

17 June 2019

Half-year report - six months ended 31 March 2019

Chairman's statement

The latter half of 2018 saw a marginal recovery in the mining and resources sector but a decline in commodity prices adversely affected share prices through Q1 2019. Despite this environment we saw a 39% increase in our Net Asset Value (NAV) from £1.65m at 30 September 2018 to £2.30m as at 31 March 2019. From March 2019, the company implemented a more transparent and objective valuation method for portfolio stocks, making use of market prices without an applied discount, and approximately 13 percentage points of the 39% increase in NAV is attributable to this change.

We saw an increase in Net Asset Value Per Share over the six months to 31 March 2019 from 3.33p per share to 4.15p per share. Over the same period the daily closing share price remained at a discount to NAV of approximately 35%.

The Company earned an operating profit of £640,414 during the reporting period mainly attributable to significant increases in selected portfolio stocks such as Greatland Gold plc (LON:GGP). This operating profit resulted in earnings per share of 1.02p on a fully diluted basis for the six-month period.

The Company continues its historical policy of investing in companies with early-stage mining resource projects, but we also have a mandate to invest directly in projects. Several projects are under review focused on precious and base metals. We are also evaluating other commodities such as lithium, cobalt and rare earth elements which are forecast to increase in use and demand over the medium to long term.

Several of our investee companies remain extremely active and have provided very positive news flow over the reporting period.

Greatland Gold (LON:GGP) continued exploration on its Paterson area licences with drilling at Havieron producing exciting results including 118m at 3.08g/t gold and 0.84% copper from 459m and 157m at 6.04g/t gold and 0.44% copper from 660m. Peak grades of 211.3g/t gold, 12.38% copper and 4,104ppm cobalt were established at Havieron. The Company has subsequently signed a US\$65m farm-in deal with Newcrest with a minimum commitment of US\$5m over an initial 12-month period with the potential for Newcrest to earn up to a 70% interest through total expenditure of US\$65m over a six-year period. Newcrest may acquire an additional 5% interest at the end of the farm-in period at fair market value for cash. Greatland is well-funded to pursue its exploration work on the remaining parts of the Havieron licence and two other Paterson licences, as well as its five other project areas in Australia, with the potential to add other exciting mineral exploration discoveries.

Cora Gold (LON:CORA) has continued exploration activities on its flagship Sanankoro project, extending identified zones of gold mineralisation within a 14km long structural corridor yet to be fully tested. Independent consultants have calculated an initial exploration target of between 30-50mt of ore at an average grade of 1.0-1.3g/t for 1.0-2.0moz gold. To date mineralisation has been delineated to a depth of 100m, most of which is hosted within weathered material which ranges in depth from around 50m to in excess of 100m across the exploration target area. The relatively soft oxidised rock would potentially allow for a low-cost open pit operation.

Kefi Minerals (LON:KEFI) has taken significant steps toward mine construction with the Ethiopian government giving approval for the resettlement plan. The company has received all relevant consents from federal agencies, including an endorsement by the Prime Minister of the finance structure, with only minor aspects of the plan yet to be finalised. The principal project contractors have confirmed a 24-month development schedule set to commence in Q4 2019 while off-site project work such as power and roads construction have already commenced.

Ariana Resources (LON:AAU) continues to report good production results from its Kiziltepe Mine with 7,296oz extracted in Q1 2019, exceeding annualised quarterly guidance by 17%. The company also continues with exploration at its Kizilcukur, Tavsan and Salinbas projects.

Other investee companies push ahead such as Oracle Power (LOM:ORCP), which named a new CEO and has progressed its proposed coal mine and power plant by securing the required capital to proceed with development. Salt Lake Potash (LON:SO4) continues with exploration at its Western Australia projects and is progressing with test scale processing at one of its sites. Similarly, Sunrise Resources (LON:SRES) has continued to test its pozzolan resource in the USA with encouraging results.

Whilst the commodities market remains flat the board of Starvest believes the Company is well positioned when the sector enters its next upcycle. We continue to expect robust demand for energy and metals over the medium and long term and look forward to providing further updates to investors and the market.

Callum N Baxter
Chairman & Chief Executive
17 June 2019

Income Statement

	6 months to 31 March 2019	6 months to 31 March 2018	Year ended 30 September 2018
	Unaudited £	Unaudited £	Audited £
Revenue	27,165	-	-
Cost of sales	(16,257)	-	-
Gross profit	10,908	-	-
Administrative expenses	(127,149)	(128,922)	(250,147)
Amounts written off against trade investments	(133,086)	(415,421)	(686,932)
Amounts written back against trade investments	889,741	28,725	615,008
Operating profit / (loss)	640,414	(515,618)	(322,071)
Interest receivable	37	2,945	5,829
Profit / (loss) on ordinary activities before tax	640,451	(512,673)	(316,242)
Tax on profit on ordinary activities	-	-	-
Profit / (loss) / profit attributable to Equity holders of the Company	640,451	(512,673)	(316,242)

Earnings/(loss) per share - see note 3

Basic	1.18 pence	(0.97)	(0.60) pence
Diluted	1.02 pence	pence	(0.51) pence
		(0.83)	
		pence	

Statement of Financial Position

	6 months ended 31 March 2019 Unaudited £	6 months ended 31 March 2018 Unaudited £	Year ended 30 September 2018 Audited £
Current assets			
Trade and other receivables	16,331	18,552	55,992
Trade investments	2,258,694	1,183,287	1,498,059
Cash and cash equivalents	36,429	270,995	153,849
Total current assets	2,311,454	1,472,834	1,707,900
Current liabilities			
Trade and other payables	(44,504)	(104,766)	(119,401)
Total current liabilities	(44,504)	(104,766)	(119,401)
Net current assets	2,266,950	1,368,068	1,588,499
Capital and reserves			
Called up share capital	552,927	528,982	539,649
Share premium account	1,681,431	1,640,876	1,654,209
Profit and loss account	32,592	(804,290)	(607,859)
Equity reserve	-	2,500	2,500
Total equity shareholders' funds	2,266,950	1,368,068	1,588,499

Statement of Cash Flows

	6 months ended 31 March 2019 Unaudited £	6 months ended 31 March 2018 Unaudited £	Year ended 30 September 2018 Audited £
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Cash flows from operating activities

Operating profit/(loss)	640,414	(515,619)	(322,071)
Net interest receivable	37	2,945	5,829
Share based payment charge	40,500	-	24,000
Decrease in trade and other receivables	39,660	11,037	(26,403)
(Decrease)/increase in trade and other payables	(77,396)	3,154	17,788
Net cash flows from operating activities	643,215	(498,483)	(300,857)

Cash flows from investing activities

Purchase of current asset investments	-	(50,000)	(50,000)
Loan converted to shares	(20,000)	-	-
Sale of current asset investments	26,928	-	-
Profit on sale of current asset investments	(10,908)	-	-
Increase in investment provisions	133,086	415,421	686,932
Decrease in investment provisions	(889,741)	(28,725)	(615,008)
Net cash flows from investing activities	(760,635)	336,696	21,924
Net (decrease)/increase in cash and cash equivalents	(117,420)	(161,787)	(278,933)

Cash and cash equivalents

Cash and cash equivalents at beginning of period	153,849	432,782	432,782
Cash and cash equivalents at end of period	36,429	270,995	153,849

Statement of Changes in Equity

	Share capital	Share premium	Equity reserve	Profit and loss account	Total Equity attributable to shareholders
	£	£	£	£	£
As at 30 September 2017	528,982	1,640,876	2,500	(291,617)	1,880,741
(Loss) for the period	-	-	-	(512,673)	(512,673)
Total recognised income and expenses for the period	-	-	-	(512,673)	(512,673)
Shares issued	-	-	-	-	-
Total contribution by and distributions to owners	-	-	-	-	-
As at 31 March 2018	528,982	1,640,876	2,500	(804,290)	1,368,068
As at 30 September 2018	539,649	1,654,209	2,500	(607,859)	1,588,499
Profit for the period	-	-	-	640,451	640,451
Total recognised income and expenses for the period	-	-	-	640,451	640,451
Shares issued	13,278	27,222	-	-	40,500
Equity component of convertible loan	-	-	(2,500)	-	(2,500)

Total contributions by and distributions to owners	13,278	27,222	(2,500)	-	38,000
As at 31 March 2019	552,927	1,681,431	-	32,592	2,266,950

Interim report notes

1. Interim report

The information relating to the six-month periods to 31 March 2019 and 31 March 2018 is unaudited.

The information relating to the year ended 30 September 2018 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 preparation

This report has been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' ('FRS102'), and with the Companies Act 2006. Although the information included herein does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, the accounting policies that have been applied are consistent with those adopted for the statutory accounts for the year ended 30 September 2018.

The Company will report again for the full year to 30 September 2019.

The Company's investments at 31 March 2019 are stated at the lower of cost and net realisable value or the valuation adopted at 30 September 2018 or the current market value based on market quoted prices at the close of business. The Chairman's statement includes a valuation based on market quoted prices at 31 March 2019.

3. Earnings per share

	6 months ended 31 March 2019 Unaudited £	6 months ended 31 March 2018 Unaudited £	Year ended 30 September 2018 Audited £
Profit/(loss) for the period:	640,451	(512,673)	(316,242)
Weighted average number of Ordinary shares of £0.01 in issue	54,460,957	52,898,163	53,012,136
Earnings/(loss) per share - basic	1.18 pence	(0.97) pence	(0.60) pence
Warrants in issue	8,500,000	8,500,000	8,500,000
Weighted average number of Diluted Ordinary shares of £0.01 in issue	62,960,957	61,398,163	61,512,136
Earnings/(loss) per share - diluted	1.02 pence	(0.83) pence	(0.51) pence

Investment portfolio

Starvest now holds trade investments in the companies listed below, which in aggregate comprise 95% of the portfolio value as at 31 March 2019:

- Alba Mineral Resources plc *Exploration for oil in England, lead-zinc in Ireland, uranium in Mauritania and graphite in Greenland* www.albamineralresources.com
- Ariana Resources plc *Gold-silver production and exploration in Turkey* www.arianaresources.com
- Cora Gold Limited *Gold exploration in West Africa* www.coragold.com
- Greatland Gold plc *Gold exploration in Australia* www.greatlandgold.com
- Kefi Minerals plc *Gold and copper exploration in Ethiopia and Saudi Arabia* www.kefi-minerals.com
- Oracle Coalfields plc *Coal mining in Pakistan* www.oraclecoalfields.com

Other direct and indirect mineral exploration companies:

- Block Energy plc (*formerly Goldcrest Resources plc*) *Oil and gas exploration in Bulgaria* www.goldcrestresourcesplc.com
- Marechale Capital plc *Investment banking and corporate finance* www.marechalecapital.com
- Minera IRL Limited *Gold exploration in South America* www.minera-irl.com
- Salt Lake Potash Limited *Potash in Australia* www.saltlaketpotash.com.au
- Sunrise Resources plc *Exploration for industrial minerals in United States, Finland, Australia and Ireland* www.sunriseresourcesplc.com

Other investee companies are listed in the Company's 2018 annual report available on request or from the Company web site - www.starvest.co.uk

Copies of this interim report are available free of charge by application in writing to the Company Secretary at the Company's registered office, Salisbury House, London Wall, London EC2M 5PS, by email to info@starvest.co.uk or from the Company's website - www.starvest.co.uk