

CHAIRMAN'S QUARTERLY UPDATE

MAY 2006




* **STARVEST**plc *

AIM EPIC: SVE

Chairman's update for shareholders - May 2006

Investment performance

I am pleased to report that the significant progress achieved during the six months to the interim reporting date of 31 January 2006 has been maintained. The achievements of the past three months have been:

- * Raised £1.7m cash and made a gross profit of £1.64m by reducing the holding in African Platinum plc; the Company continues to have a substantial holding of 10.25m ordinary shares in African Platinum plc.
- * Based on mid-market closing prices on Friday 28 April the position was:
 - Company net asset value pre tax: £17.7m
 - Net asset value per share pre tax: 42.8 per share, fully diluted
 - Starvest share price: 26 pence
 - Share price discount to NAV: 39.27%
 - NAV increase since 31 January 2006: £1.2m
- * This valuation is arrived at after deducting a full tax provision on the realised investment profits.
- * Since the Interim report issued as at 31 January 2006, Starvest has made new investments in Sunrise Diamonds plc, and added to its investment in Fundy Minerals Limited and St Helen's Capital plc. In addition, it has acquired an interest in Greatland Gold Limited, a company with advanced gold resources in Western Australia and Tasmania. Starvest has committed to further support the company on its admission to AIM which is expected during June 2006.
- * The Core Business plc has successfully raised funds and been admitted to AIM.
- * Concorde Oil & Gas plc has announced that, subject to raising the necessary funds during May, it expects to conclude an acquisition of operational oil and gas assets in the Russian Federation, this to be followed by a transfer from Ofex to AIM.
- * Myhome International plc declared a first profit with accelerating expansion and a share price to match.

The Board continues to be very pleased with the 24 investments held; we expect continued growth during the next two years during which we will take a cautious view in changing markets.

Extraordinary general meeting

The resolutions before Members at the extraordinary general meeting held on 14 March 2006 were duly passed. The Company is in the process of submitting a petition to the High Court to have the deficit on the profit and loss account cancelled, thus bringing forward the time when a dividend may be paid or the Company may purchase its own shares. An update will be provided in the annual report due during September 2006.

Taxation

A number of Shareholders have enquired as to the status of the Company's shares for the purposes of capital gains tax and inheritance tax. The Company's advisers, Grant

Thornton, have opined that the tax position of Shareholders should be as follows:

- * Taper relief: The Company should be regarded as a qualifying company for business asset taper relief applicable for capital gains tax purposes.
- * Business property relief: Although the Company's shares are listed on AIM, business property relief from inheritance tax is not available where the business of the company consists of dealing in securities, stocks or shares; this is Starvest's business.

Shareholders should always seek their own professional advice on personal taxation matters.

The Company now holds trade investments in the following companies:

* Addworth plc	Active capital investment company www.addworth.co.uk
* African Platinum plc	Platinum group metals in Southern Africa www.afplats.com
* Agricola Resources plc	Platinum and uranium exploration www.agricolaresources.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, and Australia www.blackrockoil.com
* Brazilian Diamonds Limited	Diamond exploration in Brazil www.braziandiamonds.com
* 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
* The Core Business plc	Personal care and beauty products
* Franchise Investment Strategies plc	Franchise consultancy and investment www.fisplc.com
* 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
* Greatland Gold Limited	Gold exploration in Western Australia and Tasmania
* Hidefield Gold plc	Gold exploration in North and South America www.hidefield.co.uk
* India Star Energy plc	Oil & gas investments
* Matisse Holdings plc	Cash shell
* Myhome International plc	Domestic cleaning services www.myhomeplc.com

* Red Rock Resources plc	Iron ore and manganese exploration in Australia; uranium exploration in Malawi. www.rrrplc.com
* Regency Mines plc	Copper & nickel exploration in Australia 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

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.

Your Board plans to announce the full year results to 31 July 2006 during late August and to hold the Company's Annual General Meeting during October 2006.

R Bruce Rowan

Chairman & Chief Executive

2 May 2006

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Company Information

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

Secretary John Watkins, FCA
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Registered number
3981468

Expected financial timetable
Annual result announcement for year to 31 July 2006: by end August 2006
Annual report mailing: September 2006
Annual general meeting: October 2006

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