

Chairman's Update

for shareholders July 2007

Starvest plc holds global investments



CHAIRMAN'S STATEMENT

INVESTMENT REPORT

In view of the exceptional developments over the past months culminating in the successful takeover of African Platinum plc, your board has decided to issue a second interim report covering the nine months ended 30 June 2007. Therefore, I am pleased to report continuing successful trading during which Starvest has achieved the following:

- ◆ Pre-tax profit of £4.972m on turnover of £5.494m.
- ◆ Basic earnings of 9.45 pence per share; fully diluted earnings of 8.21 pence per share.
- ◆ Increase in the value of trade investments of £7.1m since 30 September 2006 to £19.2m at 30 June 2007, an increase of 59%.
- ◆ Fully diluted underlying net asset value per share of 47.4 pence at 30 June 2007 when the Company's share price discount to net asset value was 33%.

All these values are based on mid-market closing prices on a fully diluted pre tax basis.

- ◆ Share price increase of 87% since 30 September 2006 from 17 pence to close at 31.75 pence.
- ◆ 30 June 2007 cash balance of £4.172m.
- ◆ Closing market capitalisation £11.5m.
- ◆ Unrealised profits as at 30 June 2007 of £13.5m before tax, up from £8.9m at 30 September 2006.

In addition to matters mentioned in the half year report to 31 March 2007, during the quarter to 30 June 2007 the following are of note:

- ◆ The Company has made further investments as follows:
 - ◆ Belmore Resources (Holdings) plc - additional investment;
 - ◆ Durango Gold plc - gold-silver in the Durango state, Mexico with exploration rights over 12,072 hectares; PLUS admission expected during 2007;
 - ◆ Goliath Resources Inc. - copper, gold and molybdenum exploration and mining company which has recently led a consortium to acquire the rights to 152 million tonnes of pre-1980 tailings dumps in Kitwe Zambia; other assets include two highly prospective gold, copper and bismuth properties one of which is jointly held with Phelps Dodge;
 - ◆ Lotus Resources plc - a rapidly developing portfolio of production properties, with some exploration, in China to include gold, silver and copper with a strategy reflecting Chinese government policy and enjoying a strong Chinese based team; PLUS admission is expected third quarter 2007 with AIM IPO in early 2008;

- ◆ Oracle Coalfields plc - coal mining in Pakistan - additional investment; PLUS admission expected shortly.
- ◆ As announced in the half year report, a significant development during the period concerns African Platinum plc ("Afplats") a company exploring for platinum group metals in Southern Africa in which the Company invested prior to Afplats being admitted to AIM in May 2002. On 16 February 2007, Impala Platinum Holdings Limited ("Implats") announced a recommended cash offer for the entire issued share capital of Afplats. Having sold a large part of its investment at various times in the past, on 30 May 2007 the Company received cash of £4,537,500 in respect of the remaining holding.
- ◆ After a tax provision of approximately £1.5m, the Company has substantial cash resources for future investment including share buy-backs and dividends.
- ◆ On 20 June 2007, the Company paid a maiden special dividend of one penny per share to shareholders on the register on 25 May 2007.
- ◆ A further 450,000 shares were bought for treasury during the period at 30 pence per share; 950,000 shares are now held in treasury.
- ◆ Starvest now holds investments in twenty-eight companies of which fifteen are traded on AIM, eight on PLUS Markets, one on the Toronto exchange and one on the US based Pink Sheets; the remainder are preparing for admission to PLUS. The companies are listed on the back cover

page of this report. The Board continues to be most satisfied with progress in its portfolio of investments.

- ◆ Both resolutions before the Members in Extraordinary General Meeting held on 23 May 2007 were duly passed.

Starvest will continue to closely evaluate new investment proposals received from businesses, mainly in the natural resources sector. We will seek to ensure that they accord with the Company's medium to long term investment strategy.

FURTHER INFORMATION

Those Shareholders who wish to receive electronic copies of regulatory announcements are invited to register their email address on the home page of the Company website: www.starvest.co.uk. Previous reports, quarterly updates and announcements are available from the site.

Your Board continues to look to the future with optimism; unless there are exceptional developments the next net asset value announcement is expected on Monday 1 October. This will be followed by an announcement of the full year's results no later than 31 October with the 2007 annual general meeting on Wednesday 12 December 2007.

Thank you for your continued support.

R Bruce Rowan
Chairman & Chief Executive

12 July 2007

PROFIT & LOSS ACCOUNT

	9 months to 30 June 2007 Unaudited £,000	Period 1 August 2005 to 30 September 2006 Audited £,000
Operating income	5,494	1,699
Direct costs	(264)	(97)
Gross profit	5,230	1,602
Administrative expenses	(220)	(267)
Operating profit on ordinary activities	5,010	1,335
Interest receivable	22	7
Interest payable	(60)	(4)
Profit on ordinary activities before taxation	4,972	1,338
Tax on profit on ordinary activities	(1,487)	(400)
Profit on ordinary activities after taxation	3,485	938
Dividends paid	(367)	–
Retained profit for the period	3,118	938
Earnings per share – basic	9.45 pence	2.5 pence
Earnings per share – fully diluted	8.21 pence	2.2 pence

There are no recognised gains or losses in either year period than the profit for the period.

All of the operations are considered to be continuing.

BALANCE SHEET

	9 months to 30 June 2007 Unaudited £,000	Period ended 30 September 2006 Audited £,000
Fixed assets	0	0
Current assets		
Debtors	16	108
Trading investments	3,919	3,083
Cash at bank and in hand	4,172	-
	8,107	3,191
Creditors - amounts falling due within one year		
Other creditors	(2,574)	(554)
Net current assets	5,533	2,637
Total assets less current liabilities	5,533	2,637
Capital and reserves		
Called up share capital	372	372
Share premium account	2,026	2,026
Shares held in treasury	(222)	0
Profit and loss account	3,357	239
Equity shareholders' funds	5,533	2,637

RECONCILIATION OF MOVEMENT
IN SHAREHOLDERS' FUNDS

	9 months to 30 June 2007 Unaudited £,000	Period 1 August 2005 to 30 September 2006 Audited £,000
Total recognised profits relating to the period	3,485	938
Dividends paid	(367)	-
Purchase of own shares for Treasury - <i>see note 3</i>	(222)	-
Increase in shareholders' funds	2,896	938
Opening shareholders' funds	2,637	1,699
Closing shareholders' funds	5,533	2,637

INTERIM REPORT NOTES

1. INTERIM REPORT

The information relating to the nine month period to 30 June 2007 is unaudited.

The information relating to the period ended 30 September 2006 is extracted from the audited accounts of the Company which have been filed at Companies House and on which the auditors issued an unqualified audit report.

2. BASIS OF ACCOUNTING

The report has been prepared using accounting policies that are consistent with those adopted by the Company in the statutory accounts for the fourteen month period ended 30 September 2006, although the information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

The Company will report again for the full year to 30 September 2007.

The Company's investments are carried at the lower of cost or mid market value at 30 June 2007. For the purpose of the net asset value calculation, with one exception, the Company's investments at 30 June 2007 are valued at mid market price. The exception relates to Concorde Oil & Gas plc which, as a matter of prudence, has been valued at 50% against the closing price on 24 November 2006, being the date on which trading in the shares was suspended at the request of the company.

3. SHARE BUY BACK

The company has bought its own shares to be held in Treasury as follows:

- ◆ On 16 January 2007, 500,000 at a price of 17 pence.
- ◆ On 29 May 2007, 250,000 at a price of 30 pence.
- ◆ On 13 June 2007, 200,000 at a price of 30 pence.

Consequently, shareholders' funds were reduced by £222,204.

4. INVESTMENT COMMITMENTS

At 30 June 2007, the Company had entered into commitments to make investments in companies for amounts totalling £450,000.

5. EARNINGS PER SHARE

These have been calculated on a profit of:

The weighted average number of shares used was:

The weighted average number of shares and outstanding options used was:

Basic profit per share:

Fully diluted profit per share:

9 months to 30 June 2007 Unaudited £,000	Period 1 August 2005 to 30 September 2006 Audited £,000
3,485	938
36,890,336	37,217,259
42,465,336	42,792,259
9.45 pence	2.5 pence
8.21 pence	2.2 pence

INVESTMENT PORTFOLIO

Starvest 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
* Belmore Resources (Holdings) plc	Zinc exploration in Eire & Northern 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 & Australia www.blackrockoil.com
* Brazilian Diamonds Limited	Diamond exploration in Brazil www.braziliandiamonds.com
* Carpathian Resources Limited	Oil and gas exploration in the Central Europe www.carpathian.com.au
* Concorde Oil & Gas plc	Operational oil & gas projects in the Russian Federation
* 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
* Durango Gold plc	Gold and silver in Durango State, Mexico
* Franchise Investment Strategies plc	Franchise consultancy and investment
* 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; mining in Zambia www.goliathresources.com
* Greatland Gold Limited	Gold exploration in Western Australia and Tasmania www.greatlandgold.com
* Hidefield Gold plc	Gold exploration in North and South America www.hidefield.co.uk
* India Star Energy plc	Oil & gas investments
* Kefi Minerals plc	Mineral exploration in Bulgaria and Turkey www.kefi-minerals.com

* Lotus Resources plc	Gold, silver & copper in China
* Myhome International plc	Domestic services franchiser www.myhomeplc.com
* Oracle Coalfields plc	Coal mining in Pakistan www.oraclecoalfields.com
* Red Rock Resources plc	Iron ore and manganese exploration in Australia and Zambia; uranium exploration in Malawi www.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.com
* Sunrise Diamonds plc	Diamond exploration in Finland www.sunrisediamonds.com

COMPANY INFORMATION

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

Secretary John Watkins, FCA
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Expected financial timetable

Annual result announcement for year to 30 September 2007: by end October 2007
Annual general meeting by mid December 2007

LSE – EPIC code SVE

Share price information

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

Company announcements

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

Nominated advisor

Grant Thornton Corporate Finance
Telephone: 020 7383 5100

Broker

Simple Investments
Telephone: 01483 413500

Copies of this interim report are available free of charge by application in writing to the Company Secretary at the Company's registered office, 123 Goldsworth Road, Woking, GU21 6LR, by email to email@starvest.co.uk or from the Company's website at www.starvest.co.uk.