

DIRECTORS' REPORT

REVIEW OF RESULTS *(continued...)*

Despite significant progress having been made toward achieving key performance targets the Company has not achieved anticipated production levels that would allow it to produce sufficient saleable product to sustain on-going operational and capital expenditure. As a result, the Company has had to rely on the proceeds from various fund raising activities in 2008 to sustain operations.

SUBSEQUENT EVENTS

In addition to the operational difficulties experienced in ramping up production to targeted levels, the Company has been directly impacted by the current global financial and economic crisis:

- The bankers providing the pre-shipment finance facility gave notice in April 2009 that the facility is no longer available. This is despite Noventa complying with all covenants;
- The broad based decrease in the provision of credit by the banking sector has resulted in an inability to replace the pre-shipment facility or to secure short term loans on acceptable terms, despite the Company's balance sheet being ungeared;
- The decrease in global trade has reduced the frequency with which ships allowed to carry tantalum concentrate call at the port of Walvis Bay. This together with the withdrawal of the pre-shipment facility have placed excessive strain on the working capital funding requirements;
- A significant decrease in demand for capacitor grade powder has meant that our customer is not in a position to improve the payment terms on which they purchase concentrate from the Company to compensate for the above; and
- The Company's morganite joint venture partners have experienced a marked decrease in demand and have not been able to honour their commitments to the Company.

It is disappointing that the above factors have resulted in the Board having to place the Company's operations on care and maintenance, especially at a time when the plant has been performing ahead of expectations with average availability exceeding 80% in the first quarter of 2009.

Discussions are being held with various potential investors who have expressed an interest in providing the necessary funding to construct the hard rock circuit at the Marropino mine and develop Morrua. The Board believes there is a realistic prospect of obtaining the necessary financial support and funding within an acceptable timeframe.

Shareholders are referred to the going concern note on page 20 of the annual report.