

Chairman's Update

for shareholders
July 2008



www.starvest.co.uk

AIM EPIC: SVE

CHAIRMAN'S UPDATE

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%
Market capitalisation	£6.2m	-46%	£10.46m	£11.5m

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 & Colombia www.blackrockoil.com
* 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 exploration in the Czech & 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.dtt-driving.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 & molybdenum in Canada & 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.myhome.com
* Oracle Coalfields plc	Coal in Pakistan www.oraclecoalfields.com
* Red Rock Resources plc	Iron ore and manganese exploration in Australia & Zambia www.rrrplc.com
* Regency Mines plc	Copper & nickel exploration in Australia & 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.com
* 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

COMPANY INFORMATION

Directors R Bruce Rowan - Chairman
Tony Scutt - Non-executive director
John Watkins, Finance director

Secretary John Watkins, FCA
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Registered number 3981468

Expected financial timetable

Annual result announcement for year to 30 September 2008: by end October 2008

LSE – EPIC code SVE
Also, traded on PLUS

Share price information

Financial Times
Evening Standard
The Times
www.prices.londonstockexchange.com

Company announcements

www.londonstockexchange.com
www.starvest.co.uk