



Interim report to 31 March 2014

Abbreviated half-year report – six months ended 31 March 2014

The following is an abbreviated version of the 2014 interim report released to the Market on 30 April 2014. The full version is available from the Company's website, www.starvest.co.uk.

Chairman's statement

I am pleased to provide a half year update. Although the result as shown in the interim accounts is not exciting, the net asset value continues to show a good improvement from both 30 September and 31 December 2013. This is due in large measure to the fact that the market has begun to recognise the exciting possibilities for Nordic Energy plc (ISDX: NORP), which is explained further in the **investment portfolio update**.

As announced on 2 April, the Company net asset value at 31 March 2014 closed at £3.90m, over £1m in excess of the value at 30 September 2013. The net asset value per share of 10.5p compared with the closing mid-price of 5.88p, gives a discount of 44%.

However, since then some prices have fallen so that at the close of business on 25 April, the net asset value had fallen slightly to 10.15p. As the Company's share price had fallen to 5.5p, the discount increased to 46%. But this does not tell the whole story, for we take a conservative view when valuing our portfolio: were we to have valued our investments at mid-price, the value would have been increased by £335,000; were we not to have applied a discount for size to the values of five companies where we hold 7% or more of the shares in issue, the value would have increased by a further £730,000. Therefore, on a strict mid-market basis, the value per share would have been 13.37p with a share price discount of 56%.

Generally, the environment continues to be challenging for early stage mineral exploration companies in which we invest. These companies must raise new capital in order to continue their early stage exploration activities. But what is the source of this new capital? Traditionally private investors have stepped up to the mark but in recent times they have been much more selective in their choices as a result of which many investee companies have struggled. Increasingly, management time is spent on fundraising activities rather than on exploration as such; therefore overheads are increasing and share prices are under pressure.

In summary, during the half year:

- Company net asset value increased to £3.9m;
- Starvest's mid-market share price rose to 5.88 pence;
- Closing net asset value of 10.5 pence per share;
- Mid-market share price on 31 March 2014 had a discount to net asset value of 44%;
- During the period we sold our interest in Centamin plc, not a company in which we invested but one we inherited as part of the proceeds from the disposal of Sheba Exploration in 2011.
- There were no acquisitions although loans were made to Goldcrest Resources plc which are likely to be converted to equity when that company achieves its objective of moving to AIM.

All valuations are based on the closing market bid prices or lower directors' valuation as described in the 2013 annual report, but with the application of a discount in those instances where the Company holds a substantial interest.

There follows a brief **investment portfolio update** containing news from a number of our investee companies. Further information will be added to the Company website, www.starvest.co.uk, as information becomes available but more up to date information is always available from the websites of investee companies as detailed.

The Company will next update the market as soon as practical following 30 June 2014, or in the event of a significant change in valuation during the quarter.

R Bruce Rowan

Chairman & Chief Executive

30 April 2014

Directors:

Bruce Rowan

Tony Scutt

John Watkins

Investment portfolio update

We report on some of the significant developments in the Starvest portfolio since we issued the 2013 annual report in November 2013:

Ariana Resources plc

Gold exploration in Turkey

www.arianaresources.com

Progress at Kiziltepe, part of the Red Rabbit gold-silver project in Western Turkey continues; negotiations for financing of \$25m are progressing to facilitate mine construction which is expected to lead to annual production of 21,000 oz per annum; trial mining has produced 4,800 tons; Proccea, a Turkish conglomerate, now holds 26.5% of Red Rabbit having spent \$1.2m. Significant new gold district identified at Ardala-Salinbas with a JORC resource of 1.09m oz being managed and financed by Eldorado Gold of which Ariana holds 49%.

Beowulf Mining plc

Iron ore, gold and copper exploration in Sweden

www.beowulfmining.com

Drilling continues at Kallak north and south. Results so far received are good. This project offers a safe, European location with easy access to markets. Recently granted a further licence to explore a promising area adjacent to Kallak. Good results continue from drilling at Ballek. With the shares dual-listed in Stockholm, plans are under way to promote on-going developments to a wider range of Swedish investors.

Greatland Gold plc

Gold exploration in Western Australia and Tasmania

www.greatlandgold.com

Impressive progress is reported towards establishing resources across the asset portfolio. In particular, Greatland reports the results of drilling in Tasmania at the Warrentinna project showing grades above 1.9g/t including 1m at 5.48g/t. In Western Australia, the 1,000 square kilometres of Ernst Giles includes over 100 km of gold prospective rocks, hitherto unexplored. In addition, several geochemical targets with gold mineralisation have been confirmed at Bromus.

Kefi Minerals plc

Gold and copper exploration in Turkey and Saudi Arabia

www.kefi-minerals.com

Kefi reports solid progress at both its Saudi Arabian and newly acquired 75% stake in the Tulu Kapi project in Ethiopia where the plan is to construct a mine to produce 60,000 oz pa of gold at an all-in cash cost of \$700 per oz. JORC compliant resources now amount to 2.05m oz, but a further update is expected in Q3 2014 following a drilling campaign.

Drilling continues in Saudi Arabia where a plan is being prepared to mine 32,000 oz pa.

Nordic Energy plc

Oil and gas exploration in the North Sea

www.nordicenergyplc.com

20 prospects and leads have been identified, a significant increase from the 8 previously reported with an increase in potential recoverable resources. These together have resulted in a significant increase in the Nordic share price, although we have heavily discounted it for the purpose of our valuation at 31/3/14. It remains very early days for this new venture but we are pleased to have been able to provide initial funding which has been well used. An updated CPR is expected in Q2 2014.

Oracle Coalfields plc

Coal mining in Pakistan

www.oraclecoalfields.com

Oracle has materially de-risked its integrated coalmine and mine-mouth power generation facility project by bringing in significant Chinese strategic partners into its local subsidiary to develop its coal resource in south-east Pakistan. It anticipates financial close in 2014

with agreements in the course of being signed covering a major portion of the debt and equity required for the project. The power shortage in Pakistan continues to escalate so that the development of Oracle's project becomes ever more important to the growth of the country's economy.

Red Rock Resources plc

Gold exploration in Kenya and Columbia with investments in other companies; iron ore and manganese exploration in Greenland

www.rrrplc.com

Although the gold price fell 28% during calendar year 2013, continued improvement in gold production in Colombia is now delivering profits. Given no progress with the originally forecast sale, other possible purchasers are being sought.

In Kenya there has been some delay owing to the new constitution and personnel at the Ministry; the initial stages of a feasibility study for a mine are in hand.

A new venture is planned into Ivory Coast, identified as a prospective source of early stage exploration opportunities.

No progress with the sale of a part interest in the Greenland iron ore venture; the company suggests that the project be forgotten for the present.

Elsewhere, Jupiter Mines in which RRR has an interest is making excellent progress at its 49% owned Tshipi Borwa manganese mine in South Africa.

Regency Mines plc

Copper & nickel exploration in Australia and Papua New Guinea and investments in Red Rock Resources plc, and Direct Nickel Limited

www.regency-mines.com

Direct Nickel has completed a successful demonstration program for its new nickel extraction technology leading to the announcement of a feasibility study for a first commercial plant to be constructed in Indonesia.

Ram Resources Limited, an Australian venture with interests in the Fraser Range in which RGM holds 16.5%, completed a fundraise of A\$2.2m.

Sunrise Resources plc

Mineral exploration in Finland, Australia and Ireland

www.sunriseresourcesplc.com

At its Cue diamond project in Western Australia, drilling has begun. Initial work has been completed at its copper project in Nevada USA which it is hoped will lead to a drilling campaign.

Alba Mineral Resources plc

Projects in Mauritania, and Ireland

www.albamineralresources.com

Recently, Alba has raised £230,718 gross from a new investor to provide working capital, develop the Group's asset portfolio and investigate further opportunities. We await developments.

Goldcrest Resources plc

Gold exploration in Ghana

www.goldcrestresourcesplc.com

Goldcrest has upgraded its licences in north-east Ghana in preparation for moving to AIM in Q2 2014, to be accompanied by raising additional capital to facilitate a drilling campaign at its Zamsa licence.

International Mining & Infrastructure Corporation plc

Investment holding company

www.imicplc.com

The company focus of unlocking value from iron ore assets in Africa has completed the acquisition of Afferro Mining Inc., a company with high quality iron ore assets in Cameroon. A PFS is in hand at one project; another is being fast tracked to production in the expectation of it being an early revenue earner.

Extract from the profit & loss account

	6 months to 31 March 2014	6 months to 31 March 2013	Year ended 30 September 2013
	Unaudited	Unaudited	Audited
	£	£	£
Operating income	262,941	-	-
Direct costs	(194,801)	-	-
Gross profit	68,140	-	-
Administrative expenses	(113,410)	(108,727)	(206,702)
Amounts written off trade investments - net	(228,472)	(563,352)	(802,394)
Operating (loss) on ordinary activities	(273,742)	(672,079)	(1,009,096)
Interest receivable	2,109	1,214	1,835
(Loss) on ordinary activities before taxation	(271,633)	(670,864)	(1,007,261)
Tax on profit on ordinary activities	-	127	127
(Loss) on ordinary activities after taxation	(271,633)	(670,737)	(1,007,134)
(Loss) per share – see note 3			
Basic	(0.7) pence	(1.8) pence	(2.7) pence

Balance sheet

	Unaudited	Unaudited	Audited
	£	£	£
Current assets			
Debtors	64,182	24,079	37,200
Trading investments	1,836,690	2,495,704	2,258,662
Cash at bank and in hand	371,666	347,486	257,556
	2,272,538	2,867,269	2,553,418
Creditors - amounts falling due within one year			
	(37,413)	(24,113)	(46,659)
Other creditors			
Net current assets	2,235,125	2,843,156	2,506,759
Share capital and reserves			
Called up share capital	394,173	394,173	394,173
Share premium account	2,118,396	2,118,396	2,118,396
Profit and loss account	(277,444)	330,587	(5,810)
Equity shareholders' funds	2,235,125	2,843,156	2,506,759

Interim report notes

1. Interim report

The information relating to the six month periods to 31 March 2014 and 31 March 2013 is unaudited.

The information relating to the year ended 30 September 2013 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 accordance with UK GAAP for the statutory accounts for the year ended 30 September 2013, although the information does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006.

The Company will report again for the full year to 30 September 2014.

The Company's investments at 31 March 2014 are valued at the lower of cost or the valuation adopted at 30 September 2013 or the current market value based on bid prices at the close of business. The Chairman's statement includes a valuation based on bid prices at 31 March 2014.

3. Earnings per share

	6 months ended 31 March 2014	6 months ended 31 March 2013	Year ended 30 September 2013
	Unaudited	Unaudited	Audited
	£	£	£
These have been calculated on a (loss) of:	(271,633)	(670,737)	(1,007,134)
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The weighted average number of shares used was:	37,117,259	37,117,259	37,117,259
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Basic (loss) per share:	(0.7) pence	(1.8) pence	(2.7) pence

A diluted loss per share has not been calculated as the option exercise price exceeds the current market price.

Further copies are available from the Company by telephone to 01483 771992 or by email to john@starvest.co.uk.

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