



Chairman's update for shareholders – 2 July 2009

Investment performance

Although Starvest has maintained its position this quarter, the investment performance has been mixed. At 30 June 2009, the closing portfolio net asset value was marginally ahead at £4.3m, a 10% increase in the nine months since 30 September 2008. However, the net asset value per share has not moved in the quarter since 31 March 2009.

Starvest now uses closing bid prices or the Directors' lower valuation, if deemed appropriate. This prudent valuation basis first adopted when preparing the Starvest annual financial statements at 30 September 2008 has proved to be fully justified.

Company statistics

	30 June 2009	31 March 2009	31 December 2008	30 September 2008
	At BID values	at BID values	At BID values	at BID values
Trading portfolio value	£4.3m	£4.25m	£3.92m	£3.9m
Company asset value net of debt	£3.62m	£3.62m	£3.23m	£3.4m
Net asset value – fully diluted per share	10.01 pence	10.01 pence	8.98 pence	9.06 pence
Share price - mid	9.5 pence	6.25 pence	6 pence	12.25p
Share price discount to fully diluted net asset value	5%	37%	33%	35% premium
Market capitalisation	£3.31m	£2.18m	£2.09m	£4.28m

Comment

Market conditions remain fragile. However, there are early signs that underlying prices for raw materials are hardening which in due course will impact on share prices. For example, in July 2008 the price of nickel was \$22,000 per tonne; by October 2008 it had fallen to \$9,000 since when it has gradually recovered to \$16,000. Although even at this level it may be below the cost of production for many miners, it remains a positive change.

The junior explorers in which Starvest is predominantly invested are not generating cash, rather they are consumers of cash as they continue with their exploration programmes towards establishing proven resources. In the economic circumstances of the past year it has been extremely difficult for many of them to raise the essential new cash except at a discount to those market prices which were common a year ago. These tough circumstances continue so it is unsurprising that the values of some investments have fallen and will take time to recover.

On the other hand, we are delighted to note that some of our investee companies are making significant advances with their programmes, some even drawing close to generating revenue so we hope for share price improvements in the near future.

The Board continues to believe that it has within its portfolio investments with considerable potential and is hoping for an upturn during 2010, possibly earlier for some.

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 2009

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