



NOVENTA LIMITED

("Noventa" or the "Company")

[AIM: NVTA]

**UNAUDITED INTERIM RESULTS FOR THE SIX MONTH PERIOD ENDED  
30 JUNE 2007**

**Highlights**

- Admission to AIM in March 2007 with placing raising US\$15m before expenses
- Operational enhancements to the Marropino tantalum mine in Mozambique to be completed in October 2007
- Full production capacity expected in the first quarter of 2008
- Strong and growing demand for tantalum

Noventa Limited ("Noventa" or "the Company"), the AIM quoted tantalum mining and exploration company, announces the interim financial results of the Company for the six month period ended 30 June 2007.

During the period there were some unanticipated delays in production at the Marropino mine that meant tantalum was not available for sale resulting in cashflow being lower than targeted.

Extensive consultation with leading experts has confirmed the original design parameters of the mine are sound and the Board has now undertaken modifications and enhancements to the plant which should result in Noventa delivering saleable product in October 2007.

Chairman Clinton Wood commented, "Our first six months as a listed company have presented the management team with some very significant challenges which all indications suggest will be successfully dealt with. Our independent experts advise us strongly that the enhancements currently being finalized to the plant will deliver the desired outputs and we look forward to reaching our targeted capacity within the next reporting period".

24 September 2007

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## **Chairman's Statement**

**24 September 2007**

Dear Shareholder,

Following the successful listing of Noventa on AIM in March 2007, various operational and processing issues led to delays to the planned production ramp up. As a result management conducted an extensive review of the ore body and processing facilities. Expert opinions were sought to confirm the initial design parameters and an infill drilling programme was completed. As a result of this action, experts have confirmed that the initial design parameters are valid. Some operational and processing changes have been recommended. A number of these changes have already been made and yielded improvements whilst further changes have required a shut down of the plant which is currently in progress. Re-commissioning of the plant is scheduled for completion by mid October 2007 and the Directors believe that the plant will reach targeted capacity in the first quarter of 2008, eight months behind the original schedule. Although this ramp up and optimisation delay is frustrating, it is encouraging to have received independent verification of all of the initial design parameters.

### **Marropino operations**

In May 2007 the Directors of Noventa announced that difficulties were being experienced in production ramp-up at Marropino. These difficulties related to the variability and quality of the run of mine ore processed (i.e. lower grade and higher percent oversize), poor efficiencies within the processing plant (i.e. recovery rates) and generally low plant availability. In addressing the operational difficulties, the Company has:

- Undertaken, with the support of various internationally recognised experts, a detailed review of the design and operation of the existing processing plant;
- Undertaken a drilling programme of the Marropino ore body to confirm its mineral characteristics;
- Implemented a rigorous and extensive sampling programme in the mine pit and the processing plant;
- Enhanced the operational skills base at the mine by recruiting persons with the appropriate specialist skills and experience to operate the plant;
- Purchased additional equipment to assist the operation in producing a consistent saleable product to service the off-take agreements; and
- Extended the workplace training and skills development programs which have resulted in a significant improvement in plant availability and we now anticipate reaching our target availability in December 2007.

Management has implemented a "shut down programme" to carry out modifications and enhancements to the processing plant, at which time a comprehensive maintenance programme will also be undertaken on the plant.

Subsequent to the end of the reporting period, the Company entered into a contract with a Western Australian company, Nagrom, to purchase some of their specialised tantalum

beneficiation equipment. It is being relocated to Mozambique where it will be operated by Nagrom staff on contract. Nagrom has over 25 years of experience processing material in Australia that has very similar characteristics to the tantalum ore mined in Mozambique. Prior to entering into this contract a sample of our material was processed at their facility, with exceptionally encouraging results. This additional standalone plant is expected to ensure that a high quality product is consistently produced.

Further to the detailed review carried out on the processing plant, management are confident that by the end of the first quarter in 2008 the above mentioned action plan will result in the processing plant achieving its targeted production levels.

The Company intends, as part of its existing off-take agreement, to ship its first consignment of product in mid October 2007.

### **Morrua developments**

In July 2007 Noventa appointed a main contractor to undertake the execution of the Morrua tantalum project, which is located just 30km from Marropino.

Various options for the financing of Morrua are being evaluated and a final decision in this regard is due to be made by the end of this year.

### **Drilling and Exploration**

Initial indications from the drilling programme at Marropino which covers 1,076 metres are that the mineralogy of the ore body is substantially as expected and confirms the high variability as regards grade and oversize. Full results are due by the end of October and shareholders will be notified shortly thereafter.

A further 750 metres of drilling was commissioned at Morrua to improve the data level in areas of inferred resource and confirm the open pit boundaries for mine planning. This drilling was also used to provide core samples for test work to generate the work duty specifications required for crusher and mill selection. The drilling campaign is complete and results are anticipated by the end of October 2007. Initial visual inspection of the core has confirmed the pit outlines in the south-west pit and suggested some additional resource requiring minor modifications to the pit outline in the south-eastern pit.

The Company is also actively engaged in the exploration and evaluation of the other Mozambican properties that are held. At Mutala, further pitting, trenching and sampling are underway ahead of the imminent arrival of the drill rig. This work will materially assist in the firming up of the currently known ore resource and allow for the fast tracking of the development of this property. Evaluation work is also in the planning stages for both the Ginama and Gile projects where a similar programme to Mutala is envisaged.

These activities, together with the ongoing evaluation of new property should result in a continuing pipeline of projects which will ensure Noventa's long term engagement in the tantalum business.

### **Tantalum market**

We continue to experience strong demand for Noventa's tantalum and are receiving an increased number of unsolicited requests for product from knowledgeable industry participants. These parties wish to secure significant quantities of our uncommitted future production.

### **Morganite**

Negotiations with our partners are progressing well. In-depth planning for the long term profitable development of the market for the rare gemstone, morganite, is underway. It is anticipated that formal agreements will be signed in the near future. During the tantalum drilling program at Marropino, morganite was found in one of the core samples, confirming the occurrence of morganite at a depth of 67 metres below surface.

### **Board of directors**

I am pleased to announce that I have accepted appointment as Executive Chairman of Noventa. Over the past three years I have spent a significant amount of time with the management team and the major shareholders developing the long term strategy for the Company. Our goal is for Noventa to become one of the world's largest, lowest cost industrial scale suppliers of tantalum concentrate. The foundations to achieve this are now in place.

Pursuant to me taking on a full time role at Noventa, I have resigned from The Highland Star Group and ceased to be the nominated representative on the board of directors of the major shareholder. Alastair Hunter, the other nominated representative of the major shareholder, tendered his resignation from Noventa. On behalf of the Board of Directors I would like to thank Alastair for his tireless and valuable contribution to the development of the business from its inception, over 6 years ago.

I am delighted to welcome Ron Emerson as a new member of the board, who together with Peregrine Moncreiffe will be representing the interests of the major shareholder. Ron is a non-executive director of an oil and gas exploration company and an insurance company, where he chairs both audit committees. He is also an Associate Fellow of Said Business School, University of Oxford, where he works with organisations in the areas of leadership and strategic change. He spent five years with Standard Chartered Bank where he was global head of wholesale banking and has been a senior advisor to the Bank of England. Ron's wealth of experience will assist with Noventa's continued development.

The outlook for the tantalum industry remains positive and continues to improve. I look forward to working with the team in building a meaningful sustainable business for all stakeholders.

### **Financial results**

In these, our maiden interim results for the six month period ended 2007, we report a loss of US\$6.9 million arising primarily from the delay in having material available for sale (US\$5.0 million) and the costs associated with the due diligence evaluation of a large acquisition opportunity (US\$1.2 million) that was not successful. Operating and overhead costs were in line with expectations for the reporting period. Cash on hand at 30 June 2007 was US\$12.7 million and the Company has no debt. Cash on hand as at 31 August 2007 was US\$8.7m

A review of the accounts, budgets and forward plans, leads the directors to believe that, subject to the management successfully addressing the operational difficulties at the Marropino mine, the Company has sufficient resources and relationships to continue in operation for the foreseeable future and a reasonable expectation that targeted production levels will be reached.

### **Outlook**

During this financial year the Company anticipates delivering 100,000 pounds of tantalum concentrate, which is thirty percent of our original plan. Under deliveries will be rolled over to 2008 when the Company expects to have 490,000 pounds available for sale. A very significant portion of this material is subject to contract. Our relationships with the processors of our material remain strong and are likely to remain so based on the long term outlook for the tantalum market and the forecast production of Noventa. They are regularly updated on our progress and have shown their continuing support for the Company.

Our first six months as a listed company have presented the management team with some very significant challenges which all indications suggest will be successfully dealt with. The independent expert advice is very encouraging, that the enhancements made to the plant will deliver the desired outputs and we look forward to reaching our nameplate capacity within the next reporting period.

**Clinton Wood**  
**Chairman**

**Consolidated income statement for the six months ended 30 June 2007**

	Six months ended 30 June 2007 US\$000	Six months ended 30 June 2006 US\$000	Year ended 31 December 2006 US\$000
<b>Revenue</b>	580	-	33
Cost of sales	(726)	-	-
<b>Gross (loss) / profit</b>	(146)	-	33
Administrative expenses	(3,720)	(913)	(3,649)
Other operating expenses	(3,896)	(2,266)	(5,023)
Profit on disposal of property, plant and equipment	5	-	23
<b>Operating loss</b>	(7,757)	(3,179)	(8,616)
Finance income	291	3	225
Finance expense	(508)	(798)	(6,857)
<b>Loss before taxation</b>	(7,974)	(3,974)	(15,248)
Taxation	1,077	670	1,584
<b>Loss for the period</b>	(6,897)	(3,304)	(13,664)
	US cents	US cents	US cents
Basic and diluted loss per share	(23)	(16)	(66)

## Consolidated balance sheet at 30 June

	30 June 2007 US\$000	30 June 2006 US\$000	31 December 2006 US\$000
<b>Non-current assets</b>			
Property, plant and equipment	9,159	8,113	8,470
Intangible assets	1,966	2,298	2,122
Deferred tax asset	5,477	3,486	4,400
	<u>16,602</u>	<u>13,897</u>	<u>14,992</u>
<b>Current assets</b>			
Inventory	525	588	645
Trade and other receivables	1,048	397	2,725
Cash and cash equivalents	12,687	201	7,303
	<u>14,260</u>	<u>1,186</u>	<u>10,673</u>
<b>Total assets</b>	<u>30,862</u>	<u>15,083</u>	<u>25,665</u>
<b>Equity</b>			
Share capital	26	16	16
Share premium	33,098	-	-
Merger reserve	8,858	8,858	8,858
Share incentive reserve	226	-	-
Translation reserve	13	23	12
Retained losses	(13,479)	(20,733)	(6,582)
<b>Total equity</b>	<u>28,742</u>	<u>(11,836)</u>	<u>2,304</u>
<b>Non-current liabilities</b>			
Provisions	227	164	220
	<u>227</u>	<u>164</u>	<u>220</u>
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	-	25,936	21,332
Trade and other payables	1,893	819	1,809
	<u>1,893</u>	<u>26,755</u>	<u>23,141</u>
<b>Total liabilities</b>	<u>2,120</u>	<u>26,919</u>	<u>23,361</u>
<b>Total equity and liabilities</b>	<u>30,862</u>	<u>15,083</u>	<u>25,665</u>

**Consolidated cash flow statement**

	Six months ended 30 June 2007 US\$000	Six months ended 30 June 2006 US\$000	Year ended 31 December 2006 US\$000
<b>Cash flows from operating activities</b>			
Loss for the year	(6,897)	(3,304)	(13,664)
<i>Adjustments for:</i>			
Depreciation	557	579	1,240
(Profit) on disposal of property, plant and equipment	(5)	-	(23)
Amortisation	156	131	307
Employee share incentive expense	226	-	-
Foreign exchange loss	1	115	136
Finance expense	500	679	6,713
Finance income	(291)	(3)	(225)
Taxation	(1,077)	(670)	(1,584)
<b>Operating loss before changes in working capital and provisions</b>	<b>(6,830)</b>	<b>(2,473)</b>	<b>(7,100)</b>
(Increase) / decrease in trade and other receivables	1,677	(194)	(2,522)
Increase in inventory	120	(190)	(247)
Increase in trade and other payables	84	310	6,710
Increase in provisions	7	4	60
<b>Net cash outflow from operating activities</b>	<b>(4,942)</b>	<b>(2,543)</b>	<b>(3,099)</b>
<b>Cash flows from investing activities</b>			
Interest received	291	3	225
Proceeds from sale of property, plant and equipment	6	-	243
Acquisition of property, plant and equipment	(1,247)	(4,199)	(5,437)
Acquisition of intangible licence rights	-	(53)	(53)
<b>Net cash outflow from investing activities</b>	<b>(950)</b>	<b>(4,249)</b>	<b>(5,022)</b>
<b>Cash flow from financing activities</b>			
Proceeds from new loans	-	8,264	16,305
Proceeds from the issue of new shares	15,643	-	-
Share issue expenses	(4,367)	-	-
Repayments of borrowings	-	(1,379)	(1,000)
<b>Net cash inflow from financing activities</b>	<b>11,276</b>	<b>6,885</b>	<b>15,305</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,384</b>	<b>93</b>	<b>7,184</b>
Cash and cash equivalents at beginning of the period	7,303	119	119
Exchange differences	-	(11)	-
<b>Cash and cash equivalents at end of the period</b>	<b>12,687</b>	<b>201</b>	<b>7,303</b>

**Consolidated statements of recognised income and expense**

	Six months ended 30 June 2007 US\$000	Six months ended 30 June 2006 US\$000	Year ended 31 December 2006 US\$000
Foreign exchange translation differences	1	27	17
<b>Income and expense recognised directly in equity</b>	1	27	17
Loss for the period	(6,897)	(3,304)	(13,664)
<b>Total recognised income and expense for the period</b>	<b>(6,896)</b>	<b>(3,277)</b>	<b>(13,647)</b>

## Notes to the Financial Statements

### 1. Basis of preparation

The interim financial statements in this announcement have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union (“Adopted IFRSs”). The interim report has been prepared on the basis of recognition and measurement requirements of adopted IFRSs but do not contain all disclosures required by IFRSs for annual accounts.

On 19 March 2007, Noventa Limited (“Noventa”) acquired 100% of the ordinary share capital of Highland African Mining Company Limited (former top company) (“HAMC”). The consideration paid was the allotment of 20,255,812 shares of £0.0004 each in the capital of Noventa, credited as fully paid. This re-organisation was outside the scope of IFRS 3: *Business combinations (IFRS 3)* and has been accounted for as if it were a reverse acquisition. The consolidated accounts have been presented as if Noventa has always existed independently for the purposes of the comparatives. The financial statements are prepared on a historical cost basis except for derivative financial instruments which are stated at fair value.

A review of the accounts, budgets and forward plans, lead the directors to believe that, subject to the management successfully addressing the operational difficulties at the Marropino mine, the Company has sufficient resources and relationships to continue in operation for the foreseeable future and a reasonable expectation that targeted production levels will be reached.

The financial statements for the year ended 31 December 2006 are audited. The auditor’s report dated 20 September 2007 was unqualified but contained a reference to the going concern disclosures set out on pages 3, 4 and 15 of those financial statements. The financial statements for the six months ended 30 June 2006 were reviewed for inclusion in the AIM admission document. The financial statements for the six months ended 30 June 2007 are unaudited.

### 2. Movement in shareholders’ equity

	Share capital US\$000	Share premium US\$000	Merger Reserve US\$000	Retained income US\$000	Share incentive reserve US\$000	Translation reserve US\$000	Total US\$000
At 1 January 2006	15	-	8,858	(17,428)	-	(4)	(8,559)
Shares issued in year	2	-	-	-	-	-	2
Own shares held	(1)	-	-	-	-	-	(1)
Retained loss	-	-	-	(13,664)	-	-	(13,664)
Translation difference	-	-	-	-	-	16	16
Capital contribution	-	-	-	24,510	-	-	24,510
<b>At 31 December 2006</b>	<b>16</b>	<b>-</b>	<b>8,858</b>	<b>(6,582)</b>	<b>-</b>	<b>12</b>	<b>2,304</b>
Shares issued on listing	4	11,307	-	-	-	-	11,311
Conversion of loan instrument	6	21,791	-	-	-	-	21,797
Retained loss	-	-	-	(6,897)	226	-	(6,671)
Translation difference	-	-	-	-	-	1	1
<b>At 30 June 2007</b>	<b>26</b>	<b>33,098</b>	<b>8,858</b>	<b>(13,479)</b>	<b>226</b>	<b>13</b>	<b>28,742</b>

### **3. Earnings per share:**

The earnings per share calculation, both for the reporting period and the comparatives, assumes that Noventa has always existed independently.

The earnings per share for the current period is based on the weighted average number of shares in issue (i.e. 29,533,165 shares) i.e. taking into account the basis on which the comparative weighted number of shares in issue were determined and all new share issues during the reporting period.

The comparative earnings per share for 30 June 2006 has been based on a weighted average of 20,255,812 shares i.e. being the number of shares issued in terms of the share-for-share exchange only. The comparative earnings per share for 31 December 2006 has been based on a weighted average of 20,732,526 shares i.e. being the number of shares issued in terms of the share-for-share exchange and the new issue of shares subscribed for in Noventa in November 2006.

There is no difference between the diluted loss per share and the basic loss per share presented.