

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

IBAMA cancels US\$2.2 million fine

Serabi Mining, the AIM-traded gold exploration company, is pleased to announce that it has received confirmation from the Instituto Brasileiro do Meio Ambiente e dos Recursos Naturais Renovaveis ("IBAMA") that the original penalty of Brazilian Reais 3,597.300 (equivalent to US\$2.2 million) assessed by IBAMA in June 2010 has been cancelled.

IBAMA has assessed a revised penalty of Brazilian Reais 1,500, equivalent to US\$903 (nine hundred and three US dollars) in respect of the alleged administrative breaches. The Company has accepted and paid this fine.

Mr Michael Hodgson, the Chief Executive of Serabi, commented:

"I am very pleased that the matter has now been settled. Whilst we have always been confident that the penalty would be re-assessed it has clearly been a concern for shareholders to have this element of uncertainty. Our staff in Brazil have worked hard to achieve this conclusion and I am pleased that IBAMA are satisfied that Serabi is in compliance with its current environmental obligations. With this distraction now settled we can fully focus on the execution of our exploration programmes.

The original fine as announced by the Company in June 2010 was raised in respect of alleged administrative breaches of the Operating Licence held by Serabi Mineracao SA ("SMSA") (the Company's wholly-owned subsidiary and operator of the Palito Mine). The suspension notice imposed by IBAMA at the same time, was lifted in September 2010 following a decision by IBAMA that SMSA was in compliance with the terms of its Operating Licence.

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