



Chairman's update for shareholders – July 2008

Investment performance

The past three months have proved to be more challenging than the three previous quarters with a further decline in the net asset value of £1m or 8.7%.

There has been speculation that the crises impacting the financial markets would lead to world-wide recession with a consequential reduction in demand for natural resources and services. In addition, a recent Financial Times article suggested that many private investors, to whom small-cap resource companies look for support, have become more cautious in their outlook and investing habits citing actual and anticipated inflation as a key reason. Against this background many of the companies in which Starvest is invested have seen their share prices fall during the past year.

It is fact that as resource stocks have risen strongly in the past eighteen months many investors will have taken substantial profits. It is the view of the Starvest board that demand for raw materials is unlikely to diminish in the foreseeable future; on the contrary, all the evidence suggests that commodity prices will remain high as China, India and other fast developing nations expand their voracious appetite for scarce commodity resources.

To the extent that cash resources are available, Starvest will continue to seize opportunities to make further investments. During the June quarter, further investments were made in Greatland Gold plc and Kefi Minerals plc.

Company statistics

	30 June 2008	Change since 30 June 2007	30 September 2007	30 June 2007
Portfolio net asset value	£10.5m	-45%	£15.1m	£19.2m
Net asset value – basic per share	30.17p	-43%	42.89p	53.11p
Net asset value – fully diluted per share	27.46p	-42%	38.45p	47.43p
Share price	17.75p	-44%	29.75p	31.75p
Share price discount to fully diluted net asset value	35.35%	+2.35 points	22.63%	33%

diluted net asset value

Market capitalisation	£6.2m	-46%	£10.46m	£11.5m
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With two exceptions, the net asset values are based on mid-market closing prices on Monday 30 June 2008. As a matter of prudence, two investments have been valued at less than current market value.

Conclusion:

The Board continues to be pleased with the investments now held and to expect exciting growth in the medium term. More than one investee company is expected to make positive announcements in the near term leading to a substantial re-rating which will have the effect of increasing Starvest's net asset value.

The Company now holds trade investments in the following companies:

- **Addworth plc** - Active capital investment company - www.addworth.co.uk
- **Agricola Resources plc** - Platinum and uranium exploration - www.agricolaresources.com
- **Alba Mineral Resources plc** - Portfolio of mineral exploration interests - www.albamineralresources.com
- **Ariana Resources plc** - Gold exploration in Turkey - www.arianaresources.com
- **Belmore Resources (Holdings) plc** - Zinc exploration in Ireland - www.belmoreresources.com
- **Beowulf Mining plc** - Gold and copper exploration in Sweden - www.beowulfmining.com
- **Black Rock Oil & Gas plc** - Oil and gas in Southern England, Columbia - www.blackrockpetroleum.com.au
- **Brazilian Diamonds Limited** - Diamond exploration in Brazil - www.braziliandiamonds.com
- **CAP Energy plc** – Oil and gas in North America – www.capenergy.co.uk
- **Carpathian Resources Limited** - Oil and gas in the Czech and Slovak Republics - www.carpathian.com.au
- **Concorde Oil & Gas plc** - Operational oil & gas projects in the Russian Federation – www.concordeoilandgas.com
- **The Core Business plc** - Personal care and beauty products - www.thecorebusiness.co.uk
- **DTT plc** - driver training and recruitment services to the road haulage industry - www.drivertransporttraining.co.uk
- **Equity Resources plc**, formerly Franchise Investment Strategies plc - Investment company
- **Franconia Minerals Corporation** - North American minerals - www.franconiaminerals.com
- **Fundy Minerals Limited** - Gold and base metal exploration in Canada and West Africa - www.fundyminerals.com
- **Gippsland Limited** - Tantalum exploration in Egypt - www.gippslandltd.com.au

- **Goliath Resources Inc.** – Copper, gold and molybdenum in Canada and Zambia – www.goliathresources.com
- **Greatland Gold Limited** - Gold exploration in Western Australia and Tasmania - www.greatlandgold.com
- **Guild Acquisitions plc** – Fledgling investment company
- **Hidefield Gold plc** - Gold exploration in North and South America - www.hidefield.co.uk
- **India Star Energy plc** - Gold, platinum group metals and uranium – www.indiastarenergy.co.uk
- **Kefi Minerals plc** - Mineral exploration in Turkey – www.kefi-minerals.com
- **Lisungwe plc** - Nickel and other minerals in Malawi - www.lisungwe.com
- **Lotus Resources plc** - Mineral exploration in China - www.lotus-resources.com
- **Matisse Holdings plc** - Cash shell
- **Myhome International plc** - Home services franchiser - www.myhomeplc.com
- **Oracle Coalfields plc** - Coal in Pakistan - www.oraclecoalfields.com
- **Red Rock Resources plc** - Iron ore and manganese exploration in Australia and Zambia. - rrrplc.com
- **Regency Mines plc** - Copper & nickel exploration in Australia and Papua New Guinea - www.regency-mines.com
- **Sheba Exploration (UK) plc** - Gold exploration in Ethiopia - www.shebagold.com
- **St Helen's Capital plc** - Corporate finance advisor - www.sthelenscapital.co.uk
- **Sunrise Diamonds plc** - Diamond exploration in Finland - 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.

R Bruce Rowan

Chairman & Chief Executive

2 July 2008

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