



NOVENTA LIMITED

("Noventa" or the "Company")

[AIM: NVTA]

**UNAUDITED INTERIM RESULTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2008**

Highlights-

- Tantalum production increased significantly
- Improvements in all performance measures continued through August 2008
- Loss per share decreased to US\$ 20 cents from US\$ 23 cents in 2007
- Morganite extracted to exceed annual target
- Cashflow breakeven expected by end of this year

Chairman of Noventa, Clinton Wood commented, "Steady improvements in production levels through the first three months of the year were adversely affected by two major equipment failures. The screen bridges have been replaced and one of the generators has been repaired and re-commissioned. Subsequent production has shown significant growth.

A review has been carried out to reduce and, where possible, eliminate non-operational expenditure in an effort to conserve cash resources. This initiative has started to yield positive results, which if sustained will result in Company reaching cashflow breakeven in December."

25 September 2008

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## CHAIRMAN'S STATEMENT

### Marropino

There has been a meaningful improvement in all the key performance indicators used to measure progress:

- Finished product

There has been a significant increase in the average number of pounds of tantalum produced on a daily basis during the reporting period, relative to the comparative period. Averaged daily production increased by a further 73% in August 2008 to 484 pounds, relative to the average daily production achieved in the six month period ending 30 June 2008 of 280 pounds.

- Plant feed rate

The feed rate averaged 160 tonnes per hour during the reporting period. Defective equipment supplied by the original equipment manufacturer resulted in the processing plant having to run on a two screen instead of a three screen configuration for a significant part of the reporting period. This negatively impacted on the rate at which the plant could be fed. When the third screen was put back into operation in August 2008, the average feed rate increased to 185 tonnes per hour. With certain ore feeds, the plant is capable of operating above its designed capacity feed rate of 220 tonnes per hour.

- Run of mine feed grade

The grade of run-of-mine ore fed into the plant during the reporting period fluctuated between 175 ppm and 250 ppm, averaging 210 ppm. In July and August the grade increased to 220 ppm and 240 ppm respectively. Oversize has remained in line with target throughout the period, at around 40%.

- Recoveries

Recoveries in the wet plant averaged 45% for the period. The grade of intermediate concentrate produced in the wet plant was within the targeted range during the period and slightly higher in July and August. More recently the focus has been on maximising the pounds of finished product produced; at times this has come at the expense of recoveries.

The Final Processing Plant ("FPP") continues to operate on a batch basis, preparing material for export based on the shipping schedules. The variability of the assay results of the feed delivered to the FPP, and the consequential impact on recoveries in that area, is being investigated jointly with the contractor responsible for operating the FPP. This has resulted in the FPP carrying a larger quantity of work in progress than anticipated. All finished product produced in the FPP has been to customer specification.

- Plant availability

Plant availability averaged 58% during the reporting period. The failure of new screen bridges supplied by the original equipment manufacturer is the primary reason for the higher than anticipated downtime. Legal action has been instituted against the supplier. Replacement bridges have been sourced from an alternate supplier and since their installation in August, plant availability has increased to 80%.

At Marropino we currently process weathered ore that does not require crushing and milling. Based on the existing mine plan it is anticipated that a hard rock circuit will need to be operational by the end of 2009. The capital expenditure for this is estimated to be approximately US\$15 million and is expected to increase annual production capacity from 360,000 to between 450,000 and 550,000 pounds of tantalum. Sourcing of the funding for the hard rock circuit, which requires grid power, will commence as soon as the electrification supply agreement referred to below has been signed. The delay in the provision of grid power to Marropino has required the Company to continue using diesel generators to supply power to the operations. The direct incremental cost attributable to this delay is US\$3 million, excluding significant indirect costs associated with the extra downtime required to maintain the generators.

The Company has completed a detailed review of all expenditure and has, where possible reduced costs. These measures are designed to match monthly cash costs with anticipated production levels for the next four months.

### **Tantalum market**

The tantalum market continues to strengthen due to a shortfall in the supply of tantalum concentrate and growth in end user demand. A recent industry report released in August 2008 forecasts the contract price for tantalum concentrate increasing from US\$50 per pound in 2007 to in excess of US\$100 per pound in 2011.

### **Morganite**

Morganite mining is progressing well and is exceeding expectations. During the reporting period approximately 2,500 kilograms of morganite was extracted from the main pit. The three months ended 31 August saw the monthly average increase by 200% to 1,200 kilograms. The price being received for the morganite is in line with expectations.

Due to the timelines associated with shipping, processing and distributing the morganite, there is a substantial delay between extraction of the morganite and the receipt of cash from the sale of the final polished gemstone. Currently this is approximately nine months.

### **Morrúa development and electrification**

The development of the Group's next tantalum mine (i.e. at Morrúa) and the subsequent increase in production capacity to approximately 1 million pounds per annum is dependent on the availability of grid power. The state owned utility Electricidade de Mocambique EP ("EDM") originally undertook to deliver grid power to Morrúa and Marropino by August 2007. Although this electrification project is underway it has experienced significant delays.

In September, when various meetings were held with senior representatives from the Ministry of Mineral Resources, the Ministry of Energy and EDM, the Company received a commitment that line power will be available by the end of the first quarter of 2009. This commitment is now being incorporated into a supply agreement between all the parties that is expected to be signed in October. Once the agreement has been signed, the Company will proceed with securing the capital for the project. Construction to mechanical completion is expected to take 12 months.

### **Capital raised**

The Company raised US\$9 million in equity capital during the first half of the year to supplement working capital.

## **Board of directors**

The size of the board has been reduced from nine directors to seven to more appropriately reflect the size of the Company and the stage of its development. The Nomination and Remuneration Committees have been merged and the number of non executive directors on each committee has been limited to two.

Dr. John Herselman has indicated that he intends to retire at the end of November 2008. John has been instrumental in the redevelopment of the Marropino mine and the promotion of the morganite business. On behalf of the board I thank John for the meaningful contribution he has made over the past three years and wish him well in his retirement. John has agreed to be available as a consultant to the group.

Professor Taole Mokoena and Michael Richardson resigned on 24 September. We thank them for the insight they brought to the board's deliberations since our listing.

## **Financial results**

The Group reported a loss of US\$6.8 million (2007: US\$6.9 million) for the six months ended 30 June 2008. As at 19 September 2008 the group had cash resources of US\$2.9 million.

## **Outlook**

The significant improvement in performance of the tantalum operation in August is encouraging and if sustained will result in the Company reaching cashflow breakeven in December 2008.

We continue to focus on becoming one of the world's largest, lowest cost industrial scale suppliers of tantalum concentrate. This will place Noventa in a strong position relative to competitors who are located in high cost environments.

**Clinton Wood**  
**Chairman**

Noventa Limited

Consolidated income statement

	Six months ended 30 June 2008 US\$000	Six months ended 30 June 2007 US\$000	Year ended 31 December 2007 US\$000
<b>Revenue</b>	2,057	580	1,617
Cost of sales	(1,111)	(726)	(914)
<b>Gross profit / (loss)</b>	946	(146)	703
Administrative expenses	(2,749)	(3,720)	(7,708)
Other operating expenses	(4,773)	(3,896)	(9,261)
Exploration and evaluation expenses	-	-	(617)
Profit on disposal of property, plant and equipment	-	5	11
<b>Operating loss</b>	(6,576)	(7,757)	(16,872)
Finance income	120	291	540
Finance expense	(313)	(508)	(692)
<b>Loss before taxation</b>	(6,769)	(7,974)	(17,024)
Taxation	-	1,077	2,688
<b>Loss for the period</b>	(6,769)	(6,897)	(14,336)
	US cents	US cents	US cents
Basic and diluted loss per share	(20)	(23)	(47)

**Noventa Limited**  
**Consolidated balance sheet**

	30 June 2008 US\$000	30 June 2007 US\$000	31 December 2007 US\$000
<b>Non-current assets</b>			
Property, plant and equipment	9,782	9,159	10,267
Intangible assets	1,772	1,966	1,811
Deferred tax asset	7,088	5,477	7,088
	<u>18,642</u>	<u>16,602</u>	<u>19,166</u>
<b>Current assets</b>			
Inventory	1,315	525	862
Trade and other receivables	2,413	1,048	1,857
Cash and cash equivalents	5,023	12,687	2,145
	<u>8,751</u>	<u>14,260</u>	<u>4,864</u>
<b>Total assets</b>	<b><u>27,393</u></b>	<b><u>30,862</u></b>	<b><u>24,030</u></b>
<b>Equity</b>			
Share capital	30	26	28
Share premium	39,882	33,098	34,220
Convertible loan note	3,000	-	-
Merger reserve	8,858	8,858	8,858
Share incentive reserve	530	226	274
Translation reserve	77	13	(5)
Retained losses	(28,924)	(13,479)	(22,155)
<b>Total equity</b>	<b><u>23,453</u></b>	<b><u>28,742</u></b>	<b><u>21,220</u></b>
<b>Non-current liabilities</b>			
Provisions	240	227	234
	<u>240</u>	<u>227</u>	<u>234</u>
<b>Current liabilities</b>			
Other interest-bearing loans and borrowings	1,286	-	-
Trade and other payables	2,414	1,893	2,576
	<u>3,700</u>	<u>1,893</u>	<u>2,576</u>
<b>Total liabilities</b>	<b><u>3,940</u></b>	<b><u>2,120</u></b>	<b><u>2,810</u></b>
<b>Total equity and liabilities</b>	<b><u>27,393</u></b>	<b><u>30,862</u></b>	<b><u>24,030</u></b>

**Noventa Limited**  
**Consolidated cash flow statement**

	<b>Six months Ended 30 June 2007 US\$000</b>	<b>Six months ended 30 June 2007 US\$000</b>	<b>Year ended 31 Dec 2007 US\$000</b>
<b>Cash flows from operating activities</b>			
Loss for the period	(6,769)	(6,897)	(14,336)
<i>Adjustments for:</i>			
Depreciation	888	557	1,564
Profit on disposal of property, plant and equipment	-	(5)	(11)
Amortisation	39	156	311
Employee share incentive expense	256	226	274
Foreign exchange loss	82	1	(17)
Finance expense	-	500	501
Finance income	(41)	(291)	(467)
Taxation	-	(1,077)	(2,688)
<b>Operating loss before changes in working capital and provisions</b>	<b>(5,545)</b>	<b>(6,830)</b>	<b>(14,869)</b>
(Increase) / decrease in trade and other receivables	(556)	1,677	868
Increase in inventory	(453)	120	(217)
Increase in trade and other payables	(162)	84	767
Increase in provisions	6	7	14
<b>Net cash outflow from operating activities</b>	<b>(6,710)</b>	<b>(4,942)</b>	<b>(13,437)</b>
<b>Cash flows from investing activities</b>			
Interest received	41	291	467
Proceeds from sale of property, plant and equipment	-	6	14
Acquisition of property, plant and equipment	(403)	(1,247)	(3,364)
<b>Net cash outflow from investing activities</b>	<b>(362)</b>	<b>(950)</b>	<b>(2,883)</b>
<b>Cash flow from financing activities</b>			
Proceeds from new loans	1,286	-	-
Proceeds from new convertible loan note	3,000	-	-
Proceeds from the issue of new shares	6,020	15,643	15,643
Share issue expenses	(356)	(4,367)	(4,481)
<b>Net cash inflow from financing activities</b>	<b>9,950</b>	<b>11,276</b>	<b>11,162</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,878</b>	<b>5,384</b>	<b>(5,158)</b>
Cash and cash equivalents at beginning of the period	2,145	7,303	7,303
<b>Cash and cash equivalents at end of the period</b>	<b>5,023</b>	<b>12,687</b>	<b>2,145</b>

**Noventa Limited**  
**Consolidated statements of recognised income and expense**

	<b>Six months ended 30 June 2008 US\$000</b>	<b>Six months ended 30 June 2007 US\$000</b>	<b>Year ended 31 Dec 2007 US\$000</b>
Foreign exchange translation differences	82	1	(17)
<b>Income and expense recognised directly in equity</b>	82	1	(17)
Loss for the period	(6,769)	(6,897)	(14,336)
<b>Total recognised income and expense for the period</b>	<b>(6,687)</b>	<b>(6,896)</b>	<b>(14,353)</b>

## Notes to the Financial Statements

### 1. Basis of preparation

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

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

The financial statements for the year ended 31 December 2007 are audited. The auditor's report dated 27 June 2008 was unqualified but contained a reference to the going concern disclosures set out on pages 26 and 27 of those financial statements. The financial statements for the six months ended 30 June 2007 and 30 June 2008 are unaudited.

#### Going concern

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

The problems and delays have led to an underperformance of the Marropino mine which has resulted in a significant strain on the Group's finances.

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

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

- The directors believe that there is no indication that there are any fatal flaws in the design and / or construction of the process plant at the Marropino mine that will prevent the plant achieving targeted production. Recent performance indicators support this albeit forecast production levels and plant availability targets have still to be met on a consistent basis over an extended period of time.
- The Group had cash on hand of US\$2.9 million as at 19 September 2008.
- The Group secured additional financing of US\$1.5m from its morganite gemstone partner. The funds are secured against existing stock holdings in Hong Kong and will be received in three equal monthly tranches, commencing on 30 September 2008.
- The Group continues to utilize the pre-shipment finance facility of US\$6.7 million provided by FirstRand (Ireland) plc in respect of its saleable tantalum concentrate. The pre-shipment finance facility was signed May 2008 and is for an initial period of 12 months.
- The assets of the group are unencumbered and therefore can be used as collateral for any bridging finance that may be required.
- The Group has an off-take agreement for all forecast saleable concentrate produced through to at least 2010.

- The Group has a number of options available to it in the short term should there be delays in raising capex funds for the hard rock facility or the installation of line power.
- The Board is confident that it will secure funding for the hard rock processing facility given the current demand / supply situation in the tantalum market, which is highly likely to attract new investors willing to fund the Group's growth and development strategy.

It is not unusual for a new start-up mining group to experience operational difficulties in achieving its targeted production. However, should the Group not be able to achieve targeted production levels, it will need to secure additional external funding to finance its ongoing operational expenditure as well as any additional capital expenditure requirements.

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

## **2. Deferred taxation**

Due to the delays experienced in providing grid power to the Group's operations and the associated delay in commencing development of the Morrua mine, the Board believes it prudent at this time not to increase the deferred tax asset in respect of the losses incurred during the reporting period. The Board remains confident that the deferred tax asset reflected in the financial statements will be realized.

### 3. Loss per share:

The loss per share calculation has been presented as if Noventa Limited had been the holding company of the Group throughout the periods being presented.

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

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

	<b>Shares in issue No.</b>	<b>Weighted average in issue No.</b>
<i>Weighted average number of shares in issue</i>		
At 30 June 2007 <sup>(i)</sup>	33,134,648	29,533,165
At 31 December 2007 <sup>(ii)</sup>	33,134,648	30,773,851
<i>Calculation of weighted average number of shares in issue</i>		
At 31 December 2007 <sup>(iii)</sup>	33,134,648	33,134,648
Convertible loan note issued	1,522,843	962,236
New shares issued on private placement	3,045,685	535,505
<b>At 30 June 2008 <sup>(iii)</sup></b>	<b>37,703,176</b>	<b>34,632,389</b>

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

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

	<b>Six months ended 30 June 2008 US\$000</b>	<b>Six months ended 30 June 2007 US\$000</b>	<b>Year ended 31 December 2007 US\$000</b>
<i>The losses used in the calculations are :</i>			
Loss attributable to shareholders	<b>(6,769)</b>	(6,897)	<b>(14,336)</b>
Basic loss per share :	<b>(6,769)</b>	<b>(6,897)</b>	<b>(14,336)</b>
Effect of dilutive securities	-	-	-
Diluted loss per share :	<b>(6,769)</b>	(6,897)	<b>(14,336)</b>
Basic loss per share (US cent)	<b>(20)</b>	<b>(23)</b>	<b>(47)</b>
Diluted loss per share (US cent)	<b>(20)</b>	<b>(23)</b>	<b>(47)</b>

#### 4. Movement in shareholders' equity

	Share capital US\$000	Share premium US\$000	Convertible loan note US\$000	Merger Reserve US\$000	Share incentive reserve US\$000	Translation reserve US\$000	Retained income US\$000	Total US\$000
At 1 January 2007	17	-	-	8,858	-	12	(6,583)	<b>2,304</b>
Total recognised income and expense for the year	-	-	-	-	-	(17)	(14,336)	<b>(14,353)</b>
Share-based incentive expense	-	-	-	-	274	-	-	<b>274</b>
Issue of share capital for cash	5	16,874	-	-	-	-	-	<b>16,879</b>
Expenses incurred in issuing share capital	-	(4,481)	-	-	-	-	-	<b>(4,481)</b>
Treasury shares held by the Company	-	-	-	-	-	-	(1,236)	<b>(1,236)</b>
Conversion of loan notes	6	21,827	-	-	-	-	-	<b>21,833</b>
<b>At 31 December 2007</b>	<b>28</b>	<b>34,220</b>	<b>-</b>	<b>8,858</b>	<b>274</b>	<b>(5)</b>	<b>(22,155)</b>	<b>21,220</b>
Total recognised income and expense for the year	-	-	-	-	-	82	(5,553)	<b>(5,471)</b>
Share-based incentive expense	-	-	-	-	256	-	-	<b>256</b>
Issue of share capital for cash	2	6,018	-	-	-	-	-	<b>6,020</b>
Expenses incurred in issuing share capital	-	(356)	-	-	-	-	-	<b>(356)</b>
Issue of convertible loan note for cash	-	-	3,000	-	-	-	-	<b>3,000</b>
<b>At 30 June 2008</b>	<b>30</b>	<b>39,882</b>	<b>3,000</b>	<b>8,858</b>	<b>530</b>	<b>77</b>	<b>(27,708)</b>	<b>24,669</b>

#### **4. Movement in shareholders' equity (continued)**

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

In May 2008, in accordance with the terms of the Company's Articles of Association, the Board undertook a private placement of ordinary shares to raise \$6 million to fund working capital required as a result of the delays in ramping up production to targeted levels. A total of 3,045,685 ordinary shares of £0.0004 each were placed at £1.00 each.

At the time of the private placement, HAVL exercised its right that the proceeds from the Convertibles be applied to subscribing for new ordinary shares in Noventa. At the annual general meeting held on 25 July 2008 a special resolution was passed by shareholders, approving that the Convertibles be redeemed and that HAVL be issued with 1,522,843 new ordinary shares in Noventa i.e. on the same terms as the private placement. The effect of this was to re-instate HAVL's percentage holding in Noventa to that which it held prior to the private placement.

#### **5. Pre-shipment finance facility**

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

As at 30 June 2008 the Group had drawn down US\$1.2m against the pre-shipment financing facility.