



## Chairman's update for shareholders – January 2008

### Investment performance

The past three months have been challenging. Since publishing our 2007 annual report in which we declared a net asset value of £15.1m, the markets have drifted lower taking with them many of the small cap mineral exploration and other stocks in which your Company is invested. However, this is not true of all our investments so that the net asset value at 31 December 2007 was marginally ahead at £15.2m.

The closing valuations of Oracle Coalfields, Lisungwe and Lotus Resources, three new PLUS market investments, moved ahead during the quarter and closed well above cost.

### Company statistics

	31 December 2007	Change since 31 December 2006	30 September 2007	31 December 2006
Portfolio net asset value	<b>£15.2m</b>	<b>+15%</b>	£15.1m	£13.2m
Net asset value – basic per share	<b>43.63p</b>	<b>+22%</b>	42.89p	35.54p
Net asset value – fully diluted per share	<b>39.06p</b>	<b>+21%</b>	38.45p	32.26p
Share price	<b>24.25p</b>	<b>+42%</b>	29.75p	17p
Share price discount to fully diluted net asset value	<b>37.92%</b>	<b>-9.39 points</b>	22.63%	47.31%
Market capitalisation	<b>£8.46m</b>	<b>+33%</b>	£10.46m	£6.32m

### Other points of note during the quarter:

- With one exception, the net asset values are based on mid-market closing prices on Monday 31 December 2007 and after making a full provision for tax on realised investment profits and the dividend payable on 11 January 2008. The exception relates to the valuation of the investment in Concorde Oil & Gas plc which, as a matter of prudence, has been set at 0.9 pence as explained in the last annual report.

- The Company has made further investments in AIM quoted Ariana Resources plc, in PLUS quoted Agricola Resources plc and DTT plc and in Goliath Resources Inc.
- The Company has completed its investment in Lotus Resources plc, a company with mineral interests in China. Lotus was admitted to PLUS in December 2007.
- Also, the Company has made new investments in:
  - AIM quoted Alba Mineral Resources plc, a company with a variety of mineral interests including nickel, uranium and gold in Scotland, Mauritania, Sweden and Ireland; and
  - PLUS quoted Lisungwe plc which has nickel and other mineral exploration interests in Malawi, eastern Africa.
- The Company purchased a total of 250,000 of its own shares in November at an average price of 29.1 pence per share; the Company now holds 2,300,000 shares in treasury.
- At the AGM on 12 December 2007, the Members approved the payment of a final dividend of 0.5 pence per share for the year to 30 September 2007, making 1.5 pence per share for the year. This dividend is payable on 11 January 2008.

**Conclusion:**

**The Board continues to be pleased with the 33 investments now held, is encouraged by the overall investment performance during the quarter and expects exciting growth in the medium term. The positive trading news from these companies, coupled with the continuing strength in the world's natural resource markets where high demand levels from China, India and other developing nations continue, encourages your Board to view 2008 with optimism.**

**The Company now holds trade investments in the following companies:**

- **Addworth plc** - Active capital investment company - [www.addworth.co.uk](http://www.addworth.co.uk)
- **Agricola Resources plc** - Platinum and uranium exploration - [www.agricolaresources.com](http://www.agricolaresources.com)
- **Alba Mineral Resources plc** - Portfolio of mineral exploration interests - [www.albamineralresources.com](http://www.albamineralresources.com)
- **Ariana Resources plc** - Gold exploration in Turkey - [www.arianaresources.com](http://www.arianaresources.com)
- **Belmore Resources (Holdings) plc** - Zinc exploration in Ireland - [www.belmoreresources.com](http://www.belmoreresources.com)
- **Beowulf Mining plc** - Gold and copper exploration in Sweden - [www.beowulfmining.com](http://www.beowulfmining.com)
- **Black Rock Oil & Gas plc** - Oil and gas in Southern England, Columbia - [www.blackrockpetroleum.com.au](http://www.blackrockpetroleum.com.au)
- **Brazilian Diamonds Limited** - Diamond exploration in Brazil - [www.braziliandiamonds.com](http://www.braziliandiamonds.com)
- **Carpathian Resources Limited** - Oil and gas in the Czech and Slovak Republics - [www.carpathian.com.au](http://www.carpathian.com.au)

- **Concorde Oil & Gas plc** - Operational oil & gas projects in the Russian Federation – [www.concordeoilandgas.com](http://www.concordeoilandgas.com)
- **The Core Business plc** - Personal care and beauty products - [www.thecorebusiness.co.uk](http://www.thecorebusiness.co.uk)
- **DTT plc** - driver training and recruitment services to the road haulage industry - [www.drivertransporttraining.co.uk](http://www.drivertransporttraining.co.uk)
- **Equity Resources plc**, formerly Franchise Investment Strategies plc - Investment company
- **Franconia Minerals Corporation** - North American minerals - [www.franconiaminerals.com](http://www.franconiaminerals.com)
- **Fundy Minerals Limited** - Gold and base metal exploration in Canada and West Africa - [www.fundyminerals.com](http://www.fundyminerals.com)
- **Gippsland Limited** - Tantalum exploration in Egypt - [www.gippslandltd.com.au](http://www.gippslandltd.com.au)
- **Goliath Resources Inc.** – Copper, gold and molybdenum in Canada and Zambia – [www.goliathresources.com](http://www.goliathresources.com)
- **Greatland Gold Limited** - Gold exploration in Western Australia and Tasmania - [www.greatlandgold.com](http://www.greatlandgold.com)
- **Guild Acquisitions plc** – Fledgling investment company
- **Hidefield Gold plc** - Gold exploration in North and South America - [www.hidefield.co.uk](http://www.hidefield.co.uk)
- **India Star Energy plc** - Gold, platinum group metals and uranium – [www.indiastarenergy.co.uk](http://www.indiastarenergy.co.uk)
- **Kefi Minerals plc** - Mineral exploration in Turkey – [www.kefi-minerals.com](http://www.kefi-minerals.com)
- **Lisungwe plc** - Nickel and other minerals in Malawi - [www.lisungwe.com](http://www.lisungwe.com)
- **Lotus Resources plc** - Mineral exploration in China - [www.lotus-resources.com](http://www.lotus-resources.com)
- **Matisse Holdings plc** - Cash shell
- **Myhome International plc** - Home services franchiser - [www.myhomeplc.com](http://www.myhomeplc.com)
- **Oracle Coalfields plc** - Coal in Pakistan - [www.oraclecoalfields.com](http://www.oraclecoalfields.com)
- **Red Rock Resources plc** - Iron ore and manganese exploration in Australia and Zambia. - [rrrplc.com](http://rrrplc.com)
- **Regency Mines plc** - Copper & nickel exploration in Australia and Papua New Guinea - [www.regency-mines.com](http://www.regency-mines.com)
- **Sheba Exploration (UK) plc** - Gold exploration in Ethiopia - [www.shebagold.com](http://www.shebagold.com)
- **St Helen's Capital plc** - Corporate finance advisor - [www.sthelenscapital.co.uk](http://www.sthelenscapital.co.uk)
- **Sunrise Diamonds plc** - Diamond exploration in Finland - [www.sunrisediamonds.com](http://www.sunrisediamonds.com)
- **Treslow Limited** - Copper-nickel in Canada

Shareholders who wish to receive electronic copies of announcements are invited to register their email address on the home page of the Company website: [www.starvest.co.uk](http://www.starvest.co.uk).

## **R Bruce Rowan**

*Chairman & Chief Executive*

2 January 2008

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