



NOVENTA LIMITED

("Noventa" or the "Company")

[AIM: NVTA]

PRELIMINARY AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

Highlights

- Admission to AIM in March 2007 and US\$15.5m of new capital raised (before expenses)
- Conclusion of long term tantalum off-take agreement and first shipment of product
- Morganite joint venture agreement signed and business plan finalised
- Significant increase in the tantalum price

Noventa Limited ("Noventa" or "the Company"), the AIM quoted tantalum mining and exploration company with operating assets in Mozambique, announces the consolidated audited results of the Group for the year ended 31 December 2007.

27 June 2008

For further information please contact:

Clinton Wood
Noventa Limited
+27 (0)82 880 3392 / +27 (0)11 823 1400
www.noventa.net

Gerard Kisbey-Green / Paul Gray
Investec
+44 (0)20 7597 5167

Jane Stacey
Conduit PR
+44 (0)207 429 6607 / +44 (0)792 292 3306

Abridged Chairman's Statement and Operating Review

27 June 2008

Dear Shareholder,

2007 was a very difficult year for Noventa, with the ramp up at our Marropino operation taking longer than expected and proving to be more complex than anticipated.

Marropino – tantalum

Early on in the second quarter of 2007 it became clear that the ramp-up performance was not being achieved with regard to targeted run-of-mine throughput and product recovery. As a precaution, and with the assistance of independent industry experts, a review was initiated of the plant performance, the mine plan and a geological review of the ore body.

The outcome of the review of the geology and the mine plan supported the geological data and assumptions contained in the Independent Competent Persons Report prepared by SRK for the AIM Admission. While in the short term certain deviations from the long-term norms are anticipated (i.e. the ore grade and the percentage oversize), these can be expected to average out over the life of mine. In line with the modifications noted in the Admission Document it became clear that some form of feed blending would be required in order to minimize the effects of these short term deviations.

As regards the wet processing plant, the Company's investigations also confirmed that the installation of additional primary screening capacity would be required. Furthermore, test work conducted by SGS Lakefield Research Europe Limited indicated that the Company would benefit from additional dry processing of the wet plant concentrates using specialised equipment. Nagrom, a company based in Perth (Western Australia) which has in excess of twenty years experience in beneficiating tantalum-bearing concentrates, was contracted to supply and operate the required specialised equipment. The installation of the additional equipment and various related modifications were carried out during a planned ten week shutdown that commenced in September 2007.

Due to significant difficulties being experienced in re-commissioning the plant after the shutdown, only 32,800 lb of finished concentrate was produced during the year; of which 15,000 lb was in stock at year end.

It is pleasing to note that there has been an improvement in all the key performance indicators during the 1st quarter of 2008 :

- Run-of-mine throughput has progressively improved following the implementation of a blending program and certain enhancements;
- The grade of run-of-mine ore fed to the plant has consistently been above target;
- The percentage of oversize in the plant feed has decreased significantly;
- Recoveries have improved; and
- Production increased from a daily average of 300 to 430 pounds of tantalum concentrate per day;

Plant and equipment at Marropino continue to generate an unexpectedly high maintenance and repair demand, thereby negatively affecting plant availability and operating time. The extended downtime can be largely attributed to the particularly abrasive nature of the ore, coupled with the remote and arduous local operating environment. The 2,500 km logistics pipeline means that breakdowns, for which we have no onsite spares, can result in extensive downtime. Operator error is also a contributing factor and an intensive training program was undertaken during 2007.

Marropino is forecast to produce 200,000 lb of tantalum concentrate in 2008.

Marropino – morganite

During 2007 the business plan with the Company's gemstone partners was finalized and an agreement relating thereto was concluded. The Company entered into an exclusive agreement with Miranda Gems (HK) ("Miranda") and Goldleaves Trading Limited ("GTL") for the processing and marketing of morganite gemstones extracted from the Marropino mine. Miranda is believed to be one of the largest gemstone suppliers in the world. GTL, a wholly owned subsidiary of LJ International (a NASDAQ listed company), is reputed to be the largest colored gemstone jewellery producer in the world. The exclusive arrangement is structured to enable Noventa to participate in the upstream added value generated by selling the final cut gemstone to gem retailers and jewellery manufacturers (i.e. in addition to Noventa being paid for the morganite rough supplied, it also participates in the profits earned from the sale of the final cut gemstone). Noventa retains ownership of the morganite up until the final point of sale. The proceeds from the morganite sales are shared between Noventa, Miranda and GTL on an agreed basis.

It is estimated that 5,000 kg of morganite rough will be extracted in 2008. However, there is a significant delay between the extraction of the morganite and the receipt of cash from the sale of the final polished gemstone.

Morrua

The development of the Morrua mine has progressed to the point where a decision on when to raise the necessary funding for implementation can now be made. The project has been unavoidably delayed as a result of uncertainty around the timing of grid power being delivered to Morrua by the state owned utility Electricidade de Mocambique EP ("EDM"). The Company was originally told that the electrification project would be completed by August 2007, with grid power being available at both Morrua and Marropino. Investigations on the ground indicate that the project is underway and that most of the equipment needed is onsite. EDM's project management team now anticipate that the project will be completed in August 2008. It is difficult to assess the likelihood of EDM completing this project on time.

The additional time has been used to perform further optimisation work, which has resulted in annual production design capacity being increased from 400,000 to 450,000 lb. The original plant design was estimated to cost \$36 million in October 2006 terms and the cost to completion will need to be escalated accordingly. Our current plan is to secure the capital for the project once we have certainty on the availability of power and start construction thereafter, with mechanical completion expected to take 12 months.

Personnel

The Group has been fortunate to attract some very experienced staff to its operation over the past six months. The new senior management team at the mine have made a number of changes to the day to day operations at Marropino and this is reflected in improvements in productivity. We look forward to further progress in this area during 2008.

Objectives for 2008

The principal objectives for 2008 are:

- Reach targeted production levels at Marropino;
- Produce 200,000 lb of tantalum concentrate;
- Extract 5,000 kg of morganite and deliver it to the joint venture;
- Secure the funding needed for the hard rock circuit at Marropino and commence construction on schedule;
- Engage with the Mozambican authorities and provide appropriate support to assist with the completion of the electrification program; and
- Continue to promote the health, safety and development of our employees and to enrich the environment and communities in which we operate

I would like to thank my fellow board members, the management team, advisors and employees for their considerable efforts over the past year.

Clinton Wood
Chairman

END OF ABRIDGED CHAIRMAN'S STATEMENT AND OPERATING REVIEW

Noventa Limited
Preliminary audited results
Consolidated income statement for the year ended

	31 December 2007 US\$000	31 December 2006 US\$000
Revenue	1,617	33
Cost of sales	<u>(914)</u>	<u>-</u>
Gross (loss) / profit	703	33
Administrative expenses	(7,708)	(3,649)
Other operating expenses	(9,261)	(5,023)
Exploration and evaluation expenses	(617)	-
Profit on disposal of property, plant and equipment	<u>11</u>	<u>23</u>
Operating loss	(16,872)	(8,616)
Finance income	540	225
Finance expense	<u>(692)</u>	<u>(6,857)</u>
Loss before taxation	(17,024)	(15,248)
Taxation	<u>2,688</u>	<u>1,584</u>
Loss for the period	<u>(14,336)</u>	<u>(13,664)</u>
	US cents	US cents
Basic and diluted loss per share	<u>(47)</u>	<u>(66)</u>

Noventa Limited
Preliminary audited results
Consolidated balance sheet as at

	31 December 2007 US\$000	31 December 2006 US\$000
Non-current assets		
Property, plant and equipment	10,267	8,470
Intangible assets	1,811	2,122
Deferred tax asset	7,088	4,400
	<u>19,166</u>	<u>14,992</u>
Current assets		
Inventory	862	645
Trade and other receivables	1,857	2,725
Cash and cash equivalents	2,145	7,303
	<u>4,864</u>	<u>10,673</u>
Total assets	<u>24,030</u>	<u>25,665</u>
Equity		
Share capital	28	17
Share premium	34,220	-
Merger reserve	8,858	8,858
Employee share incentive reserve	274	-
Translation reserve	(5)	12
Retained losses	(22,155)	(6,583)
Total equity	<u>21,220</u>	<u>2,304</u>
Non-current liabilities		
Provisions	234	220
	<u>234</u>	<u>220</u>
Current liabilities		
Other interest-bearing loans and borrowings	-	21,332
Trade and other payables	2,576	1,809
	<u>2,576</u>	<u>23,141</u>
Total liabilities	<u>2,810</u>	<u>23,361</u>
Total equity and liabilities	<u>24,030</u>	<u>25,665</u>

Noventa Limited	31 December	31 December
Preliminary audited results	2007	2006
Consolidated cash flow statement for the year ended	US\$000	US\$000
Cash flows from operating activities		
Loss for the year	(14,336)	(13,664)
<i>Adjustments for:</i>		
Depreciation	1,564	1,240
Profit on disposal of property, plant and equipment	(11)	(23)
Amortisation	311	307
Employee share incentive expense	274	-
Foreign exchange (profit) loss	(17)	136
Finance expense	501	6,713
Finance income	(467)	(225)
Taxation	(2,688)	(1,584)
Operating loss before changes in working capital and provisions	(14,869)	(7,100)
Decrease / (increase) in trade and other receivables	868	(2,522)
Increase in inventory	(217)	(247)
Increase in trade and other payables	767	6,710
Increase in provisions	14	60
Net cash outflow from operating activities	(13,437)	(3,099)
Cash flows from investing activities		
Interest received	467	225
Proceeds from sale of property, plant and equipment	14	243
Acquisition of property, plant and equipment	(3,364)	(5,437)
Acquisition of intangible licence rights	-	(53)
Net cash outflow from investing activities	(2,883)	(5,022)
Cash flow from financing activities		
Proceeds from new loans	-	16,305
Proceeds from the issue of new shares	15,643	-
Share issue expenses	(4,481)	-
Repayments of borrowings	-	(1,000)
Net cash inflow from financing activities	11,162	15,305
Net (decrease) increase in cash and cash equivalents	(5,158)	7,184
Cash and cash equivalents at beginning of the year	7,303	119
Cash and cash equivalents at end of the year	2,145	7,303

Noventa Limited
Preliminary audited results
Consolidated statements of recognised income and expense for the year ended

	31 December 2007 US\$000	31 December 2006 US\$000
Foreign exchange translation differences	<u>(17)</u>	<u>16</u>
Income and expense recognised directly in equity	(17)	16
Loss for the year	<u>(14,336)</u>	<u>(13,664)</u>
Total recognised income and expense for the year	<u>(14,353)</u>	<u>(13,648)</u>

Notes to the financial statements

These are the first full year results since the Group's flotation on the Alternative Investment Market of the London Stock Exchange ("AIM") in March 2007. The consolidated income statement for the year ended 31 December 2007 and the consolidated balance sheet at that date are set out above. The Group reported a loss of \$14.3 million (2006 : \$13.6 million) for the financial year.

1. Basis of preparation

The financial statements in this announcement have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("Adopted IFRSs") and approved by the Directors. The preliminary 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.

With the acquisition of Highland African Mining Company Limited by Noventa Limited the transaction has been accounted for as a reverse acquisition, using merger accounting principles. The financial statements are therefore presented as if Noventa Limited had been the holding company of the Group throughout the periods presented. The financial statements are prepared on a historical cost basis except for derivative financial instruments which are stated at fair value.

Going concern

The Group has experienced significant problems in ramping up the production at the Marropino mine, principally due to the performance of the process plant, and has undertaken a number of steps to address this.

The problems and delays have led to an underperformance of the Marropino mine in 2007 which has resulted in a significant strain on the Group's finances. The funding required each month to sustain operations at the mine is such that although there are existing cash resources within the Group they are at present not sufficient to finance operations for more than 12 to 18 months from the date of approval of these accounts in the absence of improving mining results.

The Group is seeking to raise funds to install necessary plant and equipment at Marropino in respect of the hard rock processing facility which will be needed to continue production at Marropino once the soft rock has been exploited, currently estimated to be in 2009. The hard rock facility is dependent on the availability of grid power. Installation of power lines by Electricidade de Mocambique ("EDM") is underway but has been delayed and is currently scheduled for completion in August 2008. It is difficult to assess the likelihood of EDM completing this project on schedule.

Despite this the group financial statements have been prepared on the going concern basis, which the directors, after careful deliberation, believe to be appropriate for the following reasons:

- The directors believe that there is no indication that there are any fatal flaws in the design and / or construction of the process plant at the Marropino mine that will prevent the plant achieving targeted production. Recent performance indicators for the first quarter of 2008 support this albeit forecast production levels and plant availability targets have still to be met on a consistent basis over an extended period of time and current sustained production levels remain significantly below those necessary to achieve cash break even.
- The grade of the deposit at Marropino albeit varied is not a contributory factor to the production shortfalls. In concluding this the Group sought further external verification of the grade at the end of 2007 and this has supported the conclusions of SRK's findings prepared for the purpose of the AIM listing in March 2007.
- The Group secured additional equity financing of US\$9m from its shareholder. The funds were received in two tranches in March and May 2008.

- The Group has also secured a pre-shipment finance facility of US\$6.7 million in respect of its saleable concentrate. The pre-shipment finance facility was signed May 2008 and is for an initial period of 12 months.
- The assets of the group are unencumbered and therefore can be used as collateral for any bridging finance that may be required.
- The Group has an off-take agreement for all forecast saleable concentrate produced through to at least 2010.
- The Group has some options open to it in the short term should there be delays in raising capex funds for the hard rock facility or indeed the power installation. This would include amending the mine plan to increase the availability of soft rock or trucking ore from other concessions held by the Company to Marropino. Proceeds from the sale of morganite also contribute to monthly cash flow.
- The Board is confident that it will secure funding for the hard rock processing facility given the current demand/supply situation in the tantalum market, which is highly likely to attract new investors who would be willing to fund the Group's growth and development strategy.

While it is not unusual for a new start-up mining Group to experience operational difficulties in achieving its targeted production, if the Group is not able to achieve its projected production targets, the Group will need to secure additional external funding to finance its ongoing operational expenditure as well as the additional capital expenditure requirements. The Group will also be required to delay certain discretionary development expenditure until such time as these can either be funded from internally generated cash flows or the necessary external funding can be secured.

The Board's review of the accounts, budgets and forward plans, lead the directors to believe that the Group has sufficient resources to continue in operation for the foreseeable future and a reasonable expectation that production levels will exceed those necessary to achieve cash flow breakeven. The financial statements are therefore prepared on a going concern basis. However, as set out above, there are material uncertainties casting significant doubt on the ability of the Group to continue as a going concern and, therefore, to continue realising its assets and discharging its liabilities in the normal course of business. The financial information does not include any adjustments that would result from the basis of preparation being inappropriate. If the going concern assumption was not appropriate, certain assets (including property, plant and equipment, intangible assets and deferred taxation) would need to be written down and liabilities not recognised in the balance sheet may crystallise.

The auditor's report dated 27 June 2008 was unqualified but contained an emphasis of matter regarding the going concern disclosures set out in the financial statements (which are reproduced above) concerning :

- the operational difficulties the Group has experienced in ramping up production at the Marropino mine and the possibility that, if targeted production levels are not met within 12 - 18 months of the date of this report, the Group will not have sufficient funds to continue in business without raising external funding for operational purposes; and
- the requirement to secure external funding to finance the Marropino hard rock processing facility.

2. Loss per share:

The acquisition of Highland African Mining Company Limited by Noventa Limited has been accounted for as a reverse acquisition, using merger accounting principles. The consolidated loss per share has therefore been presented as if Noventa Limited had been the holding company of the Group throughout the periods being presented.

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary in issue during the reporting period.

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

	Shares in issue No.	Weighted average in issue No.
<i>Calculation of weighted average number of shares in issue</i>		
At 1 January 2006	20,255,812	20,255,812
Shares issued during year ⁽ⁱ⁾	1,837,208	291,940
At 31 December 2006	22,093,020	20,547,752
At 1 January 2007	22,093,020	22,093,020
Conversion of loan notes	6,430,563	5,056,360
New shares issued on listing	4,600,497	3,617,377
Share options that vested	10,568	7,094
At 31 December 2007⁽ⁱⁱ⁾	33,134,648	30,773,851

(i) excludes 1,162,801 shares issued to the Noventa EBT (ii) excludes 1,743,928 shares issued to the Noventa EBT

	Year ended 31 December 2007 US\$000	Year ended 31 December 2006 US\$000
<i>The losses used in the calculations are :</i>		
Loss attributable to shareholders	(14,336)	(13,664)
Basic loss per share :	(14,336)	(13,664)
Effect of dilutive securities	-	-
Diluted loss per share :	(14,336)	(13,664)
Basic and diluted loss per share (US cent)	(47)	(66)

3. Changes in equity

	Share capital US\$000	Share premium US\$000	Merger Reserve US\$000	Employee share incentive reserve US\$000	Translation reserve US\$000	Retained income US\$000	Total US\$000
At 1 January 2006	15	-	8,858	-	(4)	(17,428)	(8,559)
Total recognised income and expense for the year	-	-	-	-	16	(13,664)	(13,648)
Issue of share capital	2	-	-	-	-	-	2
Treasury shares held by the Company	-	-	-	-	-	(1)	(1)
Capital contribution	-	-	-	-	-	24,510	24,510
At 31 December 2006	17	-	8,858	-	12	(6,583)	2,304
Total recognised income and expense for the year	-	-	-	-	(17)	(14,336)	(14,353)
Share-based incentive expense	-	-	-	274	-	-	274
Issue of share capital	5	16,874	-	-	-	-	16,879
Expenses incurred in issuing share capital	-	(4,481)	-	-	-	-	(4,481)
Treasury shares held by the Company	-	-	-	-	-	(1,236)	(1,236)
Conversion of loan notes	6	21,827	-	-	-	-	21,833
At 31 December 2007	28	34,220	8,858	274	(5)	(22,155)	21,220

4. Subsequent events :

Zero coupon convertible loan note

On 7 March 2008 the Company raised \$3 million from Highland African Ventures Limited (“HAVL”), an existing substantial shareholder, in the form of a zero coupon convertible unsecured loan note (“Convertibles”). The proceeds from the Convertibles were used to fund additional working capital and operational costs as a consequence of the delays experienced in ramping-up production to targeted levels.

The Convertibles were issued on the following principal terms:

- Convertible into ordinary shares or non-voting ordinary shares at an effective £1.75 per share; the terms of which were change to £1.00 per share prior to the private placement of shares.
- Convertible at the holder’s discretion into ordinary shares at any time.
- Convertible at the Company’s discretion into non-voting ordinary shares at any time following the creation of a new class of non-voting ordinary shares.

The holder may require some or all of the Convertibles to be repaid in the event of an issue by the Company of new ordinary shares for cash on the basis that the entire proceeds are immediately applied by the holder in subscribing for its entitlement to such new ordinary shares.

If the Convertibles are not converted, the principal amount is repayable on 31 December 2020. No interest shall be payable in respect of the Convertibles. Once the appropriate special resolution passed by the shareholders, the Convertibles will be redeemed and HAVL will be issued with new ordinary shares in Noventa on the same terms as the private placement. The effect of this will be to re-instate HAVL's percentage holding in Noventa to that prior to the private placement that took place in May 2008.

Pre-shipment finance facility

In May 2008 the Group concluded negotiations with FirstRand (Ireland) Plc ("FirstRand") regarding a "rolling" pre-shipment finance facility of \$6.7 million. Certain risk exposure limits have been agreed regarding on the amount of funding that will be made available at various stages of the warehousing and logistics pipeline. These limits are unlikely to have a significant impact on the Group being able to access the funding being made available in terms of this arrangement.

The principal terms of the pre-shipment facility are :

- Saleable tantalum concentrate is to be financed from the time that it has been assayed at the mine to when it has been delivered and paid for by the Group's off-taker.
- Initial term of the agreement is for 12 months, renewable on 30 days notice by either party.
- Total funding under the agreement has been limited 300,000 lb Ta₂O₅ contained.
- The effective cost of the facility is in the order of 5.7%, based on the Group utilizing the full facility over the 12 month period.

Private placement of shares

In May 2008, in accordance with the terms of the Company's Articles of Association, the Board decided to undertake a private placement of ordinary shares with institutional and high net worth shareholders to raise \$6 million to fund working capital required as a result of the difficulties in ramping up production to targeted levels.

A total of 3,045,685 ordinary shares of £0.0004 each were placed at £1.00 each. This resulted in the total number of ordinary shares in issue increasing to 37,924,261 ordinary shares of £0.0004 (par value) each as at the date of this report.

5. CONTINGENT LIABILITIES

Legal

A former contractor at the Marropino mine has instigated a legal claim for \$0.9 million against HAMC Project Services (Pty) Limited and its management on the grounds that the company and its management were responsible for his wrongful imprisonment in Mozambique relating to an incident of theft at the Marropino mine in April 2006. Management is vigorously defending the claim and the company's legal counsel is of the opinion that his case will not succeed.

Commitments in terms of off-take agreements

While the Group is not in default of its obligations in terms of its signed tantalum off-take agreement, should the Group be unable to deliver the required volume of concentrate as stipulated in the off-take agreement, the Group may be required to compensate the off-taker for all losses or damages actually sustained as a direct result of the breach.

Management are confident that the operational difficulties being experienced at the Marropino mine will be successfully resolved and that the Group will be able to meet its commitments in terms of the signed off-take agreement. If for whatever reason, the Group is unable to meet its obligations to deliver the required volume of concentrate in any one period, management is confident that the off-taker will allow the Group to deliver any shortfall in the following period.

6. Annual report and financial statements for 2007

The annual report and financial statements for the year ended 31 December 2007 have been posted to shareholders. A copy of the annual report and financial statements has also been placed on the Noventa website (i.e. www.noventa.net).