

## **SERABI MINING plc ("Serabi" or "the Company")**

### **UPDATE ON GEOPHYSICAL SURVEY AT PALITO GOLD PROJECT, BRAZIL**

Serabi, the AIM-traded gold exploration and production company, announces a Progress Update Report on the Company's 100% owned Palito gold project in the Tapajos region of northern Brazil.

#### **Highlights**

- **Drilling expected to commence in July 2010**
- **9 drill ready targets identified from initial survey over 14 EM anomalies**
- **To the east of Palito a chargeable complex, containing at least 6 discrete, sub-parallel, chargeable bodies, has been found**
- **Further IP surveys planned to further extend and delineate some of the anomalies identified**

Further to the Company's press release of 9 April, the initial follow-up ground-induced polarisation ("IP") geophysical survey at the Company's Jardim do Ouro project in the state of Para, Northern Brazil, which commenced in mid-March, has now been completed and the interpretation of the results undertaken.

This Survey was a follow-up to the company's successful airborne Electromagnetic ("VTEM") geophysical survey, which had highlighted a significant number of geophysical targets within close proximity to its Palito mine, of which the Company had prioritized 18 targets that it believed merited further evaluation.

The IP Survey focused on 3 main areas lying within 5km of the Palito plant and infrastructure, parts of which fall within the existing mining lease. These three areas covered 14 of the 18 initial VTEM targets. Data interpretation and integration of the recent IP results with all other pre-existing exploration datasets has delineated at least nine significant targets warranting drill testing at the earliest opportunity. These anomalies exhibit high chargeability – low resistivity attributes, properties one would expect to find associated with sulphide bodies and which are characteristics of the gold bearing sulphide bodies found at Palito.

Mike Hodgson, Chief Executive of Serabi Mining, commented:

*"The Company views these results with great optimism and excitement. To be rewarded with 9 drill targets from a ground survey testing an initial 14 anomalies was well beyond the expectations we had at this stage. Furthermore, it has demonstrated that using EM as a first pass exploration tool and following up with ground IP, has been shown to be a valid and excellent exploration process for the identification of sulphide hosted gold bodies in this area of the Tapajos. As a result, we are well on schedule to be drilling by July this year, the outcome of which we will be eagerly anticipating. Furthermore, the success of our geophysical exploration means that we will also be extending our IP surveys to cover the remaining target areas. We hope that these in turn, will generate additional drill targets. We hope to be making substantial progress in our quest to make further discoveries and resource growth at Serabi by the end of this year. "*

The survey was divided into 3 discrete areas, identified as the TZ1, located to the north of the Palito Mine, TZ2, located south east of Palito and TZ3 located to the south. A diagram is appended to this release for reference purposes.

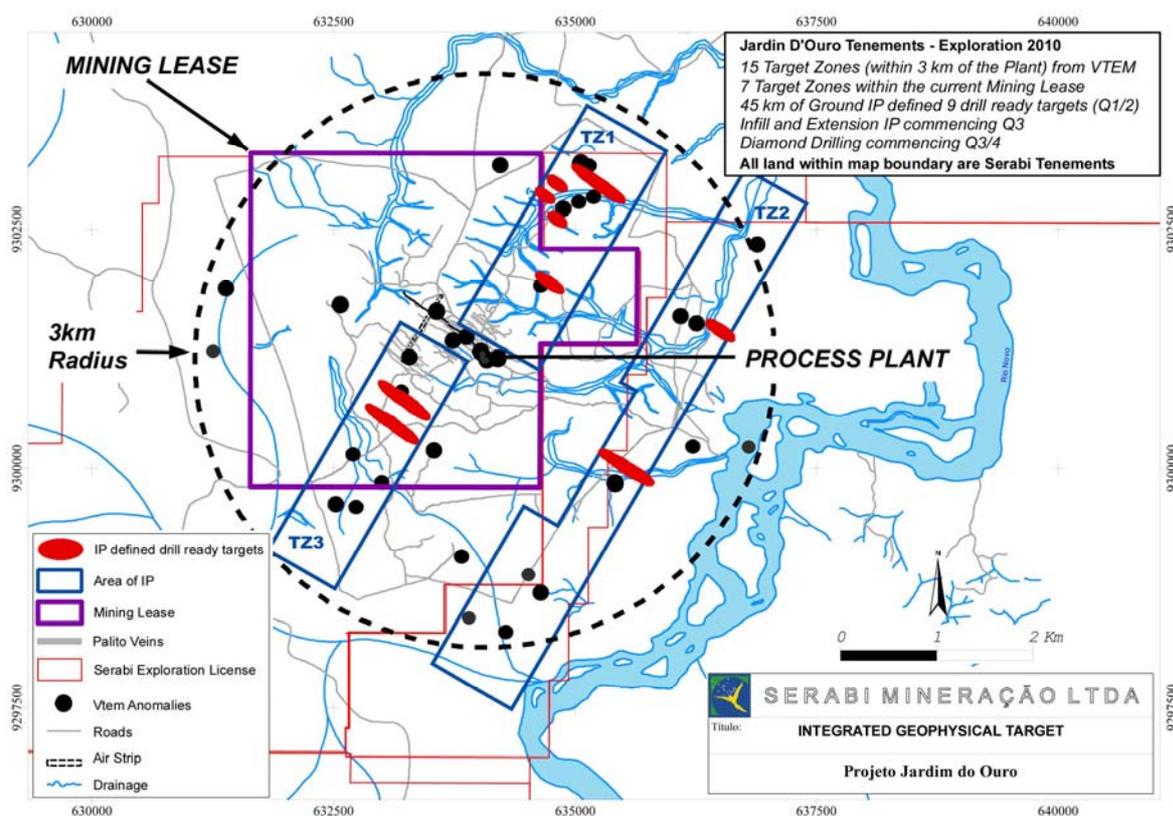
In the TZ1 area 5 significant, highly conductive - low resistivity anomalies were identified. One of these is a large anomaly lying within the historical "Pele" area. The Pele area has seen significant past garimpeiro surface gold mining activity and is associated with a geochemical anomalism. Additionally a low resistivity anomaly was found with a strike length of 800m which may represent a different style of mineralisation to Palito. Significantly, this corresponds to the historic Tatu Garimpo trend, where the company has previously discovered rock chip samples with gold grades up to 191g/t from quartz - magnetite veining considered to be from within a brittle fault zone, with minimal or no sulphide association.

The results also identified a further three chargeability anomalies which follow and lie within the dominant regional 070° trending structural corridor which hosts the main Palito mineralization. These geophysical anomalies potentially represent chargeable sulphides manifesting along geological structures.

Within the TZ2 area, the most significant zone of IP anomalies were defined at the Kubanikan prospect area, where a chargeable complex, containing at least 6 discrete, sub-parallel, chargeable bodies, has been found. This chargeable, conductive complex, displays very similar geophysical attributes to that of the Palito Main Zone. This zone remains open to the east and west, with indications that the chargeable bodies continue in both strike directions.

In the TZ3 survey area, south of the Palito mine, two (2) significant IP anomalies were defined, the most significant of which is a high chargeability anomaly, exceeding 500m in length, and certainly appears to be similar to those associated with the plunging ore zones and shoots within the Palito Main Zone

Serabi is currently in final negotiations with drilling contractors, and remains on schedule to commence drilling in July 2010. Serabi will also take the opportunity to complete further IP surveys in July, to further extend and delineate the significant TZ2 and TZ3 anomalies.



Map showing location of survey areas and drill targets

Further information on the company is available at [www.serabimining.com](http://www.serabimining.com)

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**Forward-looking statements**

This press release includes certain forward-looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding the future plans and objectives of Serabi, are forward-looking statements that involve various known and unknown risks and uncertainties as well as other factors. Such forward-looking statements are subject to a number of risks and uncertainties that may cause actual results or events to differ materially from current expectations, including delays in obtaining or failure to obtain required regulatory approvals. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. Any forward-looking statements speak only as of the date hereof and, except as may be required by applicable law, Serabi disclaim any obligation to update or modify such forward-looking statements, either as a result of new information, future events or for any other reason.

**Qualified Persons Statement**

The information contained within this announcement has been reviewed and verified by Michael Hodgson as required by the AIM Guidance Note on Mining. Oil and Gas Companies dated March 2006. Michael Hodgson is an Economic Geologist by training with 20 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.