PRESS RELEASE

29 September 2008

SERABI MINING plc (“Serabi” or “the Company)
Interim Results for the six months ended 30 June 2008

Report of the Chairman and Chief Executive

Activity has been intense over the first half of 2008, with the dual objectives of trying to optimise the mining operation at Palito and rapidly assessing the mineral potential of Serabi’s assets, particularly over the near-mine Palito district. However, in the light of continuing mining problems at Palito the recent decision to reduce, in the short term, the scale of the Company’s operational activities, whilst carrying out a review of available strategic options, has overshadowed other events of this year.

This was not a decision taken lightly. The production shortfalls of the first part of 2008 and the reasons for them have been well reported. Production levels improved in June and July following the arrival of the additional mining fleet towards the end of the second quarter. Indications from management in Brazil were that this improvement would be sustained during August and they were confident that a successful turnaround was underway.

The results for August, however, fell significantly short of planned levels of ounces produced, rates of mining and productivity per man hour. This shortfall was of great concern, particularly given that the preceding operational difficulties encountered during the first half of 2008 had already resulted in the rate of mine development achieved being lower than required for future production plans. The possibility of continuing delays in recovering mine development rates was considered likely to compromise the ability of the mine to achieve production and cost targets in 2009 and beyond if not dealt with.

As reported earlier this month, in the light of these difficulties a detailed review of operations at the Palito mine has been undertaken by the Company’s Chief Executive in conjunction with the Company’s Brazilian management. The findings of this review were that mining shortfalls were now arising as a result of operating problems which were only apparent following the introduction of the new equipment, plans and targets, namely;

- daily production targets were not being adequately communicated and enforced;
- equipment operators were not following prescribed practices, resulting in the inefficient use of equipment and reduced outputs; and
- maintenance operations were not adequately focused on returning equipment to production at the earliest possible opportunity

While these issues can be resolved, it was concluded that they could not be solved quickly. The solutions are twofold. First, the introduction of a new mine management team, new experienced equipment operators and maintenance teams is required. Second, additional working capital is required in order to permit the Company to place the mine into a development mode for an extended period, thus establishing a sound footing from which to achieve future production goals.

Cash holdings at the end of August were US$5.97 million and we have subsequently made an initial payment of US$600,000 to cover the first phase of redundancies at Palito. We estimate that a further US$600,000 will be required should the mine be placed on a care and maintenance basis later this year. Funding will also be required to meet outstanding trade liabilities with suppliers in Brazil. The extent of this funding will be dependent on the level of any surplus cash flow that can be achieved from the current activities and the proceeds from the sales of surplus assets.

The ore deposits already defined at Palito continue to present the basis for an attractive, viable mining operation. We remain convinced that the Palito mine retains significant value and represents an excellent opportunity, particularly in light of the potential for the immediate surrounding area to host additional economic ore bodies. Our immediate priority is therefore to safeguard the value of the mine and the exploration assets of the company. In this way, whether through an injection of new working capital or a sale in whole or in part of the exploration and mine properties, management has the opportunity to extract future value for shareholders.

Exploration

Following the discovery of significant areas of new mineralisation within the near-mine Palito area in 2007, Serabi has been extending the exploration and evaluation of this district over the last year. The results to-date have been very encouraging and can be categorised under the headings Resources, Palito near-mine exploration and regional exploration. In all three areas Serabi is seeing success. During the first half of the year, Serabi has through this programme, significantly enhanced its understanding of its exploration properties.

At Palito a reserve estimation has been reported for the first time together with a new estimation of the resources. Highlights of these new estimates are:

- A total Measured, Indicated and Inferred resource of 599,283 ounces of contained gold (668,228 gold equivalent ounces).

- Total proven and probable ore reserve of 172,836 ounces of contained gold (187,538 gold equivalent ounces), included within the overall resource.

The resource was established over 25 different veins of a minimum 70cm width, located within the larger mineralised sections of the Palito Main Zone (PMZ), the Palito West zone, Chico da Santa area and the Ruari's Ridge zone. The reserve and resource estimate was based on information available up to 31 March 2008. Subsequent drilling and assay results are expected to contribute to a significant increase of this estimate, having already confirmed an extension of the main G3 ore body to the south by approximately 300 metres along strike, whilst remaining open and with an apparent increase in mineralised widths.

At Palito West, additional drilling has extended the strike and plunge extent of the two main high-grade veins located there.

The helicopter-borne, electromagnetic, geophysics survey conducted earlier in the year over a 6,000 hectare area, significantly expanded the detailed exploration of the district. A review of these results identified numerous anomalies over this area. The detailed interpretation of these has now been undertaken, considering the geophysics with existing geochemical and geological data. From these, nine discrete anomalies and seven anomalous zones have been assigned a highest priority rating.

Of the other exploration prospects within Serabi's portfolio, two in particular are considered to have strong potential to support new, stand alone operations, namely Rio Marupa/Castanheira and Pison.

The Rio Marupa project, which is located some 150 km south-west of Palito and adjacent to the Company's existing Castanheira prospect, is a highly attractive prospect, with a history of extensive high-grade artisanal gold production, associated with large high-grade mineralised structures. The recent addition of this project significantly raises the priority of this area for Serabi, and as a result, an exploration team was recently mobilised and drilling commenced.

Situated some 250 kilometres north-west of Palito, Pison is located in a volcanic geological environment. Primary exploration targets in this district are large tonnage, low-grade, gold deposits. Preliminary geochemical screening of this large land area has now been completed, with the results confirming the potential for widespread gold occurrences.

Finance

The reduced levels of production during the first half of the year had a detrimental effect on the revenues of the company and have also impacted on the unit cash costs. Although the market has seen higher gold prices achieved during the year compared with 2007, this lower level of production resulted in revenue against the corresponding period in 2007 being lower by US$3.1 million and we experienced a shortfall of US$4.2 million against our budget revenue for the period.

The LBMA average spot price for gold during the period from January to June was US$912. Actual prices realised were US$918 per ounce for concentrate sales and US$895 for gold bullion which is sold in the domestic Brazilian market.

The Brazilian Real has continued its appreciation against all major currencies over the last two years, strengthening against the US dollar by some 17% in the last twelve months and by 8% compared with the preceding six month period. With the majority of the costs being denominated in Brazilian Real, the dollar reported cost base of Serabi therefore continues to be subject to escalation as a result of this currency movement.

Cash costs in US$ terms were US$8.32 million for the six month period compared with US$8.27 million in the corresponding six month period in 2007. However the lower levels of production mean that the cost per gold equivalent ounce achieved was US$775, compared with the figure of US$442 for the corresponding period in 2007. Of this variance US$90 per gold equivalent ounce is the result of exchange movements with US$160 resulting from the lower grades and US$222 from the lower tonnages that have been processed in the period. In Brazilian Real terms, operating costs for the period were down by 7%. With the reduced volumes of mined material this was to an extent expected, but also reflects the fact that any mining operation of this nature has a significant fixed cost element. Overall unit costs per tonne milled showed an increase of 9.5% to BrR$243 per tonne compared with average costs for 2007 of BrR$222 per tonne.

Cash holdings at the end of the period of US$9.7 million were in line with our budget projections, the shortfall in planned revenues being offset by the expenditure savings resulting from lower levels of mine development, when compared with our plan, and reductions in the levels of planned exploration expenditure.

The early part of 2008 was always projected to be a period of capital investment both in terms of plant and equipment for the mine, mine development and exploration activity. The expenditure on plant and equipment for the mining and process operations was US$3.6 million, with a further US$1.5 million invested in mine development activities such as deepening of the access ramps, commencement of the ramp access towards the Palito West ore body and the cross-cuts to establish access to the Jatoba and Cedro vein structures within the Chico da Santa area.

On the exploration front expenditure continued to be focused on the near mine prospects and some 65% of the total expenditure of US$3.9 million was incurred in and around the Palito area. Of the remainder, US$0.7 million was spent on the on-going evaluation of the Pison tenements, and a further US$0.2 million on the recently acquired Rio Marupa project .

Graham Roberts
Chairman
29 September 2008

Mike Hodgson
Chief Executive

Consolidated Income Statement

(Expressed in US$)	**For the six months ended 30 June 2008 (unaudited)**	For the six months ended 30 June 2007 (unaudited)	For the year ended 31 December 2007 (audited)
Revenue	**9,887,239**	13,023,940	25,099,118
Operating expenses	**(9,499,132)**	(10,268,037)	(19,708,212)
Profit from operations	**388,107**	2,755,903	5,390,906
Administration expenses	**(1,635,070)**	(1,552,718)	(3,446,849)
Share-based payments	**(89,926)**	(73,831)	(177,913)
Write-off of past exploration costs	**(502,591)**	—	(628,066)
Depreciation of plant and equipment	**(983,785)**	(781,733)	(1,530,243)
Depreciation of mine asset	**(502,069)**	(344,678)	(795,878)
(Loss)/profit on ordinary activities before interest and other income	**(3,325,334)**	2,943	(1,188,043)
Foreign exchange gain	**1,732,583**	145,932	1,725,397
Interest payable	**(385,365)**	(518,798)	(1,119,116)
Interest receivable	**366,874**	76,201	586,969
(Loss)/profit on ordinary activities before taxation	**(1,611,242)**	(293,722)	5,207
Taxation	**—**	(203,800)	(128,086)
Loss on ordinary activities after taxation	**(1,611,242)**	(497,522)	(122,879)
Loss per ordinary share (basic and diluted)	**(1.29c)**	(0.45c)	(0.10c)

Consolidated Balance Sheet

(expressed in US$)	Notes	As at 30 June 2008 (unaudited)	As at 30 June 2007 (unaudited)	As at 31 December 2007 (audited)
Non-current assets				
Goodwill		**1,752,516**	1,752,516	1,752,516
Development and deferred exploration costs	3	**6,461,865**	9,666,538	13,254,658
Property, plant and equipment	4	**43,348,962**	24,059,435	25,831,006
Total non-current assets		**51,563,343**	35,478,489	40,838,180
Current assets				
Inventories	5	**3,844,888**	2,404,669	3,341,954
Trade and other receivables		**1,169,402**	1,448,417	1,903,452
Prepayments and accrued income		**3,229,146**	1,653,412	2,118,158
Cash at bank and in hand	6	**9,681,080**	1,050,644	18,629,402
Total current assets		**17,924,516**	6,557,142	25,992,966
Current liabilities				
Trade and other payables		**5,427,102**	3,872,369	4,163,638
Accruals		**18,789**	671,404	87,111
Interest bearing liabilities		**1,493,372**	661,765	839,986
Total current liabilities		**6,939,263**	5,205,538	5,090,735
Net current assets		**10,985,253**	1,351,604	20,902,231
Total assets less current liabilities		**62,548,596**	36,830,093	61,740,411
Non-current liabilities				
Trade and other payables		**4,733**	124,794	39,896
Provisions for liabilities and charges		**845,427**	710,206	920,135
Interest bearing liabilities		**771,859**	269,079	376,132
Total non-current liabilities		**1,622,019**	1,104,079	1,336,163
Net assets		**60,926,577**	35,726,014	60,404,248
Equity				
Called up share capital	7	**25,285,679**	19,401,597	25,285,679
Share premium reserve		**33,402,649**	15,383,298	33,402,649
Option reserve		**3,023,153**	2,800,205	2,923,543
Translation reserve		**5,533,826**	3,222,686	3,499,865
Profit and loss account		**(6,318,730)**	(5,081,772)	(4,707,488)
Equity shareholders' funds		**60,926,577**	35,726,014	60,404,248

The interim financial information has not been audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The Group statutory accounts for the year ended 31 December 2007, prepared under IFRS as adopted in the EU, have been filed with the Registrar of Companies. The auditors' report on these accounts was unqualified and did not contain a statement under Section 237 (2) or 237 (3) of the Companies Act 1985.

Consolidated Statements of Changes in Shareholder's Equity

(expressed in US$) **(unaudited)**	Share Capital	Share Premium	Share option reserve	Translation reserve	Profit and loss account	Total equity
Equity shareholders' funds at 31 December 2006	**19,338,351**	**15,351,674**	**2,818,722**	**382,502**	**(4,693,443)**	**33,197,806**
Foreign currency adjustments	—	—	—	2,840,184	—	2,840,184
Loss for the period	—	—	—	—	(497,522)	(497,522)
Total recognised profit for the period	—	—	—	2,840,184	(497,522)	2,342,662
Share option expense	—	—	90,676	—	—	90,676
Conversion of options	63,246	31,624	(109,193)	—	109,193	94,870
Equity shareholders' funds at 30 June 2007	**19,401,597**	**15,383,298**	**2,800,205**	**3,222,686**	**(5,081,772)**	**35,726,014**
Foreign currency adjustments	—	—	—	277,179	—	277,179
Profit for the period	—	—	—	—	374,643	374,643
Total recognised profit for the period	—	—	—	277,179	374,643	651,822
Share option expense	—	—	122,979	—	—	122,979
Issue of ordinary shares	5,884,593	19,419,158	—	—	—	25,303,751
Conversion of options	(511)	(256)	359	—	(359)	(767)
Share issue expenses	—	(1,399,551)	—	—	—	(1,399,551)
Equity shareholders' funds at 31 December 2007	**25,285,679**	**33,402,649**	**2,923,543**	**3,499,865**	**(4,707,488)**	**60,404,248**
Foreign currency adjustments	—	—	—	2,033,961	—	2,033,961
Loss for the period	—	—	—	—	(1,611,242)	(1,611,242)
Total recognised profit for the period	—	—	—	2,033,961	(1,611,242)	422,719
Share option expense	—	—	99,610	—	—	99,610
Equity shareholders' funds at 30 June 2008	**25,285,679**	**33,402,649**	**,3,023,153**	**5,533,826**	**(6,318,730)**	**60,926,577**

Consolidated Cash Flow Statement

(expressed in US$)	**For the six months ended 30 June 2008 (unaudited)**	For the six months ended 30 June 2007 (unaudited)	For the year ended 31 December 2007 (audited)
Cash flows from operating activities			
Operating (loss) / profit	**(3,325,334)**	2,943	(1,188,043)
Depreciation – plant, equipment and mining properties	**1,485,854**	1,126,411	2,326,121
Option costs	**89,926**	73,831	177,913
Write-off of past exploration costs	**502,591**	—	628,066
Interest paid	**(385,365)**	(518,798)	(1,119,116)
Foreign exchange	**366,215**	(199,216)	(968,729)
Changes in working capital			
(Increase) / decrease in inventories	**(151,299)**	284,674	(348,915)
(Increase) in receivables, prepayments and accrued income	**(32,621)**	(119,824)	(691,942)
Increase / (decrease) in payables, accruals and provisions	**597,667**	(259,780)	(795,730)
Net cash flow from operations	**(852,366)**	390,241	(1,980,375)
Investing activities			
Purchase of tangible fixed assets	**(3,669,452)**	(673,779)	(1,155,963)
Exploration and development expenditure	**(3,875,826)**	(2,410,359)	(6,017,472)
Interest received	**366,874**	76,201	586,969
Net cash outflow on investing activities	**(7,178,404)**	(3,007,937)	(6,586,466)
Financing activities			
Issue of ordinary share capital	—	—	25,303,751
Capital element of finance lease payments	**(725,808)**	(322,452)	(702,689)
Conversion of options	—	94,870	94,103
Payment of share issue costs	—	—	(1,399,551)
Net cash (outflow) / inflow from financing activities	**(725,808)**	(227,582)	23,295,614
Net (decrease) / increase in cash and cash equivalents	**(8,756,578)**	(2,845,278)	14,728,773
Cash and cash equivalents at beginning of period	**18,529,795**	3,791,202	3,791,202
Exchange difference on cash	**(92,137)**	56,398	9,820
Cash and cash equivalents at end of period	**9,681,080**	1,002,322	18,529,795

Notes to Interim Financial Statements

1. Basis of preparation

These interim accounts are for the six month period ended 30 June 2008. Comparative information has been provided for the unaudited six month period to 30 June 2007 and the audited twelve month period from 1 January to 31 December 2007.

The accounts for the period have been prepared in accordance with the policies which the Group will adopt for its annual accounts, except as explained in note1(ii), notably:

(i) Going Concern - the accounts have been prepared on a going concern basis uncertainty in respect of which is set out below. On 17 September 2008 the Group announced that the Board had implemented a strategic review relating to its on-going involvement in the Palito Mine. This announcement was taken following the decision of management of the Group's subsidiary company Serabi Mineraçao Limitada;

- to make reductions in the local work-force to reduce costs in the light of continued production issues;
- to limit mining operations in the short term and;
- to consider placing the Palito mine into a state of care and maintenance

As part of this strategic review the Directors are exploring a number of options including the raising of additional capital which would permit the company to continue mining operations and/or exploration, the introduction of joint venture partners for the Palito mining operations and other exploration activities, and the outright sale of the Palito mine and other exploration assets. All of these activities are at early stages. The Directors consider that there will be surplus working capital available to the Group after completion of the re-structuring programme. However the Board will need to severely restrict ongoing activities of the Group to enable it to meet its commitments over the next twelve months within this level of available working capital. Additional funding will be required during this period to undertake activities that will allow the Group to continue to develop its exploration assets. This funding may be realised by the issue of new shares or through sales of assets but there is no guarantee that such funding can be realised.

(ii) Impairment - at this time the Directors consider that whilst, as a result of their strategic review and their discussions with other parties, it may be necessary to make a provision in respect of the carrying value of the Palito Mine in the financial statements, they have insufficient information available to them, particularly related to alternative development and mining plans, at this time to estimate with any certainty the level, if any, of such impairment. Accordingly the carrying value of the Palito mine and the related plant and equipment is shown at full cost less accumulated charges for depreciation, depletion and amortisation.

(iii) inventories are valued at the lower of cost and net realisable value;

(iv) property, plant and equipment is depreciated over its useful life;

(v) 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;

(vi) revenues are recognised only at the time of sale. Any unsold production and in particular concentrate is held as inventory and valued at production cost until sold.

2. 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.

3. Exploration and development costs

	30 June 2008 (unaudited)	31 December 2007 (audited)
Balance at beginning of period	**13,254,658**	6,454,074
Exploration and development expenditure	**3,875,826**	6,017,472
Write-off of past exploration expenditure	**(502,591)**	(628,066)
Exchange	**765,135**	1,411,178
Transfer to Property, Plant and Equipment (Mining property)	**(10,931,163)**	—
Balance at end of period	**6,461,865**	13,254,658

4. Property, plant and equipment

	30 June 2008 (unaudited)	31 December 2007 (audited)
Cost		
Balance at beginning of period	**31,325,246**	24,685,071
Additions	**5,049,420**	2,013,657
Transfer from intangible Assets	**10,931,163**	—
Foreign exchange	**3,705,775**	4,628,649
Disposals	**—**	(2,131)
Balance at end of period	**51,011,604**	31,325,246
Depreciation		
Balance at beginning of period	**(5,494,240)**	(2,481,365)
Charge for period	**(1,564,899)**	(2,326,121)
Foreign exchange	**(603,503)**	(687,855)
Eliminated on sale of asset	**—**	1,101
Balance at end of period	**(7,662,642)**	(5,494,240)
Net book value at 30 June 2008	**43,348,962**	25,831,006

5. Inventories

	30 June 2008 (unaudited)	30 June 2007 (unaudited)	31 December 2007 (audited)
Bullion and work in progress	**1,464,835**	693,023	948,437
Consumables	**2,380,053**	1,711,646	2,393,517
	3,844,888	2,404,669	3,341,954

6. Cash and Cash Equivalents

	30 June 2008 (unaudited)	30 June 2007 (unaudited)	31 December 2007 (audited)
Cash at Bank	**9,681,080**	1,050,644	18,629,402
Overdrafts	**—**	(48,322)	(99,607)
	9,681,080	1,002,322	18,529,795

7. Share capital

Called up capital	30 June 2008 (unaudited) Number	30 June 2008 (unaudited) $	31 December 2007 (audited) Number	31 December 2007 (audited) $
Balance at beginning of period	**140,139,065**	**25,285,679**	110,751,608	19,338,351
Issue of shares	—	—	29,069,768	5,884,593
Conversion of employee share options	—	—	317,689	62,735
Balance at end of period	**140,139,065**	**25,285,679**	140,139,065	25,285,679

Enquiries

Serabi Mining plc
Graham Roberts — Tel: 020 7246 6830
Chairman — Mobile: 07768 902 475

Clive Line — Tel: 020 7246 6830
Finance Director — Mobile: 07710 151 692

Email: contact@serabimining.com
Website: www.serabimining.com

Numis Securities Limited
John Harrison — Tel: 020 7260 1000
Nominated Adviser
James Black — Tel: 020 7260 1000
Corporate Broker

Farm Street Communications
Simon Robinson — Tel: 07593 340 107
Public and Media Relations