



NOVENTA LIMITED

("Noventa" or the "Company")

[AIM: NVTA]

FINAL RESULTS FOR THE YEAR ENDING 31 DECEMBER 2009

The past year has been an eventful one for the Company, the details of which are summarised in more detail below and in the Company's annual report. Suffice it to say that the board of directors of Noventa (the "Board") believes that the Company has made progress this year towards its goal of full production at the Marropino Mine and it has achieved a higher level of production capacity than was previously anticipated.

In order to fund the Company's plans as set out below and in the annual report, management has raised approximately US\$2.0 million from shareholders in June 2010. This will provide funds for working capital. This initial US\$2.0 million will be supplemented by a further fundraising to take the total funds raised to US\$25 million in 2010, both to fund the Marropino plant upgrade, including an increase in production capacity, and the development of the Mutala and Morrua mining concessions. The Mutala and Morrua mining concessions will subsequently be developed using cash generated from operations at Marropino and Mutala. In connection with the initial fund raising of approximately US\$2.0 million and the proposed further fund raising the Company, among other things, is seeking to obtain shareholder approvals at the AGM, pursuant to Resolutions 9 and 12, to generally and specifically authorise the Board to issue further shares free of pre-emption rights. This will allow the Board to have flexibility with regard to the manner in which the fundraisings are implemented which, given current market conditions, the Board believes is essential. The general authority will also give the Board flexibility to issue shares that may be required for other purposes in addition to the initial and proposed fundraisings.

Copies of the Full Audited Consolidated Annual Report and Accounts, from which the information below has been extracted, together with a notice convening the Annual General Meeting for 11:00 hours on Wednesday 30 June 2010 at 47 Esplanade, St Helier, Jersey JE1 0BD are today being posted to shareholders. Copies of the Annual Report and Accounts will also be available from the Company's website (www.noventa.net).

CHAIRMAN'S STATEMENT

I was appointed as a Director of Noventa on 29 June 2009 and subsequently as Chairman on 9 July 2009, following a decision by the majority of shareholders to remove the incumbent Chairman.

Since its admission to AIM, on 20 March 2007, Noventa has reported losses year on year. The poor performance of the Marropino Mine and hence the loss making nature of the Group can be attributed to a wide variety of equipment, operational and previous management failings, which resulted in output being consistently below expectations. As a result the Marropino Mine was put into care and maintenance in May 2009, a situation that is reflected in the current year's financial results.

A new Board and management team has been put in place since my appointment, and due to a series of successful fundraisings, initiated by the Board, totalling US\$7.1m (before costs) in the second half of 2009 and the conversion of all existing convertible debt into equity, the Board has been in a position to develop and implement a turnaround strategy for the Group.

The new Board includes individuals with collective expertise in mining, tantalum, engineering, and finance. Key management now includes a new Portuguese speaking CFO, Daniel Cassiano Silva, who was appointed in January 2010 and is based in Maputo.

The Company has changed its legal counsel in Jersey, UK and South Africa, has appointed Deloitte LLP as its Auditor, and PricewaterhouseCoopers as its Tax Advisor in Mozambique.

The operational headquarters of the Company has been relocated to Maputo, Mozambique to be closer to, and aligned with the mine at Marropino and concessions in Zambezia Province. Noventa has strengthened the local managerial and administrative team with Mozambique staff at its operational headquarters, led by the CEO and CFO, further reinforcing the Company's commitment to local representation in Mozambique. Members of the team have been recruited with an emphasis, in addition to professional qualifications and skills, on their ability to speak Portuguese, the national language of Mozambique. A small team will remain in Johannesburg providing logistic and engineering support.

The Group's assets are principally located in central Mozambique. Politically stable since 1992, the country is supportive of mining projects and in the past five years has attracted long term multimillion dollar investments from companies such as BHP Billiton, Vale and Kenmare Resources.

The Group's initial open cast mine, the Marropino Mine, has been operating intermittently since 2003, but the Board believes that the approach that was historically taken to bring the mine into production was incorrect and not as effective as it should have been. As a result, much less of the resource has so far been extracted and successfully processed than would originally have been expected by this point. In addition, the Group's mining rights at Morrua, Mutala and others remain unexploited.

The new management team, led by CEO Mr. J Allan, considered and compared several options on how to profitably restart operations at Marropino, each of which was stress tested in order to identify the most effective and reliable approach. New working capital was raised through the successful fundraisings mentioned above and a decision was made to restart operations at the mine at the end of April 2010 with modifications to existing plant and the mining plan, initially using the tailings, to be followed by the previously rejected oversize material. The Company has been successful in its efforts, with the Marropino Mine recommencing operations on a limited basis on 23 April 2010.

Each element of the process from extraction through processing and distribution to customers was examined to identify and eliminate losses and previous inefficiencies. An extensive list of remedial actions, additions to the process and modifications have been identified and are being implemented. Throughout the decision making process independent external advice was taken from South African and Canadian parties familiar with processes used for producing tantalum concentrate.

The Marropino Mine is now connected to the national power supply. This should provide significant improvement both in terms of cost savings (estimated at more than US\$1.5 million annually) and reliability compared with the previous use of diesel generators, which will be retained as a backup.

A potential saving (estimated at around US\$1.0 million annually) in distribution costs should be realised by changing the transport route of the concentrate to our customers, avoiding costly overland transport to the port of Walvis Bay in Namibia.

Mineral samples were taken from the pit at the Marropino Mine and from the already dug material. These were independently assayed to verify the ore body and to reconfirm the viability of resurrecting production. The existing main processing plant design was tested under laboratory conditions to assess its fitness for purpose. This resulted in a substantial redesign of the process that has been modelled and tested to overcome the previous deficiencies.

The Board believes it is significantly ahead of its competitors in terms of financing and developing its tantalum assets. The Group has estimated ore resources of 19mlbs Ta₂O₅ distributed across three deposits. Since January 2007, a total of 218klbs of Ta₂O₅ concentrate has been sold from Marropino. The Board believes that our mission is to restore shareholder value through becoming a low cost producer of tantalum concentrate. This of course is dependent on successfully raising the funds to restart full scale production of 500,000 lb per annum contained Ta₂O₅ from run of mine material, with an attention to detail to ensure that the process delivers the tantalum concentrate at an economical production level and recovery rate. Whilst the laboratory tests and advice received have shown this to be possible, it has yet to be proved. Additions and modifications have been made to the plant, and a plan has been formulated to exploit all our mining concessions at Marropino, Mutala and Morrua. An exploration programme is being implemented this summer to evaluate all the areas for which the Group has exploration mining licences.

We have now appointed a senior management team at the Marropino Mine of our subsidiary, Highland African Mining Company Limitada in Mozambique.

We would especially like to thank the CEO, Mr. J Allan, who agreed at short notice to take on the task of leading the 'turn around' of the operations and his team and external advisors for their efforts in making a restart possible. Mr. J Allan will be leaving his executive appointment by the end of June 2010, whilst remaining on the Board as a Non-Executive Director. The Board have appointed Mr. P Lawless to replace Mr. J Allan. Mr. P Lawless will be based in Maputo, initially as Chief Operating Officer and after a hand over period, which started in April 2010; he will replace Mr. J Allan as Chief Executive Officer at the end of June 2010. He is very familiar with Africa and speaks Portuguese. We would also like to thank the Ministry of Mineral Resources as well as the Government of Zambezia Province for their continued support and assistance.

The Group requires a total of US\$25.0 million for its business plan, including capital investment in equipment, infrastructure, exploration and evaluation of mining concessions, as well as exploration of sites which have exploration licences which may extend the life of resources available. The Group is currently exploring various funding opportunities to provide the necessary funds. The Board has continued to be successful in raising interim finance to support the business with US\$2.0 million of funding to be received in June 2010 from a further placing of shares. This interim funding is considered by the Board to be sufficient to finance the Group operations, based on current forecasts, until at least the end of Quarter 3 2010, providing the Group time to raise the necessary US\$23.0 million of funding. The Directors, subject to market conditions, believe that they will be able to raise the necessary funding within the required period.

The Board has decided to seek an additional listing on the Toronto Stock Exchange (TSX) in the summer of 2010 and has appointed advisors to assist with the listing: Blake, Cassels & Graydon LLP as Canadian legal advisors, Scott Wilson Roscoe Postle Associates Inc. to prepare the Technical Report (NI 43-101) for the TSX listing, and Pope & Company Limited as Sponsors.

I would like personally to thank all the shareholders, both existing and new, for their support in this difficult task.

Eric F. Kohn TD
Chairman

10 June 2010

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DIRECTORS' REPORT- MANAGEMENT DISCUSSION AND ANALYSIS

The Directors present their annual report, audited financial statements and management discussion and analysis of the performance of the Group and the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

Noventa is an AIM company which produces tantalum feedstock; tantalum is a rare heavy metal that is used in the manufacture of electronic capacitors, turbine blades and industrial cutting tools.

Through its subsidiary, Highland African Mining Company Limitada, Noventa holds title to a number of mining and exploration licences over various areas in Mozambique, the most advanced of which is the Marropino Mine which has operated intermittently since 2003. The Marropino Mine was placed in care and maintenance in May 2009. The Group recommenced operations at the Marropino Mine in April 2010 on a limited basis. This is the first step towards the Marropino Mine commencing production from the primary hard rock deposit at Marropino. Subject to suitable geological surveys, the Group plans to subsequently commence production in the other concession areas over which the Company has title in a phased manner, commencing with Mutala. Future operations at Marropino and the remaining mining concessions and licences that the Group holds will depend on the Group obtaining shareholder or loan funding.

In addition to tantalum, the Marropino ore body also contains a pink beryl gemstone commonly known as morganite. The morganite is associated with the quartz waste in the ore body and is extracted as and when encountered.

REVIEW OF RESULTS

Overview

The Group has operated from a single mine in Marropino, Mozambique since 2003. The productivity and profitability of operations has been significantly lower than expectation since production began, with the Marropino Mine failing to achieve a profit in any year of operation. The Group addressed this in 2005 and 2006 through a performance enhancement plan at Marropino. The enhancements improved the output volume of tantalum concentrate in 2008, but not on a sustainable and profitable basis. Continuing operating losses at the Marropino Mine led to it being placed in care and maintenance in May 2009.

The continued cash outflows from operations during 2009 have required further shareholder investment in the year. Details are provided below in the financial review section of the review of results.

From June 2009 a new management team led by the Chairman, Mr. E F Kohn TD, and the CEO, Mr. J Allan has been working on assessing the viability of re-opening the Marropino Mine on a sustainable and profitable basis.

The Board of Directors now believes that the Marropino Mine, with further capital investment and modification to the concentration process, can become a viable low cost producer of tantalum feedstock. The plant design that will be implemented should provide up to 500,000 lb per annum of tantalum at 26% concentrate. This new process will require capital investment in 2010 to upgrade the existing plant in order to facilitate the extraction of tantalum contained in tailings and oversize and to finalise the hard rock circuit allowing the Group to mine the primary hard rock deposit at Marropino.

The Group plans to supplement the production from Marropino with additional tantalum concentrate from the Group's Mutala mining concession initially (if geological tests currently underway provide evidence of a profitable ore body), and subsequently the Morrua mining

concession. The Group is also implementing a low cost strategy of geological research on its further seven mining licenses (principally surrounding the Morrua concession) to assess the viability of economic extraction of tantalum concentrate from these sites.

In order to fund the Group's plans, management has raised approximately US\$2.0 million from shareholders in June 2010 (further details are provided in the section below titled 'Events subsequent to the balance sheet date'). This will provide funds for working capital in the initial phase of production at the Marropino Mine, and the purchase of key items of equipment in preparation of the plant upgrade in the latter half of 2010. This initial US\$2.0 million will be supplemented by a further fundraising to take the total funds raised to US\$25 million in 2010, both to fund the Marropino plant upgrade, and the development of the Mutala mining concession. The Morrua mining concession will subsequently be developed using cash generated from operations at Marropino and Mutala.

Exploration

The Group holds mining concessions and mining licences in the Alto Ligonha Pegmatite Belt of Zambezia Province in Mozambique, grouped in the Marropino, Morrua, Mutala, and Ginama areas.

In 2006 the Recoverable Mineral Estimate was independently assessed by SRK Consulting, an independent consulting group, as below:

	Tonnes (Mt)	Ta ₂ O ₅ Grade (ppm)	Contained Ta ₂ O ₅ (klb)
Marropino Mineral Resources			
Indicated	9.89	228	4,970
Inferred	1.13	295	720
Total Marropino Mineral Resources	11.02	236	5,690⁽¹⁾
Mutala Mineral Resources			
Inferred	10.31	236	5,350
Total Mutala Mineral Resources	10.31	236	5,350
Morrua Mineral Resources			
Indicated	4.65	510	5,230
Inferred	3.12	393	2,700
Total Morrua Mineral Resources	7.77	470	7,930

(1) The Marropino Mineral Resources, as at 31 December 2009 have decreased due to the operations of the mine from 2006 to 2009. The resource decrease is not significant.

While management remains in general agreement with this assessment, the Group is continuing to verify and map out the extent and quality of its deposits through a significant and ongoing programme of exploration activity – including the production of a NI 43-101 compliant resource statement, due in July 2010. Exploration activity is focused on the following four geographically dispersed locations:

Marropino

An updated (2008) and geologically more sophisticated 3D modelling exercise has been incorporated into the mine planning using the appropriate software. This exercise re-calculated the geological resource at Marropino using the highly detailed original East German data. The results are in overall agreement with the 2006 independent study, and provide considerable confidence in the geological grade/tonnage estimate – notably of the Ta₂O₅ average grade.

Further confirmation was obtained by the recent in-pit sampling exercise involving 120 panel samples spread throughout the pit. While this snapshot of the grade does not allow for confirmation of the tonnage estimates, this is not seen as a problem due to the well-defined geological contacts of the ore body. The last two years of mining – albeit unsuccessful due to the plant problems – also confirmed the average geological grade of the ore body.

Exploration activity at Marropino in 2010/2011 will focus on the assessment of the other known, relatively minor pegmatite occurrences and colluvial/eluvial deposits to the east of the pit, which may provide additional feed for the Marropino plant. This will initially entail traverse line mapping and sampling.

Mutala

Preliminary work (in 2002) involving 100m spaced pits suggested the presence of significant colluvial deposits at Mutala and indicated that there may be around 5 mlbs of contained Ta₂O₅. Recent work confirmed the presence of the three deposits but considerable further work is required to derive a measured resource and this is included in the 2010 exploration plan. Pitting, trenching and possibly auger drilling will be utilised.

Morrua

Requirements at Morrua include a 3D geological and block modelling exercise, similar to that carried out at Marropino, using previous borehole data. This will be incorporated in a revised mine plan and feasibility study.

Additionally, a mapping exercise, aimed at delineating the more readily accessible waste piles which may provide a significant resource, is planned for the second quarter of 2010. This will be coupled with the mapping of all the known pegmatite outcrops to assist in the revised mine plan.

The Company also holds six exploration licences in the vicinity of Morrua which have yet to be assessed. Work will commence in the second quarter of 2010 and will involve grid mapping and sampling together with image interpretation. Following this preliminary field work, follow up work of any promising targets can be carried out.

Ginama

Key exploration objectives for Ginama include traverse line mapping and sampling (including outcrop and float mapping) to delineate all the pegmatite occurrences. Special attention will be paid to the possibility of colluvial deposits being present. Follow up detailed mapping and sampling of any significant pegmatite outcrops, and pitting and trenching will follow.

Outlook

Looking to the future and subject to the above exploration plan where appropriate, management will seek to develop their operations in measured phases, some of which will run in parallel. In Phase 1, the focus will be on Marropino, with the upgrade of the existing plant, and production having restarted in April 2010 on a limited basis. During 2010, capacity will be increased to 500,000 lbs per annum (from the previous potential capability of 300,000 lbs per annum, with the added capability allowing the Group to process material from surrounding sites.

In Phase 2, Mutala will be developed; the focus will be on soft rock mineral extraction, with its associated low marginal capital costs. Finishing of the material will be conducted at the enhanced Marropino plant, and management will seek to exploit three major colluvial deposits containing an estimated substantial resource.

Phase 3 will see the development of Morrua, with mining planned for 2015. Stripping of the ore body will be necessary to access the hard rock resource body. Once the Marropino resources are depleted, the existing wet plant from Marropino will be re-deployed taking advantage of minimum travel distance and minimising any additional marginal capital expenditure.

In Phase 4 the Group's mining licenses will be the subject of site surveying to be conducted between June-August 2010 under supervision of the Group's lead consulting geologist. Opportunities for strategic property acquisitions will be examined.

Key performance indicators

Subsequent to the commencement of the turnaround of the Group's operations, the Group has been focused on determining the reasons for the lack of profitability of the Marropino Mine. This review has addressed all areas of the business, including the geology and resource at Marropino, the concentration process, energy requirements, logistics and procurement. Financial and operational key performance indicators are not relevant in this stage of the business, other than cash related measures, including cash reports and net position reports (net position reports show the Group's net cash position subsequent to repayment of all recorded and committed liabilities). Cash and net position equate materially at 31 December 2009 to the balance sheet line items cash and cash equivalents, and net current assets.

The Directors monitor performance based on an understanding and resolution of specific issues facing the business.

The Group has developed key performance indicators for monitoring the business now that the Marropino Mine has reopened. These will be presented in the 31 December 2010 financial statements.

Financial Review

Overview

The following table presents selected information for the year ended 31 December 2009 and 2008, and as at that date:

	2009 US\$000 ⁽¹⁾	2008 US\$000 ⁽¹⁾ (As Restated)
Operations		
Revenue	5,709	5,886
Gross loss	(3,190)	(7,805)
Loss before taxation	(10,773)	(22,302)
Loss after taxation	(10,875)	(29,390)
Basic and diluted loss per share – US cents	(7.7)	(82.4)
Financial position		
Total assets	5,657	6,717
Non-current assets	40	-
Cash and cash equivalents	5,029	2,540
Net current assets	3,181	2,746
Borrowings and debt	-	59
Long term liabilities	258	245
Equity	2,963	2,501
Shares outstanding at period end	232,734,868	39,447,104
Share price at 31 December (UK pence)	5.30p	20.00p
Market value at 31 December (US\$)	17,679	11,119

(1) All amounts are presented in US\$000 unless stated otherwise.

Overview Discussion

The year ended 31 December 2009 has been a difficult year, with the Marropino Mine placed in care and maintenance in May. The Group has continued to suffer losses, and net cash outflows from operations both in the period while the Marropino Mine was operating, and subsequently as the new management team has assessed the viability of reopening the Marropino Mine on a profitable and sustainable basis. This has required further shareholder investment during 2009, with funds received through both convertible loan notes (US\$3.6 million before expenses) and placing of ordinary shares (US\$6.5 million before expenses). All convertible loan notes were converted to ordinary shares by 31 December 2009. Accordingly, the Company has issued a further 193,287,764 ordinary £0.0004p shares in the year.

The Group is now debt free. Available trade finance provided by FirstRand (Ireland) plc was withdrawn in the year, despite the Group complying with all covenants.

Cash and cash equivalents of US\$5.0 million as at 31 December 2009 represent a key balance for the Group, as does net current assets. The strong position at the year-end in these balances has provided funds for the Group to finalise the plans to re-open the Marropino Mine, and will limit the future investment needed to commence operations.

The turnaround of the business has resulted in an increase in administrative expenditure, arising in either cash costs, or non cash share based payment charges. It is anticipated that these costs will decrease once the consultancy costs associated with the restructuring of the business and assessment of the viability of operations decrease.

The work on assessing the viability of the Marropino Mine is now complete and the Group will require a further investment of US\$25.0 million in 2010 to commence mining the tailings and oversize rejected by the previous process, and subsequently move on to hard rock mining. Pending satisfactory geological results, these funds will also allow the Group to develop the Mutala mining concession in the short term and the Morrua mining concession in the medium term. An initial US\$2.0 million has been raised from shareholders in June 2010 (further details are provided in the section below titled 'Events subsequent to the balance sheet date'). The Group is intending to find support for a further fundraising of US\$23.0 million from either existing or new shareholders, or loan financing. Further details are provided in the section titled 'Going concern' below.

The Group is currently undertaking a detailed overhaul of internal processes and procedures, including those associated with financial reporting and control. This accompanies the move of the operational head office functions of the mining operations of Highland African Mining Company Limitada (a subsidiary company in the Group) to Maputo, Mozambique. The work to date has identified various errors in the accounting adopted in the previous year. These errors have been corrected in the current financial statements by means of a prior period adjustment.

Discussion and analysis of amounts presented in the consolidated financial statements

The consolidated financial statements are prepared under International Financial Reporting Standards ('IFRS'). IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details of key sources of estimation uncertainty and management judgment are provided in note 2.

Prior period restatements

The following prior year adjustments have been recorded:

1. an impairment of US\$6.6 million against the carrying value of tangible and intangible fixed assets as required by IAS 37, *Impairment of assets*;
2. a provision for recoverability against input value added tax recoverable assets of \$0.9 million;
3. an increase in the value of inventory by US\$0.3 million to record it at the correct production cost to the Group (restricted to net realisable value); and
4. a reduction in revenue and cost of sales by US\$2.1 million, with a corresponding reduction in trade receivables and increase in finished goods inventories to reflect sales of tantalum concentrate in the correct period in accordance with the Group accounting policy.

Due to the materiality of the amounts involved, the Group has restated the comparative information, resulting in a decrease in net assets at 31 December 2008 of US\$7.2 million, from the previously reported net assets of US\$9.7 million to US\$2.5 million and an increased loss for 2008 of US\$6.8 million. Certain balance sheet and income statement reclassifications have been made to the prior year figures to aid comparability with the current period balances, or clarify the nature of transactions and balances. More information on the restatements of the comparative information and a reconciliation to the amounts previously reported is disclosed in note 5 to the Annual Report and accounts.

The comparative information included in the following discussion makes reference to the restated amounts.

Consolidated Statement of Comprehensive Loss

The consolidated statement of comprehensive loss for the year ended 31 December 2009 is set out below. The Group reported a loss of US\$10.9 million (2008: US\$29.4 million) for the financial year.

The following summarises the principal changes in the income statement balances between 2008 and 2009.

Revenue

Tantalum concentrate sales revenue increased by US\$0.6 million or 13.2% to US\$5.4 million. This increase reflects the recognition of sales of US\$2.1 million from inventory produced in 2009, offset by a decrease in revenue due to the Marropino Mine entering care and maintenance at the end of May 2009. Morganite sales decreased by US\$0.8 million to US\$0.3 million, reflecting the unpredictable amount of Morganite found in the year, and the timing of sales by the Group's sales and distribution agent.

The Group's financial results reflect its inability to reach a production level to become profitable. This is substantially due to the level of oversize material that was rejected in the recovery process. In addition, the lack of maintenance and attention to detail contributed to these poor results, along with the historical lack of connection to the national power supply grid.

The Group has a confidential off-take agreement for the tantalum concentrate production from the Marropino Mine. While the Group is in default of the agreement due to the inability to deliver the required volume of concentrate, the Group has held discussions with the counterparty and considers the risk of adverse consequences to the Group to be minimal.

The Group terminated its joint venture agreement for the production, marketing and sale of Morganite subsequent to 31 December 2009. Further details are provided in the section below termed 'Events subsequent to the balance sheet date'.

Gross loss

The Group gross loss has decreased from US\$7.8 million in 2008 to US\$3.2 million in 2009. This reflects the reduced fixed and variable costs incurred at the Marropino Mine and ancillary operations since the Mine was placed in care and maintenance.

Administrative expenses

Administrative expenses have increased by 32.8% to US\$7.0 million. This increase substantially reflects a one off non cash share based payments charge of US\$2.2 million (2008: US\$0.2 million). This charge arises both from the accelerated vesting of options under the Group Unapproved Share Option Plan due to the retrenchment of employees of US\$0.7 million, and from new options and warrants granted in the period. Further details of the assumptions used to value and expense these share based payment expenses is provided in note 16. Underlying administrative expenses have increased by approximately US\$1.0 million, reflecting the costs incurred by the new management on consultants in assessing the viability of re-opening the Marropino Mine, including various process, logistical and other studies, and the turnaround of the business. This increase has been offset in part by favourable exchange gains in the period of US\$0.3 million, compared to losses in 2008 of US\$0.5 million.

Impairment losses

The Group has impaired all of its operating fixed assets and intangible assets. Further details are provided below in the sections titled 'Property, plant and equipment' and 'Intangible assets'. The impairment charge for the year of US\$0.5 million (2008: US\$9.0 million) reflects the additional impairment required against fixed assets acquired in 2009.

Net finance expense

Net finance expense worsened from an expense in 2008 of US\$0.04 million to an expense of US\$0.01 million in 2009. The change principally reflects the decrease in interest receivable on bank balances and costs incurred in the issuing of convertible debt, offset by the reduction in interest payable following the termination of the trade finance facility in 2009.

Taxation

The Group has operations in Jersey, Mozambique and South Africa. The Group's operations in Jersey are subject to Jersey corporate income tax at the rate of 0%. The South Africa and Mozambique operations have historically been loss making. The Mozambique operations were subject to a tax inspection into the 2005, 2006, 2007 and 2008 calendar years during 2009. The current year charge of US\$0.1 million reflects tax liabilities identified from that inspection and associated penalties. The prior year charge of US\$7.1 million reflects the allowance made against the carrying value of deferred tax assets due to uncertainty over the availability of future funding to develop the hard rock circuit at Marropino and consequently, the level of future taxable profits.

Loss per share

The basic and diluted loss per share has decreased from 82.4 cents per share in 2008 to 7.7 cents per share in 2009 reflecting the reduction in the absolute loss from US\$29.4 million to US\$10.9 million and the increase in the weighted average number of shares in issue from 35,664,379 in 2008 to 142,151,558 in 2009.

Consolidated Statement of Financial Position

The consolidated statement of financial position as at 31 December 2009 is set out below.

The following summarises the principal changes or significant factors surrounding the carrying value of balances in the consolidated statement of financial position as at 31 December 2008 and 2009.

Intangible assets

The Group's intangible assets relate principally to the acquired Morrua mining concession in the Zambezia Province of Mozambique. While the Group has full title to the mining concession, the development of the mining concession is uncertain. Once further geological, metallurgical and engineering studies have been completed, and if a viable resource is determined, development will need to be funded through either external funding (shareholder investment or loan arrangements) or through positive cash flows from operations. The timing of any development of the mining concession is therefore uncertain. Due to these factors, there is uncertainty over the Group's recovery of the carrying value of the recorded intangible assets and the intangible assets have been fully impaired.

The uncertainty surrounding the recoverability of the carrying value of the intangible assets existed as at 31 December 2008 and has resulted in the need for an impairment provision to have been recorded against the relevant assets as at that date. Due to the materiality of the amounts involved, the impairment has been recorded by means of a prior period adjustment.

The impairment of intangible fixed assets results in a reduction in net assets as at 31 December 2009 of US\$1.7 million (2008: US\$1.7 million) and a charge to the consolidated income statement for the year ended 31 December 2009 of US\$nil (2008: US\$1.7 million).

If the Group is successful in determining the existence of an economic resource at Morrua, the Directors anticipate that a portion, or all, of the impairment may be written back in future periods.

Property, plant and equipment

The Group has historically operated from its sole mine in Marropino, Mozambique. All of the Group's operating assets are either located in, or support, the Marropino Mine. Most of the assets are specialised or in situ assets at Marropino. It is not practicable to assess the carrying value of each fixed asset individually for impairment purposes. Accordingly, impairment is measured at the level of the Marropino Mine cash generating unit.

The Marropino Mine has been loss making since the Group began its operations. Despite attempts by the previous management to make the Marropino Mine profitable through the Performance Enhancement Plan undertaken in 2006 and 2007, the configuration of the processing plant as at 31 December 2008 and 31 December 2009 was not fit for purpose and was unable to produce positive cash flows. The current Board of Directors has commissioned studies into the reasons for the lack of profitability of the Marropino Mine. These studies include geological, metallurgical, engineering process, and logistical studies. Significant capital investment is required to modify the plant design, including the construction of a hard rock circuit, in order for the Marropino Mine to be net cash positive after future capital investment. As at 31 December 2009 the Group had not completed its studies to determine the final equipment required to re-open the Marropino Mine, and not started any specific work on the required fixed asset enhancement programme.

While the Group believes that the Marropino Mine can be profitable, IAS 36.44(b) specifically includes a requirement that estimated future cash flows that are expected to arise from improving or enhancing an asset's performance cannot be included in the cash flows for the purpose of impairment testing at the impairment test date. Accordingly, incremental future revenues arising from the addition of new components (that may eventually form the plant hard rock circuit) that will allow the Marropino Mine to become profitable cannot be taken into consideration as at 31 December 2009. The value in use basis for measurement of the Marropino Mine as at 31 December 2009 is US\$nil for all the assets due to the current costs of the Marropino Mine exceeding its current revenue generating capability. The net resale value of the assets (after selling expenses), is also negligible due to their remote location in Mozambique, the state of repair of many of the assets (including mobile plant), and the specialised nature of the production equipment. Accordingly, as at 31 December 2009, both value in use and resale value are considered to be US\$nil, and the operating fixed assets have been fully impaired.

In the year ended 31 December 2008, impairment was recorded against all operating assets that could solely be used for soft rock mining. As the Group did not have the financial ability to undertake the construction of the hard rock circuit, or have an ongoing capital development project for hard rock mining, an impairment provision against all the fixed assets on the site would have been required. Due to the materiality of the amounts involved, the impairment, has been recorded as at 31 December 2008.

The recording of the impairment provisions against tangible fixed assets results in a reduction in net assets as at 31 December 2009 of US\$7.8 million (2008: US\$7.3 million) and a charge to the consolidated income statement for the year ended 31 December 2009 of US\$0.5 million (2008: US\$7.3 million).

If the Group is successful in implementing its plans and making the Marropino Mine a profitable operation, the Directors anticipate that a portion of the impairment may be written back in future periods.

Inventories

Inventories at 31 December 2009 comprise principally diesel and spare parts. As at 31 December 2009, there are no finished goods or work in progress. Tantalum concentrate comprised US\$3.0 million of the balance at 31 December 2008. Due to the Marropino Mine entering care and maintenance in May 2009 the Group has not produced any tantalum concentrate since then and existing inventories have been sold. Consumables inventory has also decreased from US\$0.2 million to US\$0.1 million, reflecting the lower requirements at the Marropino Mine when in care and maintenance compared to when operating, combined with the reduction in diesel stocks as a result of the supply of mains electricity to the mine.

Spare parts inventory has increased from US\$nil to US\$0.4 million due to the recognition, as at 31 December 2009, of the value of this type of inventory for the first time. The Group has not been able to reliably measure the value of spare parts inventory as at 31 December 2008 – accordingly, the inventory value has been credited to the consolidated statement of comprehensive loss in the year ended 31 December 2009.

Trade and other receivables

The balance has decreased by US\$0.7 million principally due to a decrease in receivables from the sale of tantalum concentrate and morganite. Subsequent to 31 December 2009, the Group sold its entire morganite inventory. Further details are provided below in the section 'Events after the balance sheet date'.

Trade and other receivables at 31 December 2009 includes US\$1.6 million (2008: US\$0.9 million) of recoverable input value added tax balances which are fully provided for (2008: fully provided for) due to the Group not having in its possession all documents necessary to support the recovery of the debt from the Mozambique Government.

Cash and cash equivalents

Cash and cash equivalents represent short term bank deposits and cash in hand. Movements in the cash balance reported in the consolidated cash flow statement show that the loss from operations of US\$10.9 million (2008 - US\$29.4 million) translates into cash outflows from operations which total US\$6.1 million (2008 - \$9.4 million). In the year ended 31 December 2009, this difference is a result of the significant non-cash charges of US\$2.2 million on share based payments and the positive impact on cash balances of inventory run down and movements in working capital. In the year ended 31 December 2008, this difference is principally a result of significant non cash charges for depreciation (US\$3.7 million), impairment of property plant and equipment (US\$7.3 million), impairment of intangible fixed assets (US\$1.7 million) and the write off of deferred tax assets (US\$7.1 million).

Cash outflows have been funded from further shareholder investment, with net cash flows from financing activities of US\$9.1 million (2008 - US\$10.6 million). Investing activities resulted in a cash outflow of US\$0.5 million in the year (2008 - US\$0.8 million), principally arising from the purchase of tangible fixed assets.

Trade and other payables

The balance represents liabilities incurred in the normal course of business, with the decrease reflecting the lower ongoing expenditure as the Marropino Mine is in care and maintenance.

Movements in equity and convertible loan notes

During the period the Group raised US\$10.1 million before expenses through the issuance of new ordinary shares and convertible debt with related issue expenses of US\$0.8 million. All of the convertible debt outstanding as at 31 December 2008, and issued in 2009 was converted to ordinary shares by 31 December 2009. A description of the various fund raisings required to support the ongoing losses of the Group is provided below.

Convertible Loan Notes & Conditional Placing of Shares

In September 2009 the Company placed £0.4 million of unquoted zero coupon convertible loan notes (the 'Loan Notes'), raising £0.4 million (US\$0.6 million) before expenses. The Loan Note subscribers were also issued with a warrant to subscribe for one new Ordinary Share for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. On initial recognition, the Loan Notes and the warrants were classified as financial liabilities in the statement of financial position, as required by IAS 32. No gain or loss was reported on the conversion of the Loan Notes. The warrants remain reflected as financial liabilities as at 31 December 2009, with a US\$nil value.

In September 2009, the Company placed 8,750,000 new Ordinary Shares at a price of 4 pence per share, (the 'Conditional Placing Shares') raising £0.4 million (US\$0.6 million) before expenses. Subscribers for the Conditional Placing Shares were also issued with a warrant to subscribe for one new Ordinary Shares for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. The warrants are classified as financial liabilities in the statement of financial position, as required by IAS 32. The warrants have a US\$nil value at 31 December 2009.

The requisite resolutions to approve the Loan Notes and Conditional Placing of Shares were passed at the extraordinary general meeting of the Company held on 14 October 2009, and the Loan Notes were converted into 10,000,000 Ordinary Shares of £0.0004 each in the Company.

Placing and Open Offer

In September 2009 an open offer was made to qualifying shareholders to subscribe for up to 53,058,880 new Ordinary Shares on the basis of 5 ordinary shares for every 4 ordinary shares held at the time of the offer, at an offer price of 4p per ordinary share. Those shares not taken up by qualifying shareholders were placed with third parties.

The Company raised £2.1 million (US\$3.4 million) before expenses from the open offer and placing ("Placing and Open Offer").

Additional Placing Shares

Due to the success of the fund raising programme undertaken in September 2009, an additional placing of 40,463,952 Ordinary Shares at 4p per share ("Additional Placing Shares") was made on 16 October 2009 raising £1.6 million (US\$2.6 million) before expenses.

Zero Coupon Convertible Loan Notes

As disclosed in the 2008 Annual Report, on 15 December 2008 the Company raised US\$5 million from existing shareholders, in the form of a zero coupon convertible unsecured loan note ("Existing Loan Notes"). An issue of US\$4.2 million of zero coupon convertible

unsecured loan notes to Highland African Mining Limited ("HAVL") (which is a substantial shareholder and related party under the AIM Rules) was subscribed for in two separate tranches of US\$1.2 million on 15 December 2008 and US\$3.0 million on 26 January 2009. A further issue of US\$0.8 million of zero coupon convertible unsecured loan notes was made and subscribed for by BlackRock World Mining Trust plc on 15 December 2008.

HAVL and BlackRock World Mining Trust plc have historically provided financial support to the Company at very short notice, without which the Company could not have continued to trade. Resolutions to approve the conversion of the HAVL and BlackRock World Mining Trust plc loan notes into ordinary shares at the rate of 15 pence per share, as stipulated in the agreements, were not approved at the Company's annual general meeting in August 2009. The Board recommended that HAVL and BlackRock World Mining Trust plc exchanged their holdings of Existing Loan Notes of US\$4.2 million and US\$0.8 million respectively, for new Ordinary Shares in the Company on the same terms as was being offered to qualifying shareholders of the Placing and Open Offer. Following HAVL and BlackRock World Mining Trust plc's agreement to the terms of this proposal the requisite resolutions were presented and passed at the Extraordinary General Meeting of the Company held on 14 October 2009. The US Dollar to British Stirling exchange rate for the exchange was set at the prevailing rate of £1:US\$1.634, as published in the Financial Times on 4 September 2009. As a result of the exchange, HAVL and BlackRock World Mining Trust plc were issued with 64,259,486 and 12,239,902 new Ordinary Shares in the Company respectively.

The proceeds from the Existing Loan Notes were used to fund additional working capital prior to operations being placed under care and maintenance on 31 May 2009.

GOING CONCERN

The Group's mining activities are located in Mozambique, where the Group has historically produced tantalum concentrate (and recovered Morganite) from its Marropino Mine which was placed in care and maintenance in May 2009 due to continuing operating losses, processing plant deficiencies and past management failures to address the underlying production and logistical issues.

In July 2009 the Group commenced a turnaround strategy after the appointment of Mr. E F Kohn TD as Chairman to the Group, and subsequently Mr. J Allan as Chief Executive Officer. They have implemented a rigorous assessment of the business in order to establish whether the mining operations in Mozambique can be performed on a profitable and sustainable basis. The entire Board of Directors has also been replaced and wide-ranging changes made throughout the business at key management levels to support the turnaround and support the mining operations in Mozambique.

The operations of the Group have been funded by additional shareholder investment as discussed in detail in the section of this report termed 'Financial Review'.

While there can be no absolute certainty, the studies commissioned by the new management team into the geological, metallurgical and processing of the ore body at Marropino Mine indicate that the concession can be operated on a profitable and sustainable basis. Accordingly, the Group recommenced mining operations at the Marropino Mine on 23 April 2010 on a limited scale to initially reprocess previously mined material contained in the tailings. The intention is to use the reprocessing of previously rejected tailings and oversize material to test and prove the validity of the proposed changes in design from the previous methods used and to provide additional revenue as well as training the new team. After the additions, upgrades and modifications have been completed the Directors anticipate that the plant will be able to return to full production using the substantially higher grade hard rock ore body at Marropino with results that will represent an improvement over those previously achieved. This is expected to make the mining operation sufficiently cash generative to fund all expenditure in the Group, and provide surplus cash to fund the subsequent development of the Mutala and Morrua concessions, subject to geological test work.

As at 4 June 2010 the Group had cash of US\$0.8 million, and no debt. The Group believes it requires a total of US\$25.0 million to fund its business plan which will be used to fund working capital and provide the capital investment necessary at Marropino and fund the costs of further geological work at the other mining concessions and sites held under mining licences. The Group is currently exploring various funding opportunities. As an interim measure, the Group has raised £1.4 million (\$2.0 million) through a private placing of £0.4 million (\$0.6 million) (the 'June 2010 Placing') and a conditional placing of £1.0 million (US\$1.4 million) (the 'June 2010 Conditional Placing'). Irrevocable commitments were received by the Group for this funding on 7 June 2010, subject to the conditions precedent being met including obtaining shareholder approval for the issue of shares at the forthcoming AGM, the shares being accepted to trading on AIM, and there being no material adverse change in the circumstances of the Company and the Group from 8 June 2010 to the Company's AGM on 30 June 2010.

This interim investment is anticipated to be sufficient to finance the Group operations, based on the current cash flow forecast, for the next three to four months, providing the Group time to obtain the remaining \$23.0 million required to implement its business plan.

The Directors have adopted the going concern basis in preparing the financial statements, having carried out a going concern review, on the basis that:

- they have successfully recommenced operations on a limited basis at the Marropino Mine and demonstrated that the proposed modifications and changes to the plant should make the plant effective;
- they have successfully raised US\$2.0 million of interim financing in June 2010 to support the Group whilst additional funding to implement the business plan is secured;
- they have no reason to believe that the conditions precedent for the June 2010 Conditional Placing will not be met, nor that the placing counterparties will default on the commitments provided;
- they have taken all reasonable steps possible to assess the viability of the business plan, including the preparation of forecasts for a period exceeding twelve months from the date of approval of the financial statements, and believe that the Group will become profitable and will return high rates of return on shareholder investment in the future; and
- they have a realistic expectation based on the feedback from their discussions with potential investors that the plan to secure the additional US\$23.0 million required to fund the business plan is realistic, subject to satisfactory market conditions prevailing.

The Directors believe they will be able to raise the funding required, subject to satisfactory market conditions prevailing, but acknowledge that there is a material uncertainty over their ability to secure the additional funding required to implement the business plan which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, its ability to discharge its liabilities in the normal course of business.

As a consequence of this material uncertainty the auditors have issued an audit report that is unqualified but modified to include an emphasis of matter paragraph on going concern.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: US\$nil). No interim dividends were paid (2008: US\$nil).

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the following events occurred which are considered by the Directors to be material to require disclosure in these financial statements:

Sale of morganite consignment inventory

On 9 February 2010, the Group reached an agreement with LJ International Limited for the sale of Morganite inventory held on behalf of the Group by Goldleaves Trading Limited and Miranda Gems (HK) under the Morganite Joint Venture Agreement between the Group and these parties. The Morganite Joint Venture Agreement was terminated, with payment due to the Group of US\$1.0 million, due US\$0.3 million in February 2010, US\$0.2 million in March 2010, and US\$0.1 million per month thereafter until the balance is settled. The sale proceeds will be reported within revenue in the financial year ended 31 December 2010, reflecting the transfer of risks and rewards of ownership in the Morganite inventory to LJ International Limited with effect from 9 February 2010. All amounts due under the agreement to the date of this report have been received.

Fundraising

On 7 June 2010 the Group secured US\$2,030,000 additional shareholder funding through a placing (the 'June 2010 Placing') and a conditional placing (the 'June 2010 Conditional Placing Shares') of Ordinary Shares in the Company as described below.

June 2010 Placing

The Group secured irrevocable commitments for the private placing of 6,826,450 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £444,000 (US\$653,000) before expenses. The funds are anticipated to be received on or around 8 June 2010.

June 2010 Conditional Placing

The Group secured commitments for the conditional placing of 14,415,723 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £937,000 (US\$1,377,000) before expenses. The June 2010 Conditional Placing is conditional on the following conditions precedent:

1. the Directors obtaining shareholder approval at the forthcoming AGM of the Company on 30 June 2010 for the issuance of the June 2010 Conditional Placing Shares;

2. the June 2010 Conditional Placing Shares issued being accepted to trading on AIM; and
3. there being no material adverse change in the circumstances of the Company, and Group, between 7 June 2010 and the Company's AGM on 30 June 2010.

The Directors have reason to believe that the conditions precedent for the issuance of the June 2010 Conditional Placing Shares will be met and that the June 2010 Conditional Placing will be successful. The funds are anticipated to be received on or around the 30 June 2010 after the AGM.

Directors and key management emoluments

Details of the nature and amount of emoluments payable by the Group for the services of its Directors and key management during the financial year are shown in the table below.

	Directors' fees US\$	Salaries US\$	Other Benefits US\$	Bonuses US\$	Total ⁽⁴⁾ US\$
Directors					
E F Kohn TD ⁽¹⁾	73,071	-	-	95,532	168,603
J N Allan ⁽²⁾	260,000	-	-	47,766	307,766
C Wood	-	244,453	23,958	-	268,411
M Hinxman	-	218,285	-	15,000	233,285
P J Cox ⁽³⁾	12,660	-	-	17,866	30,526
Executive directors	345,731	462,738	23,958	176,164	1,008,591
P G R Delafield	23,051	-	-	-	23,051
Hon P Moncreiffe	23,051	-	-	-	23,051
R O Burt	24,971	-	-	-	24,971
R V Emerson	20,055	-	-	-	20,055
T J Griffiths	11,095	-	-	-	11,095
Dr E J Martin	5,416	-	-	16,334	21,750
G Coltman	4,966	-	-	-	4,966
Non executive directors	112,605	-	-	16,334	128,939
Total	458,336	462,738	23,958	192,498	1,137,530
Key management					
D M Whitehouse		240,000		15,000	255,000

(1) The services of Mr. E F Kohn TD are provided by Barons Financial Services SA under a service agreement with the Company. Under the terms of that agreement, the services of Mr. E F Kohn TD are provided in return for €10,000 per month of which €5,000 is payable to Barons Financial Services SA, in cash and €5,000 is payable to Barons Financial Services Limited in ordinary shares of Noventa Limited, established using the average share price for the relevant month.

(2) The services of Mr J N Allan are provided by Ekasure Limited under a service agreement with the Company.

(3) The services of Mr P J Cox are provided by Goldine Global Consulting Limited under a service agreement with the Company.

(4) This table shows the cash equivalent value of amounts paid to Directors in either currency, or ordinary shares in Noventa Limited, as compensation for services rendered. It does not show the accounting value attributed to share options granted in the period. This information is provided in aggregate in note 5 to the consolidated financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS
FOR THE YEAR ENDED 31 DECEMBER 2009**

	Note	2009 US\$000	2008 (As restated – note 5) US\$000
Revenue			
Tantalum		5,394	4,766
Morganite		315	1,120
		<u>5,709</u>	<u>5,886</u>
Cost of sales		<u>(8,899)</u>	<u>(13,691)</u>
Gross loss		(3,190)	(7,805)
Administrative expenses		(7,000)	(5,271)
Impairment of fixed assets	3, 8, 9	(469)	(9,028)
Loss on disposal of property, plant and equipment		-	(141)
Exploration and evaluation expenses		(3)	(19)
		<u>(10,662)</u>	<u>(22,264)</u>
Operating loss		(10,662)	(22,264)
Net finance expense		(111)	(38)
Finance income		3	79
Finance expense		(114)	(117)
		<u>(10,773)</u>	<u>(22,302)</u>
Loss before taxation		(10,773)	(22,302)
Taxation	6	(102)	(7,088)
Loss for the year	4	(10,875)	(29,390)
Other comprehensive (loss)/income			
Foreign currency translation (loss)/gain on foreign operations		(192)	219
		<u>(11,067)</u>	<u>(29,171)</u>
		US cents	US cents
Basic and diluted loss per share	7	<u>(7.7)</u>	<u>(82.4)</u>

All results derive from continuing operations. The loss for the current and preceding year and total comprehensive loss are wholly attributable to equity holders of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		31 December 2009	31 December 2008 (As restated)	1 January 2008 (As restated)
	Note	US\$000	US\$000	US\$000
Non-current assets				
Intangible assets	8	-	-	1,811
Property, plant and equipment	9	40	-	10,267
Deferred tax asset	10	-	-	7,088
		<u>40</u>	<u>-</u>	<u>19,166</u>
Current assets				
Inventories		488	3,310	1,091
Trade and other receivables		100	867	1,228
Cash and cash equivalents	11	5,029	2,540	2,145
		<u>5,617</u>	<u>6,717</u>	<u>4,464</u>
Total assets		<u>5,657</u>	<u>6,717</u>	<u>23,630</u>
Current Liabilities				
Trade and other payables	12	2,156	3,912	2,576
Current tax liabilities		280	-	-
Borrowings		-	59	-
Derivative financial liabilities	14	-	-	-
		<u>2,436</u>	<u>3,971</u>	<u>2,576</u>
Net current assets		<u>3,181</u>	<u>2,746</u>	<u>1,888</u>
Non-current liabilities				
Long-term provisions		258	245	234
		<u>258</u>	<u>245</u>	<u>234</u>
Total liabilities		<u>2,694</u>	<u>4,216</u>	<u>2,810</u>
Net assets		<u>2,963</u>	<u>2,501</u>	<u>20,820</u>
Equity				
Share capital	15	156	32	28
Share premium		54,335	43,066	34,220
Shares to be issued	15	76	-	-
Convertible loan note reserve	13, 15	-	1,987	-
Merger reserve	15	8,858	8,858	8,858
Translation reserve	15	22	214	(5)
Accumulated losses		(60,484)	(51,656)	(22,281)
Equity attributable to equity holders of the parent		<u>2,963</u>	<u>2,501</u>	<u>20,820</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009**

Notes	Share capital	Share premium	Shares to be issued	Convertible loan note reserve	Merger reserve	Employee share incentive reserve	Translatio n reserve	Retained losses	Total Equity
	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000	US\$000
Balance at 1 January 2008 as previously stated									
Restatements	-	190	-	-	-	(274)	-	(316)	(400)
Balance at 1 January 2008 as restated	28	34,410	-	-	8,858	-	(5)	(22,471)	20,820
Total comprehensive income/(loss) for the year	-	-	-	-	-	-	219	(29,390)	(29,171)
Share based payments	-	-	-	-	-	-	-	205	205
Issue of share capital	3	6,018	-	-	-	-	-	-	6,021
Expenses incurred in issuing share capital	-	(361)	-	-	-	-	-	-	(361)
Issue of convertible loan notes	-	-	-	5,000	-	-	-	-	5,000
Expenses incurred in issuing convertible loan notes	-	-	-	(13)	-	-	-	-	(13)
Conversion of loan notes	1	2,999	-	(3,000)	-	-	-	-	-
Balance at 31 December 2008 as restated	32	43,066	-	1,987	8,858	-	214	(51,656)	2,501
Total comprehensive loss for the year	-	-	-	-	-	-	(192)	(10,875)	(11,067)
Share-based payments	1	112	76	-	-	-	-	2,047	2,236
Issue of share capital	65	6,405	-	-	-	-	-	-	6,470
Expenses incurred in issuing share capital	-	(809)	-	-	-	-	-	-	(809)
Issue of bonus shares	2	(2)	-	-	-	-	-	-	-
Issue of convertible loan notes	-	-	-	3,000	-	-	-	-	3,000
Expenses incurred in issuing convertible loan notes	-	-	-	(11)	-	-	-	-	(11)
Conversion of loan notes	56	5,563	-	(4,976)	-	-	-	-	643
Balance at 31 December 2009	156	54,335	76	-	8,858	-	22	(60,484)	2,963

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009**

	2009	2008 (As restated)
	US\$000	US\$000
Cash flows from operating activities		
Loss for the year	(10,875)	(29,390)
<i>Adjustments for:</i>		
Depreciation	-	3,737
Impairment of property, plant and equipment	469	7,295
Impairment of intangible fixed assets	-	1,733
Loss on disposal of property, plant and equipment	-	141
Amortisation of intangible assets	-	78
Share based payment expense	2,236	205
Unrealised foreign exchange (profit) / loss	(115)	219
Finance expense	114	117
Finance income	(3)	(79)
Taxation	102	7,088
Operating loss before changes in working capital and provisions	(8,072)	(8,856)
Decrease in trade and other receivables	767	309
Decrease / (increase) in inventories	2,822	(2,219)
(Decrease) / increase in trade and other payables	(1,653)	1,388
Net cash used in operating activities	(6,136)	(9,378)
Cash flows from investing activities		
Interest received	3	79
Acquisition of property, plant and equipment	(509)	(906)
Net cash used in investing activities	(506)	(827)
Cash flow from financing activities		
Proceeds from issue of new shares	6,470	6,021
Share issue expenses	(809)	(361)
Proceeds from issue of convertible loan notes	3,632	5,000
Convertible loan note issue expenses	(41)	(13)
Repayment of borrowings	(59)	59
Interest paid	(71)	(106)
Net cash inflow from financing activities	9,122	10,600
Net increase in cash and cash equivalents	2,480	395
Effect of exchange rates on cash and cash equivalents	9	-
Cash and cash equivalents at beginning of year	2,540	2,145
Cash and cash equivalents at end of year	5,029	2,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Noventa Limited is a company incorporated in Jersey, the Channel Islands under the Companies (Jersey) Law 1991, as amended, with registered number 95036. Further. The nature of the Group's operations and its principal activities are set out in the business review section of the Directors' Report – Management Discussion and Analysis.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union as required by the AIM rules of the London Stock Exchange (the 'AIM Rules').

The financial information is a consolidation of the Company and its subsidiaries. These financial statements are presented in United States Dollars ('US\$' or '\$') because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 2 of the Annual Report.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a historical cost basis, except for certain financial instruments and share based payments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets or the fair value of liabilities incurred. The principal accounting policies adopted are set out below in this note.

IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details of key sources of estimation uncertainty and management judgement are provided in note 3.

Going concern

The Group's mining activities are located in Mozambique, where the Group has historically produced tantalum concentrate (and recovered Morganite) from its Marropino Mine which was placed in care and maintenance in May 2009 due to continuing operating losses, processing plant deficiencies and past management failures to address the underlying production and logistical issues.

In July 2009 the Group commenced a turnaround strategy after the appointment of Mr. E F Kohn TD as Chairman to the Group, and subsequently Mr. J Allan as Chief Executive Officer. They have implemented a rigorous assessment of the business in order to establish whether the mining operations in Mozambique can be performed on a profitable and sustainable basis. The entire Board of Directors has also been replaced and wide-ranging changes made throughout the business at key management levels to support the turnaround and support the mining operations in Mozambique.

The operations of the Group have been funded by additional shareholder investment as discussed in detail in the section of this report termed 'Financial Review'.

While there can be no absolute certainty, the studies commissioned by the new management team into the geological, metallurgical and processing of the ore body at Marropino Mine indicate that the concession can be operated on a profitable and sustainable basis. Accordingly, the Group recommenced mining operations at the Marropino Mine on 23 April 2010 on a limited scale to initially reprocess previously mined material contained in the tailings. The intention is to use the reprocessing of previously rejected tailings and oversize material to test and prove the validity of the proposed changes in design from the previous methods used and to provide additional revenue as well as training the new team. After the additions, upgrades and modifications have been completed the Directors anticipate that the plant will be able to return to full production using the substantially higher grade hard rock ore body at Marropino with results that will represent an improvement over those previously achieved. This is expected to make the mining operation sufficiently cash generative to fund all expenditure in the Group, and provide surplus cash to fund the subsequent development of the Mutala and Morrua concessions, subject to geological test work.

As at 4 June 2010 the Group had cash of US\$0.8 million, and no debt. The Group believes it requires a total of US\$25.0 million to fund its business plan which will be used to fund working capital and provide the capital investment necessary at Marropino and fund the costs of further geological work at the other mining concessions and sites held under mining licences. The Group is currently exploring various funding opportunities. As an interim measure, the Group has raised £1.4 million (US\$2.0 million) through a private placing of £0.4 million (US\$0.6 million) (the 'June 2010 Placing') and a conditional placing of £1.0 million (US\$1.4 million) (the 'June 2010 Conditional Placing'). Irrevocable commitments were received by the Group for this funding on 7 June 2010, subject to the conditions

precedent being met including obtaining shareholder approval for the issue of shares at the forthcoming AGM, the shares being accepted to trading on AEM, and there being no material adverse change in the circumstances of the Company and the Group from 8 June 2010 to the Company's AGM on 30 June 2010.

This interim investment is anticipated to be sufficient to finance the Group operations, based on the current cash flow forecast, for the next three to four months, providing the Group time to obtain the remaining US\$23.0 million required to implement its business plan.

The Directors have adopted the going concern basis in preparing the financial statements, having carried out a going concern review, on the basis that:

- they have successfully recommenced operations on a limited basis at the Marropino Mine and demonstrated that the proposed modifications and changes to the plant should make the plant effective;
- they have successfully raised US\$2.0 million of interim financing in June 2010 to support the Group whilst additional funding to implement the business plan is secured;
- they have no reason to believe that the conditions precedent for the June 2010 Conditional Placing will not be met, nor that the placing counterparties will default on the commitments provided;
- they have taken all reasonable steps possible to assess the viability of the business plan, including the preparation of forecasts for a period exceeding twelve months from the date of approval of the financial statements, and believe that the Group will become profitable and will return high rates of return on shareholder investment in the future; and
- they have a realistic expectation based on the feedback from their discussions with potential investors that the plan to secure the additional US\$23.0 million required to fund the business plan is realistic, subject to satisfactory market conditions prevailing.

The Directors believe they will be able to raise the funding required, subject to satisfactory market conditions prevailing, but acknowledge that there is a material uncertainty over their ability to secure the additional funding required to implement the business plan which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, its ability to discharge its liabilities in the normal course of business.

As a consequence of this material uncertainty the auditors have issued an audit report that is unqualified but modified to include an emphasis of matter paragraph on going concern.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 16.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Noventa Employee Benefit Trust

Transactions of the Noventa Employee Benefit Trust ("Noventa EBT") are treated as being those of the Company and are consolidated with the Company and Group. Where loan advances to the Noventa EBT by the Company and Group are deemed not to be recoverable, the loan receivable balance is impaired to the income statement under the policy described above for impairment of financial assets.

Employee benefits

Short term employee benefits

Short-term employee benefits include salaries and wages, short-term compensated absences and bonus plans. The Group recognises a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him / her to the benefit.

Post-employment benefits

The Group does not contribute to any defined retirement plan for its employees, either defined contribution or defined benefit. Social security payments to state schemes, which arise in Mozambique and South Africa, are charged to the income statement as they are incurred.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

3.1 Share based payments

The Group has issued various call options over equity in the Company, by means of share options, warrants, or conditional bonus shares. Further details of the principal instruments are provided in note 16.

The estimation of the charge arising under IFRS 2, Share based payment, requires the Group to both estimate the fair value of the instruments awarded, using valuation models, and the period over which the charge should be recorded.

The Group has reported a charge in the period for share based payments of US\$2.2 million (2008: US\$0.2 million) of which US\$1.3 million (2008: US\$nil) relates to instruments that do not have service conditions attached. These awards were provided as either turnaround incentives to key management, or immediate bonuses. The Group is of the opinion that the expense should be reported in the turnaround period, and accordingly the amounts involved have been expensed in full in the year ended 31 December 2009.

The value of the instruments awarded as turnaround incentives are sensitive to the selection of valuation model inputs. A charge of US\$1.1 million (2008: US\$nil) arises on these awards based on a valuation performed based on the Monte Carlo Simulation model. The valuation was performed taking into consideration advice from a UK firm of actuaries. The key assumptions used are disclosed in note 16.

3.2 Restatement of prior periods

During the preparation of the financial statements for the year ended 31 December 2009, the Group became aware of material errors in the preparation of the financial statements for the year ended 31 December 2008. In accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, the Group has restated and represented the financial statements for the year ended 31 December 2008 as disclosed in note 5 of the Annual Report. The restatements result in a decrease in net assets of the Group as at 31 December 2008 of US\$7.2 million, a decrease in net assets of the Group as at 31 December 2007 of US\$0.4 million, and an increase in the loss reported for the year to 31 December 2008 of US\$6.8 million.

3.3 Recoverability of input Value Added Tax

Mozambique Value Added Tax ("IVA"), operates in a similar manner to UK Value Added Tax ("VAT"). The Group is exempt from IVA on its exports from Mozambique under the terms of its Mining License Agreement and Mozambique tax law. The Group is able to recover input sales tax on all purchases within Mozambique. The Group is always therefore in a net recovery position of IVA. Since 2004, the Group has not succeeded in recovering IVA from the Mozambique Government. The Group has two ongoing IVA recovery claims submitted, and further recoverable IVA due, but not yet claimed back. As at 31 December 2009, the Group does not have all of the documentation required by Mozambique Law to recover the IVA.

While the Group believes that it will manage to acquire all of the documentation to support the claims, there is uncertainty regarding the ability of the Group to recover the balances due. Accordingly, the balances have been provided for in full. Where appropriate, the provision has been recorded by means of a prior period adjustment (note 5 of the Annual Report).

4. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	Year ended 2009	Year ended 2008 (As restated)
	US\$000	US\$000
Depreciation of property, plant and equipment	-	3,737
Impairment of property, plant and equipment	469	7,295

Impairment of intangible fixed assets	-	1,733
Loss on disposal of property, plant and equipment	-	141
Amortisation of intangible assets	-	78
Impairment loss recognised on IVA receivables	663	312
Exploration and evaluation expenditure	3	19
Share-based incentive expense	2,236	205
Unrealised exchange (gain)/loss	(115)	196
Staff costs	3,417	4,109
Royalty taxes	59	208
Operating lease rentals	87	66

5. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

Key management personnel remuneration is detailed below

	Year ended 2009 US\$000	Year ended 2008 US\$000
Executive and non executive Directors' emoluments	862	1,385
Directors' share-based payment expense	1,014	195
Other key management emoluments	255	354
Other key management share-based payment expense	23	31
	<u>2,154</u>	<u>1,965</u>

Directors' emoluments includes fees payable for the service of certain Directors whose services are provided by third party companies and relevant share-based payment expense. Details are provided in note 10.

The highest paid Director in the year was Mr. J Allan (2008 – Mr. C Wood), who received aggregate payments in cash and shares amounting to US\$308,000 (2008 – cash payments amounting to US\$513,000).

6. TAXATION

	Year ended 2009 US\$000	Year ended 2008 US\$000
Current tax		-
Relating to the current year	13	
Relating to prior periods	89	-
	<u>102</u>	<u>-</u>
Deferred tax (note 10)	-	7,088
Tax expense	<u>102</u>	<u>7,088</u>

The Group's mining operations are located in Mozambique. The statutory tax rate in Mozambique is 30% (2008: 35%). Under the terms of the Group's Mining License Agreement, the Group has a reduced tax rate in Mozambique of 17.5% (2008: 17.5%) for the first ten years of production (i.e. until 2013). The Group's operations in Jersey are subject to Jersey corporate income taxation at the rate of 0%:

	Year ended 2009 US\$000	Year ended 2008 (As restated) US\$000
<i>Reconciliation of effective tax rate</i>		
Loss before taxation	<u>(10,773)</u>	<u>(22,302)</u>
Tax on loss before taxation at company rate of 17.5% (2008: 17.5%)	1,885	3,902
Non-deductible expenses	(38)	(153)
	17.5%	17.5%
	(0.4)%	(0.7)%

Utilisation of unrecognised tax losses	109	1.0%	(223)	(1.0)%
Tax exempt (expenses)/income	(686)	(6.4)%	611	2.7%
Difference in tax rates on non Mozambique operations	(25)	(0.2)%	(871)	(3.9)%
Items subject to autonomous taxation	(13)	(0.1)%	-	-
Timing differences on tangible fixed assets	(155)	(1.4)%	(1,152)	(5.1)%
Tax losses not recognised	(1,090)	(10.1)%	(2,114)	(9.5)%
Reversal of deferred tax asset	-	-	(7,088)	(31.8)%
Prior period adjustments	(89)	(0.8)%	-	-
Total tax in income statement	(102)	(0.9)%	(7,088)	(31.8)%

In the year ended 31 December 2009, the Group operations in Mozambique were subject to a statutory tax inspection for the financial years ended 31 December 2005, 2006, 2007 and 2008. The Group has received the final letter of findings from the Mozambique taxation authority. The taxation charge reported above includes the corporate income tax liabilities arising from this inspection, including penalties where appropriate.

In the year ended 31 December 2008, due to the uncertainty regarding the need for the Group to raise additional funding, the deferred tax asset recorded as at 31 December 2007 of US\$7,088,000 was expensed to the consolidated statement of comprehensive loss.

7. LOSS PER SHARE

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

As the Group is loss making, there is no difference between the diluted loss per share and the loss per share presented. The calculation of basic and diluted earnings per share is based on the following data:

	Year ended 2009	Year ended 2008 (As restated)
Loss for the year – US\$	10,875,000	29,390,000
Weighted average number of shares	142,151,358	35,664,379
Basic and diluted loss per share – US Cents	7.7	82.4

The weighted average number of shares for 2009 and 2008 excludes 1,743,928 shares held by the Noventa EBT.

8. INTANGIBLE ASSETS

	Mining rights US\$000	Marropino US\$000	Total US\$000
Cost			
At 1 January 2008, 31 December 2008 and 31 December 2009	2,798	150	2,948
Amortisation and impairment			
At 1 January 2008	(987)	(150)	(1,137)
Amortisation charge	(78)	-	(78)
Impairment (note 2)	(1,733)	-	(1,733)
At 31 December 2008 (as restated) and 31 December 2009	(2,798)	(150)	(2,948)
Net book value at 31 December 2008 (as restated) and 31 December 2009	-	-	-
Net book value at 1 January 2008	1,811	-	1,811

Intangible assets relate to the cost of acquiring the mining permit for the Marropino Mine and the costs of acquiring the exploration and mining rights to various other tantalum titles in Mozambique, including those for Morrua.

9. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction US\$000	Mining assets US\$000	Office furniture, equipment and computers US\$000	Buildings US\$000	Total US\$000
Cost					
At 1 January 2008	294	13,711	366	1,454	15,825
Additions	304	464	62	76	906
Transfers	(95)	-	-	95	-
Disposals	-	(173)	(9)	-	(182)
At 31 December 2008	503	14,002	419	1,625	16,549
Additions	-	415	79	15	509
Transfers	(19)	29	1	(11)	-
Disposals	-	(229)	(76)	(1)	(306)
At 31 December 2009	484	14,217	423	1,628	16,752
Depreciation and impairment					
At 1 January 2008	-	(5,058)	(161)	(339)	(5,558)
Depreciation charge	-	(3,514)	(67)	(156)	(3,737)
Disposals	-	32	9	-	41
Impairment	(503)	(5,462)	(200)	(1,130)	(7,295)
At 31 December 2008 (as restated)	(503)	(14,002)	(419)	(1,625)	(16,549)
Transfers	19	(29)	(1)	11	-
Disposals	-	229	76	1	306
Impairment	-	(415)	(39)	(15)	(469)
At 31 December 2009	(484)	(14,217)	(383)	(1,628)	(16,712)
Net book value at 31 December 2009	-	-	40	-	40
Net book value at 31 December 2008 (as restated)	-	-	-	-	-
Net book value at 1 January 2008	294	8,653	205	1,115	10,267

10. DEFERRED TAX ASSET

	US\$000
At 1 January 2008	7,088
Charge to income statement (note 6)	(7,088)
At 1 January 2009	-
Recognised in income (note 6)	-
	<hr/>
At 30 December 2009	-
	<hr/>

	Tax value of losses carried forward US\$000	Accelerated book depreciation US\$000
Deferred tax assets are attributable to the following: At 1 January 2008		
Deferred tax asset	7,088	-
Allowance	-	-
	<hr/>	<hr/>
	7,088	-
	<hr/>	<hr/>
At 31 December 2008		
Deferred tax asset	9,174	1,152
Allowance	(9,174)	(1,152)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>
At 31 December 2009		
Deferred tax asset	9,500	892
Allowance	(9,500)	(892)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

US\$ 9.5 million (2008: US\$ 9.2 million) of the fully provided for deferred tax asset relates to the accumulated tax losses incurred by the Group's activities in Mozambique. The gross tax losses are denominated in Mozambique Metical being approximately 1.5 billion Metical at 31 December 2009 (2008: 1.3 billion metical). The applicable tax rate to the Mozambique operations is 17.5% as contained in the mining licence agreement signed between Highland African Mining Company Limitada and the Mozambican Government. The deferred tax asset was reversed during the year ended 31 December 2008, due to the uncertainty regarding future funding and profitability. This uncertainty has not been resolved by 31 December 2008 and accordingly the asset remains fully provided for.

The Mozambique operations were subject to a tax inspection in 2009, relating to the financial years ended 31 December 2005, 2006, 2007 and 2008. The Group has received the final findings letter from this tax inspection which supports the availability of the losses for offset against future profits earned in Mozambique for the Marropino operations.

11. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008	1 January 2008
	US\$000	US\$000	US\$000
Cash in bank	5,020	2,522	2,095
Cash in hand	9	18	50
	<hr/>	<hr/>	<hr/>
	5,029	2,540	2,145
	<hr/>	<hr/>	<hr/>

12. TRADE AND OTHER PAYABLES

	31 December 2009	31 December 2008 (as restated)	1 January 2008
	US\$000	US\$000	US\$000
Trade payables	1,868	747	1,510
Other payables	288	3,165	1,066
	2,156	3,912	2,576

13. CONVERTIBLE LOAN NOTES

	US\$000
Movement in the convertible loan note liability:	
At 1 January 2008 and January 2009	-
Loan notes issued – September 2009	632
Foreign exchange gain	11
Conversion of loan notes into ordinary shares	(643)
At 31 December 2009	-
Movement in the convertible loan note reserve:	
At 1 January 2008	-
Loan notes issued – March 2008	3,000
Loan notes issued - December 2008	2,000
Expenses incurred in issuing convertible loan notes	(13)
Conversion of loan notes into ordinary shares	(3,000)
At 1 January 2009	1,987
Loan notes issued - January 2009	3,000
Expenses incurred in issuing convertible loan notes	(11)
Conversion of loan notes into ordinary shares	(4,976)
At 31 December 2009	-

Convertible loan notes issued in September 2009 – ‘Loan Notes’

In September 2009 the Company placed £400,000 (US\$632,000) of unquoted zero coupon convertible loan notes (the ‘Loan Notes’), raising £400,000 before expenses. On 14 October 2010 the Loan Notes were converted into 10,000,000 new ordinary shares of £0.0004 each in the Company (‘Ordinary Shares’) at a conversion price of 4p per share. The Loan Notes subscribers were also issued with a warrant to subscribe for one new Ordinary Share for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. 5,000,000 warrants were issued to the Loan Note holders.

The Loan Notes were recognised as liabilities until conversion. The warrants are recorded as derivative financial liabilities – note 6. Expenses incurred in issuing the Loan Notes of US\$30,000 were expensed in the period to the consolidated statement of comprehensive loss.

Convertible loan notes issued in December 2008 and January 2009 – ‘Existing Loan Notes’

As disclosed in the 2008 Noventa Group Annual Report, on 15 December 2008 the Company raised US\$5,000,000 from existing substantial shareholders in the form of a zero coupon convertible unsecured loan note (‘Existing Loan Notes’). An issue of US\$4,200,000 of zero coupon convertible loan notes to Highland African Mining Limited (‘HAVL’) (which is a substantial shareholder and related party under the AIM Rules) was subscribed for in two separate tranches - US\$1,200,000 on 15 December 2008 and US\$3,000,000 on 26 January 2009. A further issue of US\$800,000 of zero coupon convertible loan notes was made and subscribed for by BlackRock World Mining Trust plc on 15 December 2008.

Principal terms of the Existing Loan Notes were:

1. Conversion to ordinary £0.0004 shares (‘Ordinary Shares’) of the Company at the request of either the holder or the issuer into 22,296,544 ordinary shares, based on a share price of 15 pence per share and a fixed exchange rate of £1:US\$1.495, once a special resolution had been passed at the Annual General Meeting to enlarge the share

capital of the Company;

2. If conversion was not completed, the 2008 Existing Loan Notes were repayable at par on 31 December 2020;
3. No interest was payable on the Existing Loan Notes; and
4. In the event of an issue by the Company of new Ordinary Shares for cash at any time prior to the conversion of the Existing Loan Notes, the note holders had the right to require the Company to repay all or part of the principal of the Existing Loan Notes on the basis that the entire proceeds were applied by the note holders to the subscription of new ordinary shares in the Company.

HAVL and BlackRock World Mining Trust plc have historically provided financial support to the Company at very short notice, without which the Company could not have continued to trade to date. Resolutions to approve the conversion the HAVL and BlackRock World Mining Trust plc loan notes at the rate of 15 pence per share, as stipulated in the agreements, were not approved at the Company's annual general meeting in August 2009 and therefore the Existing Loan notes were not converted. The Board recommended that HAVL and BlackRock World Mining Trust plc exchange their holdings of Existing Loan Notes with current outstanding balances of US\$4,200,000 and US\$800,000 respectively, for new Ordinary Shares in the Company on the same terms as was being offered to qualifying shareholders of the Placing and Open Offer (see note 27). With HAVL and BlackRock World Mining Trust plc having agreed to the terms of this proposal the requisite resolutions were presented and passed at the extraordinary general meeting of the Company held on 14 October 2009. The US Dollar to British Sterling exchange rate for this exchange was set at the prevailing rate of £1:US\$1.634, as published in the Financial Times on 4 September 2009. As a result of this exchange, HAVL and BlackRock World Mining Trust plc were issued with 64,259,486 and 12,239,902 new Ordinary Shares in the Company respectively.

The Existing Loan Notes did not contain any liability component to be recognised on initial recognition of the instruments. Accordingly the balance received, net of issue expenses, was recognised directly to equity in the convertible loan note reserve.

Convertible loan notes issued in March 2008 – 'Convertibles A'

As disclosed in the 2008 Noventa Group Annual Report, on 1 March 2008 the Company raised US\$3,000,000 from Highland African Mining Ventures Limited, in the form of a zero coupon convertible unsecured loan note ('Convertibles A'). The proceeds from the Convertibles A were used to fund additional working capital and operational costs as a consequence of the delays experienced in ramping up production to targeted levels.

Principal terms of the Convertibles A were:

1. Conversion to Ordinary £0.0004 Shares of the Company, or non-voting ordinary shares at an effective £1.75 per share; the terms of which were changed to £1.00 per share prior to the private placement of shares in May 2008;
2. Convertible at the holder's discretion into Ordinary Shares at any time;
3. 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; and
4. In the event of an issue by the Company of new Ordinary Shares for cash at any time prior to the conversion of the Convertibles A, the note holders had the right to require the Company to repay all or part of the principal of the Convertibles A on the basis that the entire proceeds were applied by the note holders to the subscription of new Ordinary Shares in the Company.

The Convertibles A were converted into fully paid Ordinary Shares on 8 July 2008. The Convertibles A did not contain any liability component to be recognised on initial recognition of the instruments. Accordingly the balance received, net of issue expenses, was recognised directly to equity in the convertible loan note reserve in the year ended 31 December 2008.

14. DERIVATIVE FINANCIAL LIABILITIES

In September 2009, the Company issued warrants over 5,000,000 Ordinary Shares to subscribers of the Loan Notes (note 6), and warrants over 4,375,000 Ordinary Shares in the Company to subscribers to the Conditional Placing (refer to note 6 and note 8). The warrants have an exercise price of 18 pence per share and a life of 18 months. The fair value of the warrants, measured using the Black Scholes valuation model at the date of issue and at 31 December 2009 was US\$nil per warrant.

15. CAPITAL AND RESERVES

	2009	2008
Share capital	£	£
<i>Authorised</i>		
1,250,000,000 (2008 – 125,000,000) Ordinary Shares of £0.0004 each	500,000	50,000
	US\$000	US\$000
<i>Allotted, called up and fully paid</i>		
232,734,868 (2008 – 39,447,104) Ordinary Shares of £0.0004 each	<u>156</u>	<u>32</u>

The Company has one class of Ordinary Shares. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Authorised share capital

On 14 October 2009, the Company increased its authorised share capital to 1,250,000,000 Ordinary Shares of £0.0004 each.

Shares issued

During the year 102,272,832 (2008: 3,045,685) Ordinary Shares were issued at £0.04 (2008: £1.0004) for cash consideration at a premium of £0.0396 (2008: £1.00) per share. A further 76,499,388 Ordinary Shares were issued at £0.04 upon conversion of the US\$5,000,000 Existing Loan Notes (note 6) and 10,000,000 were issued at £0.04 upon conversion of the £400,000 Loan Notes (note 6). In addition, the Company issued 4,515,544 Ordinary Shares (2008: none) in lieu of services rendered, of which 1,000,000 were issued at £0.04, 3,000,000 as a bonus issue and 531,311 at the average of the previous 30 days mid-market price prior to allotment, ranging between £0.0411 and £0.0595.

The table below presents a reconciliation of the shares in Issue:

Analysis of Ordinary Shares in issue

	No.
At 1 January 2008	34,878,576
Conversion of loan notes	3,045,685
New shares issued	1,522,843
	<hr/>
At 31 December 2008	39,447,104
New shares issued for cash	102,272,832
New shares issued for services	4,515,544
Conversion of loan notes	86,499,388
	<hr/>
At 31 December 2009	<u>232,734,868</u>

The Company issued 40,695,974 call options over Ordinary Shares in the Company during the year ended 31 December 2009. See note 7.

Shares to be issued reserve

As at 31 December 2009, the Group had unsettled obligations to deliver shares to Directors in consideration for services received with a fair value of US\$76,000. These shares were issued in January 2010. The compensation expense for the services received has been included in the consolidated statement of comprehensive loss for the year ended 31 December 2009, with the related obligation recognised in the 'Shares to be issued' reserve.

Convertible loan note reserve

Certain convertible loan notes issued by the Group include equity components (note 6). The fair value of the debt component is determined at the date of issue, with the fair value of the equity component being recorded directly to equity in the 'Convertible loan note' reserve.

Merger reserve

The merger reserve was created when Noventa acquired 100% of the issued ordinary share capital of Highland

African Mining Company Limited under the terms of the share-for-share agreement signed on 11 January 2007.

Translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are taken to the 'Translation reserve'.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The Directors consider that the capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves net of retained losses, as disclosed above and in the consolidated statement of changes in equity.

The Group's Board of Directors reviews the capital structure regularly as part of the annual review of the Group structure and more regularly when funding is required. As part of the review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

16. SHARE BASED PAYMENTS

Equity-settled share options and warrants

The Company has a share option scheme for all employees of the Group – the Noventa Unapproved Share Option Scheme (the 'Share Plan'). Options are granted annually to employees and certain Directors and are exercisable at a price equal to the average quoted market price of the Company's shares on the 30 days preceding the date of grant. Generally the options are granted annually with vesting over one, two, three and four year, subject to certain production related performance criteria being met, and the employee remaining in continued employment with the Group. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest, unless certain conditions apply. On the retrenchment of staff options vest in full immediately. This was applicable in the year ended 31 December 2009 when the Marropino Mine was placed in care and maintenance.

The Group also issued options under the terms of the Share Plan in the year which do not have performance conditions, and have either no service period or a one year service period. These options were granted to Directors and key management to incentivise and retain them in the period following the Marropino Mine entering care and maintenance.

Further options and warrants over Ordinary Shares in the Company were issued to Directors and certain service providers. These options are not granted under the terms of the Share Plan.

In the year ended 31 December 2007 the Company issued options to a Director through the Noventa Employee Benefit Trust ('EBT'). No options have been granted by the EBT since 2007.

Details of all share options and warrants outstanding during the year are as follows:

	Number of options and warrants
At 1 January 2008	1,273,544
Granted during the year	1,176,000
Lapsed during the year	(661,664)
<hr/>	
At 1 January 2009	1,787,880
Granted during the year	34,320,974
Lapsed during the year	(1,291,340)
Exercised in the year	(3,000,000)
<hr/>	
At 31 December 2009	31,817,514

The total charge recorded in the income statement for share based payments (including shares issued to Directors under service contracts) in the year ended 31 December 2009 was US\$2,236,000 (2008: US\$205,000).

Employee share option plans

The number of options in the Noventa Unapproved Share Option Scheme and the Employee Benefit Trust are as follows:

	Number of options	Weighted average exercise price
At 1 January 2008	1,273,544	£0.90
Granted during the year	1,176,000	£1.15
Lapsed during the year ⁽¹⁾	(661,664)	£0.78
At 1 January 2009	1,787,880	£1.12
Granted during the year	10,235,008	£0.08
Lapsed during the year ⁽¹⁾	1,291,340	£0.46
At 31 December 2009	10,731,548	£0.20

(1) Options lapsed due to performance criteria not being a and / or option holders leaving the employ of the Group.

The following options have been issued by the Share Plan:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
<i>1.1 Year ended</i>					
<i>31 December 2009 :</i>					
Share Plan – issue 5	6,000,000	20 October 2009	2019	£0.040	\$0.02
Share Plan – issue 4	890,000	17 July 2009	2019	£0.040	\$0.02
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	\$0.06
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	\$0.07
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	\$0.09
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	\$0.10
	<u>10,235,008</u>				
<i>1.2 Year ended</i>					
<i>31 December 2008 :</i>					
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	\$0.61
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	\$0.79
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	\$0.95
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	\$1.07
	<u>1,176,000</u>				

During the year 2,430,294 options became exercisable (2008: 250,000 options). No share options were exercised during the year under the Share Plan or the EBT (2008: none).

The weighted average fair value of options granted during the year by the Share Plan was US\$0.03 (2008: US\$0.85). No options were granted by the Noventa EBT during the year (2008: Nil). The fair value of the options granted has been recognised in accordance with the respective vesting periods applicable to the options. The options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility has been based on the historic volatility of the Company's shares price. The charge to the income statement for the year for the unapproved share option plan and the EBT was US\$845,000 (2008: US\$205,000). This charge increased in 2009 due to the immediate vesting of options on various employees who were retrenched in 2009, in accordance with the rules of the scheme.

The aggregate estimated fair value of all options granted under the Share Plan in 2009 is US\$240,000 (2008: US\$953,000).

fair value of options granted by the Share Plan has been determined using a Black Scholes valuation model with the following inputs:

	2009 (issue 4 and 5)	2009 (issue 3)	2008 (issue 2)
Weighted average share price	4.0p	15.5p	115.0p
Weighted average exercise price	4.0p	15.5p	115.0p
Expected volatility	60%	59% to 70%	50%
Expected life	1.5 years	1.5 years to 4.5 years	1.5 years to 4.5 years
Risk-free rate	2.01%	2.21%	5%
Expected dividend yield	0%	0%	0%

The volatility assumption has been determined based on the volatility of the Company's share price over comparable terms to the expected option life.

Options, warrants and bonus shares issued outside of the Share Plan

The following options, warrants and bonus shares that are required to be accounted for under IFRS 2, Share based payments, were issued during the year outside of the Share Plan:

Beneficiary	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Blomfield Corporate Finance	1,000,000	14 October 2009	14 October 2016	£0.04	US\$25,000
Barons Financial Services Limited	11,585,966	14 October 2009	14 October 2016	£0.04	US\$733,000
Barons Financial Services Limited	6,000,000	17 July 2009	No expiry	£0.00	US\$254,000
Ekasure Limited	3,000,000	27 August 2009	No expiry	£0.00	US\$127,000
Pope & Co.	500,000	14 October 2009	No expiry	£0.04	US\$12,000
P Cox	1,000,000	20 October 2009	20 October 2016	£0.04	US\$25,000
Dr E J Martin	1,000,000	20 October 2009	20 October 2016	£0.04	US\$25,000
	<hr/>				
	24,085,966				

The options and warrants awarded to Blomfield Corporate Finance (now Religare Capital Markets (UK) Limited), Pope & Co, Mr. P Cox and Dr. E S Martin were valued using the Black Scholes valuation model, with the same inputs as those used for Issue 4 and Issue 5 of the Share Plan. The options and warrants were awarded in consideration for services rendered in the period. There are no future service, or performance conditions attached to these options and warrants. The fair value was been expensed in full in the year ended 31 December 2009.

The bonus shares and warrants granted to Barons Financial Services Limited (a company in which Mr. E F Kohn TD has a beneficial interest – note 10), and Ekasure Limited (a company of which Mr. J Allan is an employee) were awarded as turnaround incentives with the following vesting conditions and fair values:

Beneficiary	Type	Share price target	Strike price	Number of shares	Fair value at grant date of the award
Ekasure Limited	Bonus shares	6p on 30 day moving average	-	1,000,000	US\$46,000
Ekasure Limited	Bonus shares	10p on 30 day moving average	-	1,000,000	US\$42,000
Ekasure Limited	Bonus shares	15p on 30 day moving average	-	1,000,000	US\$39,000
Barons Financial Services Limited	Bonus shares	6p on 30 day moving average	-	2,000,000	US\$92,000
Barons Financial Services Limited	Bonus shares	10p on 30 day moving average	-	2,000,000	US\$84,000
Barons Financial Services Limited	Bonus shares	15p on 30 day moving average	-	2,000,000	US\$78,000
Barons Financial Services Limited	Warrants	25p on 30 day moving average	-	% of the equity of	US\$733,000

These awards have no future service conditions. The fair value of the awards of US\$1,114,000 has been expensed in the year ended 31 December 2009, to reflect the benefit of the services provided by Barons Financial Services Limited and Ekasure Limited in the turnaround of the Group operations. The awards were valued using a Monte Carlo Simulation model to account for the market condition in the determination of the fair value of the awards with the following inputs:

	Bonus shares	Warrants
Weighted average share price	3.0p	6.13p
Weighted average exercise price	-	4.0p
Expected volatility	65%	69%
Expected life	6, 8 or 9 years	6 years
Risk-free rate	3.1%, 3.4% or 3.6%	2.7%
Expected dividend yields	0%	0%

The volatility assumption has been determined based on the volatility of the Company's share price, adjusted for a period of abnormal volatility between 24 April 2009 and 24 September 2009 reflecting the uncertainty over the future of the Group following the Marropino Mine entering care and maintenance. The expected life of the options has been determined as an output of the Monte Carlo Simulation model and determines the expected vesting date applicable for the risk free interest rate assumption.

17. CONTINGENT LIABILITIES

Legal

A former contractor at the Marropino Mine has instigated a legal claim for US\$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 plans to vigorously defending the claim should the claimant pursue this matter. The Company's legal counsel is of the opinion that his case will not succeed.

18. RELATED PARTIES

The following represents a list of the 100% owned subsidiaries of the Company:

Name	Country of incorporation	Principal activity	Class of shares held
Highland African Mining Company Limited	Jersey	Holding company	Ordinary
Highland African Mining Company Limitada	Mozambique	Mining	Ordinary
Speciality Minerals Corporation Limited	Jersey	Marketing and Sales	Ordinary
HAMC Project Services (Proprietary) Limited	South Africa	Support services	Ordinary

Transactions between the Company and its subsidiaries have been eliminated upon consolidation and are therefore not disclosed in this note. Details of transactions and balances at 31 December between the Group and other related parties are detailed below. The amounts reported are the fair value of the transaction in US\$. Directors' fees and expenses are excluded unless they are invoiced to the Group by means of a separate company. Remuneration of key management personnel, including directors, is shown in note 5 of the Annual Report and the Directors' report.

	2009 US\$00	2008 US\$000
Transactions with related parties		
Highland African Ventures Limited		
Convertible loan notes subscribed	-	4,200
Convertible loan notes issued for cash	3,000	4,200
Convertible loan notes converted to ordinary shares	4,200	3,000
Convertible loan notes not converted at 31 December	-	1,200
Fleming Family & Partners (Suisse) AG		
Subscription of ordinary shares on behalf of clients	170	-
Bridgewater Pension Trustees Ltd A/C Pathfinder Private Pension No. 0450		
Subscription of ordinary shares	140	-

Barons Financial Services SA		
Consulting fees	282	-
Fees due for the services of Mr. E F Kohn TD as Chairman paid in cash	37	-
Commission arising on fund raising on the same terms as those provided by the Company's broker	221	-
Funds advanced to the Company (representing expenditure incurred on the Company's behalf and recharged to the Company)	247	-
Balance due to Barons Financial Services SA at 31 December	24	-
Funds advanced by the Company for expenses	14	-
Barons Financial Services Limited		
Fees due for the services of Mr. E F Kohn TD as Chairman paid in shares	37	-
Fair value of 6,000,000 conditional bonus shares issued to Barons Financial Services Limited	254	-
Fair value of 11,585,956 warrants issued to Barons Financial Service Limited	733	-
Balance due to Barons Financial Services Limited in shares at 31 December	22	-
Carey Olsen		
Legal fees and expenses	167	-
Balance due to Carey Olsen at 31 December	124	-
Ekasure Limited		
Fees due for the services of Mr. J Allan as Chief Executive Officer	260	-
Balance due to Ekasure Limited in shares at 31 December	10	-
Re-imburement of expenses incurred on behalf of Noventa	54	-
Fair value of 3,000,000 conditional bonus shares issued to Ekasure Limited	127	-
Balance due to Ekasure Limited at 31 December	30	-
Goldline Global Consulting		
Fees due for the services of Mr P Cox as Director	31	-
Balance due to Goldline Global Consulting in shares at 31 December	17	-
Balance due to Goldline Global Consulting at 31 December 2009	2	-

Highland African Ventures Limited is a related party of the Company by virtue of its significant shareholding in the Company. Fleming Family & Partners (Suisse) AG and Bridgewater Pension Trustees Ltd A/C Pathfinder Private Pension No. 0450 are related parties of the Company by virtue of their relationship with Mr. R J Fleming, who has a significant shareholding in the Company. Highland African Ventures Limited is owned by a trust whose trustee is Fleming Family & Partners Liechtenstein and Mr. R J Fleming is one of the potential beneficiaries. Fleming Family & Partners Liechtenstein has a total interest, including through Highland African Ventures Limited, in a total of 86,708,892 shares (36.99% of the issued shares). Mr. R J Fleming has an interest, including through Highland African Ventures Limited, in a total of 85,208,892 shares (36.35% of the issued shares).

Barons Financial Services SA, Barons Financial Services Limited, Carey Olsen and Goldline Global Consulting are related parties to the Group by virtue of common directorship as follows:

Related party	Common Director
Barons Financial Services SA and Barons Financial Services Limited	Mr. E F Kohn TD
Carey Olsen	Mr. G Coltman
Goldline Global Consulting	Mr. P Cox

Ekasure Limited is a related party by virtue of being the employer of Mr. J Allan.

All related party transactions are transacted on an arms length basis, in accordance with standard commercial terms applicable to the type of transaction.

19. SUBSEQUENT EVENTS

Subsequent to 31 December 2009, the following events have occurred which require disclosure due to the materiality of the amounts involved:

Sale of morganite consignment inventory

On 9 February 2010, the Group reached agreement with LJ International Limited for the sale of consignment stock held by Goldleaves Trading Limited and Miranda Gems (HK) under the Morganite Joint Venture Agreement between the Group, and these parties. The Morganite Joint Venture Agreement has been terminated, with payment due to the Group of US\$1,000,000, due US\$300,000 in February 2010, US\$200,000 in March 2010, and US\$100,000 per month thereafter until the balance is paid. The sale proceeds will be

reported within revenue in the financial year ended 31 December 2010, reflecting the transfer of risks and rewards of ownership in the Morganite inventory to LJ International Limited with effect from 9 February 2010. All amounts due under this agreement to the date of signing of these financial statements have been received.

Fundraising

On 7 June 2010 the Group secured US\$2,030,000 additional shareholder funding through a placing (the 'June 2010 Placing') and a conditional placing (the 'June 2010 Conditional Placing Shares') of Ordinary Shares in the Company as described below.

June 2010 Placing

The Group secured irrevocable commitments for the private placing of 6,826,450 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £444,000 (US\$653,000) before expenses. The funds are anticipated to be received on or around 8 June 2010.

June 2010 Conditional Placing

The Group secured commitments for the conditional placing of 14,415,723 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £937,000 (US\$1,377,000) before expenses. The June 2010 Conditional Placing is conditional on the following conditions precedent:

1. the Directors obtaining shareholder approval at the forthcoming AGM of the Company on 30 June 2010 for the issuance of the June 2010 Conditional Placing Shares;
2. the June 2010 Conditional Placing Shares issued being accepted to trading on AIM; and
3. there being no material adverse change in the circumstances of the Company, and Group, between 7 June 2010 and the Company's AGM on 30 June 2010.

The Directors have reason to believe that the conditions precedent for the issuance of the June 2010 Conditional Placing Shares will be met and that the June 2010 Conditional Placing will be successful. The funds are anticipated to be received on or around the 30 June 2010 after the AGM.

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