

CHAIRMAN'S STATEMENT



2008 was an extremely difficult year for Noventa. The performance of the Group continued to be adversely affected by the delay in ramping up production to targeted levels. This was compounded by the current global financial and economic crisis.

During the year the Company produced 143,578 pounds of tantalum concentrate compared to the target of 200,000 pounds. Despite 7,274 kilograms of morganite rough being extracted during the year (i.e. compared to a target of 5,000 kilograms), the quality was significantly lower than expected.

At the end of May 2009 operations at Marropino were placed on care and maintenance for reasons set out in the announcement to shareholders dated 24 April 2009. A decision as to when operations will recommence will be made after the necessary funding has been secured for the construction of the hard rock circuit. This decision will also be subject to the prior fulfilment of a number of undertakings that had been given, by various government departments in Mozambique.

The staff headcount is to be reduced from 373 to approximately 40; a significant number of which have already been retrenched. The employees remaining at the Marropino mine comprise predominantly of security, maintenance and camp support personnel. The number of support personnel in the regional offices (i.e. Maputo, Quelimane and Johannesburg) has also been significantly reduced.

The Board and the executive management team remain focused on securing the necessary funding for the hard rock circuit at Marropino and the development of Morrua.

Shareholders will be kept informed of progress made in securing a new strategic equity partner.

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