

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should consult an independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities in the United Kingdom.

If you have sold or otherwise transferred all of your shares in Serabi Mining plc, please forward this document and the accompanying form of proxy at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

SERABI MINING plc

(Registered in England and Wales with registered number: 05131528)

**Proposed Placing of 29,069,768 New Ordinary Shares
and
Notice of Extraordinary General Meeting**

Notice of an Extraordinary General Meeting of Serabi Mining plc to be held at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT on 11 July 2007 at 11.00 a.m. is set out at the end of this document. A form of proxy relevant for use in connection with the Extraordinary General Meeting is enclosed with this document.

If you are a Shareholder, and whether or not you intend to be present at the Extraordinary General Meeting, please complete and return the accompanying form of proxy for the Extraordinary General Meeting, in accordance with the printed instructions thereon, as soon as possible but, in any event, so as to be received by the Company's registrars, Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8FB no later than 11.00 a.m. on 9 July 2007. Completion and return of a form of proxy will not prevent a Shareholder from attending and voting at the EGM in person, should he so wish.

CONTENTS

| | <i>Page</i> |
|--|-------------|
| Expected Timetable of Events | 2 |
| Letter from the Chairman of Serabi | 3 |
| Definitions | 8 |
| Notice of Extraordinary General Meeting | 9 |

EXPECTED TIMETABLE OF EVENTS

| | |
|---|----------------------------|
| Latest time and date for receipt of forms of proxy | 11.00 a.m. on 9 July 2007 |
| Extraordinary General Meeting | 11.00 a.m. on 11 July 2007 |
| Completion of the Placing and Admission to AIM of the New Ordinary Shares * | 8:00 a.m. on 12 July 2007 |

* These times and dates are subject to change. References to time are to London time.

Letter from the Chairman of Serabi Mining plc

Serabi Mining plc

(Registered in England and Wales with registered number: 05131528)

Registered Office:
66 Lincoln's Inn Fields
London
WC2A 3LH

15 June 2007

To the holders of Ordinary Shares in the Capital of Serabi Mining plc

Dear Shareholder

Proposed Placing of 29,069,768 New Ordinary Shares

Introduction

The Company today announced that, subject *inter alia* to the approval of the Resolutions to be proposed at the EGM convened by the Notice of Extraordinary General Meeting set out at the end of this document by the Shareholders, it proposes to raise £12,500,000 by way of a Placing of 29,069,768 New Ordinary Shares at a price of 43 pence per New Ordinary Share.

The purpose of this document is to provide you with an explanation of the background to and reasons for the Placing and to explain why the Board considers the Placing to be in the best interests of the Company and Shareholders as a whole and why it recommends that you vote in favour of the Resolutions.

An EGM has been convened for 11 July 2007, at which Shareholders will be asked to consider, and if thought fit, to approve the Resolutions to increase the authorised share capital of the Company, to grant the Directors authority to allot the New Ordinary Shares and to disapply the statutory pre-emption rights in relation to the New Ordinary Shares, to allow the Placing to be implemented. Details of the EGM are set out in the Notice of Extraordinary General Meeting which is set out at the end of this document.

Background to and reasons for the Placing

I believe that Serabi is approaching an important time in its future development.

Having established commercial production at Palito in October 2006 and with exploration success emerging from the wider land portfolio, the Company is now well placed for the next move in its growth. Central to this is the need to increase and develop further the resources and production of the Company. The present favourable commodity markets make it desirable to expedite this growth at this time and so maximise the revenue potential of our current and future production, as well as develop the potential value of our extensive exploration portfolio.

While cash-flow from the Palito mine provides sufficient funds to support a modest exploration programme and to meet the ongoing sustainable capital investment required for the current mining operation, additional finance is required to achieve the Company's future growth plans. The Board has three prime objectives for the long-term development of Serabi:

- to become a mid-tier gold producer with annual production in excess of 200,000 ounces;
- to achieve cash operating costs in the lower quartile of the world's producers; and
- to ensure longer term growth of quality resources necessary to support the above two objectives.

Our work to date has placed us in a strong position to ultimately meet these objectives, but we need now to accelerate our current rate of growth by supplementing existing funds from cash-flow with an injection of capital. This will allow the Company to maintain the current competitive advantage that we believe the Company has established in the Tapajos over the past seven years. Such additional finance will, in particular:

- allow us to accelerate development of our existing properties;
- enable key evaluation and development programmes to be pursued independently of the Palito operation; and
- provide the Company with the financial flexibility to pursue other opportunities.

Further to our press announcement of 5 June 2007 concerning exploration success at the Ruari's Ridge and Chico do Santo projects, the Board considers that it is in the best interests of the Company to accelerate its evaluation of these two areas, in order to potentially fast track their development with a view to establishing mining production during 2008. We anticipate that, if successful, such an outcome could increase annual production at the Palito operation to between 60,000 and 70,000 ounces gold equivalent.

At the same time, and in the light of these discoveries, we believe a faster programme of assessment across a wider area around the established Palito mine (Jardim do Ouro) is justified in order to target further related mineralised areas that we believe exist and could eventually form the foundation for further production growth.

Our next milestone is to seek to achieve annual production of at least 100,000 ounces, and we believe that the area in the immediate vicinity of Palito has the potential to

support this scale of operation. However, such an uplift in production capacity will need to be carefully assessed in order to achieve the best technical plan and optimise related capital expenditure and return on investment. For this reason the first step is to expand significantly the exploration effort across this district in order to arrive at a better understanding of the full potential of the area, to establish a mineable reserve, and thereby to establish the correct level of potential expansion that is possible.

We announced in May of this year that we are making significant increases in our land-holdings in the Tapajos gold region. This is in part a reflection of encouraging early results from some of the exploration work we have undertaken, but also a desire to consolidate and strengthen our presence in this highly prospective region. Serabi is one of the leading exploration companies in the area, and while Palito remains the only modern 'hard-rock' mine established in the Tapajos, the region is now coming to the attention of larger groups, attracted by both the prospectivity and Serabi's success to date in developing the Palito operation.

As I mentioned at our recent Annual General Meeting, we would welcome the presence of other mining companies in the region and could even see a potential benefit in striking up suitable alliances in order to accelerate the evaluation of existing and new prospects. Having established a strategic framework of assets, production and extensive exploration facilities, combined with a unique track record in the region, we believe Serabi would form a strong partner with whom to collaborate.

Meanwhile, we have commenced a selective evaluation of other opportunities in both the Tapajos and other parts of Brazil. At this time we are also seeking to strengthen the Company's financial position in order to provide better flexibility to pursue such new projects on an opportunistic basis and so further enhance the growth potential of the Company. In looking at such projects we are focusing on quality and those which could provide scope for further near term, or existing production with good longer term growth potential.

Throughout, the Company's objective will be on growing resources and production.

Details of the Placing and use of proceeds

The Company has entered into the Placing Agreement to raise approximately £12,500,000 through the placing of 29,069,768 New Ordinary Shares at 43p per share. Under the Placing Agreement, the Placing is conditional, *inter alia*, on the passing by Shareholders of the Resolutions to be proposed at the EGM.

The Placing Agreement contains certain customary warranties and indemnities by the Company in favour of Numis. The Company will pay to Numis a corporate finance fee of £25,000 and a commission equal to 5 per cent. of the total aggregate value at the Placing Price of the New Ordinary Shares together with all costs and expenses and VAT where appropriate. Numis may terminate the Placing Agreement in specified circumstances prior to Admission.

Numis has agreed, conditionally, to place the New Ordinary Shares with institutional investors at the Placing Price, failing which Numis has conditionally agreed to subscribe as principal for those shares to the extent that they are not placed with institutional investors.

The net proceeds of the Placing, after expenses, are expected to be approximately £11,800,000. This sum will be used, along with the group's existing funds:

- to escalate detailed evaluation and potential development of the Ruari's Ridge and Chico do Santo projects, leading to the near term expansion of production at the Palito operation;
- to expand the exploration budget over the next 18-24 months to allow the Company to fully evaluate the wider potential of the Palito environs and thereby establish the level of mineable reserves and properly scope the potential for the next production expansion; and
- to provide the Company with additional working capital to allow it to introduce further cost reduction measures and to take advantage of opportunities to improve the growth potential of the Company.

The Placing Price represents a discount of 6.52 per cent. to the middle market closing price of an Ordinary Share as at 13 June 2007 (being the latest practicable date prior to publication of this document).

Extraordinary General Meeting

You will find set out at the end of this document a notice convening an Extraordinary General Meeting of the Company to be held at Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT at 11.00 a.m. on 11 July 2007.

Further to the resolutions passed at the Annual General Meeting on 1 June 2007, the Company proposes approval of the following resolutions:

Ordinary Resolutions

1. To increase the authorised share capital of the Company from £20,000,000 to £25,000,000;
2. To authorise the Directors of the Company to allot relevant securities up to an aggregate nominal amount of £3,000,000;

Special Resolution

3. To disapply the statutory pre-emption rights in relation to the issue of the New Ordinary Shares.

Action to be taken

Shareholders will find enclosed with this document a Form of Proxy for use at the EGM. Forms of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's registrars, Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol BS13 8FB, to arrive no later than 48 hours before the time appointed for the holding of the EGM.

Completion and return of a Form of Proxy will not prevent Shareholders from attending and voting at the EGM should they so wish.

Recommendation

The Directors consider that the Placing is in the best interests of the Company and the Shareholders as a whole. The Directors unanimously recommend that Shareholders vote in favour of the Resolutions, as the Directors intend to do in respect of their holdings of Ordinary Shares which amount in aggregate to 39,007,784 Ordinary Shares (representing 35.1% of the current issued share capital of the Company).

Yours faithfully

A handwritten signature in black ink that reads "Graham Roberts". The signature is written in a cursive style with a long horizontal stroke extending to the left from the bottom of the name.

Graham Roberts
Chairman

DEFINITIONS

| | |
|--|--|
| "Admission" | the admission to trading on AIM of the New Ordinary Shares |
| "AIM" | AIM, a market operated by the London Stock Exchange |
| "Company" or "Serabi" | Serabi Mining plc a company incorporated in England and Wales with registered number 05131528 and having its registered office at 66 Lincoln's Inn Fields, London WC2A 3LH |
| "Directors" or "Board" | the directors of the Company |
| "Extraordinary General Meeting" or "EGM" | the extraordinary general meeting of the Company to be held at 11.00 a.m. on 11 July 2007, notice of which is set out on page 9 of this document |
| "London Stock Exchange" | London Stock Exchange plc |
| "New Ordinary Shares" | the 29,069,768 new Ordinary Shares to be issued pursuant to the Placing |
| "Numis" | Numis Securities Limited, a company incorporated in England and Wales with registered number 02285918 and having its registered office at 10 Paternoster Square, London EC4M 7LT |
| "Ordinary Shares" | the ordinary shares of 10 pence each in the capital of the Company |
| "Placing" | the Placing of the New Ordinary Shares at the Placing Price pursuant to the Placing Agreement |
| "Placing Agreement" | the conditional agreement between the Company and Numis dated 15 June 2007 |
| "Placing Price" | 43p per Ordinary Share |
| "Resolutions" | the resolutions to be proposed at the EGM as set out in the Notice of Extraordinary General Meeting at the end of this document |
| "Shareholders" | holders of any Ordinary Shares |

Serabi Mining plc

(Registered in England and Wales with registered number: 05131528)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT an Extraordinary General Meeting of Serabi Mining plc ("the Company") will be held at the offices of Numis Securities Limited, 10 Paternoster Square, London EC4M 7LT on 11 July 2007 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions of which Resolutions 1 and 2 will be proposed as Ordinary Resolutions and Resolution 3 will be proposed as a Special Resolution.

ORDINARY RESOLUTIONS

1. **THAT** the authorised share capital of the Company be increased from £20,000,000 to £25,000,000 by the creation of an additional 50,000,000 ordinary shares of 10p each ("Ordinary Shares") ranking *pari passu* in all respects with the existing Ordinary Shares and all such shares to have the rights and be subject to the restrictions set out in the articles of association of the Company.
2. **THAT**, without prejudice to all existing authorities under that section, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 ("the Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal amount of £3,000,000 provided that this authority shall (unless previously renewed, varied or revoked by the Company in general meeting) expire on the date falling one month from the date on which this resolution is passed save that the Company may make an offer or agreement before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities pursuant thereto as if the authority conferred hereby had not expired.

SPECIAL RESOLUTION

3. **THAT**, without prejudice to all existing authorities under that section, the directors be generally and unconditionally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Act) wholly for cash pursuant to the authority conferred by the previous resolution as if section 89(1) of the Act did not apply to any such allotment up to an aggregate nominal amount of £3,000,000 provided that this power shall expire on the date falling one month from the date on which this resolution is passed, save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board
Clive Line
Company Secretary

Registered Office:
66 Lincoln's Inn Fields
London
WC2A 3LH

15 June 2007