some of this material for use in road construction projects in the near vicinity. All other areas of the plant have remained on care and maintenance and other site costs are directly related to the exploration activity that was being undertaken at Palito during the period and accounted for as exploration expenditure.

At the corporate level administration costs have increased primarily as a result of higher staffing charges which account for US$285,000 of the increase. This increase reflects the higher remuneration for executive management compared with 2010, including a bonus relating to performance in 2010, of which two thirds was settled by the issue of shares paid in the first quarter and the remuneration of the new non-executive directors who were appointed at the end of March 2011.

The company also incurred additional costs in the areas of professional fees, investor relations and travel in 2011 compared to 2010. These reflect a combination of factors but notably the initial public offering of the Company's shares on the TSX, increased investor marketing and attendance at investor shows, the increased exploration activity of the Company during the calendar year and the creation of the new website. These expenditures account for a further US$208,000 of the year on year costs increases.

A provision of US$142,438 has been recorded against the recoverability of certain state taxes representing 20% of the total amount due. The company has also recorded a provision of US$129,264 in respect of past indirect tax liabilities which whilst not assessed could become payable.

In Brazil administration costs for the twelve months to 31 December 2011 overall have remained in line with those of the 2010 financial year notwithstanding the increase in exploration activity levels that has occurred during the year.

The Company also incurred as unrealised exchange loss of US$5.0 million during the twelve month period ended 31 December 2011 compared with an unrealised exchange gain of US$1.6 million in the corresponding period for 2010. These unrealised losses or gains arise from the need to translate the accounts of the Company's Brazilian subsidiary, which are maintained in Brazilian Reais, into US Dollars using prevailing period exchange rates. As a result of the relative weakness of the Brazilian Real as at 31 December 2011 at which time the exchange rate against the US Dollar was 1.8758 compared with the period end rate at 31 December 2010 of 1.6662, this has resulted in notional exchange losses being incurred particularly in respect of the Fixed and Deferred Assets held by that subsidiary. Since 31 December 2011 the Brazilian Real has fluctuated against the US dollar and having been a low as 1.70 the exchange rate is currently around 1.80 to the US Dollar.

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Three month period ended 31 December 2011 compared to the three month period ended 31 December 2010

For the three month period ended 31 December 2011 the Company recorded a net loss of US$1,890,862 (2.96 US cents per share) compared to a net loss of US$2,005,738 (4.48 US cents per share) for the comparative period last year. The decreased loss of US$114,876 results primarily from reduced operating expenses at the Palito Mine which were down to US$103,429 for the quarter end 31 December 2011 compared with US$511,257 for the corresponding period in 2010. Overall administration costs were also reduced by US$89,994 from US$863,506 in the quarter ended 31 December 2010 to US$773,512 in the quarter ended 31 December 2011.

The company has incurred an increased level of finance related costs which have increased to US$432,312 for the quarter ended 31 December 2011, compared with US$58,207 in the corresponding quarter of 2010. Of this increase however US$334,637 represents the finance related element of an increase in the provision for rehabilitation upon eventual abandonment of the Palito site. Of this charge US$367,203 relates to changes in inflation and timing assumptions whilst a change in the discount factor used has reduced the overall charge by US$32,566. Whilst no changes have been made to the underlying costs estimates which are prepared in Brazilian Reais, the provision has been increased by US$100,000 resulting from a combination of the discount factors and exchange rates used to compute the required financial provision in accordance with International Accounting Standard 37. The movement in the provision resulting from exchange rate movements has been accounted for as a movement in the Translation Reserve. The operating loss (before interest and foreign exchange) was US$1,554,525 for the 3 month period ended 31 December 2011 compared with a loss of US$1,951,616 for the corresponding period in 2010.

Mining operations which had been taking place for the first six months of 2010 were suspended at the end of June 2010 since which time all mining operations have remained suspended. A gross loss of US$453,614 was incurred in the three months ended 31 December 2010 relating to costs associated with the maintenance of the Palito Mine site and equipment which compares to a gross loss for the current three month period ended 31 December 2011 of US$103,429. The costs for the fourth quarter of 2011 have primarily related to the operating costs of the crushing plant. All other areas of the plant have remained on care and maintenance and other site costs are directly related to the exploration activity that was being undertaken at Palito during the period and accounted for as exploration expenditure.

Administration costs for the quarter ended 31 December 2011 decreased from US$863,506 in 2010 to US$773,512 for the corresponding quarter in 2011, a reduction of US$89,994. There has been a significantly reduced level of provision required for settlement of employment claims, down from $374,000 in the quarter to 31 December 2010 to only US$11,000 in the corresponding quarter for 2011 which has in part been offset by a provision of US$142,438 that the Company has recorded in respect of indirect taxes recoverable from the State of Para. At a corporate level administration costs for the three months ending 31 December 2011 increased by about US$100,000 compared with the same quarter in 2010. Consistent with prior quarters the company has experienced a higher level of staff costs since its TSX listing but costs of the last quarter also reflected expenditures associated with the new corporate name, building of the new website and an increased level of investor relations activity including presentations at investor conferences in North America which in turn also contributed to an overall increase in travel costs compared with the same quarter in 2010.

A foreign exchange gain for the quarter of US$95,975 was recorded reflecting in part a reversal of the exchange loss experienced in the preceding quarter ended 30 September 2011.

The Company incurred an unrealised exchange loss of US$0.26 million during the three month period ended 31 December 2011 compared with an unrealised exchange gain of US$0.65 million in the corresponding period for 2010. These unrealised losses or gains arise from the need to translate the accounts of the Company's Brazilian subsidiary, which are maintained in Brazilian Reais, into US Dollars using prevailing period exchange rates. As of 31 December 2011 the exchange rate was 1.8758 between the Brazilian Real and the US Dollar. Subsequent to the end of the year the Brazilian Real has fluctuated and has been as low as 1.70 though as at 28 March 2012 the rate is around BrR$1.80 = US$1. It should therefore be expected that for the quarter ended 31 March 2012, an unrealised exchange gain will arise which would have the effect of increasing the Net Assets as reflected in the Balance Sheet of the Company as at that date.

Summary of quarterly results

	Quarter ended 31 December 2011 US$	Quarter ended 30 September 2011 US$	Quarter ended 30 June 2011 US$	Quarter ended 31 March 2011 US$
Revenues	(99)	2,843	1,063	–
Operating expenses	(103,429)	(152,001)	(132,260)	(183,822)
Gross loss	(103,528)	(149,158)	(131,197)	(183,822)
Administration expenses	(773,512)	(745,990)	(701,818)	(665,387)
Settlement of supplier claim	–	–	–	540,441
Provision for indirect taxes	(129,264)	–	–	–
Option costs	(77,151)	(92,399)	(63,740)	(30,571)
Gain / (loss) on asset disposals	38,803	(5,204)	11,178	(13,515)
Depreciation of plant and equipment and provisions	(509,873)	(580,845)	(593,796)	(567,336)
Operating loss	(1,554,525)	(1,573,596)	(1,479,373)	(920,190)
Exchange	95,975	(168,309)	(44,988)	187,297
Finance costs	(432,312)	2,221	(38,274)	(9,749)
Loss before taxation	(1,890,862)	(1,739,684)	(1,562,635)	(742,642)
Loss per ordinary share (basic and diluted)	(2.96) cents	(2.72) cents	(2.44) cents	(1.65) cents
Development and deferred exploration costs	16,648,884	15,122,184	14,785,541	11,679,390
Property, plant and equipment	28,266,092	29,132,327	34,843,749	34,088,905
Total current assets	3,309,822	6,376,759	10.897,744	13,933,052
Total assets	48,224,798	50,631,270	60,527,034	59,701,347
Total liabilities	4,940,318	5,302,581	6,076,157	5,603,473
Shareholder's equity	43,284,480	45,328,689	54,450,877	54,097,874

	Quarter ended 31 December 2010 US$	Quarter ended 30 September 2010 US$	Quarter ended 30 June 2010 US$	Quarter ended 31 March 2010 US$
Revenues	57,643	22,909	308,360	840,639
Operating expenses	(511,257)	(411,103)	(732,613)	(761,773)
Gross profit/(loss)	(453,614)	(388,194)	(424,253)	78,866
Administration expenses	(863,506)	(561,015)	(444,757)	(397,634)
Option costs	–	–	(25,102)	(25,102)
Write-off of past exploration expenditures	(28,569)	–	–	–
Gain / (loss) on asset disposals	(8,379)	(25,103)	49,874	(54,568)
Impairment	–	(111,106)	–	–
Depreciation of plant and equipment and provisions	(597,548)	(497,439)	(507,509)	(509,949)
Operating loss	(1,951,616)	(1,582,857)	(1,351,747)	(908,387)
Exchange	4,085	241,092	(271,393)	(1,180)
Finance costs	(58,207)	(44,325)	(11,444)	(44,032)
Loss before taxation	(2,005,738)	(1,386,090)	(1,634,584)	(953,599)
Loss per ordinary share (basic and diluted)	(4.48) cents	(3.10) cents	(4.70) cents	(2.91) cents
Development and deferred exploration costs	9,797,406	8,558,842	7,475,863	7,058,548
Property, plant and equipment	33,951,140	34,280,250	33,024,475	33,917,842
Total current assets	11,174,647	8,412,810	10,198,256	6,290,130
Total assets	54,923,193	51,251,902	50,698,594	47,266,520
Total liabilities	10,571,375	5,586,203	5,870,534	5,821,027
Shareholder's equity	44,351,818	45,665,699	44,828,060	41,445,493

Liquidity and Capital Resources

The Company had a working capital position of US$625,602 at 31 December 2011 compared to US$2,793,046 at 31 December 2010. The working capital position at 31 December 2011 includes cash and cash equivalents of US$1,406,458 (31 December 2010: US$8,598,755). The Company does not have any asset backed commercial paper investments. There has been a decrease in cash balances, reflecting that the Company receives cash only in discrete tranches through the issue of new shares and utilises this cash over a period of time to fund its exploration and development activities. Excluding the reduction in cash of US$7,192,297 there would otherwise appear to have been an improvement in the working capital position compared with 31 December 2010. This has arisen principally through the exercise during the quarter ended 31 March 2011 of the Special Warrants issued by the Company on 2 December 2010. The value attributed to these Special Warrants had been shown at 31 December 2010 as a current liability and excluding this liability, the working capital position at 31 December 2010 would have been US$7,853,041. As the Company has no source of revenue and is dependent on the issue of additional securities to raise additional cash when it is required, the Company's cash position at any time will be dependent upon the timing of raising new finance and timing and levels of its exploration and development activity.

During the twelve month period ended 31 December 2011, the Company issued 9,124,470 Ordinary Shares and 4,500,000 Warrants for net cash proceeds of US$4,462,844, of which 9,000,000 Ordinary Shares and 4,500,000 Warrants were issued pursuant to the IPO on the Toronto Stock Exchange completed on 30 March 2011.

The placement comprised the issue of 9,000,000 units where each unit consists of one Ordinary Share and one half of a Warrant whereby each whole Warrant entitles the holder to subscribe for one Ordinary Share at a price of C$0.75 at any time before 2 December 2012.

At the same time a further 10,070,000 Ordinary Shares and 5,035,000 Warrants were issued upon the automatic exercise of the Special Warrants issued by the Company on 2 December 2010. Each of the Special Warrants comprised a unit which in turn was comprised of one Ordinary Share and one half of a Warrant whereby each whole Warrant entitles the holder to subscribe for one Ordinary Share at a price of C$0.75 at any time before 2 December 2012.

The Company has during the twelve month period ended 31 December 2011, incurred costs of US$8,663,471 on mineral property exploration, US$119,974 on asset purchases and used cash of US$3,212,765 on its operating activities.

On 31 December 2011, the Company's total assets amounted to US$48,224,798 which compares to a value of US$54,923,193 recorded as at 31 December 2010. Total assets are mostly comprised of property, plant and equipment, which as at 31 December 2011 totalled US$28,226,000 (December 2010: US$33,951,000), and deferred exploration and development cost which as at 31 December 2011 totalled US$16,649,000 (December 2010: US$9,797,000), of which US$15,293,000 relates to capitalized exploration expenditures at, or in close proximity to, the Palito Mine. The Company's total assets also included cash holdings of US$1,406,000 (December 2010: US$8,599,000).

Receivables of US$87,000 as at 31 December 2011 have decreased by US$9,000 compared to the receivables balance of US$96,000 as at 31 December 2010. The receivables as of 31 December 2011 are primarily deposits paid by the Company. Prepayments as of 31 December 2011 were US$702,000 compared with US$1,062,000 as at 31 December 2010, a decrease of US$360,000. The prepayments primarily represent prepaid taxes in Brazil of US$616,000, of which the majority is federal and state sales taxes which the Group expects to recover either through offset against other federal tax liabilities or through recovery directly. The amount due is stated net of a provision of US$127,000 against the future recoverability of indirect state taxes.

The Company's total liabilities at 31 December 2011 of US$4,940,000 (December 2010: US$10,571,000) included accounts payable to suppliers and other accrued liabilities of US$3,193,000 (December 2010: US$3,874,000). The total liabilities include US$274,000 (December 2010: US$249,000) attributable to the £300,000 loan from a related party, which has a repayment date of 31 October 2014 subject to the right of the holder at any time, on one or more occasions, on or before the repayment date, to convert any of the outstanding amounts owed by the Company to Ordinary Shares at a price of 15 pence per Ordinary Share. It also includes the amount of US$1,451,000 (December 2010: US$1,389,000) in respect of provisions including US$1,155,000 (December 2010: US$1,055,000) for the cost of rehabilitation of the current Palito Mine site at the conclusion of operational activity.

On 24 January 2012 the Company completed a placing of 27.3 million Units whereby each Unit comprised one Ordinary Share of 5 pence par value and one sixth of a share purchase warrant. The proceeds raised from this placing of Units were UK£2.73 million before expenses. These funds are to be utilised for working capital and to enable the Company to complete a Preliminary Economic Assessment on the re-opening of the Palito Mine. Subject to adequate funding being raised management believes that work on the re-commencement of mining operations at the Palito Mine could commence during the 2012 calendar year. Management believes that the Company, subject to the raising of this additional funding during 2012, will have adequate working capital to undertake all of its currently planned exploration and development programmes for the remainder of 2012 in relation to the Company's existing mineral properties and to cover administrative expenses for the same fiscal year.

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Statement of Comprehensive Income

For the year ended 31 December 2011

		Group	
	Notes	For the year ended 31 December 2011 US$	For the year ended 31 December 2010 US$
CONTINUING OPERATIONS			
Revenue		3,807	1,229,551
Operating expenses		(571,512)	(2,416,746)
Gross loss		(567,705)	(1,187,195)
Administration expenses		(2,886,707)	(2,266,912)
Provision for indirect taxes		(129,264)	–
Share-based payments		(263,861)	(103,876)
Settlement of supplier claim		540,441	–
Gain/(Loss) on asset disposals		31,262	(124,179)
Depreciation of plant and equipment		(2,251,850)	(2,112,445)
Operating loss		(5,527,684)	(5,794,607)
Foreign exchange gain/(loss)		69,975	(27,396)
Finance expense		(537,197)	(187,912)
Finance income		59,083	29,904
Loss before taxation		(5,935,823)	(5,980,011)
Income tax expense		–	–
Loss for the period from continuing operations(1) (2)		(5,935,823)	(5,980,011)
Other comprehensive income (net of tax)			
Exchange differences on translating foreign operations		(4,957,335)	1,613,011
Total comprehensive loss for the period(2)		(10,893,158)	(4,367,000)
Loss per ordinary share (basic and diluted)	4	(10.01c)	(15.21c)

(1) All revenue and expenses arise from continuing operations
(2) The Group has no non-controlling interests and all income/(losses) are attributable to the equity holders of the Parent Company

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Balance Sheets

As at 31 December 2011

	Notes	Group 2011 US$	Group 2010 US$
Non-current assets			
Development and deferred exploration costs	5	16,648,884	9,797,406
Property, plant and equipment	6	28,266,092	33,951,140
Investments in subsidiaries		–	–
Other receivables		–	–
Total non-current assets		44,914,976	43,748,546
Current assets			
Inventories		1,114,255	1,417,804
Trade and other receivables		87,440	96,143
Prepayments		701,669	1,061,945
Cash and cash equivalents		1,406,458	8,598,755
Total current assets		3,309,822	11,174,647
Current liabilities			
Trade and other payables		2,538,055	3,147,258
Accruals		146,165	174,348
Special warrants		–	5,059,995
Total current liabilities		2,684,220	8,381,601
Net current assets		625,602	2,793,046
Total assets less current liabilities		45,540,578	46,541,592
Non-current liabilities			
Trade and other payables		508,680	552,027
Provisions		1,451,296	1,388,571
Interest bearing liabilities		296,122	249,176
Total non-current liabilities		2,256,098	2,189,774
Net assets		43,284,480	44,351,818
Equity			
Share capital		29,291,551	27,752,834
Share premium reserve		48,292,057	40,754,032
Option reserve		1,956,349	1,648,484
Other reserves		702,095	260,882
Translation reserve		(1,075,167)	3,882,168
Accumulated losses		(35,882,405)	(29,946,582)
Equity shareholders' funds attributable to owners of the parent		43,284,480	44,351,818

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Statements of Changes in Shareholders' Equity
For the year ended 31 December 2011

Group	Share capital US$	Share premium US$	Share option reserve US$	Other reserves US$	Translation reserve US$	Accumulated losses US$	Total equity US$
Equity shareholders' funds at 31 December 2009	26,848,814	36,268,991	1,523,444	260,882	2,269,157	(23,966,571)	43,204,717
Foreign currency adjustments	–	–	–	–	1,613,011	–	1,613,011
Loss for year	–	–	–	–	–	(5,980,011)	(5,980,011)
Total comprehensive income for the year	–	–	–	–	1,613,011	(5,980,011)	(4,367,000)
Issue of new ordinary shares	904,020	4,520,100	–	–	–	–	5,424,120
Costs associated with issue of new ordinary shares	–	(35,059)	–	–	–	–	(35,059)
Share option expense	–	–	125,040	–	–	–	125,040
Equity shareholders' funds at 31 December 2010	27,752,834	40,754,032	1,648,484	260,882	3,882,168	(29,946,582)	44,351,818
Foreign currency adjustments	–	–	–	–	(4,957,335)	–	(4,957,335)
Loss for year	–	–	–	–	–	(5,935,823)	(5,935,823)
Total comprehensive income for the year	–	–	–	–	(4,957,335)	(5,935,823)	(10,893,158)
Issue of new ordinary shares for cash	731,412	4,229,767	–	208,229	–	–	5,169,408
Issue of new ordinary shares on exercise of special warrants	807,305	4,004,807	–	232,984	–	–	5,045,096
Costs associated with issue of new ordinary shares for cash	–	(696,549)	–	–	–	–	(696,549)
Share option expense	–	–	307,865	–	–	–	307,865
Equity shareholders' funds at 31 December 2011	29,291,551	48,292,057	1,956,349	702,095	(1,075,167)	(35,882,405)	43,284,480

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Cash Flow Statements

For the year ended 31 December 2011

	Group	
	For the year ended 31 December 2011 US$	For the year ended 31 December 2010 US$
Cash outflows from operating activities		
Operating loss	(5,527,684)	(5,794,607)
Depreciation – plant, equipment and mining properties	2,251,850	2,112,445
(Gain)/loss on sale of assets	(31,262)	124,179
Option costs	263,861	103,876
Interest paid	(156,838)	(149,439)
Foreign exchange	(174,367)	(175,671)
Changes in working capital		
Decrease/(increase) in inventories	162,979	(95,530)
Decrease/(increase) in receivables, prepayments and accrued income	267,985	569,010
(Decrease)/increase in payables, accruals and provisions	(269,289)	(631,396)
Net cash flow from operations	(3,212,765)	(3,937,133)
Investing activities		
Proceeds of sale of fixed assets	212,887	501,209
Purchase of property, plant and equipment	(119,974)	(7,225)
Exploration and development expenditure	(8,663,471)	(2,481,665)
Capital and loan investments in subsidiaries	–	–
Interest received	59,083	29,904
Net cash outflow on investing activities	(8,511,475)	(1,957,777)
Financing activities		
Issue of ordinary share capital	4,961,180	5,424,120
Issue of special warrants	208,229	5,453,761
Capital element of finance lease payments	–	(79,303)
Payment of share issue costs	(696,549)	(35,059)
Payment of special warrant issue costs	(14,900)	(393,765)
Net cash inflow from financing activities	4,457,960	10,369,754
Net (decrease)/increase in cash and cash equivalents	(7,266,280)	4,474,844
Cash and cash equivalents at beginning of period	8,598,755	4,081,882
Exchange difference on cash	73,983	42,029
Cash and cash equivalents at end of period	1,406,458	8,598,755

Notes

1. General Information

The financial information set out above for the years ended 31 December 2011 and 31 December 2010 does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006, but is derived from those accounts. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. A copy of the statutory accounts for 2010 has been delivered to the Registrar of Companies and those for 2011 will be posted to shareholders. The full audited financial statements for the years end 31 December 2011 and 31 December 2010 do comply with IFRS.

2. Auditor's Opinion

The auditor has issued an unqualified opinion in respect of the financial statements which does not contain any statements under the Companies Act 2006, Section 498(2) or Section 498(3). The auditor has raised an Emphasis of Matter in relation to going concern and the availability of project finance as follows:

"In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1(a) to the financial statements concerning the group and the company's ability to continue as a going concern. The group has identified a requirement to raise additional funds in order to either undertake development of the Palito Mine or to provide additional working capital for its operations, which will require securing new funds from existing or potential investors. These conditions, along with the other matters explained in note 1(a) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the group's and the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group and the company was unable to continue as a going concern."

NB : The reference to note 1(a) in the above is a reference to the Basis of Preparation note contained within the Financial Statements from which the extracts reproduced below referring to Going concern and Impairment are taken.

3. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") in force at the reporting date and their interpretations issued by the International Accounting Standards Board ("IASB") as adopted for use within the European Union and with IFRS and their interpretations issued by the IASB. The consolidated financial statements have also been prepared in accordance with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The Company has not adopted any standards or interpretations in advance of the required implementation dates. There has been no significant measurement impact on the consolidated financial statements from new standards or interpretations effective in 2011.

It is not anticipated that the adoption in the future of the new or revised standards or interpretations that have been issued by the International Accounting Standards Board will have a material impact on the Group's earnings or shareholders' funds.

Attention is drawn to the detailed disclosures made in the audited Financial Statements regarding the Basis of Preparation and in particular the following disclosures extracted directly from the audited Financial Statements in respect of Going Concern and Impairment.

Going concern and availability of project finance

In common with many companies in the exploration and development stages, the Company raises its finance for exploration and development programmes in discrete tranches. The Company is planning to complete during the first half of 2012, the preparation of a Preliminary Economic Assessment ("PEA") of the viability of re-commencing mining operations at the Palito Mine. If, as anticipated, the outcome of the PEA is positive the company will then seek to raise further finance from investors in order to provide sufficient funds to recommence mining operations and provide sufficient working capital for the Group's operations.

Subject to raising this finance and gaining the necessary approval from shareholders in general meeting, the Directors consider that the Company will thereafter have sufficient funds to finance the group and its commitments for the foreseeable future. The Directors have therefore concluded that it is appropriate to prepare the financial statements on a going concern basis.

Whilst the Directors are confident that they are taking all the necessary steps to ensure that the funding will be available, there can be no certainty that this will be the case. Were future funding not to become available in an appropriate timescale, which might be the case if the outcome of the PEA was not in line with expectations, the Directors would need to consider alternative strategies and an impairment review would be required in respect of the carrying value of the assets relating to the Palito Mine and other deferred exploration costs. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's and the Company's ability to continue as a going concern. No adjustments to asset carrying values that may be necessary should the Company be unsuccessful in raising the required finance have been recognised in the financial statements.

Impairment

The Directors have undertaken a review of the carrying value of the mining and exploration assets of the Group, and considered the implications of the operational difficulties experienced and the current operational status of Palito. Following this review they have assessed the value of the existing assets on the basis of value in use involving a future recommencement of underground mining operations which is dependent on the ability of the Group to raise future finance and to operate the mine in line with the mine plan that forms the basis of the value in use calculation. The carrying values of assets have not been adjusted to reflect a failure to raise sufficient funds, not achieving the projected levels of operation or that, if a sale transaction were undertaken, the proceeds may not realise the value as stated in the accounts.

4. Loss per share

The calculation of the basic loss per share of 10.01 cents (2010 loss per share: 15.21 cents) is based on the loss attributable to ordinary shareholders of US$5,935,823 (2010: loss of US$5,980,011) and on the weighted average number of ordinary shares of 59,309,035 (2010: 39,316,525) in issue during the period. No diluted earnings per share is presented as the effect of the exercise of share options would be to decrease the loss per share.

5. Development and Deferred Exploration costs

	Group	
	31 December 2011	31 December 2010
	$	$
Cost		
Opening balance	9,797,406	6,880,038
Exploration and development expenditure	8,663,471	2,481,665
Share option charges	44,005	21,164
Exchange	(1,855,998)	414,539
Total as at end of period	16,648,884	9,797,406

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

6. Tangible Assets

	Group			
	Land and buildings – at cost $	Mining property – at cost $	Plant and equipment – at cost $	Total $
Cost				
Balance at 31 December 2010	4,084,536	32,549,037	12,635,123	49,268,696
Additions	–	–	119,974	119,974
Exchange	(456,402)	(3,153,478)	(1,305,355)	(4,915,236)
Disposals	–	–	(452,736)	(452,736)
At 31 December 2011	3,628,135	29,395,559	10,997,006	44,020,699
Depreciation				
Balance at 31 December 2010	(3,337,117)	(4,323,725)	(7,656,714)	(15,317,556)
Charge for period	(605,898)	–	(1,645,952)	(2,251,850)
Exchange	429,640	223,988	890,060	1,543,688
Eliminated on sale of asset	–	–	271,111	271,111
At 31 December 2011	(3,513,375)	(4,099,737)	(8,141,495)	(15,754,607)
Net book value at 31 December 2011	114,760	25,295,821	2,855,511	28,266,092
Net book value at 31 December 2010	747,419	28,225,312	4,978,409	33,951,140

7. Impairment

The Directors have considered each of the Group's exploration and development assets on a project-by-project basis. It has considered three general cash generating units for the purpose of this assessment. These are:

- the Palito mine itself including the pre-operating cost, exploration expenditures on establishing the current declared reserve and resource base, land and buildings and plant and machinery associated with the mining operations
- exploration expenditures on areas within the Palito environs but which have not yet been exploited and do not form part of the current declared reserves and resources; and
- exploration expenditures on other tenements.

Following this review and making estimates of the value in use, the Directors have concluded the resulting Net Present Value still supports the carrying value of US$28.2 million and therefore the Directors have not made any adjustment to the impairment provision currently carried in the books of the group.

In accordance with IAS 36 – Impairment of Assets, any impairment must first be applied against any goodwill allocated to the unit that is impaired and thereafter allocated to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

The carrying value for the Group of the Palito cash generating unit comprises:

	Carrying value before impairment US$	Impairment provision US$	Carrying value after impairment US$
Mining Property	27,333,504	2,037,682	25,295,822
Land and Buildings	200,890	86,132	114,758
Plant and Equipment	3,303,835	466,718	2,837,117
	30,838,229	2,590,532	28,247,697

No impairment provision has been made in respect of any of the other cash generating units.

Annual Report

The Annual Report is expected to be posted to shareholders before 30 April 2012. Additional copies will be available to the public, free of charge, from the Company's offices at 2nd floor, 30 – 32 Ludgate Hill, London, EC4M 7DR and will be available to download from the Company's website at www.serabigold.com.

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 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.

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

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