PRESS RELEASE **21 January 2011**

SERABI MINING plc (“Serabi” or “the Company”)

Release of Unaudited Financial Results for the 9 months to 30 September 2010

The Board of Serabi announces the unaudited financial results for the Company for the nine months to 30 September 2010. As announced on 2 December 2010, the Company is taking the steps required to apply to list the Ordinary Shares on a Canadian stock exchange in early 2011. As part of this process the Company will be required to include in its prospectus the financial results of the nine month period ended on 30 September 2010 and on an on-going basis, and if its listing application is successful, will be required to report its financial results on a quarterly basis as part of its on-going reporting obligations under Canadian requirements.

The Company is focussed on its exploration strategy at the Palito Mine and the surrounding Jardim do Ouro district and commenced in December 2010, a 7,500 metre discovery drilling programme on nine targets located in close proximity to the Palito Mine. It has also approved a helicopter borne electro-magnetic survey covering an 8,000 hectare area to the south and north east of the Palito Mine to identify other potentially mineralised areas within the wider region that it hopes will create additional targets for further evaluation.

Discussion of Results

An operating loss for the nine-month period ended September 30, 2010 of US$3.84 million (2009: US$7.41million) is reported, including non-cash elements of US$1.7 million (2009: US$6.27 million), being primarily depreciation charges. The cash expended on operations of the Company during this nine month period, as shown in the cash flow statements, was approximately US$2.9 million (2009: US$285,000).

The suspension of mining operations at the Palito Mine, following the issuance of a suspension notice by IBAMA in June 2010, contributed to a gross loss for the nine month period of US$733,581 compared to a gross profit of US$224,875 for the nine-month period ended September 30, 2009. While the suspension notice was lifted on September 23, 2010, it is not foreseen that there will be any immediate resumption of mining activities which was in any event limited to the processing of oxide ore mined from small scale surface mining activities. Personnel and equipment resources have been transferred to exploration activities and, in the future, oxide ore processing will only be undertaken on a campaign basis, with the plant being run when adequate stocks of ore are available. It has become increasingly difficult to identify further adequate surface resources at this time to justify a continuous oxide mining operation at the Palito Mine.

For the 3 month period to September 30, 2010 the operating loss was US$1.58 million (2009: US$2.98 million). The level of the loss for the quarter reflects the fact that there was negligible revenue US$22,909 (2009: US$1.19 million) following the suspension of all mining activities.

The higher than normal level of administrative expenses for the quarter of US$561,015 (2009: US$192,978) reflects the recording of settlements of past labour claims in Brazil that have been made in 2010. Overall however the administration costs for the 9 month period of US$1.40 million are comparable with the costs for same period in 2009 of US$1.37 million.

During the quarter the Company sold surplus equipment but realised a book loss on the sale of US$111,106 (2009: profit of US$33,422).

Over the nine month period ended September 30, 2010, a total US$1.4 million (2009: US$379,000) was capitalised as exploration costs with the major activity being the undertaking of a ground-based induced polarisation survey during the first six months of the year. This work has been supplemented by geochemical sampling over some of the anomalies that are the subject of the 7,500 meter drilling programme that commenced in December 2010 and preparatory work in anticipation of this drill programme.

The Brazilian Real, has remained relatively stable during the period and having started the 2010 at a rate of BrR$1.7412 to the US$ it closed at BrR$1.6942, an appreciation of 2.7%. As the majority of the assets and liabilities of the group excluding cash are historically denominated in Brazilian Real, movements in the exchange rate do impact on the value of the group and any appreciation of the Real has a beneficial impact on the net assets of the Company.

Financial Condition

On September 30, 2010, the Company's total assets amounted to US$51,251,902, which compares to US$49,238,168 recorded at December 31, 2009 and US$46,227,376 at September 30, 2009. Total assets are mostly comprised of property plant and equipment which as at September 30, 2010 totalled US$34,280,250 (US$35,327,788 at December 31, 2009), and deferred exploration and development costs which as at September 30, 2010 totalled US$8,558,842 (US$6,880,038 at December 31, 2009), of which US$ 7,079,782 relates to capitalised exploration expenditures at, or in close proximity to, Palito.

The Company's total assets also included cash holdings of US$5,247,991 (US$4,081,882 at December 31, 2009).

The Company's total liabilities at September 30, 2010 of US$5,586,202 (December 31, 2009 US$6,033,451) included accounts payable to suppliers and other accrued liabilities of US$3,935,912 (December 31, 2009 US$4,361,854). The total liabilities include the fair value of US$245,477 including accrued interest (December 31, 2009 $216,898) attributable to the UK£300,000 loan from a related party, Greenwood Investments Limited which has a repayment date of 31 October 2014 subject to the right of Greenwood 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$1,383,056 (December 31, 2009 US$1,374,200) in respect of provisions including US$1,055,00 (December 31, 2009 US$1,055,000) for the cost of remediation of the current Palito Mine site.

Liquidity and Capital Resources

During the calendar year ended December 31, 2009, the Company was primarily reliant upon its existing cash holdings to finance its activities during the year and realised additional cash resources through the sale of certain plant and equipment.

Revenue from gold production for the year ended December 31, 2009 was US$5.5 million but resulted in an overall gross loss for the year of US$242,198. Overall the Company's operating activities absorbed US$1.5 million, and the Company settled obligations under finances leases totalling US$1.18 million and realised proceeds of US$1.22 million through the sale of certain plant and equipment.
In the last quarter of 2009, the Company raised net proceeds of US$4.1 million through the issue of new Ordinary Shares and a further US$477,780 through a £300,000 convertible loan stock facility which was drawn down on December 14, 2009.

The Company has been generating limited revenue from mining operations and in order to fund its exploration work during the period ended on September 30, 2010, the Company was dependent upon utilising its existing cash resources and raising financing through the issuance of shares. In June 2010 the Company raised £3,600,000 though a private placement of 120 million Ordinary Shares at a price of £0.03 per share to Eldorado Gold Corporation. On December 2, 2010, the Company announced the placement of Special Warrants raising gross proceeds of $5,538,500 and following the passing of a resolution by Shareholders for a consolidation of the Ordinary Shares on the basis of one New Ordinary Share for every ten Existing Ordinary Shares, the net proceeds of the issue of Special Warrants were released to the Company on 23 December 2010.

While the Company has been able to fund its past activities from a combination of revenue generated from gold sales and the issue of new equity, the future funding requirements are expected to be generated from the issue of further equity, although the board of directors intends to evaluate alternative opportunities for funding the on-going exploration activities of the Company including entering into joint venture arrangements and the use of development grants and loans.

SERABI MINING PLC
Consolidated Statements of Comprehensive Income

(expressed in US$)	Notes	**For the Nine months ended 30 September 2010 (unaudited)**	**For the Three months ended 30 September 2010 (unaudited)**	For the year ended 31 December 2009 (audited)	For the nine months ended 30 September 2009 (unaudited)	For the Three months ended 30 September 2009 (unaudited)
CONTINUING OPERATIONS						
Revenue		**1,171,908**	22,909	5,512,804	4,792,920	1,191,571
Operating expenses		**(1,905,489)**	(411,103)	(5,755,002)	(4,568,045)	(1,506,070)
Gross profit/(loss)		**(733,581)**	(388,194)	(242,198)	224,875	(314,499)
Administration expenses		**(1,403,406)**	(561,015)	(1,851,937)	(1,371,913)	(192,978)
Option costs		**(75,307)**	(25,103)	(147,038)	(60,174)	(20,013)
Write-off of past exploration costs		—	—	(495,138)	(476,967)	(476,967)
Increase in rehabilitation provision		—	—	(346,000)	(346,000)	(346,000)
Loss on asset disposals		**(115,800)**	(111,106)	(181,237)	(176,219)	33,442
Impairment	11	—	—	(4,343,048)	(3,582,333)	(1,159,596)
Depreciation of plant and equipment		**(1,514,897)**	(497,439)	(2,157,026)	(1,625,894)	(499,788)
Operating loss		**(3,842,991)**	(1,582,857)	(9,763,622)	(7,414,625)	(2,976,399)
Foreign exchange (loss)/gain		**(31,481)**	241,092	(14,533)	166,815	73,060
Finance costs		**(121,595)**	(61,016)	(215,916)	(191,822)	(32,886)
Investment income		**21,794**	16,691	3,569	1,748	267
Loss before taxation		**(3,974,273)**	(1,386,090)	(9,990,502)	(7,437,884)	(2,935,958)
Income tax expense		—	—	—	—	—
Loss for the period from continuing operations (1) (2)		**(3,974,273)**	(1,386,090)	(9,990,502)	(7,437,884)	(2,935,958)
Other comprehensive income (net of tax)						
Exchange differences on translating foreign operations		**955,544**	2,193,512	10,072,895	9,374,318	3,254,662
Total comprehensive (loss)/income for the period (2)		**(3,018,729)**	807,422	82,393	1,936,434	318,704
Loss per ordinary share (basic and diluted) (1)	4	**(1.06c)**	(0.31c)	(6.16c)	(5.31c)	(2.10c)

(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.

SERABI MINING PLC
Consolidated Balance Sheets

(expressed in US$)	Notes	**As at 30 September 2010 (unaudited)**	As at 31 December 2009 (audited)	**As at 30 September 2009 (unaudited)**
Non-current assets				
Development and deferred exploration costs	5	**8,558,842**	6,880,038	6,478,501
Property, plant and equipment	6	**34,280,250**	35,327,788	35,922,960
Total non-current assets		**42,839,092**	42,207,826	42,401,461
Current assets				
Inventories	7	**1,352,402**	1,259,764	1,094,059
Trade and other receivables		**251,122**	275,538	328,187
Prepayments and accrued income		**1,561,295**	1,413,158	1,487,400
Cash at bank and cash equivalents	8	**5,247,991**	4,081,882	916,269
Total current assets		**8,412,810**	7,030,342	3,825,915
Current liabilities				
Trade and other payables		**3,387,529**	4,170,712	4,073,090
Accruals		**182,091**	122,269	311,775
Interest bearing liabilities		—	80,499	122,957
Total current liabilities		**3,569,620**	4,373,480	4,507,822
Net current assets		**4,843,190**	2,656,862	(681,907)
Total assets less current liabilities		**47,682,282**	44,864,688	41,719,554
Non-current liabilities				
Trade and other payables		**388,049**	68,873	90,827
Provisions		**1,383,057**	1,374,200	1,367,577
Interest bearing liabilities		**245,477**	216,898	—
Total non-current liabilities		**2,016,583**	1,659,971	1,458,404
Net assets		**45,665,699**	43,204,717	40,261,150
Equity				
Share capital	10	**27,752,834**	26,848,814	25,285,679
Share premium		**40,754,032**	36,268,991	33,402,649
Option reserve		**1,614,094**	1,523,444	3,121,269
Other reserves		**260,882**	260,882	—
Translation reserve		**3,224,701**	2,269,157	1,570,580
Accumulated loss		**(27,940,844)**	(23,966,571)	(23,119,027)
Equity shareholders' funds		**45,665,699**	43,204,717	40,261,150

The interim financial information has not been audited and does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. Whilst the financial information included in this announcement has been compiled in accordance with International Financial Reporting Standards ("IFRS") this announcement itself does not contain sufficient financial information to comply with IFRS. The Group statutory accounts for the year ended 31 December 2009, prepared under IFRS as adopted in the EU, have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified but did contain an Emphasis of Matter with respect the ability of the Company and the Group to continue as a going concern. The auditors' report did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

SERABI MINING PLC
Consolidated Statements of Changes in Shareholders' Equity

(expressed in US$) (unaudited)	Share capital	Share premium	Share option reserve	Other reserves	Translation reserve	Accumulated loss	Total equity
Equity shareholders' funds at 31 December 2008	25,285,679	33,402,649	3,061,095	—	(7,803,738)	(15,681,143)	38,264,542
Foreign currency adjustments	—	—	—	—	9,374,318	—	9,374,318
Loss for the period	—	—	—	—	—	(7,437,884)	(7,437,884)
Total comprehensive income for the period	—	—	—	—	9,374,318	(7,437,884)	1,936,434
Share option expense	—	—	60,174	—	—	—	60,174
Equity shareholders' funds at 30 September 2009	25,285,679	33,402,649	3,121,269	—	1,570,580	(23,119,027)	40,261,150
Foreign currency adjustments	—	—	—	—	698,577	—	698,577
Loss for the period	—	—	—	—	—	(2,552,618)	(2,552,618)
Total comprehensive income for the period	—	—	—	—	698,577	(2,552,618)	(1,854,041)
Issue of new ordinary shares	1,563,135	3,129,079	—	—	—	—	4,692,214
Share issue costs	—	(262,737)	—	—	—	—	(262,737)
Equity portion of convertible loan stock	—	—	—	260,882	—	—	260,882
Cancellation of share options	—	—	(1,705,074)	—	—	1,705,074	—
Share option expense	—	—	107,249	—	—	—	107,249
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	—	—	—	—	955,544	—	955,544
Loss for the period	—	—	—	—	—	(3,974,273)	(3,974,273)
Total comprehensive income for the period	—	—	—	—	955,544	(3,974,273)	(3,018,729)
Issue of new ordinary shares	904,020	4,520,100	—	—	—	—	5,424,120
Share issue costs	—	(35,059)	—	—	—	—	(35,059)
Share option expense	—	—	90,650	—	—	—	90,650
Equity shareholders' funds at 30 September 2010	**27,752,834**	**40,754,032**	**1,614,094**	**260,882**	**3,224,701**	**(27,940,844)**	**45,665,699**

SERABI MINING PLC
Consolidated Cash Flow Statements

(expressed in US$)	**For the nine months ended 30 September 2010 (unaudited)**	For the Year Ended 31 December 2009 (audited)	**For the nine months ended 30 September 2009 (unaudited)**
Operating activities			
Operating loss	**(3,842,991)**	(9,763,622)	(7,414,625)
Depreciation – plant, equipment and mining properties	**1,514,897**	2,157,026	1,625,894
Impairment charges	—	4,343,048	3,582,333
Increase in rehabilitation provision	—	346,000	346,000
Loss on sale of assets	**115,800**	181,237	176,219
Option costs	**75,307**	167,423	60,174
Share based payment expense	—	334,987	—
Write-off of past exploration costs	—	495,138	476,967
Interest paid	**(93,016)**	(215,916)	(191,822)
Foreign exchange loss	**(53,045)**	(650,272)	(770,105)
Changes in working capital			
(Increase) / decrease in inventories	**(54,618)**	452	118,806
(Increase) / decrease in receivables, prepayments and accrued income	**(73,268)**	1,179,755	1,039,725
(Decrease) / increase in payables, accruals and provisions	**(496,467)**	(96,684)	665,091
Net cash flow from operations	**(2,907,401)**	(1,521,428)	(285,343)
Investing activities			
Proceeds from sale of fixed assets	**246,745**	1,220,691	1,169,502
Purchase of property, plant and equipment	—	(74,578)	(71,450)
Exploration and development expenditure	**(1,420,722)**	(620,490)	(378,998)
Interest received	**21,794**	3,569	1,748
Net cash inflow/(outflow) on investing activities	**(1,152,183)**	529,192	720,802
Financing activities			
Issue of ordinary share capital	**5,424,120**	4,266,740	—
Capital element of finance lease payments	**(78,327)**	(1,178,381)	(1,134,575)
Issue of convertible loan stock	—	477,780	—
Payment of share issue costs	**(35,059)**	(172,250)	—
Net cash inflow/(outflow) from financing activities	**5,310,734**	3,393,889	(1,134,575)
Net increase/(decrease) in cash and cash equivalents	**1,251,150**	2,401,653	(699,116)
Cash and cash equivalents at beginning of period	**4,081,882**	1,538,956	1,538,956
Exchange difference on cash	**(85,041)**	141,273	76,429
Cash and cash equivalents at end of period	**5,247,991**	4,081,882	916,269

1. Basis of preparation

These interim accounts are for the nine month period ended 30 September 2010. Comparative information has been provided for the unaudited nine month period ended 30 September 2009 and the audited twelve month period from 1 January to 31 December 2009. A statement of comprehensive income is also included in respect of the three month period ended 30 September 2010 and comparative information has been provided for the three month period ended 30 September 2009.

The accounts for the period have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the accounting policies are consistent with those of the annual financial statements for the year ended 31 December 2009 and those envisaged for the financial statements for the year ended 31 December 2010:

- The financial statements are presented in US Dollars. They are prepared on the historical cost basis or the fair value basis where the fair valuing of relevant assets and liabilities has been applied.
- The financial statements have been prepared in accordance with International Financial Reporting Standards in force at the reporting date and their interpretations issued by the International Accounting Standards Board and adopted for use within the European Union (IFRS), and those parts of the Companies Act 2006 applicable to companies reporting under IFRS.
- The Company has not adopted any standards or interpretation in advance of the required implementation dates. 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.

(i) 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 directors have prepared cash flow projections for the period to June 2012 which indicates that existing funds will be sufficient to fund the group and its commitments for the foreseeable future. The directors have therefore concluded that it is appropriate to prepare the condensed financial statements on a going concern basis.

However further funds will be required in order to successfully develop any successful exploration targets and bring the Palito mine back into operation. 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 the funding not to become available in an appropriate timescale the directors would need to consider alternative strategies and an impairment review would be required in respect of the capitalised expenditure on the Palito project. No adjustments to asset carrying values that may be necessary should the company be unsuccessful have been recognised in the financial statements.

(ii) 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, only maintaining the current levels of operation or that if a sale transaction were undertaken the proceeds may not realise the value as stated in the accounts.

(iii) Inventories

Inventories - are valued at the lower of cost and net realisable value.

(iv) Property, plant and equipment

Property, plant and equipment are depreciated over their useful lives.

(v) Mining property

The Group commenced commercial production at the Palito mine effective 1 October 2006. Prior to this date all revenues and operating costs were capitalised as part of the development costs of the mine. Effective from 1 October 2006 the accumulated development costs of the mine were re-classified as Mining Property costs and such cost is being amortised over the anticipated life of the mine on a unit of production basis. As the underground mine is currently on care and maintenance and there is no depletion of the reserves and resources attributable to the mine, no amortization charge has been recorded in the period.

(vi) Revenue

Revenue represents amounts receivable in respect of sales of gold and by-products. Revenue represents only sales for which contracts have been agreed and for which the product has been delivered to the purchaser in the manner set out in the contract. Revenue is stated net of any applicable sales taxes. Any unsold production and in particular concentrate is held as inventory and valued at production cost until sold.

2. Segment Reporting

The Group currently operates with one business segment being mineral exploration and development and one geographical segment being Brazil.

3. Taxation

Taxation represents a provision for corporate taxes due on taxable profits arising in Brazil. No deferred tax asset arising from carried forward losses incurred outside of Brazil has been recognised in the financial statements because of uncertainty as to the time period over which this asset may be recovered.

4. Earnings per share

The calculation of the basic loss per share of 1.06 cents per share (31 December 2009: loss of 6.16 cents; 30 September 2009: loss of 5.31 cents) is based on the loss attributable to ordinary shareholders of $3,974,273 (31 December 2009: loss of US$9,990,502; 30 September 2009: loss of US$7,437,884) and on the weighted average number of ordinary shares in issue during the period of 374,773,562 ordinary shares (31 December 2009: 162,309,378; 30 September 2009: 140,139,065).

5. Exploration and development costs

	30 September 2010 (unaudited)	31 December 2009 (audited)	30 September 2009 (unaudited)
Cost			
Opening balance	6,880,038	5,351,921	5,351,921
Exploration and development expenditure	1,436,066	640,875	378,998
Write-off of past exploration costs	—	(495,138)	(476,967)
Exchange	242,738	1,570,728	1,412,897
Transfer to property, plant and equipment	—	(188,348)	(188,348)
Balance at end of period	8,558,842	6,880,038	6,478,501

In drawing up the results to 30 September 2009, the directors have reviewed the timing of the impairment charges made during the year ended 31 December 2009 and determined that a charge of approximately US$475,000 should be recorded in the period ended 30 June 2009. Originally this write down was recorded in the 6 month period ended 31 December 2009.

6. Property, plant and equipment

	30 September 2010 (unaudited)	31 December 2009 (audited)	30 September 2009 (unaudited)
Cost			
Balance at beginning of period	48,566,891	38,295,092	38,295,092
Additions	—	283,578	280,450
Transfer from intangible assets	—	188,348	188,348
Exchange	1,179,687	11,564,549	10,607,880
Disposals	(543,000)	(1,764,676)	(1,710,203)
Balance at end of period	49,203,578	48,566,891	47,661,567
Accumulated depreciation			
Balance at beginning of period	13,239,103	6,674,728	6,674,728
Charge for period	1,514,898	2,157,026	1,625,894
Impairment charge	—	2,590,532	1,829,817
Exchange	349,783	2,380,893	2,165,535
Eliminated on sale of asset	(180,456)	(564,076)	(557,367)
Balance at end of period	14,923,328	13,239,103	11,738,607
Net book value at end of period	34,280,250	35,327,788	35,922,960

7. Inventories

	30 September 2010 (unaudited)	31 December 2009 (audited)	30 September 2009 (unaudited)
Consumables	1,352,402	1,259,764	1,094,059
Inventories	1,352,402	1,259,764	1,094,059

8. Cash and cash equivalents

	30 September 2010 (unaudited)	31 December 2009 (audited)	30 September 2009 (unaudited)
Cash at bank and in hand	**5,247,991**	4,081,882	916,269
Cash and cash equivalents	**5,247,991**	4,081,882	916,269

9. Maturity profile of financial liabilities and commitments

The following table sets of the maturity profile of the financial liabilities as at 30 September 2010 and commitments under operating leases.

	Total at 30 September 2010 (unaudited)	Due by 30 September 2011 (unaudited)	Due October 2011 to September 2013 (unaudited)	Due October 2013 to September 2015 (unaudited)	Due after September 2015 (unaudited)
Balance sheet liabilities					
Trade and other payables	**3,775,578**	3,387,529	283,815	104,234	—
Accruals	**182,091**	182,091	—	—	—
Interest bearing liabilities	**245,477**	—	—	245,477	—
Provisions	**1,383,057**	—	—	328,057	1,055,000
Total balance sheet liabilities	**5,586,203**	3,569,620	283,815	677,768	1,055,000
Other commitments					
Operating leases	**233,529**	113,262	120,657	—	—

10. Share capital

Ordinary Shares	30 September 2010 (unaudited) Number	30 September 2010 (unaudited) $	31 December 2009 (audited) Number	31 December 2009 (audited) $	30 September 2009 (unaudited) Number	30 September 2009 (unaudited) $
Opening balance	327,740,595	2,827,419	140,139,065	25,285,679	140,139,065	25,285,679
Sub-division of shares	—	—	—	(24,021,395)	—	(24,021,395)
Issue of shares for cash	120,000,000	904,020	187,601,530	1,563,135	—	—
Balance at end of period	447,740,595	3,731,439	327,740,595	2,827,419	140,139,065	1,264,284

Deferred Shares	30 September 2010 (unaudited) Number	30 September 2010 (unaudited) $	31 December 2009 (audited) Number	31 December 2009 (audited) $	30 September 2009 (unaudited) Number	30 September 2009 (unaudited) $
Opening balance	140,139,065	24,021,395	—	—	—	—
Sub-division of shares	—	—	140,139,065	24,021,395	140,139,065	24,021,395
Balance at end of period	140,139,065	24,021,395	140,139,065	24,021,395	140,139,065	24,021,395

The following share issues of Ordinary Shares have occurred during the period:

16th June 2010 Placing of 120,000,000 Ordinary shares at a price of 3.0 pence each

The deferred shares carry no voting or dividend rights or any right to participate in the profits or assets of the Company and all the deferred shares may be purchased by the Company, in accordance with the Companies Act 2006, at any time for no consideration. In the event of a return of capital, after the holders of the Ordinary shares have received in aggregate the amount paid up thereon plus £100 per ordinary share, there shall be distributed amongst the holders of deferred shares an amount equal to the nominal value of the deferred shares and thereafter any further surplus shall be distributed amongst the holders of ordinary shares.

On 21 December 2010, the shareholders approved the consolidation of the Ordinary Shares in issue on the basis of one new Ordinary Share for every 10 Existing Ordinary Shares. As a result of this consolidation the number of shares that would have been in issue at the end of the period would be 44,774,059.

11. Impairment

Consistent with the review process performed as at 31 December 2009, the Directors have undertaken an impairment review of the Group's exploration, development and production assets.

The Directors note that the carrying value of the assets relating to the Palito Mine have reduced compared with the value at 31 December 2009. This is as a result of variation in exchange rates, depreciation charges made during the period and asset disposals. At the same time the Net Present Value of the Palito project has reduced in value compared with the calculation undertaken as of 31 December 2009. Such reduction is due to the variations in the exchange rates ruling at the end of the period and changes in assumptions. The resulting Net Present Value still supports the carrying value of US$34.3 million and therefore the Directors have not made any adjustment to the impairment provision currently carried in the books of the group.

In deriving an estimate of the value in use in respect of the Palito mine the Directors' have calculated a Net Present Value of the projected cash flow to be derived from the exploitation of the previously declared reserves of 187,538 gold equivalent ounces as estimated at the end of March 2008. The key assumptions underlying the Net Present Value are unchanged from those detailed in the Annual Report 2009 save that commencement of operations has been set as 1 October 2013 (eighteen months later than previously), the exchange rate BrR$ to US$ has been set at 1.6942 (December 2009 - 1.7412), operating costs have been increased by a factor of 15% to allow for inflationary effects and the long term gold price has been set at US$1,000. The value in use of Palito taking into account these parameters has been estimated at US$34.3 million (December 2009 - US$35.3 million)

12. Contingent Liability

In June 2010, the Company's wholly owned subsidiary Serabi Mineracao Limitada ("SML") was held to be in breach of certain conditions of its operating licence by the Brazilian Federal Environmental Agency, IBAMA, as a result of which SML was required to suspend activities at the Palito Mine and a fine was levied of R$3,597,300 (approximately US$2.2 million). On 23 September 2010, the Company announced that IBAMA had lifted the notice having acknowledged that the conditions of the operating licence which had given rise to the original suspension notice had been fulfilled. IBAMA has not yet made any formal decision regarding the fine. The Directors understand that IBAMA is of the view that the original proposed fine was unnecessarily severe relative to the alleged breached. Whilst they are confident that the initial fine imposed will be waived or significantly reduced, at this stage the Directors are not in a position to estimate with any certainty what level of penalty, if any, may become due. Accordingly no provision for any penalty has been accrued at this time.

13. Post Balance Sheet Event

On 3 December 2010 the Company announced that it had placed 10,070,000 Special Warrants raising gross proceeds of C$5,538,500. The net proceeds raised from the Offering are intended to be applied to Serabi's on-going exploration activities at and around the Palito mine and in the evaluation of the wider 60,000 hectare Jardim do Ouro tenement holding that surrounds the Palito Mine, and for general corporate purposes. Following the approval of shareholders to a consolidation of the shares on the basis of 1 New Ordinary Share for every 10 Existing Ordinary Shares in a General Meeting held on 21 December 2010, the proceeds of the Offering which had been held in escrow were released to the Company on 23 December 2010.

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Copies of this release are available from the company's website www.serabimining.com.