noventa

Annual Report and Financial Statements

31 December 2009

Noventa Management Team

Pat Lawless (Chief Operating Officer, Noventa Limited)
Patrick Lawless is based at the Company's operational headquarters in Maputo. He speaks Portuguese, holds a MBA from Manchester Business School and is a Chartered Director. Raised and educated in Africa, Mr. Lawless' earlier career included service in the armed forces as an officer in the British Army, leaving after a distinguished career in 2000 in the rank of Brigadier. Since leaving the armed forces, he has held a number of senior appointments at Thales, PricewaterhouseCoopers and Barclays, including the restructuring of Barclays Africa, and while at PricewaterhouseCoopers corporate turnaround practise, the lead advisory role on a significant number of turnaround and restructuring assignments covering a broad range of industrial sectors.

Daniel Cassiano-Silva (Chief Financial Officer, Noventa Limited)
Daniel Cassiano-Silva joined Noventa from Deloitte LLP, where he held the position of Senior Audit Manager, and most recently having been on secondment to the Company. He is a Chartered Accountant and bi-lingual in English and Portuguese (the national language of Mozambique, the site of the Company's Operational Headquarter and mining assets). His role at Deloitte LLP involved working closely with a number of AIM quoted companies.

Diocliciano Delio Darsamo Bsc (Executive Director and Engineering Manager, Highland African Mining Company Limitada)
Délio is a Mozambican, graduated at Uniswa and Unisa, Bsc M/Phys and MDP, respectively. He has worked in the Engineering field in projects and maintenance since 1996. Since graduating he has been directly involved in the construction, commissioning, start-up and operations of two mega projects in Mozambique namely: BHP Billiton's Aluminium Smelter and Kenmare Moma Titanium Mine. He has over 12 years experience in mining in Mozambique and has been involved in strategic development of key skills for the sustainability of these operations with Mozambican employees. Mr Darsamo has strategically been involved in achieving nameplate design of all the operations he was involved in with success and financial sustainability.

Mário José (Pit Manager, Highland African Mining Company Limitada)
Mario Jose, born in Mozambique, is a multi-faceted mining professional with 21 years of valuable experience in the safe operation of development, production, construction, shaft and mine services. He is an effective leader and communicator. His career includes Mining Operations Supervisor Vale – Inco; Supervisory leadership at Barrick Gold Corporation and Shift Supervisor. Mario is fluent in Portuguese, Spanish and English. Since joining the mining industry Mario has been involved in establishing safe working practices and adherence to safety guidelines by his team members. He has implemented best practice blasting procedures in his career resulting in an excellent safety record.

Neville Norris (Metallurgical Manager, Highland African Mining Company Limitada)
Neville Norris has 22 years mining experience. This experience includes three start up operations: one Gold Plant and two Minerals Sands Mines. In these environments he was instrumental in the commissioning, training, ramp-ups and taking these projects to full production and beyond. His experience includes ten years in Gold with five of these years served in a senior management roles, ten years Mineral Sands and two years in Diamond mining. He is experienced in Crushing, Milling, Leaching, Thickeners, CIP, Electrowining, Gold Smelting, Hydraulic Mining, Dredge Mining, Gravity Separation, Dry Magnetic Separation, Wet Magnetic Separation, and Dry Mineral Processing Plants. He has been working as an expatriate in Mozambique for the last three and a half years in remote, difficult and challenging environments.

Leovigildo N. Juliasse (Human Resources Manager, Highland African Mining Company Limitada)
Leovigildo Juliasse is a Lawyer and holds a LLB and BA of honor in Law from the Catholic University of Mozambique. He joined the company in August 2008 being responsible for Human Resources at the Marropino Mine. He has been also involved in legal work for Highland African Mining Company Limitada. Previously, he worked as a Head of Human Resources and Legal Advisor in Nampula. In 2008 he worked as a Legal Consultant at a Leading Law Firm in Maputo and Inhambane, mainly in Labour issues, Business, Land and Investment Laws.

Company Registration No. 95036, Jersey

Noventa Limited

Annual Report and Financial Statements
31 December 2009

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This document contains 'forward-looking' information which may include, but is not limited to, statements with respect to the future financial or operating performance of Noventa Limited ('the Company'), its subsidiaries (together 'the Group'), the performance of the Marropino mine ('the Marropino Mine'), the timing and volume of estimated future production, estimated costs of future production, capital, operating and exploration expenditures and costs and timing of the development of the Mutala and Morrua Concessions.

Often, but not always, 'forward-looking' information can be identified by the use of words such as 'plans', 'expects', 'is expected', 'is expecting', 'budget', 'schedules', 'estimates', 'forecasts', 'intends', 'anticipates', or 'believes', or variations (including negative variations) of such words and phrases, or state that certain actions, events or results 'may', 'could', 'would', 'might', or 'will' be taken, occur or be achieved. The purpose of 'forward-looking' information is to provide the reader with information about management's expectations and plans for the future. Readers are cautioned that 'forward-looking' information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Noventa Limited and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Such factors include, amongst others, those factors discussed in the 'Risk Factors' section of the 'Business Review' in the Directors' Report – Management discussion and analysis. Although Noventa Limited has attempted to identify statements containing important factors that could cause actual actions, events or results to differ materially from those described in 'forward-looking' information, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking information contained herein are made as at the date of this report, based on the opinions and estimates of management on the date that these statements containing such 'forward-looking' information are made, and Noventa Limited disclaims any obligation to update any 'forward-looking' information, whether as a result of new information, estimates or opinions, future events or results or otherwise. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on 'forward-looking' information.

CAUTIONARY NOTE REGARDING TECHNICAL INFORMATION

Technical information in this publication is summarised or extracted from the Independent Competent Persons' Report on the Material Properties of Highland African Mining Company Limited, prepared by SRK Consulting (South Africa) (Proprietary) Limited on 15 March 2007.

Readers are cautioned not to rely solely on the summary of such information contained in this annual report and financial statements, but should read the above mentioned report (which is available at www.noventa.net in the Noventa Limited AIM admission document) and any future amendments to such report. Readers are also directed to the cautionary notices and disclaimers contained therein.

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COMPANY INFORMATION AND ADVISERS

Country of incorporation	Jersey, Channel Islands
Registration number	95036
Legal form	Public listed company
Registered address	Third Floor, Mielles House La Rue des Mielles St Helier Jersey, JE2 3QD Channel Islands
Directors	Mr E F Kohn TD *(Chairman)* Mr J N Allan *(Chief Executive Officer)* Mr P Lawless *(Chief Operating Officer)* Mr P J Cox *(Executive director)* Mr T J Griffiths *(Non-executive director)* Dr E J Martin *(Non-executive director)* Mr G Coltman *(Non-executive director)* Mr K Chung *(Non-executive director)*
Management	Noventa Limited: Mr E F Kohn TD *(Chairman)* Mr J N Allan *(Chief Executive Officer)* Mr P Lawless *(Chief Operating Officer)* Mr D L Cassiano-Silva *(Chief Financial Officer)* Highland African Mining Company Limitada: Mr D M Whitehouse *(Executive Director & Chief Projects Officer, Highland African Mining Company Limitada)* Mr D Darsamo *(Executive Director & Engineering Manager, Highland African Mining Company Limitada)* Mr N Norris *(Metallurgical Manager, Highland African Mining Company Limitada)* Mr M José *(Pit Manager, Highland African Mining Company Limitada)* Mr L N Juliasse *(Human Resources Manager, Highland African Mining Company Limitada)*
Company secretary	Grange Corporate Services Limited Third Floor, Mielles House La Rue des Mielles St Helier Jersey, JE2 3QD Channel Islands
Auditors	Deloitte LLP London Gatwick Office Global House High Street, Crawley West Sussex, RH10 1DL England

Legal advisors	In the United Kingdom: Skadden, Arps, Slate, Meagher & From (UK) LLP 40 Bank Street Canary Wharf, London, E14 5DS England In Jersey: Carey Olsen 47 Esplanade St. Helier Jersey, JE1 0BD Channel Islands In South Africa: Webber Wentzel 10 Fricker Road Illovo Boulevard Johannesburg, 2107 South Africa In Mozambique: Sal & Caldeira Avenida Julius Nyerere, 3412 Maputo, 2830 Mozambique In Canada: Blake, Cassels & Graydon LLP Canadian Barristers & Solicitors 23 College Hill, 5th Floor London EC4R 2RP England
Nominated advisor	Religâre Capital Markets (UK) Limited 100 Cannon Street London, EC4N 6EU England
Corporate broker	Religâre Capital Markets plc 100 Cannon Street London, EC4N 6EU England
Audit and Risk Committee comprising Non-Executive Directors:	Mr TJ Griffiths *(Chairman)* Dr EJ Martin Mr G Coltman

TERMS USED IN THESE FINANCIAL STATEMENTS

AIM	AIM market of the London Stock Exchange
Ta_2O_5	Tantalum pent-oxide
kg	kilogramme
klb	thousand pounds
km	kilometre
lb	pound
m	metre
mlbs	million pounds
Mt	million tonnes
pa	per annum
ppm	parts per million
$ or US$	US Dollar, legal currency of the United States of America
£	Pound Sterling, legal currency of the United Kingdom

Mining concession – land where the Group has a granted right to extract economic minerals including, but not limited to tantalum concentrate

Mining licence – land where the Group has a granted right to explore for economic minerals including, but not limited to tantalum concentrate

Mineral resource – a concentration, or occurrence, of material of economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable and realistic prospects for eventual economic extraction. The location, quantity, grade, continuity and other geological characteristics of a mineral resource is known, estimated from specific geological evidence and knowledge, or interpreted from a well constrained and portrayed geological model. Mineral resources are sub-divided in order of increasing confidence, in respect of geo-scientific evidence, into inferred, indicated and measured categories.

Inferred resource – that part of a mineral resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes which may be limited or of uncertain quality and reliability. This category of resource should not be used in any economic valuation exercise.

Indicated resource – that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, working and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

Measured resource – is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.

Note – definitions of mineral resource, inferred resource, indicated resource and measured resource are based on the South African Code for the Reporting of Mineral Resources and Mineral Reserves (the 'SAMREC' code).

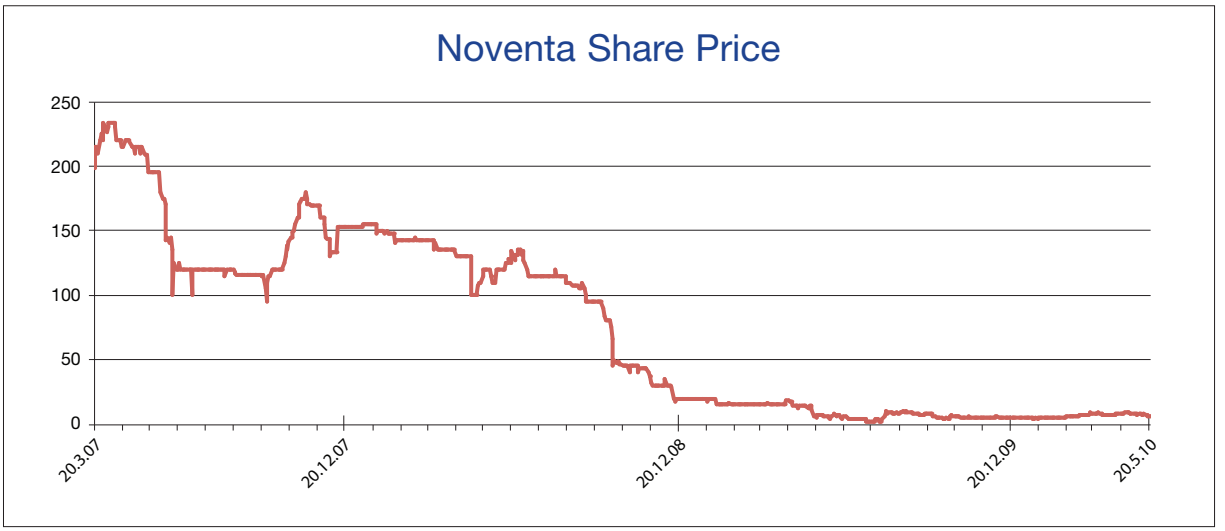
SELECTED FINANCIAL INFORMATION AND SHARE PRICE PERFORMANCE

The following table provides selected financial information for the three years to 31 December:

	Year ended 31 December 2009 US$000[1]	Year ended 31 December 2008 (as restated) US$000[1]	Year ended 31 December 2007 (as restated) US$000[1]
Operations			
Revenue	**5,709**	5,886	1,617
Gross loss	**(3,190)**	(7,805)	(8,558)
Operating loss	**(10,662)**	(22,264)	(16,872)
Loss for the year	**(10,875)**	(29,390)	(14,336)
Basic and diluted loss per share (US cents)	**(7.7)**	(82.4)	(47.0)
Financial position			
Non-current assets	**40**	-	19,166
Cash and cash equivalents	**5,029**	2,540	2,145
Borrowings	**-**	(59)	-
Net current assets	**3,181**	2,746	2,288
Equity	**2,963**	2,501	21,220
Funds raised (pre issue expenses)	**10,102**	11,021	15,643
Share price at period end – UK pence	**5.3p**	20.0p	152.5p

(1) All amounts are presented in US$000 unless otherwise stated.

The following graph shows the performance of the Company s share price from 20 March 2007 to 26 May 2010, in United Kingdom pence:



CHAIRMAN`S STATEMENT

Dear Shareholder,

I was appointed as a Director of Noventa on 29 June 2009 and subsequently as Chairman on 9 July 2009, following a decision by the majority of shareholders to remove the incumbent Chairman.

Since its admission to AIM, on 20 March 2007, Noventa has reported losses year on year. The poor performance of the Marropino Mine and hence the loss making nature of the Group can be attributed to a wide variety of equipment, operational and previous management failings, which resulted in output being consistently below expectations. As a result the Marropino Mine was put into care and maintenance in May 2009, a situation that is reflected in the current year's financial results.

A new Board and management team has been put in place since my appointment, and due to a series of successful fundraisings, initiated by the Board, totalling US$7.1m (before costs) in the second half of 2009 and the conversion of all existing convertible debt into equity, the Board has been in a position to develop and implement a turnaround strategy for the Group.

The new Board includes individuals with collective expertise in mining, tantalum, engineering, and finance. Key management now includes a new Portuguese speaking CFO, Daniel Cassiano Silva, who was appointed in January 2010 and is based in Maputo.

The Company has changed its legal counsel in Jersey, UK and South Africa, has appointed Deloitte LLP as its Auditor, and PricewaterhouseCoopers as its Tax Advisor in Mozambique.

The operational headquarters of the Company has been relocated to Maputo, Mozambique to be closer to, and aligned with the mine at Marropino and concessions in Zambezia Province. Noventa has strengthened the local managerial and administrative team with Mozambique staff at its operational headquarters, led by the CEO and CFO, further reinforcing the Company's commitment to local representation in Mozambique. Members of the team have been recruited with an emphasis, in addition to professional qualifications and skills, on their ability to speak Portuguese, the national language of Mozambique. A small team will remain in Johannesburg providing logistic and engineering support.

The Group's assets are principally located in central Mozambique. Politically stable since 1992, the country is supportive of mining projects and in the past five years has attracted long term multimillion dollar investments from companies such as BHP Billiton, Vale and Kenmare Resources.

The Group's initial open cast mine, the Marropino Mine, has been operating intermittently since 2003, but the Board believes that the approach that was historically taken to bring the mine into production was incorrect and not as effective as it should have been. As a result, much less of the resource has so far been extracted and successfully processed than would originally have been expected by this point. In addition, the Group's mining rights at Morrua, Mutala and others remain unexploited.

The new management team, led by CEO Mr. J Allan, considered and compared several options on how to profitably restart operations at Marropino, each of which was stress tested in order to identify the most effective and reliable approach. New working capital was raised through the successful fundraisings mentioned above and a decision was made to restart operations at the mine at the end of April 2010 with modifications to existing plant and the mining plan, initially using the tailings, to be followed by the previously rejected oversize material. The Company has been successful in its efforts, with the Marropino Mine recommencing operations on a limited basis on 23 April 2010.

Each element of the process from extraction through processing and distribution to customers was examined to identify and eliminate losses and previous inefficiencies. An extensive list of remedial actions, additions to the process and modifications have been identified and are being implemented. Throughout the decision making process independent external advice was taken from South African and Canadian parties familiar with processes used for producing tantalum concentrate.

The Marropino Mine is now connected to the national power supply. This should provide significant improvement both in terms of cost savings (estimated at more than US$1.5 million annually) and reliability compared with the previous use of diesel generators, which will be retained as a backup.

A potential saving (estimated at around US$1.0 million annually) in distribution costs should be realised by changing the transport route of the concentrate to our customers, avoiding costly overland transport to the port of Walvis Bay in Namibia.

Mineral samples were taken from the pit at the Marropino Mine and from the already dug material. These were independently assayed to verify the ore body and to reconfirm the viability of resurrecting production. The existing main processing plant design was tested under laboratory conditions to assess its fitness for purpose. This resulted in a substantial redesign of the process that has been modelled and tested to overcome the previous deficiencies.

The Board believes it is significantly ahead of its competitors in terms of financing and developing its tantalum assets. The Group has estimated ore resources of 19mlbs Ta_2O_5 distributed across three deposits. Since January 2007, a total of 218klbs of Ta_2O_5 concentrate has been sold from Marropino. The Board believes that our mission is to restore shareholder value through becoming a low cost producer of tantalum concentrate. This of course is dependent on successfully raising the funds to restart full scale production of 500,000 lb per annum contained Ta_2O_5 from run of mine material, with an attention to detail to ensure that the process delivers the tantalum concentrate at an economical production level and recovery rate. Whilst the laboratory tests and advice received have shown this to be possible, it has yet to be proved. Additions and modifications have been made to the plant, and a plan has been formulated to exploit all our mining concessions at Marropino, Mutala and Morrua. An exploration programme is being implemented this summer to evaluate all the areas for which the Group has exploration mining licences.

We have now appointed a senior management team at the Marropino Mine of our subsidiary, Highland African Mining Company Limitada in Mozambique.

We would especially like to thank the CEO, Mr. J Allan, who agreed at short notice to take on the task of leading the 'turn around' of the operations and his team and external advisors for their efforts in making a restart possible. Mr. J Allan will be leaving his executive appointment by the end of June 2010, whilst remaining on the Board as a Non-Executive Director. The Board have appointed Mr. P Lawless to replace Mr. J Allan. Mr. P Lawless will be based in Maputo, initially as Chief Operating Officer and after a hand over period, which started in April 2010; he will replace Mr. J Allan as Chief Executive Officer at the end of June 2010. He is very familiar with Africa and speaks Portuguese. We would also like to thank the Ministry of Mineral Resources as well as the Government of Zambezia Province for their continued support and assistance.

The Group requires a total of $25.0 million for its business plan, including capital investment in equipment, infrastructure, exploration and evaluation of mining concessions, as well as exploration of sites which have exploration licences which may extend the life of resources available. The Group is currently exploring various funding opportunities to provide the necessary funds. The Board has continued to be successful in raising interim finance to support the business with $2.0 million of funding to be received in June 2010 from a further placing of shares. This interim funding is considered by the Board to be sufficient to finance the Group operations, based on current forecasts, until at least the end of Quarter 3 2010, providing the Group time to raise the necessary $23.0 million of funding. The Directors, subject to market conditions, believe that they will be able to raise the necessary funding within the required period.

The Board has decided to seek an additional listing on the Toronto Stock Exchange (TSX) in the summer of 2010 and has appointed advisors to assist with the listing: Blake, Cassels & Graydon LLP as Canadian legal advisors, Scott Wilson Roscoe Postle Associates Inc. to prepare the Technical Report (NI 43-101) for the TSX listing, and Pope & Company Limited as Sponsors.

I would like personally to thank all the shareholders, both existing and new, for their support in this difficult task.

Eric F. Kohn TD

Chairman

DIRECTORS' REPORT - MANAGEMENT DISCUSSION AND ANALYSIS

The Directors present their annual report, audited financial statements and management discussion and analysis of the performance of the Group and the Company for the year ended 31 December 2009.

PRINCIPAL ACTIVITIES

Noventa is an AIM company which produces tantalum feedstock; tantalum is a rare heavy metal that is used in the manufacture of electronic capacitors, turbine blades and industrial cutting tools.

Through its subsidiary, Highland African Mining Company Limitada, Noventa holds title to a number of mining and exploration licences over various areas in Mozambique, the most advanced of which is the Marropino Mine which has operated intermittently since 2003. The Marropino Mine was placed in care and maintenance in May 2009. The Group recommenced operations at the Marropino Mine in April 2010 on a limited basis. This is the first step towards the Marropino Mine commencing production from the primary hard rock deposit at Marropino. Subject to suitable geological surveys, the Group plans to subsequently commence production in the other concession areas over which the Company has title in a phased manner, commencing with Mutala. Future operations at Marropino and the remaining mining concessions and licences that the Group holds will depend on the Group obtaining shareholder or loan funding.

In addition to tantalum, the Marropino ore body also contains a pink beryl gemstone commonly known as morganite. The morganite is associated with the quartz waste in the ore body and is extracted as and when encountered.

REVIEW OF RESULTS

Overview

The Group has operated from a single mine in Marropino, Mozambique since 2003. The productivity and profitability of operations has been significantly lower than expectation since production began, with the Marropino Mine failing to achieve a profit in any year of operation. The Group addressed this in 2005 and 2006 through a performance enhancement plan at Marropino. The enhancements improved the output volume of tantalum concentrate in 2008, but not on a sustainable and profitable basis. Continuing operating losses at the Marropino Mine led to it being placed in care and maintenance in May 2009.

The continued cash outflows from operations during 2009 have required further shareholder investment in the year. Details are provided below in the financial review section of the review of results.

From June 2009 a new management team led by the Chairman, Mr. E F Kohn TD, and the CEO, Mr. J Allan has been working on assessing the viability of re-opening the Marropino Mine on a sustainable and profitable basis.

The Board of Directors now believes that the Marropino Mine, with further capital investment and modification to the concentration process, can become a viable low cost producer of tantalum feedstock. The plant design that will be implemented should provide up to 500,000 lb per annum of tantalum at 26% concentrate. This new process will require capital investment in 2010 to upgrade the existing plant in order to facilitate the extraction of tantalum contained in tailings and oversize and to finalise the hard rock circuit allowing the Group to mine the primary hard rock deposit at Marropino.

The Group plans to supplement the production from Marropino with additional tantalum concentrate from the Group's Mutala mining concession initially (if geological tests currently underway provide evidence of a profitable ore body), and subsequently the Morrua mining concession. The Group is also implementing a low cost strategy of geological research on its further seven mining licenses (principally surrounding the Morrua concession) to assess the viability of economic extraction of tantalum concentrate from these sites.

In order to fund the Group's plans, management has raised $2.0 million from shareholders in June 2010 (further details are provided in the section below titled 'Events subsequent to the balance sheet date'). This will provide funds for working capital in the initial phase of production at the Marropino Mine, and the purchase of key items of equipment in preparation of the plant upgrade in the latter half of 2010. This initial $2.0 million will be supplemented by a further fundraising to take the total funds raised to $25 million in 2010, both to fund the Marropino plant upgrade, and the development of the Mutala mining concession. The Morrua mining concession will subsequently be developed using cash generated from operations at Marropino and Mutala.

Exploration

The Group holds mining concessions and mining licences in the Alto Ligonha Pegmatite Belt of Zambezia Province in Mozambique, grouped in the Marropino, Morrua, Mutala, and Ginama areas.

In 2006 the Recoverable Mineral Estimate was independently assessed by SRK Consulting, an independent consulting group, as below:

	Tonnes (Mt)	Ta_2O_5 Grade (ppm)	Contained Ta_2O_5 (klb)
Marropino Mineral Resources			
Indicated	9.89	228	4,970
Inferred	1.13	295	720
Total Marropino Mineral Resources	**11.02**	**236**	**5,690**[1]
Mutala Mineral Resources			
Inferred	10.31	236	5,350
Total Mutala Mineral Resources	**10.31**	**236**	**5,350**
Morrua Mineral Resources			
Indicated	4.65	510	5,230
Inferred	3.12	393	2,700
Total Morrua Mineral Resources	**7.77**	**470**	**7,930**

(1) The Marropino Mineral Resources, as at 31 December 2009 have decreased due to the operations of the mine from 2006 to 2009. The resource decrease is not significant.

While management remains in general agreement with this assessment, the Group is continuing to verify and map out the extent and quality of its deposits through a significant and ongoing programme of exploration activity – including the production of a NI 43-101 compliant resource statement, due in July 2010. Exploration activity is focused on the following four geographically dispersed locations:

Marropino

An updated (2008) and geologically more sophisticated 3D modelling exercise has been incorporated into the mine planning using the appropriate software. This exercise re-calculated the geological resource at Marropino using the highly detailed original East German data. The results are in overall agreement with the 2006 independent study, and provide considerable confidence in the geological grade/tonnage estimate – notably of the Ta_2O_5 average grade.

Further confirmation was obtained by the recent in-pit sampling exercise involving 120 panel samples spread throughout the pit. While this snapshot of the grade does not allow for confirmation of the tonnage estimates, this is not seen as a problem due to the well-defined geological contacts of the ore body. The last two years of mining – albeit unsuccessful due to the plant problems – also confirmed the average geological grade of the ore body.

Exploration activity at Marropino in 2010/2011 will focus on the assessment of the other known, relatively minor pegmatite occurrences and colluvial/eluvial deposits to the east of the pit, which may provide additional feed for the Marropino plant. This will initially entail traverse line mapping and sampling.

Mutala

Preliminary work (in 2002) involving 100m spaced pits suggested the presence of significant colluvial deposits at Mutala and indicated that there may be around 5 mlbs of contained Ta_2O_5. Recent work confirmed the presence of the three deposits but considerable further work is required to derive a measured resource and this is included in the 2010 exploration plan. Pitting, trenching and possibly auger drilling will be utilised.

Morrua

Requirements at Morrua include a 3D geological and block modelling exercise, similar to that carried out at Marropino, using previous borehole data. This will be incorporated in a revised mine plan and feasibility study.

Additionally, a mapping exercise, aimed at delineating the more readily accessible waste piles which may provide a significant resource, is planned for the second quarter of 2010. This will be coupled with the mapping of all the known pegmatite outcrops to assist in the revised mine plan.

The Company also holds six exploration licences in the vicinity of Morrua which have yet to be assessed. Work will commence in the second quarter of 2010 and will involve grid mapping and sampling together with image interpretation. Following this preliminary field work, follow up work of any promising targets can be carried out.

Ginama

Key exploration objectives for Ginama include traverse line mapping and sampling (including outcrop and float mapping) to delineate all the pegmatite occurrences. Special attention will be paid to the possibility of colluvial deposits being present. Follow up detailed mapping and sampling of any significant pegmatite outcrops, and pitting and trenching will follow.

Outlook

Looking to the future and subject to the above exploration plan where appropriate, management will seek to develop their operations in measured phases, some of which will run in parallel. In Phase 1, the focus will be on Marropino, with the upgrade of the existing plant, and production having restarted in April 2010 on a limited basis. During 2010, capacity will be increased to 500,000 lbs per annum (from the previous potential capability of 300,000 lbs per annum, with the added capability allowing the Group to process material from surrounding sites.

In Phase 2, Mutala will be developed; the focus will be on soft rock mineral extraction, with its associated low marginal capital costs. Finishing of the material will be conducted at the enhanced Marropino plant, and management will seek to exploit three major colluvial deposits containing an estimated substantial resource.

Phase 3 will see the development of Morrua, with mining planned for 2015. Stripping of the ore body will be necessary to access the hard rock resource body. Once the Marropino resources are depleted, the existing wet plant from Marropino will be re-deployed taking advantage of minimum travel distance and minimising any additional marginal capital expenditure.

In Phase 4 the Group's mining licenses will be the subject of site surveying to be conducted between June-August 2010 under supervision of the Group's lead consulting geologist. Opportunities for strategic property acquisitions will be examined.

Key performance indicators

Subsequent to the commencement of the turnaround of the Group's operations, the Group has been focused on determining the reasons for the lack of profitability of the Marropino Mine. This review has addressed all areas of the business, including the geology and resource at Marropino, the concentration process, energy requirements, logistics and procurement. Financial and operational key performance indicators are not relevant in this stage of the business, other than cash related measures, including cash reports and net position reports (net position reports show the Group's net cash position subsequent to repayment of all recorded and committed liabilities). Cash and net position equate materially at 31 December 2009 to the balance sheet line items cash and cash equivalents, and net current assets.

The Directors monitor performance based on an understanding and resolution of specific issues facing the business. The following table shows the key areas addressed by the Group under the new management team.

	What happened? January 2009 - June 2009	What's changed? June 2009 – June 2010	Implications
Marropino: Ta_2O_5 ore reserves and resources	SAMREC compliant - resources only (no reserves) - indicated & inferred status 10.4mt @ 235ppm containing in-situ 5.4 mlbs of Ta_2O_5.	Re-evaluation of ore reserve resource statement to 43-101 compliant status – split into pit, tailings & stockpiles. Plan to release updated statement in July 2010.	Will meet TSX listing standards; Reliable ore reserve estimate lowers risk of production shortfalls.
Morganite – pink beryl resource of 23,000 kg	Initially assessed at IPO in 2007 at US$40m or ~ 30% of the value of the company.	Assessment of resource statement, variability of grade and quality too high to attach reasonable probability of profitable extraction.	Focus on profitable tantalum production; morganite not part of the mine plan – to be extracted opportunistically, if at all.
Ore size distribution	Tantalite assumed to be contained within < 1.7mm fraction.	Analysis of ore data revealed a much tighter size range between 0.038mm and 1 mm.	Plant optimised for correct size fractions; anticipate recovery to increase from 30% to 47.5% initially, and expected to reach 55% (see below).
Process recovery	Achieved 30% compared to anticipated 60%.	Limit plant throughput to 310tphr; change screens sizes to match desired fraction.	Total project cost US$20 million – includes new crushing circuit to treat whole ore body and processes to remove mica and thereby improve recovery - overall 'process all and lose less' compared with the previous process.
Tailings	Ignored.	Use tailings to prove that the fraction size recoveries are correct in production scale.	Access to surface stockpile 1Mt @ 115ppm Ta_2O_5 – containing 242 klbs in-situ value worth US$13.1m to be considered in final stages of mine but only as a resource for limited production and for verification and plant improvement process.
Oversize material	50% of Run Of Mine material too big to process through existing circuit; material stockpiled.	Communition circuit added to plant which is expected to be operational in Q3-10 forming Stage 2 of return to production. This represents a further development stage of proving production in operational scale.	Access to surface stockpile 1.29 Mt @ 115ppm Ta_2O_5 – containing 312 klbs in-situ value worth US$16.8m as above. To be considered in final stages of the mine life but only as a resource for limited production and for verification and plant improvement process.
Power - electricity	Site power from diesel generation.	Mains power connected; diesel used as additional power source and emergency back-up.	Lower electricity costs with an estimated US$1.5m saving per annum.
Freight – Product sales	Shipping tantalite out of Walvis Bay Nambia (6,000 km round trip).	Shipping arranged out of the local port of Nacala (600 km round trip).	Projected operational saving of US$1.0m pa. Nuclear Vehicle Licence (NVL) required for transhipment of cargo in South African ports has been applied for, and is expected mid July 2010.
Mutala Ta_2O_5 ore reserves and resources	SAMREC – resource indicated & inferred 7.8Mt @ 462ppm containing in situ – 5.4 mlbs Ta_2O_5.	Plan to proceed with low cost trench sampling to establish ore grade, size and quality parameters during 2010.	Expansion dependent on success at Marropino and verification of the resource at Mutala.
Operational headquarters	Johannesburg, South Africa.	Moved operational headquarters to Maputo, Mozambique.	Improved communication with operations; lower travel costs to site; reinforces commitment to local presence in Mozambique engendering support and cooperation of government.
Management and consultants	South African based English speaking management operating with local Portuguese speaking work force.	New appointments : Patrick Lawless – Chief Operating Officer, Noventa Limited; Daniel Cassiano-Silva – Chief Financial Officer, Noventa Limited; Diocliciano Delio Darsamo – Executive Director and engineering manager, Highland African Mining Company Limitada; Neville Norris – Metallurgical manager, Highland African Mining Company Limitada; Mário José – Pit manager, Highland African Mining Company Limitada. Advisors: Auditor – Deloitte; Brokers - Religâre Capital Markets plc; Nominated advisor - Religâre Capital Markets (UK) Limited; and Paradigm Project Management – Marropino Mine restart programme project managers	Rebuilding management team in Mozambique with Portuguese speaking Mozambique nationals. The Board of Directors of Noventa Limited has been totally changed.
Financing	Bank withdrew trade financing.	Raised £4.09 million issuing shares at 4p in 2009 and £1.38 million at 6.5p in 2010. Presentations made to investors to raise an additional $23 million to implement the business plan.	2009 Funding: Stabilised operations, providing working capital and time to study investment options. 2010 Funding: Provided working capital for the Group in the short term pending further investment needed in 2010 of $23 million.

The Group has developed key performance indicators for monitoring the business now that the Marropino Mine has reopened. These will be presented in the 31 December 2010 financial statements.

Risk Factors

The following table summarises the principal risks and uncertainties faced by the Group, and the actions taken to mitigate these risks:

Area:	Description of risk:	Examples of mitigating activities:
Regulation	• Changes to legislation (principally regarding the operation of mining in Mozambique) could result in the Group's mining concessions and mining licenses becoming uneconomic or inoperable.	• The Group closely monitors regulatory developments across the mining industry in Mozambique. • The Group operates under a Mining Licence Agreement signed between Highland African Mining Company Limitada and the Government of Mozambique. This contract establishes a number of benefits to the Group which cannot be altered by changes in Law. The Group ensures that it complies with all the terms of the Agreement.
	• The Group has various mining licences for research and exploration in the Zambezia Province of Mozambique. These licences could fail to be renewed by the Government of Mozambique.	• The licences require the Group, within a set time frame, to perform research and exploration in the areas covered by the licences. The Group has historically not completed the necessary work in the required timeframe. The Group has now agreed terms with Mozambique and UK universities to allow students to complete field work parts of their courses on these licence areas.
Resources	• The Group's concessions may not contain the predicted quantity or grade of tantalum, causing revenues to decrease, or costs of production to increase.	• The Group has updated geological studies completed at the Marropino site, and has confirmed the existence of the ore body, at an average 220ppm. • The Group is undertaking geological studies at the Mutala concession to confirm previous studies completed at this site.
	• Exploration for mineral resources involves considerable risk and there is no certainty that expenditure incurred in the search and evaluation for mineral resources at the Group's concessions and licences will result in the discovery of commercial quantities of ore.	• The Group is implementing low cost exploration projects at concessions and licences held by the Group in areas where tantalum is known to exist. This reflects the characteristics of the pegmatite body in the Zambezia Province of Mozambique.
Predicted costs	• Unanticipated expenditure or unforeseen delays in re-opening the Marropino Mine and transitioning to hard rock could make operations unprofitable or not viable.	• The Group has detailed forecast costing models, which have been prepared by experts on the Board of Directors, and subject to expert third party validation.

Area:	Description of risk:	Examples of mitigating activities:
Predicted revenue	• There is no certainty that predicted production volumes, and consequently revenue, will be achieved by the Marropino Mine and the remaining mining concessions. • Tantalum sales price is subject to worldwide supply and demand factors. The price of Tantalum may decrease, such that forecast revenues used to determine the viability of concessions are not applicable. • The Group may not be able to fulfil its contractual committments under it's offtake agreements.	• The Group has detailed forecast production models, which have been prepared by experts on the Board of Directors, and subject to expert third party validation. • The Group has a confidential off-take agreement for the production from Marropino which assures a customer for at least 300,000 lbs per annum of tantalum. • The Group anticipates that the price for tantalum will increase in 2011/2012, reflecting the low production volumes worldwide and the decreasing inventory reserves of the major consumers. The Group anticipates that it will be able to find customers to sell the additional tantalum concentrate output to, at favourable prices.
Dependence on Marropino	• The Group is currently dependent on the Marropino Mine. Adverse events at the Marropino Mine, including, but not limited to production related risks referred above, environmental, labour, industrial accidents, pollution, ground or slope failures, natural phenomenon such as rain and others could cause the mine to close temporarily, or permanently.	• The Group has initiated plans to develop further concessions, commencing with Mutala where further geological studies are being undertaken with a view to commencing commercial exploration in early 2011.
Availability of finance	• The Group is dependent on being able to obtain additional funding to re-open the Marropino Mine and subsequently develop the hard rock circuit at Marropino and develop the Mutala concession. There is no guarantee that this funding will be available.	• The Group is in discussions with its Brokers and Investment Bankers, Funds and Development Banks to arrange the necessary finance for future development. Although there is material uncertainty regarding the ability to secure the additional funding, the Directors have realistic expectations that the necessary finance will be available. Further details are provided in the section titled 'Going concern of the Directors' report – management discussion and analysis.

Financial Review

Overview

The following table presents selected information for the year ended 31 December 2009 and 2008, and as at that date:

	2009 US$000 [1]	2008 US$000 [1] (As Restated)
Operations		
Revenue	**5,709**	5,886
Gross loss	**(3,190)**	(7,805)
Loss before taxation	**(10,773)**	(22,302)
Loss after taxation	**(10,875)**	(29,390)
Basic and diluted loss per share – US cents	**(7.7)**	(82.4)
Financial position		
Total assets	**5,657**	6,717
Non-current assets	**40**	-
Cash and cash equivalents	**5,029**	2,540
Net current assets	**3,181**	2,746
Borrowings and debt	**-**	59
Long term liabilities	**258**	245
Equity	**2,963**	2,501
Shares outstanding at period end	**232,734,868**	39,447,104
Share price at 31 December (UK pence)	**5.30p**	20.00p
Market value at 31 December (US$)	**17,679**	11,119

(1) All amounts are presented in US$000 unless stated otherwise.

Overview Discussion

The year ended 31 December 2009 has been a difficult year, with the Marropino Mine placed in care and maintenance in May. The Group has continued to suffer losses, and net cash outflows from operations both in the period while the Marropino Mine was operating, and subsequently as the new management team has assessed the viability of re-opening the Marropino Mine on a profitable and sustainable basis. This has required further shareholder investment during 2009, with funds received through both convertible loan notes ($3.6 million before expenses) and placing of ordinary shares ($6.5 million before expenses). All convertible loan notes were converted to ordinary shares by 31 December 2009. Accordingly, the Company has issued a further 193,287,764 ordinary £0.0004p shares in the year.

The Group is now debt free. Available trade finance provided by FirstRand (Ireland) plc was withdrawn in the year, despite the Group complying with all covenants.

Cash and cash equivalents of $5.0 million as at 31 December 2009 represent a key balance for the Group, as does net current assets. The strong position at the year-end in these balances has provided funds for the Group to finalise the plans to re-open the Marropino Mine, and will limit the future investment needed to commence operations.

The turnaround of the business has resulted in an increase in administrative expenditure, arising in either cash costs, or non cash share based payment charges. It is anticipated that these costs will decrease once the consultancy costs associated with the restructuring of the business and assessment of the viability of operations decrease.

The work on assessing the viability of the Marropino Mine is now complete and the Group will require a further investment of $25.0 million in 2010 to commence mining the tailings and oversize rejected by the previous process, and subsequently move on to hard rock mining. Pending satisfactory geological results, these funds will also allow the Group to develop the Mutala mining concession in the short term and the Morrua mining concession in the medium term. An initial $2.0 million has been raised from shareholders in June 2010 (further details are provided in the section below titled 'Events subsequent to the balance sheet date'). The Group is intending to find support for a further fundraising of $23.0 million from either existing or new shareholders, or loan financing. Further details are provided in the section titled 'Going concern' below.

The Group is currently undertaking a detailed overhaul of internal processes and procedures, including those associated with financial reporting and control. This accompanies the move of the operational head office functions of the mining operations of Highland African Mining Company Limitada (a subsidiary company in the Group) to Maputo, Mozambique. The work to date has identified various errors in the accounting adopted in the previous year. These errors have been corrected in the current financial statements by means of a prior period adjustment. Details are provided below and in note 5.

Discussion and analysis of amounts presented in the consolidated financial statements

The consolidated financial statements are prepared under International Financial Reporting Standards ('IFRS'). IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details of key sources of estimation uncertainty and management judgment are provided in note 4.

Prior period restatements

The following prior year adjustments have been recorded:

1. an impairment of $6.6 million against the carrying value of tangible and intangible fixed assets as required by IAS 37, *Impairment of assets;*
2. a provision for recoverability against input value added tax recoverable assets of $0.9 million;
3. an increase in the value of inventory by $0.3 million to record it at the correct production cost to the Group (restricted to net realisable value); and
4. a reduction in revenue and cost of sales by $2.1 million, with a corresponding reduction in trade receivables and increase in finished goods inventories to reflect sales of tantalum concentrate in the correct period in accordance with the Group accounting policy.

Due to the materiality of the amounts involved, the Group has restated the comparative information, resulting in a decrease in net assets at 31 December 2008 of $7.2 million, from the previously reported net assets of $9.7 million to $2.5 million and an increased loss for 2008 of $6.8 million. Certain balance sheet and income statement reclassifications have been made to the prior year figures to aid comparability with the current period balances, or clarify the nature of transactions and balances. More information on the restatements of the comparative information and a reconciliation to the amounts previously reported is disclosed in note 5 to the consolidated financial statements.

The comparative information included in the following discussion makes reference to the restated amounts.

Consolidated Statement of Comprehensive Loss

The consolidated statement of comprehensive loss for the year ended 31 December 2009 is set out on page 30 of this report. The Group reported a loss of $10.9 million (2008: $29.4 million) for the financial year.

The following summarises the principal changes in the income statement balances between 2008 and 2009.

Revenue

Tantalum concentrate sales revenue increased by $0.6 million or 13.2% to $5.4 million. This increase reflects the recognition of sales of $2.1 million from inventory produced in 2009, offset by a decrease in revenue due to the Marropino Mine entering care and maintenance at the end of May 2009. Morganite sales decreased by $0.8 million to $0.3 million, reflecting the unpredictable amount of Morganite found in the year, and the timing of sales by the Group's sales and distribution agent.

The Group's financial results reflect its inability to reach a production level to become profitable. This is substantially due to the level of oversize material that was rejected in the recovery process. In addition, the lack of maintenance and attention to detail contributed to these poor results, along with the historical lack of connection to the national power supply grid.

The Group has a confidential off-take agreement for the tantalum concentrate production from the Marropino Mine. While the Group is in default of the agreement due to the inability to deliver the required volume of concentrate, the Group has held discussions with the counterparty and considers the risk of adverse consequences to the Group to be minimal.

The Group terminated its joint venture agreement for the production, marketing and sale of Morganite subsequent to 31 December 2009. Further details are provided in the section below termed 'Events subsequent to the balance sheet date'.

Gross loss

The Group gross loss has decreased from $7.8 million in 2008 to $3.2 million in 2009. This reflects the reduced fixed and variable costs incurred at the Marropino Mine and ancillary operations since the Mine was placed in care and maintenance.

Administrative expenses

Administrative expenses have increased by 32.8% to $7.0 million. This increase substantially reflects a one off non cash share based payments charge of $2.2 million (2008: $0.2 million). This charge arises both from the accelerated vesting of options under the Group Unapproved Share Option Plan due to the retrenchment of employees of $0.7 million, and from new options and warrants granted in the period. Further details of the assumptions used to value and expense these share based payment expenses is provided in note 28. Underlying administrative expenses have increased by approximately $1.0 million, reflecting the costs incurred by the new management on consultants in assessing the viability of re-opening the Marropino Mine, including various process, logistical and other studies, and the turnaround of the business. This increase has been offset in part by favourable exchange gains in the period of $0.3 million, compared to losses in 2008 of $0.5 million.

Impairment losses

The Group has impaired all of its operating fixed assets and intangible assets. Further details are provided below in the sections titled 'Property, plant and equipment' and 'Intangible assets'. The impairment charge for the year of $0.5 million (2008: $9.0 million) reflects the additional impairment required against fixed assets acquired in 2009.

Net finance expense

Net finance expense worsened from an expense in 2008 of $0.04 million to an expense of $0.01 million in 2009. The change principally reflects the decrease in interest receivable on bank balances and costs incurred in the issuing of convertible debt, offset by the reduction in interest payable following the termination of the trade finance facility in 2009.

Taxation

The Group has operations in Jersey, Mozambique and South Africa. The Group's operations in Jersey are subject to Jersey corporate income tax at the rate of 0%. The South Africa and Mozambique operations have historically been loss making. The Mozambique operations were subject to a tax inspection into the 2005, 2006, 2007 and 2008 calendar years during 2009. The current year charge of $0.1 million reflects tax liabilities identified from that inspection and associated penalties. The prior year charge of $7.1 million reflects the allowance made against the carrying value of deferred tax assets due to uncertainty over the availability of future funding to develop the hard rock circuit at Marropino and consequently, the level of future taxable profits.

Loss per share

The basic and diluted loss per share has decreased from 82.4 cents per share in 2008 to 7.7 cents per share in 2009 reflecting the reduction in the absolute loss from $29.4 million to $10.9 million and the increase in the weighted average number of shares in issue from 35,664,379 in 2008 to 142,151,558 in 2009.

Consolidated Statement of Financial Position

The consolidated statement of financial position as at 31 December 2009 is set out on page 31 of this report.

The following summarises the principal changes or significant factors surrounding the carrying value of balances in the consolidated statement of financial position as at 31 December 2008 and 2009.

Intangible assets

The Group's intangible assets relate principally to the acquired Morrua mining concession in the Zambezia Province of Mozambique. While the Group has full title to the mining concession, the development of the mining concession is uncertain. Once further geological, metallurgical and engineering studies have been completed, and if a viable resource is determined, development will need to be funded through either external funding (shareholder investment or loan arrangements) or through positive cash flows from operations. The timing of any development of the mining concession is therefore uncertain. Due to these factors, there is uncertainty over the Group's recovery of the carrying value of the recorded intangible assets and the intangible assets have been fully impaired.

The uncertainty surrounding the recoverability of the carrying value of the intangible assets existed as at 31 December 2008 and has resulted in the need for an impairment provision to have been recorded against the relevant assets as at that date. Due to the materiality of the amounts involved, the impairment has been recorded by means of a prior period adjustment.

The impairment of intangible fixed assets results in a reduction in net assets as at 31 December 2009 of $1.7 million (2008: $1.7 million) and a charge to the consolidated income statement for the year ended 31 December 2009 of $nil (2008: $1.7 million).

If the Group is successful in determining the existence of an economic resource at Morrua, the Directors anticipate that a portion, or all, of the impairment may be written back in future periods.

Property, plant and equipment

The Group has historically operated from its sole mine in Marropino, Mozambique. All of the Group's operating assets are either located in, or support, the Marropino Mine. Most of the assets are specialised or in situ assets at Marropino. It is not practicable to assess the carrying value of each fixed asset individually for impairment purposes. Accordingly, impairment is measured at the level of the Marropino Mine cash generating unit.

The Marropino Mine has been loss making since the Group began its operations. Despite attempts by the previous management to make the Marropino Mine profitable through the Performance Enhancement Plan undertaken in 2006 and 2007, the configuration of the processing plant as at 31 December 2008 and 31 December 2009 was not fit for purpose and was unable to produce positive cash flows.

The current Board of Directors has commissioned studies into the reasons for the lack of profitability of the Marropino Mine. These studies include geological, metallurgical, engineering process, and logistical studies. Significant capital investment is required to modify the plant design, including the construction of a hard rock circuit, in order for the Marropino Mine to be net cash positive after future capital investment. As at 31 December 2009 the Group had not completed its studies to determine the final equipment required to re-open the Marropino Mine, and not started any specific work on the required fixed asset enhancement programme.

While the Group believes that the Marropino Mine can be profitable, IAS 36.44(b) specifically includes a requirement that estimated future cash flows that are expected to arise from improving or enhancing an asset's performance cannot be included in the cash flows for the purpose of impairment testing at the impairment test date. Accordingly, incremental future revenues arising from the addition of new components (that may eventually form the plant hard rock circuit) that will allow the Marropino Mine to become profitable cannot be taken into consideration as at 31 December 2009. The value in use basis for measurement of the Marropino Mine as at 31 December 2009 is $nil for all the assets due to the current costs of the Marropino Mine exceeding its current revenue generating capability. The net resale value of the assets (after selling expenses), is also negligible due to their remote location in Mozambique, the state of repair of many of the assets (including mobile plant), and the specialised nature of the production equipment. Accordingly, as at 31 December 2009, both value in use and resale value are considered to be $nil, and the operating fixed assets have been fully impaired.

In the year ended 31 December 2008, impairment was recorded against all operating assets that could solely be used for soft rock mining. As the Group did not have the financial ability to undertake the construction of the hard rock circuit, or have an ongoing capital development project for hard rock mining, an impairment provision against all the fixed assets on the site would have been required. Due to the materiality of the amounts involved, the impairment, has been recorded as at 31 December 2008.

The recording of the impairment provisions against tangible fixed assets results in a reduction in net assets as at 31 December 2009 of $7.8 million (2008: $7.3 million) and a charge to the consolidated income statement for the year ended 31 December 2009 of $0.5 million (2008: $7.3 million).

If the Group is successful in implementing its plans and making the Marropino Mine a profitable operation, the Directors anticipate that a portion of the impairment may be written back in a future periods.

Inventories

Inventories at 31 December 2009 comprise principally diesel and spare parts. As at 31 December 2009, there are no finished goods or work in progress. Tantalum concentrate comprised $3.0 million of the balance at 31 December 2008. Due to the Marropino Mine entering care and maintenance in May 2009 the Group has not produced any tantalum concentrate since then and existing inventories have been sold. Consumables inventory has also decreased from $0.2 million to $0.1 million, reflecting the lower requirements at the Marropino Mine when in care and maintenance compared to when operating, combined with the reduction in diesel stocks as a result of the supply of mains electricity to the mine.

Spare parts inventory has increased from $nil to $0.4 million due to the recognition, as at 31 December 2009, of the value of this type of inventory for the first time. The Group has not been able to reliably measure the value of spare parts inventory as at 31 December 2008 – accordingly, the inventory value has been credited to the consolidated statement of comprehensive loss in the year ended 31 December 2009.

Trade and other receivables

The balance has decreased by $0.7 million principally due to a decrease in receivables from the sale of tantalum concentrate and morganite. Subsequent to 31 December 2009, the Group sold its entire morganite inventory. Further details are provided below in the section 'Events after the balance sheet date'.

Trade and other receivables at 31 December 2009 includes $1.6 million (2008: $0.9 million) of recoverable input value added tax balances which are fully provided for (2008: fully provided for) due to the Group not having in its possession all documents necessary to support the recovery of the debt from the Mozambique Government.

Cash and cash equivalents

Cash and cash equivalents represent short term bank deposits and cash in hand. Movements in the cash balance reported in the consolidated cash flow statement show that the loss from operations of $10.9 million (2008 - $29.4 million) translates into cash outflows from operations which total $6.1 million (2008 - $9.4 million). In the year ended 31 December 2009, this difference is a result of the significant non-cash charges of $2.2 million on share based payments and the positive impact on cash balances of inventory run down and movements in working capital. In the year ended 31 December 2008, this difference is principally a result of significant non cash charges for depreciation ($3.7 million), impairment of property plant and equipment ($7.3 million), impairment of intangible fixed assets ($1.7 million) and the write off of deferred tax assets ($7.1 million).

Cash outflows have been funded from further shareholder investment, with net cash flows from financing activities of $9.1 million (2008 - $10.6 million). Investing activities resulted in a cash outflow of $0.5 million in the year (2008 - $0.8 million), principally arising from the purchase of tangible fixed assets.

Trade and other payables

The balance represents liabilities incurred in the normal course of business, with the decrease reflecting the lower ongoing expenditure as the Marropino Mine is in care and maintenance.

Movements in equity and convertible loan notes

During the period the Group raised $10.1 million before expenses through the issuance of new ordinary shares and convertible debt with related issue expenses of $0.8 million. All of the convertible debt outstanding as at 31 December 2008, and issued in 2009 was converted to ordinary shares by 31 December 2009. A description of the various fund raisings required to support the ongoing losses of the Group is provided below.

Convertible Loan Notes & Conditional Placing of Shares

In September 2009 the Company placed £0.4 million of unquoted zero coupon convertible loan notes (the 'Loan Notes'), raising £0.4 million ($0.6 million) before expenses. The Loan Note subscribers were also issued with a warrant to subscribe for one new Ordinary Share for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. On initial recognition, the Loan Notes and the warrants were classified as financial liabilities in the statement of financial position, as required by IAS 32. No gain or loss was reported on the conversion of the Loan Notes. The warrants remain reflected as financial liabilities as at 31 December 2009, with a $nil value.

In September 2009, the Company placed 8,750,000 new Ordinary Shares at a price of 4 pence per share, (the 'Conditional Placing Shares') raising £0.4 million ($0.6 million) before expenses. Subscribers for the Conditional Placing Shares were also issued with a warrant to subscribe for one new Ordinary Shares for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. The warrants are classified as financial liabilities in the statement of financial position, as required by IAS 32. The warrants have a $nil value at 31 December 2009.

The requisite resolutions to approve the Loan Notes and Conditional Placing of Shares were passed at the extraordinary general meeting of the Company held on 14 October 2009, and the Loan Notes were converted into 10,000,000 Ordinary Shares of £0.0004 each in the Company.

Placing and Open Offer

In September 2009 an open offer was made to qualifying shareholders to subscribe for up to 53,058,880 new Ordinary Shares on the basis of 5 ordinary shares for every 4 ordinary shares held at the time of the offer, at an offer price of 4p per ordinary share. Those shares not taken up by qualifying shareholders were placed with third parties.

The Company raised £2.1 million ($3.4 million) before expenses from the open offer and placing ("Placing and Open Offer").

Additional Placing Shares

Due to the success of the fund raising programme undertaken in September 2009, an additional placing of 40,463,952 Ordinary Shares at 4p per share ("Additional Placing Shares") was made on 16 October 2009 raising £1.6 million ($2.6 million) before expenses.

Zero Coupon Convertible Loan Notes

As disclosed in the 2008 Annual Report, on 15 December 2008 the Company raised $5 million from existing shareholders, in the form of a zero coupon convertible unsecured loan note ("Existing Loan Notes"). An issue of $4.2 million of zero coupon convertible unsecured loan notes to Highland African Mining Limited ("HAVL") (which is a substantial shareholder and related party under the AIM Rules) was subscribed for in two separate tranches of $1.2 million on 15 December 2008 and $3.0 million on 26 January 2009. A further issue of $0.8 million of zero coupon convertible unsecured loan notes was made and subscribed for by BlackRock World Mining Trust plc on 15 December 2008.

HAVL and BlackRock World Mining Trust plc have historically provided financial support to the Company at very short notice, without which the Company could not have continued to trade. Resolutions to approve the conversion of the HAVL and BlackRock World Mining Trust plc loan notes into ordinary shares at the rate of 15 pence per share, as stipulated in the agreements, were not approved at the Company's annual general meeting in August 2009. The Board recommended that HAVL and BlackRock World Mining Trust plc exchanged their holdings of Existing Loan Notes of $4.2 million and $0.8 million respectively, for new Ordinary Shares in the Company on the same terms as was being offered to qualifying shareholders of the Placing and Open Offer. Following HAVL and BlackRock World Mining Trust plc's agreement to the terms of this proposal the requisite resolutions were presented and passed at the Extraordinary General Meeting of the Company held on 14 October 2009. The US Dollar to British Stirling exchange rate for the exchange was set at the prevailing rate of £1:$1.634, as published in the Financial Times on 4 September 2009. As a result of the exchange, HAVL and BlackRock World Mining Trust plc were issued with 64,259,486 and 12,239,902 new Ordinary Shares in the Company respectively.

The proceeds from the Existing Loan Notes were used to fund additional working capital prior to operations being placed under care and maintenance on 31 May 2009.

GOING CONCERN

The Group's mining activities are located in Mozambique, where the Group has historically produced tantalum concentrate (and recovered Morganite) from its Marropino Mine which was placed in care and maintenance in May 2009 due to continuing operating losses, processing plant deficiencies and past management failures to address the underlying production and logistical issues.

In July 2009 the Group commenced a turnaround strategy after the appointment of Mr. E F Kohn TD as Chairman to the Group, and subsequently Mr. J Allan as Chief Executive Officer. They have implemented a rigorous assessment of the business in order to establish whether the mining operations in Mozambique can be performed on a profitable and sustainable basis. The entire Board of Directors has also been replaced and wide-ranging changes made throughout the business at key management levels to support the turnaround and support the mining operations in Mozambique.

The operations of the Group have been funded by additional shareholder investment as discussed in detail in the section of this report termed 'Financial Review'.

While there can be no absolute certainty, the studies commissioned by the new management team into the geological, metallurgical and processing of the ore body at Marropino Mine indicate that the concession can be operated on a profitable and sustainable basis. Accordingly, the Group recommenced mining operations at the Marropino Mine on 23 April 2010 on a limited scale to initially reprocess previously mined material contained in the tailings. The intention is to use the reprocessing of previously rejected tailings and oversize material to test and prove the validity of the proposed changes in design from the previous methods used and to provide additional revenue as well as training the new team. After the additions, upgrades and modifications have been completed the Directors anticipate that the plant will be able to return to full production using the substantially higher grade hard rock ore body at Marropino with results that will represent an improvement over those previously achieved. This is expected to make the mining operation sufficiently cash generative to fund all expenditure in the Group, and provide surplus cash to fund the subsequent development of the Mutala and Morrua concessions, subject to geological test work.

As at 4 June 2010 the Group had cash of $0.8 million, and no debt. The Group believes it requires a total of $25.0 million to fund its business plan which will be used to fund working capital and provide the capital investment necessary at Marropino and fund the costs of further geological work at the other mining concessions and sites held under mining licences. The Group is currently exploring various funding opportunities. As an interim measure, the Group has raised £1.4 million ($2.0 million) through a private placing of £0.4 million ($0.6 million) (the 'June 2010 Placing') and a conditional placing of £1.0 million ($1.4 million) (the 'June 2010 Conditional Placing'). Irrevocable commitments were received by the Group for this funding on 7 June 2010, subject to the conditions precedent being met including obtaining shareholder approval for the issue of shares at the forthcoming AGM, the shares being accepted to trading on AIM, and there being no adverse change in national or international financial, market, industrial, economic or political conditions or any other occurence of any nature which, in the reasonable opinion of the Company's corporate broker would or is reasonably likely to have a material adverse effect on the business of the Company during the period from 8 June 2010 to the Company's AGM on 30 June 2010.

This interim investment is anticipated to be sufficient to finance the Group operations, based on the current cash flow forecast, for the next three to four months, providing the Group time to obtain the remaining $23.0 million required to implement its business plan.

The Directors have adopted the going concern basis in preparing the financial statements, having carried out a going concern review, on the basis that:

- they have successfully recommenced operations on a limited basis at the Marropino Mine and demonstrated that the proposed modifications and changes to the plant should make the plant effective;
- they have successfully raised $2.0 million of interim financing in June 2010 to support the Group whilst additional funding to implement the business plan is secured;
- they have no reason to believe that the conditions precedent for the June 2010 Conditional Placing will not be met, nor that the placing counterparties will default on the commitments provided;
- they have taken all reasonable steps possible to assess the viability of the business plan, including the preparation of forecasts for a period exceeding twelve months from the date of approval of the financial statements, and believe that the Group will become profitable and will return high rates of return on shareholder investment in the future; and
- they have a realistic expectation based on the feedback from their discussions with potential investors that the plan to secure the additional $23.0 million required to fund the business plan is realistic, subject to satisfactory market conditions prevailing.

The Directors believe they will be able to raise the funding required, subject to satisfactory market conditions prevailing, but acknowledge that there is a material uncertainty over their ability to secure the additional funding required to implement the business plan which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, its ability to discharge its liabilities in the normal course of business.

As a consequence of this material uncertainty the auditors have issued an audit report that is unqualified but modified to include an emphasis of matter paragraph on going concern.

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 27 and discussed above. The Company has one class of ordinary shares which carry no right to fixed income. Each share carries the right to one vote at the general meetings of the Company.

There are no specific restrictions on the size of a holding of shares nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights, other than commitments by Mr. E F Kohn TD and Mr. J Allan not to sell, respectively, 2,000,000 and 1,000,000 shares before 31 July 2010 other than in limited circumstances.

At the year end the Company had instruments that could result in the issue of 31,817,514 Ordinary Shares in the form of warrants, share options and bonus shares. Additionally, as at 31 December 2009, the Company was committed to issuing 1,318,846 ordinary shares to Directors for services provided. The liability arising from this obligation is reflected in the 'Shares to be issued' reserve, a component of the Company and Group equity. Details of employee share schemes, other call options and arrangements relating to the issue of Ordinary Shares in the Company are set out in notes 25, 27, and 28.

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, and related legislation in Jersey. The Articles themselves may be amended by special resolution of the shareholders.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2009 (2008: $nil). No interim dividends were paid (2008: $nil).

EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Subsequent to the balance sheet date, the following events occurred which are considered by the Directors to be material to require disclosure in these financial statements:

Sale of morganite consignment inventory

On 9 February 2010, the Group reached an agreement with LJ International Limited for the sale of Morganite inventory held on behalf of the Group by Goldleaves Trading Limited and Miranda Gems (HK) under the Morganite Joint Venture Agreement between the Group and these parties. The Morganite Joint Venture Agreement was terminated, with payment due to the Group of $1.0 million, due $0.3 million in February 2010, $0.2 million in March 2010, and $0.1 million per month thereafter until the balance is settled. The sale proceeds will be reported within revenue in the financial year ended 31 December 2010, reflecting the transfer of risks and rewards of ownership in the Morganite inventory to LJ International Limited with effect from 9 February 2010. All amounts due under the agreement to the date of this report have been received.

Fundraising

On 7 June 2010 the Group secured $2,030,000 additional shareholder funding through a placing (the 'June 2010 Placing') and a conditional placing (the 'June 2010 Conditional Placing Shares') of Ordinary Shares in the Company as described below.

June 2010 Placing

The Group secured irrevocable commitments for the private placing of 6,826,450 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £444,000 ($653,000) before expenses. The funds are anticipated to be received on or around 8 June 2010.

June 2010 Conditional Placing

The Group secured commitments for the conditional placing of 14,415,723 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £937,000 ($1,377,000) before expenses. The June 2010 Conditional Placing is conditional on the following conditions precedent:

1. the Directors obtaining shareholder approval at the forthcoming AGM of the Company on 30 June 2010 for the issuance of the June 2010 Conditional Placing Shares;
2. the June 2010 Conditional Placing Shares issued being accepted to trading on AIM; and
3. there being no adverse change in national or international financial, market, industrial, economic or political conditions or any other occurence of any nature which, in the reasonable opinion of the Company's corporate broker would or is reasonably likely to have a material adverse effect on the business of the Company during the period from 8 June 2010 to the Company's AGM on 30 June 2010.

The Directors have reason to believe that the conditions precedent for the issuance of the June 2010 Conditional Placing Shares will be met and that the June 2010 Conditional Placing will be successful. The funds are anticipated to be received on or around the 30 June 2010 after the AGM.

SUBSTANTIAL SHAREHOLDINGS

As at the date of this report, the following interests in the ordinary shares of Noventa represented more than 3% of the ordinary shares in issue:

Shareholder:	Number of shares	% holding
Highland African Ventures Limited	79,373,079	33.86%
Fidelity Investments Limited	18,000,000	7.68%
BlackRock World Mining Trust plc	12,239,902	5.22%
JMM Trading	7,500,000	3.20%

Highland African Ventures Limited is owned by a trust whose trustee is Fleming Family & Partners Liechtenstein and Mr. R J Fleming is one of the potential beneficiaries. Fleming Family & Partners Liechtenstein has a total interest, including that held through Highland African Ventures Limited, in a total of 86,708,892 Ordinary Shares (36.99% of the issued shares) of the Company. Mr. R J Fleming has an interest, including that held through Highland African Ventures Limited, in a total of 85,208,892 Ordinary Shares (36.35% of the issued shares).

DIRECTORS AND DIRECTORS' INTERESTS

Directors who held office during the year and until the date of these accounts were:

Director	Date appointed	Executive/Non-executive
E F Kohn TD (Chairman)	29 June 2009	Executive
J N Allan (CEO)	9 July 2009	Executive
P Lawless (COO)	19 April 2010	Executive
P J Cox	12 August 2009	Executive
T J Griffiths	9 July 2009	Non-executive
Dr E J Martin	20 October 2009	Non-executive
G Coltman	20 October 2009	Non-executive
K Chung	30 March 2010	Non-executive

Directors who resigned from office during the period from 1 January 2009 to the date of these accounts were:

Director	Date Appointed	Date Resigned
R O Burt	1 January 2007	8 July 2009
P G R Delafield	1 January 2007	8 July 2009
R V Emerson	24 September 2007	8 June 2009
M Hinxman	3 November 2006	31 December 2009
P D E M Moncreiffe Hon.	3 November 2006	9 July 2009
C Wood	1 January 2007	9 July 2009

Directors' interests

As at the date of this report, the interest of the directors and their related entities in the ordinary shares and potential ordinary shares of the Company were:

	Ordinary shares held	Potential ordinary shares [v]
E F Kohn TD [i]	3,665,388	15,585,966
J N Allan [ii]	2,062,513	2,000,000
P J Cox [iii]	299,363	1,000,000
T J Griffiths	126,710	485,625
Dr E J Martin	283,596	1,000,000
G Coltman	33,596	485,625
K Chung [iv]	5,500,000	-

(i) These shares are held by Barons Financial Services Limited, a company in which Mr. E F Kohn TD has a beneficial interest.

(ii) These shares are held by Ekasure Limited, a company in which Mr. J Allan has a beneficial interest.

(iii) These shares are held by Goldline Global Consulting Limited, a company in which Mr. P Cox has a beneficial interest.

(iv) Mr. K Chung is a potential beneficiary of a family trust that holds 5,500,000 ordinary shares in the Company.

(v) Potential ordinary shares represent instruments issued by the Company that may result in ordinary shares being issued. Potential ordinary shares include share options, warrants and bonus shares. Further details are provided in note 28.

No options were exercised by the Directors during the financial year.

During the year, 2,000,000 shares were issued to Barons Financial Services Limited, and 1,000,000 shares were issued to Ekasure Limited as an incentive bonus due to the share price reaching £0.06 per share on a 30 day moving average.

According to the register of directors' interests, other than as disclosed above, no rights to subscribe for shares of the Company or any other group company were granted to any of the directors or their immediate families.

Directors and key management emoluments

Details of the nature and amount of emoluments payable by the Group for the services of its Directors and key management during the financial year are shown in the table below.

Directors	Directors' fees US$	Salaries US$	Other Benefits US$	Bonuses US$	Total[4] US$
E F Kohn TD [1]	73,071	-	-	95,532	168,603
J N Allan [2]	260,000	-	-	47,766	307,766
C Wood	-	244,453	23,958	-	268,411
M Hinxman	-	218,285	-	15,000	233,285
P J Cox [3]	12,660	-	-	17,866	30,526
Executive directors	345,731	462,738	23,958	176,164	1,008,591
P G R Delafield	23,051	-	-	-	23,051
Hon P Moncreiffe	23,051				23,051
R O Burt	24,971	-	-	-	24,971
R V Emerson	20,055	-	-	-	20,055
T J Griffiths	11,095	-	-	-	11,095
Dr E J Martin	5,416	-	-	16,334	21,750
G Coltman	4,966	-	-	-	4,966
Non executive directors	112,605	-	-	16,334	128,939
Total	458,336	462,738	23,958	192,498	1,137,530
Key management					
D M Whitehouse		240,000		15,000	255,000

(1) The services of Mr. E F Kohn TD are provided by Barons Financial Services SA under a service agreement with the Company. Under the terms of that agreement, the services of Mr. E F Kohn TD are provided in return for €10,000 per month of which €5,000 is payable to Barons Financial Services SA, in cash and €5,000 is payable to Barons Financial Services Limited in ordinary shares of Noventa Limited, established using the average share price for the relevant month.

(2) The services of Mr J N Allan are provided by Ekasure Limited under a service agreement with the Company.

(3) The services of Mr P J Cox are provided by Goldine Global Consulting Limited under a service agreement with the Company.

(4) This table shows the cash equivalent value of amounts paid to Directors in either currency, or ordinary shares in Noventa Limited, as compensation for services rendered. It does not show the accounting value attributed to share options granted in the period. This information is provided in aggregate in note 11 to the consolidated financial statements.

MEETINGS OF DIRECTORS

During the year the Board of Directors amended the standing committees of the Company to streamline the execution of its responsibilities: the Audit Committee has been re-constituted as the Audit and Risk Committee, and the Remuneration Committee and the Nomination Committee have been amalgamated. The Health, Safety, Environment & Community Committee remains unchanged. Other committees may be formed from time to time to deal with specific matters. Each committee operates under a charter approved by the Board detailing their role, structure, responsibilities and membership requirements. Each committee comprises a majority of non-executive directors and is chaired by a non-executive director. Subsequent to the appointment of the new management team, membership of The Remuneration Committee and the Health, Safety, Environment & Community Committee have been temporarily suspended. These committees will recommence after the Annual General Meeting in June 2010. The Audit and Risk Committee now comprises three Non-Executive Directors – the membership is shown on page 5.

The number of meetings of the committees and the Board of Directors held during the year ended 31 December 2009 and the number of meetings attended by each Director is tabled below:

Director	Board	Executive	Remuneration	Audit	HSE
E F Kohn TD	10	1	-	-	-
J N Allan	10	1	-	-	-
T J Griffiths	10	-	-	-	-
P J Cox	4	1	-	-	-
Dr. E J Martin	1	1	-	-	-
G Coltman	1	-	-	-	-
R O Burt *	4	-	2	-	1
P G R Delafield *	4	-	-	2	-
R V Emerson *	2	-	-	1	1
M Hinxman *	13	-	-	-	-
Hon. Moncreiffe *	5	-	2	1	-
C Wood *	4	-	-	-	-
Number of meetings in year	13	1	2	2	1

* Resigned during 2009

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 December 2009 were equivalent to 60 days' (2008 - 16 days') purchases, based on the average daily amount invoiced by suppliers during the year.

FIXED ASSETS

In the opinion of the Directors, there is no material difference between the current open market value of the Group's fixed assets and their carrying value.

POLITICAL AND CHARITABLE CONTRIBUTIONS

The Company made no political or charitable contributions during the current or preceding year.

DISABLED EMPLOYEES

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The Group has an employee share scheme which is open to all employees; further details are provided in note 28.

The Group is committed to socially responsible development in Mozambique where its mining operations are located. This is facilitated by regular contact with local Government, union representatives and other interested parties. As part of the Group's commitment to Mozambique, to the fullest extent possible, the Group employs Mozambican citizens. Where this is not possible, Portuguese speaking foreign workers are given preference. This facilitates an appropriate understanding of the regional and national issues in Mozambique.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board. The financial statements are required by law to be properly prepared in accordance with the Companies (Jersey) Law 1991.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

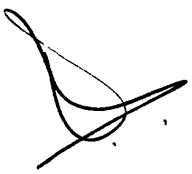
The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS AND STATEMENT OF PROVISION OF INFORMATION TO THE INDEPENDENT AUDITORS

Effective 19 November 2009, KPMG Inc. resigned as independent auditors of the Company. Subsequently, Deloitte LLP were appointed as independent auditors to fill the casual vacancy arising in their place.

Deloitte LLP have expressed their willingness to continue in office as independent auditors of the Company and a resolution to appoint them will be proposed at the forthcoming Annual General Meeting.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are not aware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



E F Kohn TD, Chairman
8 June 2010

J N Allan, Chief Executive Officer
8 June 2010

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF NOVENTA LIMITED

We have audited the financial statements of Noventa Limited for the year ended 31 December 2009 which comprise the Consolidated and Company statement of comprehensive loss, the Consolidated and Company statement of financial position, the Consolidated and Company statement of changes in equity and the Consolidated and Company cash flow statement and the related notes 1 to 46. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

The Directors' responsibilities for preparing the annual report and financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the Statement of Directors' Responsibilities section of the Directors' report – Management discussion and analysis.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies (Jersey) Law 1991. We also report to you if, in our opinion, the Directors' report – Management discussion and analysis, is not consistent with the financial statements, if the Company has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's and the Company's affairs as at 31 December 2009 and of the loss of the Group and the Company for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the Group's and the Company's ability to continue as a going concern. The Group incurred a net loss of $10.9 million during the year ended 31 December 2009 and, as of that date, the Group's net assets were $3.0 million.

In order to implement the Group's business plan the Directors need to secure additional funding of $23.0 million. This requirement for additional funding together with the other matters explained in note 3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the Company were unable to continue as a going concern.

Neil Harris ACA, (Individual responsible for the Audit)
for and on behalf of Deloitte LLP
Chartered Accountants
Gatwick, UK
8 June 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED 31 DECEMBER 2009

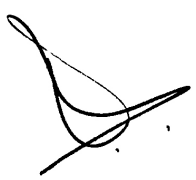
	Note	2009	2008 (As restated – note 5)
		US$000	US$000
Revenue	**6**		
Tantalum		**5,394**	4,766
Morganite		**315**	1,120
		5,709	5,886
Cost of Sales		**(8,899)**	(13,691)
Gross loss		**(3,190)**	(7,805)
Administrative expenses		**(7,000)**	(5,271)
Impairment of fixed assets	**4, 15, 17**	**(469)**	(9,028)
Loss on disposal of property, plant and equipment		**-**	(141)
Exploration and evaluation expenses		**(3)**	(19)
Operating loss		**(10,662)**	(22,264)
Net finance expense	**12**	**(111)**	(38)
Finance income		**3**	79
Finance expens		**(114)**	(117)
Loss before taxation		**(10,773)**	(22,302)
Taxation	**13**	**(102)**	(7,088)
Loss for the year	**8**	**(10,875)**	(29,390)
Other comprehensive (loss)/income			
Foreign currency translation (loss)/gain on foreign operations		**(192)**	219
Total comprehensive loss for the year		**(11,067)**	(29,171)
		US cents	US cents
Basic and diluted loss per share	**14**	**(7.7)**	(82.4)

All results derive from continuing operations. The loss for the current and preceding year and total comprehensive loss are wholly attributable to equity holders of the parent company.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2009

	Note	31 December 2009 US$000	31 December 2008 (As restated – note 5) US$000	1 January 2008 (As restated – note 5) US$000
Non-current assets				
Intangible assets	15	-	-	1,811
Property, plant and equipment	17	40	-	10,267
Deferred tax asset	18	-	-	7,088
		40	-	19,166
Current assets				
Inventories	19	488	3,310	1,091
Trade and other receivables	20	100	867	1,228
Cash and cash equivalents	21	5,029	2,540	2,145
		5,617	6,717	4,464
Total assets		5,657	6,717	23,630
Current liabilities				
Trade and other payables	22	2,156	3,912	2,576
Current tax liabilities		280	-	-
Borrowings	23	-	59	-
Derivative financial liabilities	25	-	-	-
		2,436	3,971	2,576
Net current assets		3,181	2,746	1,888
Non-current liabilities				
Long-term provisions	26	258	245	234
		258	245	234
Total liabilities		2,694	4,216	2,810
Net assets		2,963	2,501	20,820
Equity				
Share capital	27	156	32	28
Share premium		54,335	43,066	34,220
Shares to be issued	27	76	-	-
Convertible loan note reserve	24,27	-	1,987	-
Merger reserve	27	8,858	8,858	8,858
Translation reserve	27	22	214	(5)
Accumulated losses		(60,484)	(51,656)	(22,281)
Equity attributable to equity holders of the parent		2,963	2,501	20,820

The financial statements of Noventa Limited, registered number 95036, were approved by the Board of Directors and authorised for issue on 8 June 2010. Signed on behalf of the Board of Directors



E F Kohn TD
Chairman

D L Cassiano-Silva
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Share capital	Share premium	Shares to be issued	Convertible loan note reserve	Merger reserve	Employee share incentive reserve	Translation reserve	Retained losses	Total Equity
		US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000	US$000
Balance at 1 January 2008 as previously stated		**28**	**34,220**		**-**	**8,858**	**274**	**(5)**	**(22,155)**	**21,220**
Restatements - note 5		**-**	**190**	**-**	**-**	**-**	**(274)**	**-**	**(316)**	**(400)**
Balance at 1 January 2008 as restated		**28**	**34,410**	**-**	**-**	**8,858**	**-**	**(5)**	**(22,471)**	**20,820**
Total comprehensive income/(loss) for the year		-	-	-	-	-	-	219	(29,390)	(29,171)
Share based payments	**28**	-	-	-	-	-	-	-	205	205
Issue of share capital	**27**	3	6,018	-	-	-	-	-	-	6,021
Expenses incurred in issuing share capital		-	(361)	-	-	-	-	-	-	(361)
Issue of convertible loan notes	**24**	-	-	-	5,000	-	-	-	-	5,000
Expenses incurred in issuing convertible loan notes		-	-	-	(13)	-	-	-	-	(13)
Conversion of loan notes	**24**	1	2,999	-	(3,000)	-	-	-	-	-
Balance at 31 December 2008 as restated		**32**	**43,066**	**-**	**1,987**	**8,858**	**-**	**214**	**(51,656)**	**2,501**
Total comprehensive loss for the year		-	-	-	-	-	-	(192)	(10,875)	(11,067)
Share-based payments	**28**	1	112	76	-	-	-	-	2,047	2,236
Issue of share capital	**27**	65	6,405	-	-	-	-	-	-	6,470
Expenses incurred in issuing share capital		-	(809)	-	-	-	-	-	-	(809)
Issue of bonus shares	**27**	2	(2)	-	-	-	-	-	-	-
Issue of convertible loan notes	**24**	-	-	-	3,000	-	-	-	-	3,000
Expenses incurred in issuing convertible loan notes		-	-	-	(11)	-	-	-	-	(11)
Conversion of loan notes	**24**	56	5,563	-	(4,976)	-	-	-	-	643
Balance at 31 December 2009		**156**	**54,335**	**76**	**-**	**8,858**	**-**	**22**	**(60,484)**	**2,963**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008 (As restated – note 5)
	US$000	US$000
Cash flows from operating activities		
Loss for the year	**(10,875)**	(29,390)
Adjustments for:		
Depreciation	**-**	3,737
Impairment of property, plant and equipment	**469**	7,295
Impairment of intangible fixed assets	**-**	1,733
Loss on disposal of property, plant and equipment	**-**	141
Amortisation of intangible assets	**-**	78
Share based payment expense	**2,236**	205
Unrealised foreign exchange (profit)/loss	**(115)**	219
Finance expense	**114**	117
Finance income	**(3)**	(79)
Taxation	**102**	7,088
Operating loss before changes in working capital and provisions	**(8,072)**	(8,856)
Decrease in trade and other receivables	**767**	309
Decrease/(increase) in inventories	**2,822**	(2,219)
(Decrease)/increase in trade and other payables	**(1,653)**	1,388
Net cash used in operating activities	**(6,136)**	(9,378)
Cash flows from investing activities		
Interest received	**3**	79
Acquisition of property, plant and equipment	**(509)**	(906)
Net cash used in investing activities	**(506)**	(827)
Cash flow from financing activities		
Proceeds from issue of new shares	**6,470**	6,021
Share issue expenses	**(809)**	(361)
Proceeds from issue of convertible loan notes	**3,632**	5,000
Convertible loan note issue expenses	**(41)**	(13)
Repayment of borrowings	**(59)**	59
Interest paid	**(71)**	(106)
Net cash inflow from financing activities	**9,122**	10,600
Net increase in cash and cash equivalents	**2,480**	395
Effect of exchange rates on cash and cash equivalents	**9**	-
Cash and cash equivalents at beginning of year	**2,540**	2,145
Cash and cash equivalents at end of year	**5,029**	2,540

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Noventa Limited is a company incorporated in Jersey, the Channel Islands under the Companies (Jersey) Law 1991, as amended, with registered number 95036. Further details, including the the address of the registered office is given on page 4. The nature of the Group's operations and its principal activities are set out in the business review section of the Directors' Report – Management Discussion and Analysis on pages 10 to 27.

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union as required by the AIM rules of the London Stock Exchange (the 'AIM Rules').

The financial information is a consolidation of the Company and its subsidiaries. These financial statements are presented in United States Dollars ('US$' or '$') because that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 3.

2. ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the following new and revised Standards and Interpretations have been adopted and have affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

IAS 1 (revised 2007) *Presentation of Financial Statements*	IAS 1(2007) has introduced a number of changes in the format and content of the financial statements.
IFRS 8 *Operating Segments*	IFRS 8 is a disclosure Standard. Due to the restructuring in the Group in the current period, and the concentration of operations in one business segment, the adoption of this standard has not had a significant impact on the disclosure in these financial statements.
Improving Disclosures about Financial Instruments (Amendments to IFRS 7 *Financial Instruments: Disclosures)*	The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Group has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

Standards affecting the reported results and financial position

The following amendments were made as part of Improvements to IFRSs (2008).

Amendment to IFRS 2 *Share-based Payment – Vesting Conditions and Cancellations*	The amendments clarify the definition of vesting conditions for the purposes of IFRS 2, introduce the concept of 'non-vesting' conditions and clarify the accounting treatment for cancellations. The amendment has no impact on the amounts reported in previous periods.

Standards not affecting the reported results nor the financial position

The following new and revised Standards and Interpretations have been adopted in the current year. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IAS 23 (revised 2007) *Borrowing Costs*	The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because the Group currently has no external funding used to fund the acquisition or construction of qualifying assets.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation*	The revisions to IAS 32 amend the criteria for debt/equity classification by permitting certain puttable financial instruments and instruments (or components of instruments) that impose on an entity an obligation to deliver to another party a pro-rate share of the net assets of the entity only on liquidation, to be classified as equity, subject to specified criteria being met.
Amendments to IAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*	The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options. The Group has no current hedging under IAS39 and accordingly this amendment has no impact on the Group.
IFRIC 16 *Hedges of a Net Investment in a Foreign Operation*	The Interpretation provides guidance on the detailed requirements for net investment hedging for certain hedge accounting designations. The Group does not apply net investment hedging and accordingly this amendment has no impact on the Group.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

IFRS 1 (amended)/IAS 27 (amended)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
IFRS 3 (revised 2008)	Business Combinations
IAS 27 (revised 2008)	Consolidated and Separate Financial Statements
IAS 28 (revised 2008)	Investments in Associates
IFRIC 17	Distributions of Non-cash Assets to Owners
Improvements to IFRSs (April 2009)	

The Directors do not expect that the adoption of these Standards and Interpretations in future periods will have a material impact on the financial statements of the Group except for the treatment of acquisitions of subsidiaries and associates when IFRS 3 (revised 2008), IAS 27 (revised 2008) and IAS 28 (revised 2008) come into effect for business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 July 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared on a historical cost basis, except for certain financial instruments and share based payments. Historical cost is generally based on the fair value of the consideration given in exchange for the assets or the fair value of liabilities incurred. The principal accounting policies adopted are set out below in this note.

IFRS require management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Further details of key sources of estimation uncertainty and management judgement are provided in note 4.

Going concern

The Group's mining activities are located in Mozambique, where the Group has historically produced tantalum concentrate (and recovered Morganite) from its Marropino Mine which was placed in care and maintenance in May 2009 due to continuing operating losses, processing plant deficiencies and past management failures to address the underlying production and logistical issues.

In July 2009 the Group commenced a turnaround strategy after the appointment of Mr. E F Kohn TD as Chairman to the Group, and subsequently Mr. J Allan as Chief Executive Officer. They have implemented a rigorous assessment of the business in order to establish whether the mining operations in Mozambique can be performed on a profitable and sustainable basis. The entire Board of Directors has also been replaced and wide-ranging changes made throughout the business at key management levels to support the turnaround and support the mining operations in Mozambique.

The operations of the Group have been funded by additional shareholder investment as discussed in detail in the section of this report termed 'Financial Review'.

While there can be no absolute certainty, the studies commissioned by the new management team into the geological, metallurgical and processing of the ore body at Marropino Mine indicate that the concession can be operated on a profitable and sustainable basis. Accordingly, the Group recommenced mining operations at the Marropino Mine on 23 April 2010 on a limited scale to initially reprocess previously mined material contained in the tailings. The intention is to use the reprocessing of previously rejected tailings and oversize material to test and prove the validity of the proposed changes in design from the previous methods used and to provide additional revenue as well as training the new team. After the additions, upgrades and modifications have been completed the Directors anticipate that the plant will be able to return to full production using the substantially higher grade hard rock ore body at Marropino with results that will represent an improvement over those previously achieved. This is expected to make the mining operation sufficiently cash generative to fund all expenditure in the Group, and provide surplus cash to fund the subsequent development of the Mutala and Morrua concessions, subject to geological test work.

As at 4 June 2010 the Group had cash of $0.8 million, and no debt. The Group believes it requires a total of $25.0 million to fund its business plan which will be used to fund working capital and provide the capital investment necessary at Marropino and fund the costs of further geological work at the other mining concessions and sites held under mining licences. The Group is currently exploring various funding opportunities. As an interim measure, the Group has raised £1.4 million ($2.0 million) through a private placing of £0.4 million ($0.6 million) (the 'June 2010 Placing') and a conditional placing of £1.0 million ($1.4 million) (the 'June 2010 Conditional Placing'). Irrevocable commitments were received by the Group for this funding on 7 June 2010, subject to the conditions precedent being met including obtaining shareholder approval for the issue of shares at the forthcoming AGM, the shares being accepted to trading on AIM, and there being no adverse change in national or international financial, market, industrial, economic or political conditions or any other occurence of any nature which, in the reasonable opinion of the Company's corporate broker would or is reasonably likely to have a material adverse effect on the business of the Company during the period from 8 June 2010 to the Company's AGM on 30 June 2010.

This interim investment is anticipated to be sufficient to finance the Group operations, based on the current cash flow forecast, for the next three to four months, providing the Group time to obtain the remaining $23.0 million required to implement its business plan.

The Directors have adopted the going concern basis in preparing the financial statements, having carried out a going concern review, on the basis that:

- they have successfully recommenced operations on a limited basis at the Marropino Mine and demonstrated that the proposed modifications and changes to the plant should make the plant effective;
- they have successfully raised $2.0 million of interim financing in June 2010 to support the Group whilst additional funding to implement the business plan is secured;
- they have no reason to believe that the conditions precedent for the June 2010 Conditional Placing will not be met, nor that the placing counterparties will default on the commitments provided;
- they have taken all reasonable steps possible to assess the viability of the business plan, including the preparation of forecasts for a period exceeding twelve months from the date of approval of the financial statements, and believe that the Group will become profitable and will return high rates of return on shareholder investment in the future; and
- they have a realistic expectation based on the feedback from their discussions with potential investors that the plan to secure the additional $23.0 million required to fund the business plan is realistic, subject to satisfactory market conditions prevailing.

The Directors believe they will be able to raise the funding required, subject to satisfactory market conditions prevailing, but acknowledge that there is a material uncertainty over their ability to secure the additional funding required to implement the business plan which may cast significant doubt on the Group's and the Company's ability to continue as a going concern and, therefore, its ability to discharge its liabilities in the normal course of business.

As a consequence of this material uncertainty the auditors have issued an audit report that is unqualified but modified to include an emphasis of matter paragraph on going concern.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts, value added tax and other sales-related taxes.

All of the Group's revenue derives from the sale of goods. Revenue is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

With respect to tantalum concentrate sales, the above policy results in the recognition of revenue when the tantalum concentrate crosses ship rails on destination to the final customer. Under the Group's exclusive sale and distribution agreement for morganite, which was terminated subsequent to the balance sheet date (note 33), morganite sales revenue was recognised when morganite inventory was sold to the Group's distribution, selling and marketing partner. The point of sale generally occurs after the delivery date to the partner, once the partner has located buyers for the inventory.

Foreign currency

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in United States Dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income/(loss) and accumulated in equity in the translation reserve.

The principal exchange rates applied during the year are as follows:

	Closing	Average
US$:SA Rand		
31 December 2009	7.42	8.44
31 December 2008	9.46	8.28
US$: Mozambique Metical		
31 December 2009	27.50	28.91
31 December 2008	25.18	24.87

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred as the Group has not financed qualifying assets with loan funding.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Company and Group currently only have financial assets in the category of loans and receivables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Trade receivables

Trade receivables are non-interest bearing and are stated at their nominal amount that is usually the original invoiced amount less provisions made for bad and doubtful receivables. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand, and short-term deposits, and other short-term investments that are highly liquid and can be readily converted into cash.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced through the use of an allowance account. When a financial asset is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Compound instruments

The component parts of compound instruments (convertible loan notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The Group and Company issued certain warrants in the period which fall within the category of FVTPL.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. Other than warrants, the Group does not have any further derivative instruments.

Intangible assets

Acquired intangible assets, such as Mining Concessions, are recognised at cost, less accumulated amortisation and impairment losses. Where applicable, in accordance with IFRS 6 Exploration for and Evaluation of Mineral Resources, all costs incurred prior to obtaining the legal right to undertake exploration and evaluation activities on a project are written off as incurred. Exploration and evaluation costs arising following the acquisition of a right to explore a specific area or evaluate a mineral resource are capitalised, pending determination of the technical feasibility and commercial viability of the project, or upon termination of such right.

This expenditure includes:

- geological studies;
- exploratory drilling;
- trenching and sampling;
- costs associated with evaluating the technical feasibility and commercial viability of exploiting the mineral resource; and
- an appropriate allocation of administrative and other general overheads directly attributable to those mineral resources.

If the Group subsequently determines that the mineral resource is not technically feasible or commercially viable, the expenditure is written off to the profit and loss account in the period in which this assessment is made.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Costs previously categorised as deferred exploration and evaluation costs in intangible assets, are transferred into property, plant and equipment and classified as assets under construction once technical feasibility and commercial viability have been determined. On commencement of commercial production these costs will be amortised over the estimated life of the ore proven and probable reserves on a unit of production basis.

The Group recognises in the carrying amount of an item in property, plant and equipment, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit and loss as an expense when incurred.

Depreciation is charged to profit or loss on a straight-line basis in order to write off the cost of property, plant and equipment, less estimated residual value over the estimated useful lives of each component of property, plant and equipment. Where components of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The estimated useful lives are as follows:

Plant	2 – 10 years
Mining equipment	4 years
Vehicles	4 years
Office, furniture and equipment	5 years
Computer equipment	3 years
Buildings	10 years

Assets in the course of construction are not depreciated.

Gains or losses on disposal are determined by comparing the proceeds with the carrying amount of the asset. The net amount is included in profit or loss for the period.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct costs and an appropriate share of overheads that have been incurred in bringing the inventories to their present location and condition (based on normal operating capacity). Cost is calculated on a first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and disposal.

Finished product consists of saleable tantalum concentrate and Morganite, either in rough or sliced form.

Work-in-progress is tantalum concentrate that is awaiting final aggregation or that is 'locked up' within the final processing plant.

Consumables and spare parts represents items used within the production process on a recurring basis, such as diesel, pump impellers and other spare parts.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

Leases that transfer substantially all the risks and reward of ownership are classified as finance leases. All other leases are classified as operating leases. The Group currently does not have any finance leases.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Provisions

The Group recognises a provision when it has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle the obligation. Provisions are measured based on the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision is discounted to present value using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the amount of the provision as a result of the passage of time is recorded in profit or loss for the year.

Where the Group provides for rehabilitation of mining sites, and the Group anticipates the expenditure at the commencement of exploration, the provision is recorded with a corresponding increase in the carrying value of tangible fixed assets.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Noventa Employee Benefit Trust

Transactions of the Noventa Employee Benefit Trust ("Noventa EBT") are treated as being those of the Company and are consolidated with the Company and Group. Where loan advances to the Noventa EBT by the Company and Group are deemed not to be recoverable, the loan receivable balance is impaired to the income statement under the policy described above for impairment of financial assets.

Employee benefits

Short term employee benefits

Short-term employee benefits include salaries and wages, short-term compensated absences and bonus plans. The Group recognises a liability and corresponding expense for short-term employee benefits when an employee has rendered services that entitle him / her to the benefit.

Post-employment benefits

The Group does not contribute to any defined retirement plan for its employees, either defined contribution or defined benefit. Social security payments to state schemes, which arise in Mozambique and South Africa, are charged to the income statement as they are incurred.

Cost of sales

Cost of sales represents the direct and indirect 'mine site' mining and processing costs (i.e. diesel, explosives, salary and wages, spares, consumables, etc.) that are incurred in the production of saleable tantalum.

Operating loss

Operating loss is stated before investment income and finance costs.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in note 3, including consideration of the Going concern status of the Company and Group, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

4.1.1 Impairment of tangible fixed assets

As required by IAS 36, *Impairment of assets,* as at 31 December 2009, the Group completed an impairment review of its tangible fixed assets resulting in the impairment of all of the Group's operating tangible fixed assets. Where appropriate, the impairment has been presented by means of a prior year restatement (note 5) to reflect circumstances that were present as at that date regarding the ability of the operating assets to produce future economic benefit.

The Group has historically operated from its sole mine in Marropino, Mozambique. All of the Group's operating assets are either located in, or support, the Marropino Mine. Most of the assets are specialised or in situ assets at Marropino. It is not practicable to assess the carrying value of each asset individually for impairment purposes. Accordingly, impairment is measured at the level of the Marropino Mine cash generating unit.

The Marropino Mine has been loss making since the Group began its operations. Despite attempts by the previous management to make the Marropino Mine profitable through the Performance Enhancement Plan undertaken in 2006 and 2007, the processing plant, in its configuration as at 31 December 2008 and 31 December 2009 was not fit for purpose and was unable to produce positive cash flows.

The current Board of Directors has undertaken extensive studies into the reasons for the lack of profitability of the Marropino Mine. These studies include geological, metallurgical, engineering process, and logistical studies. Significant capital investment is required to modify the plant design, including the construction of a hard rock circuit, in order for the Marropino Mine to be net cash positive after future capital investment. As at 31 December 2009, the Group had not completed its studies to determine the final equipment required to re-open the Marropino Mine, and had not started any specific work on the required fixed asset enhancement programme.

While the Group believes that the Marropino Mine can be profitable, IAS 36.44(b) specifically includes a requirement that estimated future cash flows that are expected to arise from improving or enhancing an asset's performance cannot be included in cash flows for the purpose of testing for impairment at the impairment test date. Accordingly, incremental future revenues arising from the addition of new components (that will eventually form the plant hard rock circuit) that will allow the Marropino Mine to become profitable cannot be taken into consideration as at 31 December 2009. The value in use basis for measurement of the Marropino Mine as at 31 December 2009 is $nil for all the assets due to the current costs of the Marropino mine exceeding its current revenue generating capability. The net resale value of the assets (after selling costs) is also negligible due to their remote location in Mozambique, the state of repair

of many of the assets (including mobile plant) as at 31 December 2009, and the specialised nature of the production equipment. Accordingly, as at 31 December 2009, both value in use and resale value are considered to be US$ nil and the operating fixed assets have been fully impaired.

In the year ended 31 December 2008, impairment was recorded against all operating assets that could solely be used for soft rock mining. As the Group did not have the financial ability to undertake the construction of the hard rock circuit nor have an ongoing capital development project for hard rock mining all assets should have been impaired as at 31 December 2008. Due to the materiality of the amounts involved, the impairment of these assets, where applicable, has been recorded as at 31 December 2008.

The impairment of tangible fixed assets results in a reduction in net assets as at 31 December 2009 of $7.8 million (2008: $7.3 million) and a charge to the consolidated income statement for the year ended 31 December 2009 of $0.5 million (2008: $7.3 million).

If the Group is successful in implementing its plans and making the Marropino Mine a profitable operation, the Directors anticipate that a portion of the impairment may be written back in future periods.

4.1.2 Share based payments

The Group has issued various call options over equity in the Company, by means of share options, warrants, or conditional bonus shares. Further details of the principal instruments are provided in note 28.

The estimation of the charge arising under IFRS 2, *Share based payment*, requires the Group to both estimate the fair value of the instruments awarded, using valuation models, and the period over which the charge should be recorded.

The Group has reported a charge in the period for share based payments of $2.2 million (2008: $0.2 million) of which $1.3 million (2008: $nil) relates to instruments that do not have service conditions attached. These awards were provided as either turnaround incentives to key management, or immediate bonuses. The Group is of the opinion that the expense should be reported in the turnaround period, and accordingly the amounts involved have been expensed in full in the year ended 31 December 2009.

The value of the instruments awarded as turnaround incentives are sensitive to the selection of valuation model inputs. A charge of $1.1 million (2008: $nil) arises on these awards based on a valuation performed based on the Monte Carlo Simulation model. The valuation was performed taking into consideration advice from a UK firm of actuaries. The key assumptions used are disclosed in note 28.

4.1.3 Restatement of prior periods

During the preparation of the financial statements for the year ended 31 December 2009, the Group became aware of material errors in the preparation of the financial statements for the year ended 31 December 2008. In accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, the Group has restated and represented the financial statements for the year ended 31 December 2008 as disclosed in note 5. The restatements result in a decrease in net assets of the Group as at 31 December 2008 of $7.2 million, a decrease in net assets of the Group as at 31 December 2007 of $0.4 million , and an increase in the loss reported for the year to 31 December 2008 of $6.8 million.

4.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2.1 Impairment of Intangible Fixed Assets

The Group's intangible assets relate principally to an acquired mining concession in the Zambezie Province of Mozambique. While the Group has full title to the mining concession, as at 31 December 2009, the development of the mining concession is uncertain. Once further geological, metallurgical and engineering studies have been completed, and if a viable resource is determined, development will need to be funded through either external funding (shareholder investment or loan arrangements) or through positive cash flows from operations. The timing of any development in this mining concession is therefore uncertain. Due to these factors, there is a significant level of estimation uncertainty regarding the carrying value of the intangible assets and the intangible assets have been impaired in full. Where appropriate, the provision has been recorded by means of a prior period adjustment (note 5).

4.2.2 Recoverability of input Value Added Tax

Mozambique Value Added Tax ("IVA"), operates in a similar manner to UK Value Added Tax ("VAT"). The Group is exempt from IVA on its exports from Mozambique under the terms of its Mining License Agreement and Mozambique tax law. The Group is able to recover input sales tax on all purchases within Mozambique. The Group is always therefore in a net recovery position of IVA. Since 2004, the Group has not succeeded in recovering IVA from the Mozambique Government. The Group has two ongoing IVA recovery claims submitted, and further recoverable IVA due, but not yet claimed back. As at 31 December 2009, the Group does not have all of the documentation required by Mozambique Law to recover the IVA.

While the Group believes that it will manage to acquire all of the documentation to support the claims, there is uncertainty regarding the ability of the Group to recover the balances due. Accordingly, the balances have been provided for in full. Where appropriate, the provision has been recorded by means of a prior period adjustment (note 5).

5. RESTATEMENT AND RE-PRESENTATION OF THE COMPARATIVE INFORMATION

During the preparation of the financial statements for the year ended 31 December 2009, the Group identified certain material errors in the 31 December 2008 financial statements. The Group has restated the comparative information for the correction of these errors.

The Group has changed the classification of certain balances in the current reporting period and the prior year comparatives have been restated to be consistent with the current period.

5.1 Restatement of the consolidated income statement for the year ended 31 December 2008

The Group presents below a reconciliation of the adjustments that are required to the amounts previously reported under IFRS as at 31 December 2008 for the consolidated income statement. The nature of these adjustments is discussed in note 5.4 below.

	2008 As previously presented US$000	Fixed asset impairment – IAS 36 US$000	IVA provision – IAS 12 US$000	Inventory adjustment – IAS 2 US$000	Revenue adjustment – IAS 18 US$000	Representations US$000	2008 As restated US$000
Revenue							
Tantalum	6,903	-	-	-	(2,137)	-	4,766
Morganite	1,120	-	-	-	-	-	1,120
	8,023	-	-	-	(2,137)	-	5,886
Cost of Sales	(4,432)	-	-	81	2,137	(11,477)	(13,691)
Gross profit/(loss)	3,591	-	-	81	-	(11,477)	(7,805)
Administrative expenses	(4,501)	-	(312)	-	-	(458)	(5,271)
Other operating expenses	(13,920)	-	-	-	-	13,920	-
Impairment of fixed assets	-	(6,585)	-	-	-	(2,443)	(9,028)
Loss on disposal of property, plant and equipment	(141)	-	-	-	-	-	(141)
Exploration and evaluation expenses	(19)	-	-	-	-	-	(19)
Operating loss	(14,990)	(6,585)	(312)	81	-	(458)	(22,264)
Net finance expense	(496)	-	-	-	-	458	(38)
Finance income	275	-	-	-	-	(196)	79
Finance expense	(771)	-	-	-	-	654	(117)
Loss before taxation	(15,486)	(6,585)	(312)	81	-	-	(22,302)
Tax	(7,088)	-	-	-	-	-	(7,088)
Loss for the year	(22,574)	(6,585)	(312)	81	-	-	(29,390)
	US cents						US cents
Basic and diluted loss per share	(63.0)						(82.4)

5.2 Restatement of the consolidated statement of financial position as at 31 December 2008

The Group presents below a reconciliation of the adjustments that are required to the amounts previously reported under IFRS as at 31 December 2008 for the consolidated statement of financial position. The nature of these adjustments is discussed in note 5.4 below.

	2008 As previously presented US$000	Fixed asset impairment – IAS 36 US$000	IVA provision – IAS 12 US$000	Inventory adjustment – IAS 2 US$000	Revenue adjustment – IAS 18 US$000	Representations US$000	2008 As restated US$000
Non-current assets							
Intangible assets	1,733	(1,733)	-	-	-	-	-
Property, plant and equipment	4,852	(4,852)	-	-	-	-	-
	6,585	(6,585)	-	-	-	-	-
Current assets							
Inventories	863	-	-	310	2,137	-	3,310
Trade and other receivables	3,997	-	(941)	-	(2,137)	(52)	867
Cash and cash equivalents	2,540	-	-	-	-	-	2,540
	7,400	-	(941)	310	-	(52)	6,717
Total assets	13,985	(6,585)	(941)	310	-	(52)	6,717
Current Liabilities							
Trade and other payables	3,964	-	-	-	-	(52)	3,912
Borrowings	59	-	-	-	-	-	59
	4,023	-	-	-	-	(52)	3,971
Net current assets	3,377	-	(941)	310	-	-	2,746
Non-current liabilities							
Long-term provisions	245	-	-	-	-	-	245
	245	-	-	-	-	-	245
Net assets	9,717	(6,585)	(941)	310	-	-	2,501
Equity							
Share capital	32	-	-	-	-	-	32
Share premium	42,876	-	-	-	-	190	43,066
Convertible loan note reserve	1,987	-	-	-	-	-	1,987
Merger reserve	8,858	-	-	-	-	-	8,858
Employee share incentive reserve	479	-	-	-	-	(479)	-
Translation reserve	214	-	-	-	-	-	214
Accumulated losses	(44,729)	(6,585)	(941)	310	-	289	(51,656)
Equity attributable to equity holders of the parent	9,717	(6,585)	(941)	310	-	-	2,501

5.3 Restatement of the consolidated statement of financial position as at 1 January 2008

The Group presents below a reconciliation of the adjustments that are required to the consolidated statement of financial position as at 1 January 2008. The nature of these adjustments is discussed in note 5.4 below.

	2008 As previously presented US$000	IVA provision – IAS 12 US$000	Inventory adjustment – IAS 2 US$000	Representations US$000	2008 As restated US$000
Non-current assets					
Intangible assets	1,811	-	-	-	1,811
Property, plant and equipment	10,267	-	-	-	10,267
Deferred tax asset	7,088	-	-	-	7,088
	19,166	-	-	-	19,166
Current assets					
Inventories	862	-	229	-	1,091
Trade and other receivables	1,857	(629)	-	-	1,228
Cash and cash equivalents	2,145	-	-	-	2,145
	4,864	(629)	229	-	4,464
Total assets	24,030	(629)	229	-	23,630
Current Liabilities					
Trade and other payables	2,576	-	-	-	2,576
	2,576	-	-	-	2,576
Net current assets	2,288	(629)	229	-	1,888
Non-current liabilities					
Long-term provisions	234	-	-	-	234
	234	-	-	-	234
Net assets	21,220	(629)	229	-	20,820
Equity					
Share capital	28	-	-	-	28
Share premium	34,220	-	-	190	34,410
Merger reserve	8,858	-	-	-	8,858
Employee share incentive reserve	274	-	-	(274)	-
Translation reserve	(5)	-	-	-	(5)
Accumulated losses	(22,155)	(629)	229	84	(22,471)
Equity attributable to equity holders of the parent	21,220	(629)	229	-	20,820

5.4 Nature of the prior period restatements and re-presentations

5.4.1 Fixed asset impairment – IAS 36

In the financial year ended 31 December 2008, the impairment review of intangible and tangible fixed assets did not reflect the relevant information that was, or should have been, known by the Directors of the Group. This adjustment, which is more fully described in notes 4.1.1 and 4.2.1 reflects the impairment of the tangible and intangible fixed asset as at 31 December 2008.

This adjustment results in a decrease in net assets of $6,585,000 as at 31 December 2008 and an increase in the loss for the year ended 31 December 2008 of $6,585,000.

5.4.2 IVA provision – IAS 12

In the financial year ended 31 December 2008, the impairment review of tax recoverable balances that had been accumulating since 2004 did not reflect the relevant information that was, or should have been known by the Directors of the Group. In particular, it did not take account of the legal requirements for the recovery of IVA taxation balances in Mozambique which include the requirement to be able to present original documents evidencing all recoverable input IVA, and evidence that all sales were exported. This adjustment reflects the impairment of the IVA balance.

This adjustment results in a decrease in net assets as at 31 December 2008 of $941,000 (1 January 2008: decrease of $629,000) and an increase in loss for the year ended 31 December 2008 of $312,000.

5.4.3 Inventory adjustment – IAS 2

IAS 2, *Inventory*, requires that inventory is valued at the lower of cost and net realisable value. The tantalum concentrate stock held by the Group as at 31 December 2008 was valued at the lower of cost and net realisable value within the Mozambique subsidiary undertaking. Due to the gross loss reported in Mozambique, cost exceeded net realisable value and the inventory was valued at the intra group sales price. At the Group level, the final sales price is higher than the intra group sales price. This adjustment increases the cost of inventory to correctly state the inventory at the lower of cost and net realisable value at Group level.

This adjustment results in an increase in net assets as at 31 December 2008 of $310,000 (1 January 2008: $229,000), and a decrease in loss for the year ended 31 December 2008 of $81,000.

5.4.4 Revenue adjustment – IAS 18

In the year ended 31 December 2008, the Group recognised revenue on the sale of quarter 4 2008 production of tantalum concentrate of $2,137,000. Under the Group accounting policy, revenue is recognised when the risks and rewards of ownership of the tantalum concentrate pass to the end customer. Under contract terms, this is when the tantalum concentrate 'crosses ship rails' on its passage to the final customer. As at 31 December 2008, the abovementioned product had not crossed ship rails, and accordingly the revenue should not have been recognised in the year ended 31 December 2008. This adjustment removes the revenue and associated cost of sales from the consolidated income statement, increases stock and decreases trade receivables by $2,137,000. This adjustment has no impact on the reported gross loss, profit after tax, current assets or net assets of the Group.

5.4.5 Re-presentations

In order to conform the prior year classification to the classification used in the current period, the Group has re-presented certain comparative information. None of these adjustments have any net impact on reported net assets, shareholder equity, or loss for the year ended 31 December 2008.

5.4.5.1 Other operating expenses

The Group previously reported the direct operating expenses of the Marropino Mine in 'Other operating expenses', a line item in the consolidated statement of comprehensive income below gross loss / profit. The amount reported as 'cost of sales' was the inventory value of sales. This presentation did not reflect the full cost of the products sold in each period. An adjustment has therefore been recorded to reclassify $11,477,000 of direct operating costs from 'Other operating expenses' to 'Cost of sales', therefore reducing the previously reported gross profit in the year ended 31 December 2008 of $3,591,000 to a gross loss of $7,886,000.

5.4.5.2 Fixed asset impairment

The Group previously reported the impairment of fixed assets within 'Other operating expenses'. Due to the materiality of the amounts reported, the Group has separately analysed the comparative information, resulting in the reclassification of $2,443,000 from 'Other operating expenses' to a new line item in the consolidated income statement 'Impairment of fixed assets'.

5.4.5.3 Presentation of foreign exchange gains and losses

The Group previously reported all exchange gains and losses within 'Finance income' and 'Finance expense' respectively. The amounts reported do not represent foreign exchange gains and losses on financing items that should be reported in these line items in the consolidated income statement. The amounts previously reported have been reclassified to 'Administrative expenses', resulting in an increase in operating loss of $458,000 and a decrease in net finance expense of $458,000. This adjustment has no impact on the reported loss for the comparative period.

5.4.5.4 Bad debt provision

As at 31 December 2008, the Group reported a receivable balance of $52,000 within 'Trade and other receivables', with a corresponding provision included within 'Trade and other payables'. An adjustment has been recorded to net the provision against the receivable balance by recording the provision in the same caption in the consolidated statement of financial position.

5.4.5.5 Share premium

In the financial years ended 31 December 2007 and 31 December 2008, the Group reported a decrease in the 'Share premium' account for the fair value of a derivative over own equity arising from the initial listing of the Company on AIM. This balance should have been reported as a separate component of equity with the movement in the fair value of this balance being reflected as a transfer from this component to 'Accumulated losses'. An adjustment has therefore been recorded to increase the 'Share premium' account, and increase 'Accumulated losses' by $190,000 as at 31 December 2008 and 1 January 2008.

5.4.5.6 Employee share incentive reserve

Up to and including the year ended 31 December 2008, the Group reported the credit to equity arising on equity settled share based payments within a separate reserve, the 'Employee share incentive reserve'. This reserve accumulated the IFRS 2 credits to equity. As this separate line item in equity is not a requirement of IFRS the Group has reclassified the balance in this reserve to 'Accumulated losses', which have reduced as a result by $479,000 as at 31 December 2008 (reduced by $274,000 as at 1 January 2008).

5.5 Effect of the restatements and re-presentations on the consolidated cash flow statement for the year ended 31 December 2008

The restatements and re-presentations have no impact on any line item required to be shown on the face of the consolidated cash flow statement. The aggregate impact is an increase in 'Operating loss' before changes in working capital and provisions of $306,000, with a corresponding decrease in cash outflows from changes in working capital and provisions. Due to the limited impact on the consolidated cash flow statement for the year ended 31 December 2008, the restatements line by line have not been presented in a tabular format.

6. REVENUE

An analysis of the Group's revenue is as follows:

	Year ended 2009	Year ended 2008 (as re-stated - note 5)
	US$000	US$000
Continuing operations		
Sales of goods:		
Tantalum concentrate	**5,394**	4,766
Morganite	**315**	1,120
	5,709	5,886
Finance income	**3**	79
	5,712	5,965

7. SEGMENT INFORMATION

Based on the risks and returns the Directors consider that the primary reporting format is by business segment. The Directors consider there to only be one business segment, being the mining, extraction and production of tantalum concentrate, currently undertaken solely from the Marropino Mine in Mozambique. Morganite production is incidental to this principal activity and arises as a by-product of the tantalum concentrate production. All administrative expenditure is allocated to this sole segment.

The Group is currently in the process of restarting the Marropino Mine, and developing an appropriate internal reporting structure, including a revision of the key performance indicators 'KPIs". Currently, the Chief Executive Officer monitors the performance of the business on the basis of current and forecast cash balances and cash utilisation. Segment information presented on the basis of the information previously presented to the Chief Executive Officer is not considered meaningful and is not presented. Other disclosures required for the primary segment by IFRS 8, *Segment Information*, have already been given in these financial statements.

No geographical analysis of the results by region is reported due to the dominance of the Group's operations in Southern Africa (The Republic of South Africa and The Republic of Mozambique) relative to these in Jersey (Channel Islands) other than for 'Cash and cash equivalents'. 'Cash and cash equivalents' balances are predominantly maintained in Jersey.

8. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	Year ended 2009	Year ended 2008 (As restated – note 5)
	US$000	US$000
Depreciation of property, plant and equipment	**-**	3,737
Impairment of property, plant and equipment	**469**	7,295
Impairment of intangible fixed assets	**-**	1,733
Loss on disposal of property, plant and equipment	**-**	141
Amortisation of intangible assets	**-**	78
Impairment loss recognised on IVA receivables	**663**	312
Exploration and evaluation expenditure	**3**	19
Share-based incentive expense	**2,236**	205
Unrealised exchange (gain)/loss	**(115)**	196
Staff costs (note 10)	**3,417**	4,109
Royalty taxes	**59**	208
Operating lease rentals	**87**	66

9. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	Year ended 2009 US$000	Year ended 2008 US$000
Fees payable to the Company's auditors for the audit of the Company's annual accounts	**65**	134
Fees payable to the Company's auditors and their associates for other services to the Group		
The audit of the Company's subsidiaries pursuant to legislation	**40**	(95)
	105	39
Other services		
Consultancy services	**138**	9
	138	9

The amounts reported for auditors' remuneration for 2009 relate to amounts due to Deloitte LLP and members of Deloitte Touche Tohmatsu. The amounts reported for auditors' remuneration for 2008 relate to amounts due to KPMG Inc. and members of KPMG International. Consultancy services in 2009 relate to fees payable to Deloitte LLP for the secondment of employees to the Group prior to the appointment of Deloitte LLP as auditors.

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because the Group financial statements are required to disclose such fees on a consolidated basis.

10. STAFF

The average numbers of employees in the Group during the year were:

	Year ended 2009	Year ended 2008
Executive Directors	**2**	2
Management	**3**	5
Administration	**23**	21
Operational	**38**	345
	66	373

	US$000	US$000
Staff costs (including executive Directors' emoluments) comprise:		
Salaries and wages	**2,550**	3,874
Social security costs	**22**	29
Share-based payment expense	**845**	206
	3,417	4,109

Staff costs exclude fees payable for the service of certain Directors whose services are provided by third party companies and associated share-based payment expense. Information on these fees and expenses are provided in note 11 and note 32.

11. REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

Key management personnel remuneration is detailed below

	Year ended 2009 US$000	Year ended 2008 US$000
Executive and non executive Directors' emoluments	**862**	1,385
Directors' share-based payment expense	**1,014**	195
Other key management emoluments	**255**	354
Other key management share-based payment expense	**23**	31
	2,154	1,965

Directors' emoluments includes fees payable for the service of certain Directors whose services are provided by third party companies and relevant share-based payment expense. Details are provided in note 32.

The highest paid Director in the year was Mr. J Allan (2008 – Mr. C Wood), who received aggregate payments in cash and shares amounting to $308,000 (2008 – cash payments amounting to $513,000).

12. NET FINANCE EXPENSE

	Year ended 2009 US$000	Year ended 2008 (As restated - note 5) US$000
Interest income on bank deposits	**3**	79
Finance income	**3**	79
Interest expense on trade finance loans	**71**	106
Interest expense on convertible loan notes	**30**	-
Discount unwind (note 26)	**13**	11
Finance expense	**114**	117
Net finance expense	**(111)**	(38)

13. TAXATION

	Year ended 2009 US$000	Year ended 2008 US$000
Current tax		-
Relating to the current year	**13**	
Relating to prior periods	**89**	-
	102	-
Deferred tax (note 18)	**-**	7,088
Tax expense	**102**	7,088

The Group s mining operations are located in Mozambique. The statutory tax rate in Mozambique is 30% (2008: 35%). Under the terms of the Group's Mining License Agreement, the Group has a reduced tax rate in Mozambique of 17.5% (2008: 17.5%) for the first ten years of production (i.e. until 2013). The Group's operations in Jersey are subject to Jersey corporate income taxation at the rate of 0%:

	Year ended 2009 US$000		Year ended 2008 (As restated – note 5) US$000	
Reconciliation of effective tax rate				
Loss before taxation	**(10,773)**		(22,302)	
Tax on loss before taxation at company rate of 17.5% (2008: 17.5%)	**1,885**	**17.5%**	3,902	17.5%
Non-deductible expenses	**(38)**	**(0.4)%**	(153)	(0.7)%
Utilisation of unrecognised tax losses	**109**	**1.0%**	(223)	(1.0)%
Tax exempt (expenses)/income	**(686)**	**(6.4)%**	611	2.7%
Difference in tax rates on non Mozambique operations	**(25)**	**(0.2)%**	(871)	(3.9)%
Items subject to autonomous taxation	**(13)**	**(0.1)%**	-	-
Timing differences on tangible fixed assets	**(155)**	**(1.4)%**	(1,152)	(5.1)%
Tax losses not recognised	**(1,090)**	**(10.1)%**	(2,114)	(9.5)%
Reversal of deferred tax asset	**-**	**-**	(7,088)	(31.8)%
Prior period adjustments	**(89)**	**(0.8)%**	-	-
Total tax in income statement	**(102)**	**(0.9)%**	(7,088)	(31.8)%

In the year ended 31 December 2009, the Group operations in Mozambique were subject to a statutory tax inspection for the financial years ended 31 December 2005, 2006, 2007 and 2008. The Group has received the final letter of findings from the Mozambique taxation authority. The taxation charge reported above includes the corporate income tax liabilities arising from this inspection, including penalties where appropriate.

In the year ended 31 December 2008, due to the uncertainty regarding the need for the Group to raise additional funding, the deferred tax asset recorded as at 31 December 2007 of $7,088,000 was expensed to the consolidated statement of comprehensive loss.

14. LOSS PER SHARE

Basic earnings per share is calculated by dividing the losses attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the reporting period.

As the Group is loss making, there is no difference between the diluted loss per share and the loss per share presented. The calculation of basic and diluted earnings per share is based on the following data:

	Year ended 2009	Year ended 2008 (As restated – note 5)
Loss for the year – US$	**10,875,000**	29,390,000
Weighted average number of shares	**142,151,358**	35,664,379
Basic and diluted loss per share – US Cents	**7.7**	82.4

The weighted average number of shares for 2009 and 2008 excludes 1,743,928 shares held by the Noventa EBT.

15. INTANGIBLE ASSETS

	Mining rights US$000	**Marropino US$000**	**Total US$000**
Cost			
At 1 January 2008, 31 December 2008 and 31 December 2009	2,798	150	**2,948**
Amortisation and impairment			
At 1 January 2008	(987)	(150)	**(1,137)**
Amortisation charge	(78)	-	**(78)**
Impairment (note 4 and 5)	(1,733)	-	**(1,733)**
At 31 December 2008 (as restated – note 5) and 31 December 2009	(2,798)	(150)	**(2,948)**
Net book value at 31 December 2008 (as restated – note 5) and 31 December 2009	-	-	**-**
Net book value at 1 January 2008	1,811	-	**1,811**

Intangible assets relate to the cost of acquiring the mining permit for the Marropino Mine and the costs of acquiring the exploration and mining rights to various other tantalum titles in Mozambique, including those for Morrua.

16. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and ownership interest is given in note 32.

17. PROPERTY, PLANT AND EQUIPMENT

	Assets under construction US$000	Mining assets US$000	Office furniture, equipment and computers US$000	Buildings US$000	Total US$000
Cost					
At 1 January 2008	294	13,711	366	1,454	15,825
Additions	304	464	62	76	906
Transfers	(95)	-	-	95	-
Disposals	-	(173)	(9)	-	(182)
At 31 December 2008	503	14,002	419	1,625	16,549
Additions	-	415	79	15	509
Transfers	(19)	29	1	(11)	-
Disposals	-	(229)	(76)	(1)	(306)
At 31 December 2009	484	14,217	423	1,628	16,752
Depreciation and impairment					
At 1 January 2008	-	(5,058)	(161)	(339)	(5,558)
Depreciation charge	-	(3,514)	(67)	(156)	(3,737)
Disposals	-	32	9	-	41
Impairment	(503)	(5,462)	(200)	(1,130)	(7,295)
At 31 December 2008 (as restated – note 5)	(503)	(14,002)	(419)	(1,625)	(16,549)
Transfers	19	(29)	(1)	11	-
Disposals	-	229	76	1	306
Impairment	-	(415)	(39)	(15)	(469)
At 31 December 2009	(484)	(14,217)	(383)	(1,628)	(16,712)
Net book value at 31 December 2009	**-**	**-**	**40**	**-**	**40**
Net book value at 31 December 2008 (as restated – note 5)	-	-	-	-	-
Net book value at 1 January 2008	294	8,653	205	1,115	10,267

18. DEFERRED TAX ASSET

	US$000
At 1 January 2008	7,088
Charge to income statement (note 13)	(7,088)
At 1 January 2009	-
Recognised in income (note 13)	-
At 30 December 2009	-

	Tax value of losses carried forward US$000	Accelerated book depreciation US$000
Deferred tax assets are attributable to the following:		
At 1 January 2008		
Deferred tax asset	7,088	-
Allowance	-	-
	7,088	-
At 31 December 2008		
Deferred tax asset	9,174	1,152
Allowance	(9,174)	(1,152)
	-	-
At 31 December 2009		
Deferred tax asset	**9,500**	**892**
Allowance	**(9,500)**	**(892)**
	-	-

US$ 9.5 million (2008: US$ 9.2 million) of the fully provided for deferred tax asset relates to the accumulated tax losses incurred by the Group's activities in Mozambique. The gross tax losses are denominated in Mozambique Metical being approximately 1.5 billion Metical at 31 December 2009 (2008: 1.3 billion metical). The applicable tax rate to the Mozambique operations is 17.5% as contained in the mining licence agreement signed between Highland African Mining Company Limitada and the Mozambican Government. The deferred tax asset was reversed during the year ended 31 December 2008, due to the uncertainty regarding future funding and profitability. This uncertainty has not been resolved by 31 December 2008 and accordingly the asset remains fully provided for.

The Mozambique operations were subject to a tax inspection in 2009, relating to the financial years ended 31 December 2005, 2006, 2007 and 2008. The Group has received the final findings letter from this tax inspection which supports the availability of the losses for offset against future profits earned in Mozambique for the Marropino operations.

19. INVENTORIES

	31 December 2009	31 December 2008 (as restated – note 5)	1 January 2008 (as restated – note 5)
	US$000	US$000	US$000
Consumables	**55**	230	403
Spare parts	**429**	-	-
Work-in-progress	**4**	943	158
Finished goods	**-**	2,137	530
	488	3,310	1,091

20. TRADE AND OTHER RECEIVABLES

	31 December 2009	31 December 2008 (as restated – note 5)	1 January 2008 (as restated – note 5)
	US$000	US$000	US$000
Trade receivables	**-**	677	59
Other debtors	**12**	26	324
Prepayments	**88**	164	845
	100	867	1,228

Further information on financial instruments is provided in note 29.

21. CASH AND CASH EQUIVALENTS

	31 December 2009	31 December 2008	1 January 2008
	US$000	US$000	US$000
Cash in bank	**5,020**	2,522	2,095
Cash in hand	**9**	18	50
	5,029	2,540	2,145

Further information on financial instruments is provided in note 29.

22. TRADE AND OTHER PAYABLES

	31 December 2009	31 December 2008 (as restated – note 5)	1 January 2008
	US$000	US$000	US$000
Trade payables	**1,868**	747	1,510
Other payables	**288**	3,165	1,066
	2,156	3,912	2,576

Further information on financial instruments is provided in note 29.

23. OTHER INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2009	31 December 2008	1 January 2008
	US$000	US$000	US$000
Pre-shipment finance	**-**	59	-
	-	59	-

Other borrowings, as at 31 December 2008, represent the balance due on a pre-shipment facility which was provided by FirstRand (Ireland) Plc. Despite the Group complying with all of the covenants on this facility, it was withdrawn by FirstRand in April 2009. The Group is seeking to obtain new pre-shipment facilities before the sales from the Marropino Mine operations recommence.

24. CONVERTIBLE LOAN NOTES

	US$000
Movement in the convertible loan note liability:	
At 1 January 2008 and January 2009	-
Loan notes issued – September 2009	632
Foreign exchange gain	11
Conversion of loan notes into ordinary shares	(643)
At 31 December 2009	-

Movement in the convertible loan note reserve:	
At 1 January 2008	-
Loan notes issued – March 2008	3,000
Loan notes issued - December 2008	2,000
Expenses incurred in issuing convertible loan notes	(13)
Conversion of loan notes into ordinary shares	(3,000)
At 1 January 2009	1,987
Loan notes issued - January 2009	3,000
Expenses incurred in issuing convertible loan notes	(11)
Conversion of loan notes into ordinary shares	(4,976)
At 31 December 2009	-

Convertible loan notes issued in September 2009 – 'Loan Notes'

In September 2009 the Company placed £400,000 ($632,000) of unquoted zero coupon convertible loan notes (the 'Loan Notes'), raising £400,000 before expenses. On 14 October 2010 the Loan Notes were converted into 10,000,000 new ordinary shares of £0.0004 each in the Company ('Ordinary Shares') at a conversion price of 4p per share. The Loan Notes subscribers were also issued with a warrant to subscribe for one new Ordinary Share for every two Ordinary Shares held post conversion, with an exercise price of 18p per share and a life of 18 months. 5,000,000 warrants were issued to the Loan Note holders.

The Loan Notes were recognised as liabilities until conversion. The warrants are recorded as derivative financial liabilities – note 25.

Expenses incurred in issuing the Loan Notes of $30,000 were expensed in the period to the consolidated statement of comprehensive loss.

Convertible loan notes issued in December 2008 and January 2009 – 'Existing Loan Notes'

As disclosed in the 2008 Noventa Group Annual Report, on 15 December 2008 the Company raised $5,000,000 from existing substantial shareholders in the form of a zero coupon convertible unsecured loan note ('Existing Loan Notes'). An issue of $4,200,000 of zero coupon convertible loan notes to Highland African Mining Limited ('HAVL') (which is a substantial shareholder and related party under the AIM Rules) was subscribed for in two separate tranches - $1,200,000 on 15 December 2008 and $3,000,000 on 26 January 2009. A further issue of $800,000 of zero coupon convertible loan notes was made and subscribed for by BlackRock World Mining Trust plc on 15 December 2008.

Principal terms of the Existing Loan Notes were:

1. Conversion to ordinary £0.0004 shares ('Ordinary Shares') of the Company at the request of either the holder or the issuer into 22,296,544 ordinary shares, based on a share price of 15 pence per share and a fixed exchange rate of £1:$1.495, once a special resolution had been passed at the Annual General Meeting to enlarge the share capital of the Company;
2. If conversion was not completed, the 2008 Existing Loan Notes were repayable at par on 31 December 2020;
3. No interest was payable on the Existing Loan Notes; and
4. In the event of an issue by the Company of new Ordinary Shares for cash at any time prior to the conversion of the Existing Loan Notes, the note holders had the right to require the Company to repay all or part of the principal of the Existing Loan Notes on the basis that the entire proceeds were applied by the note holders to the subscription of new ordinary shares in the Company.

HAVL and BlackRock World Mining Trust plc have historically provided financial support to the Company at very short notice, without which the Company could not have continued to trade to date. Resolutions to approve the conversion the HAVL and BlackRock World Mining Trust plc loan notes at the rate of 15 pence per share, as stipulated in the agreements, were not approved at the Company's annual general meeting in August 2009 and therefore the Existing Loan notes were not converted. The Board recommended that HAVL and BlackRock World Mining Trust plc exchange their holdings of Existing Loan Notes with current outstanding balances of $4,200,000 and $800,000 respectively, for new Ordinary Shares in the Company on the same terms as was being offered to qualifying shareholders of the Placing and Open Offer (see note 27). With HAVL and BlackRock World Mining Trust plc having agreed to the terms of this proposal the requisite resolutions were presented and passed at the extraordinary general meeting of the Company held on 14 October 2009. The US Dollar to British Sterling exchange rate for this exchange was set at the prevailing rate of £1:$1.634, as published in the Financial Times on 4 September 2009. As a result of this exchange, HAVL and BlackRock World Mining Trust plc were issued with 64,259,486 and 12,239,902 new Ordinary Shares in the Company respectively.

The Existing Loan Notes did not contain any liability component to be recognised on initial recognition of the instruments. Accordingly the balance received, net of issue expenses, was recognised directly to equity in the convertible loan note reserve.

Convertible loan notes issued in March 2008 – 'Convertibles A'

As disclosed in the 2008 Noventa Group Annual Report, on 1 March 2008 the Company raised $3,000,000 from Highland African Mining Ventures Limited, in the form of a zero coupon convertible unsecured loan note ('Convertibles A'). The proceeds from the Convertibles A were used to fund additional working capital and operational costs as a consequence of the delays experienced in ramping up production to targeted levels.

Principal terms of the Convertibles A were:

1. Conversion to Ordinary £0.0004 Shares of the Company, or non-voting ordinary shares at an effective £1.75 per share; the terms of which were changed to £1.00 per share prior to the private placement of shares in May 2008;
2. Convertible at the holder's discretion into Ordinary Shares at any time;
3. Convertible at the Company's discretion into non-voting ordinary shares at any time following the creation of a new class of non-voting Ordinary Shares; and
4. In the event of an issue by the Company of new Ordinary Shares for cash at any time prior to the conversion of the Convertibles A, the note holders had the right to require the Company to repay all or part of the principal of the Convertibles A on the basis that the entire proceeds were applied by the note holders to the subscription of new Ordinary Shares in the Company.

The Convertibles A were converted into fully paid Ordinary Shares on 8 July 2008. The Convertibles A did not contain any liability component to be recognised on initial recognition of the instruments. Accordingly the balance received, net of issue expenses, was recognised directly to equity in the convertible loan note reserve in the year ended 31 December 2008.

25. DERIVATIVE FINANCIAL LIABILITIES

In September 2009, the Company issued warrants over 5,000,000 Ordinary Shares to subscribers of the Loan Notes (note 24), and warrants over 4,375,000 Ordinary Shares in the Company to subscribers to the Conditional Placing (refer to note 24 and note 27). The warrants have an exercise price of 18 pence per share and a life of 18 months. The fair value of the warrants, measured using the Black Scholes valuation model at the date of issue and at 31 December 2009 was $nil per warrant.

26. LONG TERM PROVISIONS

	31 December 2009	31 December 2008	1 January 2008
	US$000	US$000	US$000
At 1 January	**245**	234	220
Unwinding of discounted amount (note 12)	**13**	11	14
At 31 December	**258**	245	234

The provision relates to the anticipated costs to be incurred in rehabilitating the open pit and surrounding area once the mineral ore body has been fully exploited at the Marropino Mine in Mozambique. The estimated remaining life of the mine is 7 years (2008: 7 years).

27. CAPITAL AND RESERVES

	2009	2008
Share capital	**£**	£
Authorised		
1,250,000,000 (2008 – 125,000,000) Ordinary Shares of £0.0004 each	**500,000**	50,000
	US$000	US$000
Allotted, called up and fully paid		
232,734,868 (2008 – 39,447,104) Ordinary Shares of £0.0004 each	**156**	32

The Company has one class of Ordinary Shares. The holders of Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Authorised share capital

On 14 October 2009, the Company increased its authorised share capital to 1,250,000,000 Ordinary Shares of £0.0004 each.

Shares issued

During the year 102,272,832 (2008: 3,045,685) Ordinary Shares were issued at £0.04 (2008: £1.0004) for cash consideration at a premium of £0.0396 (2008: £1.00) per share. A further 76,499,388 Ordinary Shares were issued at £0.04 upon conversion of the $5,000,000 Existing Loan Notes (note 24) and 10,000,000 were issued at £0.04 upon conversion of the £400,000 Loan Notes (note 24). In addition, the Company issued 4,515,544 Ordinary Shares (2008: none) in lieu of services rendered, of which 1,000,000 were issued at £0.04, 3,000,000 as a bonus issue and 531,311 at the average of the previous 30 days mid-market price prior to allotment, ranging between £0.0411 and £0.0595.

The table below presents a reconciliation of the shares in issue:

Analysis of Ordinary Shares in issue	**No.**
At 1 January 2008	**34,878,576**
Conversion of loan notes	3,045,685
New shares issued	1,522,843
At 31 December 2008	**39,447,104**
New shares issued for cash	102,272,832
New shares issued for services	4,515,544
Conversion of loan notes	86,499,388
At 31 December 2009	**232,734,868**

The Company issued 40,695,974 call options over Ordinary Shares in the Company during the year ended 31 December 2009. See notes 28 and 25.

Shares to be issued reserve

As at 31 December 2009, the Group had unsettled obligations to deliver shares to Directors in consideration for services received with a fair value of $76,000. These shares were issued in January 2010. The compensation expense for the services received has been included in the consolidated statement of comprehensive loss for the year ended 31 December 2009, with the related obligation recognised in the 'Shares to be issued' reserve.

Convertible loan note reserve

Certain convertible loan notes issued by the Group include equity components (note 24). The fair value of the debt component is determined at the date of issue, with the fair value of the equity component being recorded directly to equity in the 'Convertible loan note' reserve.

Merger reserve

The merger reserve was created when Noventa acquired 100% of the issued ordinary share capital of Highland African Mining Company Limited under the terms of the share-for-share agreement signed on 11 January 2007.

Translation reserve

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising are taken to the 'Translation reserve'.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The Directors consider that the capital structure of the Group consists of equity attributable to equity holders of the parent, comprising issued capital and reserves net of retained losses, as disclosed above and in the consolidated statement of changes in equity.

The Group's Board of Directors reviews the capital structure regularly as part of the annual review of the Group structure and more regularly when funding is required. As part of the review, the Board of Directors considers the cost of capital and the risks associated with each class of capital.

28. SHARE BASED PAYMENTS

Equity-settled share options and warrants

The Company has a share option scheme for all employees of the Group – the Noventa Unapproved Share Option Scheme (the 'Share Plan'). Options are granted annually to employees and certain Directors and are exercisable at a price equal to the average quoted market price of the Company's shares on the 30 days preceding the date of grant. Generally the options are granted annually with vesting over one, two, three and four year, subject to certain production related performance criteria being met, and the employee remaining in continued employment with the Group. If the options remain unexercised after a period of ten years from the date of grant the options expire. Options are forfeited if the employee leaves the Group before the options vest, unless certain conditions apply. On the retrenchment of staff options vest in full immediately. This was applicable in the year ended 31 December 2009 when the Marropino Mine was placed in care and maintenance.

The Group also issued options under the terms of the Share Plan in the year which do not have performance conditions, and have either no service period or a one year service period. These options were granted to Directors and key management to incentivise and retain them in the period following the Marropino Mine entering care and maintenance.

Further options and warrants over Ordinary Shares in the Company were issued to Directors and certain service providers. These options are not granted under the terms of the Share Plan.

In the year ended 31 December 2007 the Company issued options to a Director through the Noventa Employee Benefit Trust ('EBT'). No options have been granted by the EBT since 2007.

Details of all share options and warrants outstanding during the year are as follows:

	Number of options and warrants
At 1 January 2008	1,273,544
Granted during the year	1,176,000
Lapsed during the year	(661,664)
At 1 January 2009	1,787,880
Granted during the year	34,320,974
Lapsed during the year	(1,291,340)
Exercised in the year	(3,000,000)
At 31 December 2009	31,817,514

The total charge recorded in the income statement for share based payments (including shares issued to Directors under service contracts) in the year ended 31 December 2009 was $2,236,000 (2008: $205,000).

Employee share option plans

The number of options in the Noventa Unapproved Share Option Scheme and the Employee Benefit Trust are as follows:

	Number of options	Weighted average exercise price
At 1 January 2008	1,273,544	£0.90
Granted during the year	1,176,000	£1.15
Lapsed during the year [1]	(661,664)	£0.78
At 1 January 2009	1,787,880	£1.12
Granted during the year	10,235,008	£0.08
Lapsed during the year [1]	1,291,340	£0.46
At 31 December 2009	10,731,548	£0.20

(1) Options lapsed due to performance criteria not being achieved and / or option holders leaving the employ of the Group.

The following options have been issued by the Share Plan:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
1.1 Year ended 31 December 2009 :					
Share Plan – issue 5	6,000,000	20 October 2009	2019	£0.040	$0.02
Share Plan – issue 4	890,000	17 July 2009	2019	£0.040	$0.02
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	$0.06
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	$0.07
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	$0.09
Share Plan – issue 3	836,252	10 March 2009	2019	£0.155	$0.10
	10,235,008				
1.2 Year ended 31 December 2008 :					
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	$0.61
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	$0.79
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	$0.95
Share Plan – issue 2	294,000	9 July 2008	2018	£1.15	$1.07
	1,176,000				

During the year 2,430,294 options became exercisable (2008: 250,000 options). No share options were exercised during the year under the Share Plan or the EBT (2008: none).

The weighted average fair value of options granted during the year by the Share Plan was $0.03 (2008: $0.85). No options were granted by the Noventa EBT during the year (2008: Nil). The fair value of the options granted has been recognised in accordance with the respective vesting periods applicable to the options. The options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. Expected volatility has been based on the historic volatility of the Company's shares price. The charge to the income statement for the year for the unapproved share option plan and the EBT was $845,000 (2008: $205,000). This charge increased in 2009 due to the immediate vesting of options on various employees who were retrenched in 2009, in accordance with the rules of the scheme.

The aggregate estimated fair value of all options granted under the Share Plan in 2009 is $240,000 (2008: $953,000).

The fair value of options granted by the Share Plan has been determined using a Black Scholes valuation model with the following inputs:

	2009 (issue 4 and 5)	2009 (issue 3)	2008 (issue 2)
Weighted average share price	4.0p	15.5p	115.0p
Weighted average exercise price	4.0p	15.5p	115.0p
Expected volatility	60%	59% to 70%	50%
Expected life	1.5 years	1.5 years to 4.5 years	1.5 years to 4.5 years
Risk-free rate	2.01%	2.21%	5%
Expected dividend yield	0%	0%	0%

The volatility assumption has been determined based on the volatility of the Company's share price over comparable terms to the expected option life.

Options, warrants and bonus shares issued outside of the Share Plan

The following options, warrants and bonus shares that are required to be accounted for under IFRS 2, Share based payments, were issued during the year outside of the Share Plan:

Beneficiary	Number	Grant date	Expiry date	Exercise price	Fair value at grant date
Blomfield Corporate Finance	1,000,000	14 October 2009	14 October 2016	£0.04	$25,000
Barons Financial Services Limited	11,585,966	14 October 2009	14 October 2016	£0.04	$733,000
Barons Financial Services Limited	6,000,000	17 July 2009	No expiry	£0.00	$254,000
Ekasure Limited	3,000,000	27 August 2009	No expiry	£0.00	$127,000
Pope & Co.	500,000	14 October 2009	No expiry	£0.04	$12,000
P Cox	1,000,000	20 October 2009	20 October 2016	£0.04	$25,000
Dr E J Martin	1,000,000	20 October 2009	20 October 2016	£0.04	$25,000
	24,085,966				

The options and warrants awarded to Blomfield Corporate Finance (now Religare Capital Markets (UK) Limited), Pope & Co, Mr. P Cox and Dr. E S Martin were valued using the Black Scholes valuation model, with the same inputs as those used for Issue 4 and Issue 5 of the Share Plan. The options and warrants were awarded in consideration for services rendered in the period. There are no future service, or performance conditions attached to these options and warrants. The fair value was been expensed in full in the year ended 31 December 2009.

The bonus shares and warrants granted to Barons Financial Services Limited (a company in which Mr. E F Kohn TD has a beneficial interest – note 32), and Ekasure Limited (a company of which Mr. J Allan is an employee) were awarded as turnaround incentives with the following vesting conditions and fair values:

Beneficiary	Type	Share price target	Strike price	Number of shares	Fair value at grant date of the award
Ekasure Limited	Bonus shares	6p on 30 day moving average	-	1,000,000	$46,000
Ekasure Limited	Bonus shares	10p on 30 day moving average	-	1,000,000	$42,000
Ekasure Limited	Bonus shares	15p on 30 day moving average	-	1,000,000	$39,000
Barons Financial Services Limited	Bonus shares	6p on 30 day moving average	-	2,000,000	$92,000
Barons Financial Services Limited	Bonus shares	10p on 30 day moving average	-	2,000,000	$84,000
Barons Financial Services Limited	Bonus shares	15p on 30 day moving average	-	2,000,000	$78,000
Barons Financial Services Limited	Warrants	25p on 30 day moving average	-	5% of the equity of Noventa – 11,585,966	$733,000

These awards have no future service conditions. The fair value of the awards of $1,114,000 has been expensed in the year ended 31 December 2009, to reflect the benefit of the services provided by Barons Financial Services Limited and Ekasure Limited in the turnaround of the Group operations. The awards were valued using a Monte Carlo Simulation model to account for the market condition in the determination of the fair value of the awards with the following inputs:

	Bonus shares	Warrants
Weighted average share price	3.0p	6.13p
Weighted average exercise price	-	4.0p
Expected volatility	65%	69%
Expected life	6, 8 or 9 years	6 years
Risk-free rate	3.1%, 3.4% or 3.6%	2.7%
Expected dividend yields	0%	0%

The volatility assumption has been determined based on the volatility of the Company's share price, adjusted for a period of abnormal volatility between 24 April 2009 and 24 September 2009 reflecting the uncertainty over the future of the Group following the Marropino Mine entering care and maintenance. The expected life of the options has been determined as an output of the Monte Carlo Simulation model and determines the expected vesting date applicable for the risk free interest rate assumption.

29. FINANCIAL INSTRUMENTS

Details of the capital risk management policy of the Group are provided in note 27 to the financial statements.

This note provides further information on the financial instruments of the Group in accordance with the disclosure requirements of IFRS 7, *Financial Instruments: Disclosure* and IAS 39, *Financial Instruments: Recognition and measurement.*

Significant accounting policies and classification of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3.

Categories of financial instruments

Based on the application of the accounting policies with respect to financial instruments, the amounts included in the relevant balance sheet items represent the following categories of financial instrument:

At 31 December 2009	Fair value through profit and loss US$000	Loans and receivables US$000	Financial liabilities at amortised cost US$000	Total US$000
Financial assets				
Other debtors	-	12	-	12
Cash and cash equivalents	-	5,029	-	5,029
Total financial assets	-	5,041	-	5,041
Financial liabilities				
Trade payables	-	-	1,868	1,868
Other payables	-	-	288	288
Derivative financial liabilities	-	-	-	-
Total financial assets	-	-	2,156	2,156

At 31 December 2008	Loans and receivables US$000	Financial liabilities at amortised cost US$000	Total US$000
Financial assets			
Trade receivables	2,814	-	2,814
Other debtors	26	-	26
Cash and cash equivalents	2,540		2,540
Total financial assets	5,380	-	5,380
Financial liabilities			
Trade payables	-	747	747
Other payables	-	3,165	3,165
Total financial assets	-	3,912	3,912

Liabilities held as fair value through profit and loss (FVTPL) as at 31 December 2009 represent warrants over Ordinary Shares in Noventa Limited, classified as held for trading under IAS 39.

Classes of financial assets and liabilities

The Group analyses the categories of financial assets and liabilities as defined in IAS39 into classes of financial assets and liabilities as defined by IFRS 7 with the associated carrying value and fair value as follows:

	Book value 2009 US$000	Book value 2008 US$000	Fair value 2009 US$000	Fair value 2008 US$000
Short term operating assets	12	2,840	12	2,840
Bank balances and cash in hand	5,029	2,540	5,029	2,540
Total financial assets	5,041	5,380	5,041	5,380
Short term operating liabilities	2,156	3,912	2,156	3,912
Warrants	-	-	-	-
Total financial assets	2,156	3,912	2,156	3,912

Fair value

The assumptions used by the Group to estimate the fair values of financial instruments are summarised below:

(i) For warrants the fair value has been calculated using a Black Scholes valuation model due to the short term of the derivative instruments (18 months). The warrants are carried at fair value and accordingly the book value and the fair value of the warrants is the same.

(ii) For 'Bank balances and cash in hand', the fair value has been determined to approximate book value. The Group has no fixed rate deposits.

(iii) For 'Short term operating liabilities' and 'Short term operating assets' the fair value approximates to book value because of the short maturities of these assets and liabilities. The 'Short term operating liabilities' in 2008 includes $59,000 relating to pre shipment trade finance. This amount is interest bearing at rates which are not significantly different to open market rates. The fair value approximates to book value.

Financial risk management objectives

The Group actively manages the risks arising from its operations, and financial instruments at Board level. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and to ensure that the Group has adequate policies, procedures and controls to manage successfully the financial risks that the Group faces.

While the Group does not have a written policy relating to risk management of the risks arising from any financial instruments held, the close involvement of the Board of Directors in the day to day operations of the Group ensures that risks are monitored and controlled in an appropriate manner for the size and complexity of the Group. Financial instruments are not traded, nor are speculative positions taken. The principal risks that the Group faces with an impact on financial instruments are summarised below. Further details by class of financial instrument are described later in this note.

The Group's key financial market risks arise from changes in foreign exchange rates ('currency risk'). The Group is also exposed to credit risk.

Currency risk

The Group is exposed to foreign currency exchange risk mainly in relation to the US Dollar. The potential currency exposures are:

- Transactional exposure in respect of:
  - operating costs, capital expenditures and, to a lesser extent, sales incurred in currencies other than the functional currency of operations;
  - certain exchange control restrictions which require funds to be maintained in currencies other than the functional currency of operations; and
  - financial assets and liabilities denominated in currencies other than the functional currency of Group companies, such as bank balances held in currencies other than US$, and trade payables denominated in national currency in Mozambique and South Africa.
- Translational exposures in respect of investments in overseas operations which have functional currencies other than US Dollars.

Credit risk

The Group principally has exposure to credit risk on its bank balances and trade receivables. This risk is managed through the selection of bank counterparties based on the financial security of the counterparty, credit assessment of customers and contractual terms and conditions and monitoring.

Interest rate risk

The Group is, to a limited extent, exposed to interest rate risk which arises principally from the Group's bank and cash balances.

Liquidity risk

The Group has limited liquidity risk as at 31 December 2009 due to the bank and cash balances held exceeding the amounts due to third parties of the Group. Details of the liquidity position of the Group as at the date of these financial statements is provided in note 3.

Short term operating assets

These assets are principally subject to credit risk. The balance at 31 December 2009 principally comprises recoverable input VAT in South Africa. The balance at 31 December 2008 principally comprises receivables arising from the sale of tantalum concentrate and morganite. Credit risk arises due to changes in the credit rating of the counterparty. The Group's credit risk is reduced as it only transacts with a small number of counterparties who have a sound credit rating. The Group's exposure to credit risk is further controlled by reviewing its credit exposure to counterparties at regular intervals.

The maximum exposure at 31 December 2009 was $12,000 (2008: $2,840,000).

No amounts included in 'Short term operating assets' are past due and not impaired at either 31 December 2009 or 31 December 2008. The Group does not hold any security against the receivables in 'Short term operating assets'.

Included in the 'Short term operating assets' are receivables which have been fully provided against. Movements in the allowance account against 'Short term operating assets', which principally relates to the input IVA recoverable in Mozambique (see note 4) is as follows:

	US US$000
At 1 January 2008 (as restated)	689
Increase in allowance	312
At 1 January 2009 (as restated)	1,001
Increase in allowance	663
At 31 December 2009	1,664

The increase in the allowance account reflects the increase in the underlying input IVA balance recorded by the Group.

Bank balances and cash in hand

All amounts are carried at amortised cost, and, other than cash in hand, are interest bearing assets, with interest rates arranged with counterparty financial institutions based on commercial negotiations, reflecting the term, currency and amount of each deposit. Due to the short term cash requirements of the Group in the turnaround phase, as at 31 December 2009 interest rates are mainly nominal rates on current account bank balances.

All interest rates are commercial rates for the type of deposit, such that the carrying value of 'Bank balances and cash in hand' at amortised cost represents the amount of bank deposits and cash held by the Group. Similarly, the fair value of 'Bank balances and cash in hand' is insignificantly different to the book amount due to the short term nature of the assets in 'Bank balances and cash in hand'.

The principal risk arising for 'Bank balances and cash in hand' is credit risk in terms of counterparty default. In the current economic climate, the Group actively manages this risk through the monitoring of the credit status of the counterparty financial institutions. As at the balance sheet date the Group's assets in 'Bank balances and cash in hand' are principally held with the following banks, which are all high quality financial institutions:

	Location of funds	At 31 December 2009 US$000	At 31 December 2008 US$000
Deutsche Bank	Jersey	4,782	1,939
Standard Bank	Mozambique	150	427
First National Bank	South Africa	88	13
FirstRand Bank	Ireland	-	144
Other		9	17
Total		5,029	2,540

The maximum amount subject to credit risk is the total book value.

'Bank balances and cash in hand' is also subject to the risk of changes in foreign currency exchange rates. As at 31 December, the assets in 'Bank balances and cash in hand' were carried in the following currencies:

	At 31 December 2009 US$000	At 31 December 2008 US$000
US Dollar	690	2,299
£ Sterling	4,190	192
Rand South Africa	89	14
Mozambique Metical	59	34
Other	1	1
Total	5,029	2,540

The impact of changes in foreign currency exchange rates on the carrying value of 'Bank balances and cash in hand' is shown along with all other financial instruments, in the foreign currency sensitivity analysis below.

Short term operating liabilities

'Short term operating liabilities' represents trade, and other payables arising in the normal course of business. No interest is chargeable on any of the items included in 'Short term operating liabilities', as long as the Group adheres to the agreed payment terms with each supplier.

The principal risks associated with 'Short term operating liabilities' are liquidity risk and the risk of changes in foreign currency exchange rates. The impact of changes in foreign currency exchange rates at the carry value of this class is shown in the sections below respectively on liquidity risk and foreign currency sensitivity analysis along with all other financial instruments of the Group.

Warrants

'Warrants' contains warrants issued by the Company which are classified as derivative financial liabilities due to the warrants having been issued in a currency other than the functional currency of the Company. The warrants have nil value as at 31 December 2009. The warrants do not create any obligation on the Company other than to deliver shares in the Company for a fixed price (18p per share), at the option of the holder, for 18 months from the date of issuance in September 2009. 'Warrants' does not therefore expose the Company or Group to any risks as at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group raises funds as and when required on the basis of forecast expenditure and inflows. When funding is required, the Group balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain competitive market interest rates.

The liquidity risk of each Group entity is managed by the Noventa executive management team, as all Group entities are dependent on Noventa for their funding requirements. Funds are provided to the Group entities on an 'as required basis', based on their forecast expenditure.

As at 31 December 2009, the Group is liquid as cash balances exceed liabilities. Due to the operations of the Group being in turnaround, and the specific requirement to fund the assessment of the viability of the Group business model and bring the Marropino Mine back into operation, the liquidity as at 31 December 2009 is not representative of the ongoing liquidity of the Group. Note 3 provides further information on the current liquidity of the Group and the Going Concern basis of the Group.

All of the Group's short term operating liabilities are due within 30 days of the period end at 31 December 2009 (30 days at 31 December 2008).

Foreign currency sensitivity analysis

The Group's foreign currency assets and liabilities are exposed to foreign currency transaction risk.

The following are the exchange rates with United States Dollars of the significant foreign currency assets and liabilities as at 31 December:

	At 31 December 2009 1 US$ =	At 31 December 2008 1 US$ =
£ Sterling	0.63	0.69
South African Rand	7.42	9.46
Mozambique Metical	27.5	25.18

The table below illustrates the hypothetical sensitivity of the Group's reported loss and equity to a 10% increase and decrease in the US$ exchange rate to £ Sterling and Mozambique Metical at the year-end assuming that all other variables remain unchanged. 10% represents the Directors assessment of a reasonably possible change in the relevant exchange rates. A positive number below indicates an decrease in loss and increase in equity.

	Income statement		Equity	
	2009 US$000	2008 US$000	2009 US$000	2008 US$000
US$ strengthens by 10%	(225)	48	(225)	48
US$ weakens by 10%	225	(48)	225	(48)

The Group publishes its consolidated financial statements in United States Dollars and, as a result, is also subject to foreign currency exchange translation risk in respect of the translation of the results and underlying net assets of its non US$ functional currency entities into United States Dollars. The impact of translation risk is not quantified in the table above.

30. OPERATING LEASES

At the balance sheet date the Group had commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2009	2008
	US$000	US$000
Within one year	**95**	68
In the second to fifth years inclusive	**158**	199
	253	267
Operating lease rentals recognised as an expense in the income statement:		
Land and buildings	**87**	66

31. CONTINGENT LIABILITIES

Legal

A former contractor at the Marropino Mine has instigated a legal claim for $0.9 million against HAMC Project Services (Pty) Limited and its management on the grounds that the company and its management were responsible for his wrongful imprisonment in Mozambique relating to an incident of theft at the Marropino Mine in April 2006. Management plans to vigorously defending the claim should the claimant pursue this matter. The Company's legal counsel is of the opinion that his case will not succeed.

32. RELATED PARTIES

The following represents a list of the 100% owned subsidiaries of the Company:

Name	**Country of incorporation**	**Principal activity**	**Class of shares held**
Highland African Mining Company Limited	Jersey	Holding company	Ordinary
Highland African Mining Company Limitada	Mozambique	Mining	Ordinary
Speciality Minerals Corporation Limited	Jersey	Marketing and Sales	Ordinary
HAMC Project Services (Proprietary) Limited	South Africa	Support services	Ordinary

Transactions between the Company and its subsidiaries have been eliminated upon consolidation and are therefore not disclosed in this note. Details of transactions and balances at 31 December between the Group and other related parties are detailed below. The amounts reported are the fair value of the transaction in US$. Directors' fees and expenses are excluded unless they are invoiced to the Group by means of a separate company. Remuneration of key management personnel, including directors, is shown in note 11 and the Directors' report.

	2009 US$000	2008 US$000
Transactions with related parties		
Highland African Ventures Limited		
Convertible loan notes subscribed	**-**	4,200
Convertible loan notes issued for cash	**3,000**	4,200
Convertible loan notes converted to ordinary shares	**4,200**	3,000
Convertible loan notes not converted at 31 December	**-**	1,200
Fleming Family & Partners (Suisse) AG		
Subscription of ordinary shares on behalf of clients	**170**	-
Bridgewater Pension Trustees Ltd A/C Pathfinder Private Pension No. 0450		
Subscription of ordinary shares	**140**	-
Barons Financial Services SA		
Consulting fees	**282**	-
Fees due for the services of Mr. E F Kohn TD as Chairman paid in cash	**37**	-
Commission arising on fund raising on the same terms as those provided by the Company's broker	**221**	-
Funds advanced to the Company (representing expenditure incurred on the Company's behalf and recharged to the Company)	**247**	-
Balance due to Barons Financial Services SA at 31 December	**24**	-
Funds advanced by the Company for expenses	**14**	-
Barons Financial Services Limited		
Fees due for the services of Mr. E F Kohn TD as Chairman paid in shares	**37**	-
Fair value of 6,000,000 conditional bonus shares issued to Barons Financial Services Limited	**254**	-
Fair value of 11,585,956 warrants issued to Barons Financial Service Limited	**733**	-
Balance due to Barons Financial Services Limited in shares at 31 December	**22**	-
Carey Olsen		
Legal fees and expenses	**167**	-
Balance due to Carey Olsen at 31 December	**124**	-
Ekasure Limited		
Fees due for the services of Mr. J Allan as Chief Executive Officer	**260**	-
Balance due to Ekasure Limited in shares at 31 December	**10**	-
Re-imbursement of expenses incurred on behalf of Noventa	**54**	-
Fair value of 3,000,000 conditional bonus shares issued to Ekasure Limited	**127**	-
Balance due to Ekasure Limited at 31 December	**30**	-
Goldline Global Consulting		
Fees due for the services of Mr P Cox as Director	**31**	-
Balance due to Goldline Global Consulting in shares at 31 December	**17**	-
Balance due to Goldline Global Consulting at 31 December 2009	**2**	-

Highland African Ventures Limited is a related party of the Company by virtue of its significant shareholding in the Company. Fleming Family & Partners (Suisse) AG and Bridgewater Pension Trustees Ltd A/C Pathfinder Private Pension No. 0450 are related parties of the Company by virtue of their relationship with Mr. R J Fleming, who has a significant shareholding in the Company. Highland African Ventures Limited is owned by a trust whose trustee is Fleming Family & Partners Liechtenstein and Mr. R J Fleming is one of the potential beneficiaries. Fleming Family & Partners Liechtenstein has a total interest, including through Highland African Ventures Limited, in a total of 86,708,892 shares (36.99% of the issued shares). Mr. R J Fleming has an interest, including through Highland African Ventures Limited, in a total of 85,208,892 shares (36.35% of the issued shares).

Barons Financial Services SA, Barons Financial Services Limited, Carey Olsen and Goldline Global Consulting are related parties to the Group by virtue of common directorship as follows:

Related party	**Common Director**
Barons Financial Services SA and Barons Financial Services Limited	Mr. E F Kohn TD
Carey Olsen	Mr. G Coltman
Goldline Global Consulting	Mr. P Cox

Ekasure Limited is a related party by virtue of being the employer of Mr. J Allan.

All related party transactions are transacted on an arms length basis, in accordance with standard commercial terms applicable to the type of transaction.

33. SUBSEQUENT EVENTS

Subsequent to 31 December 2009, the following events have occurred which require disclosure due to the materiality of the amounts involved:

Sale of morganite consignment inventory

On 9 February 2010, the Group reached agreement with LJ International Limited for the sale of consignment stock held by Goldleaves Trading Limited and Miranda Gems (HK) under the Morganite Joint Venture Agreement between the Group, and these parties. The Morganite Joint Venture Agreement has been terminated, with payment due to the Group of $1,000,000, due $300,000 in February 2010, $200,000 in March 2010, and $100,000 per month thereafter until the balance is paid. The sale proceeds will be reported within revenue in the financial year ended 31 December 2010, reflecting the transfer of risks and rewards of ownership in the Morganite inventory to LJ International Limited with effect from 9 February 2010. All amounts due under this agreement to the date of signing of these financial statements have been received.

Fundraising

On 7 June 2010 the Group secured $2,030,000 additional shareholder funding through a placing (the 'June 2010 Placing') and a conditional placing (the 'June 2010 Conditional Placing Shares') of Ordinary Shares in the Company as described below.

June 2010 Placing

The Group secured irrevocable commitments for the private placing of 6,826,450 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £444,000 ($653,000) before expenses. The funds are anticipated to be received on or around 8 June 2010.

June 2010 Conditional Placing

The Group secured commitments for the conditional placing of 14,415,723 Ordinary Shares of £0.0004 pence each for £0.065 per Ordinary Share, raising £937,000 ($1,377,000) before expenses. The June 2010 Conditional Placing is conditional on the following conditions precedent:

1. the Directors obtaining shareholder approval at the forthcoming AGM of the Company on 30 June 2010 for the issuance of the June 2010 Conditional Placing Shares;
2. the June 2010 Conditional Placing Shares issued being accepted to trading on AIM; and
3. there being no adverse change in national or international financial, market, industrial, economic or political conditions or any other occurence of any nature which, in the reasonable opinion of the Company's corporate broker would or is reasonably likely to have a material adverse effect on the business of the Company during the period from 8 June 2010 to the Company's AGM on 30 June 2010.

The Directors have reason to believe that the conditions precedent for the issuance of the June 2010 Conditional Placing Shares will be met and that the June 2010 Conditional Placing will be successful. The funds are anticipated to be received on or around the 30 June 2010 after the AGM.

COMPANY STATEMENT OF COMPREHENSIVE LOSS FOR THE YEAR ENDED 31 DECEMBER 2009

	Note	2009 US$000	2008 US$000
Revenue	**34**	**240**	282
Cost of sales	**34**	**(240)**	(296)
Gross loss		**-**	(14)
Administrative expenses		**(4,489)**	(2,688)
Impairment of investment in subsidiary undertakings	**35,39**	**(335)**	(74,855)
Provision against receivables from subsidiary undertakings	**35,41**	**(3,607)**	(32,404)
Operating loss	**35**	**(8,431)**	(109,961)
Net finance expense	**37**	**(28)**	(920)
Finance income		**2**	66
Finance expense		**(30)**	(986)
Loss before taxation		**(8,459)**	(110,881)
Taxation	**38**	**-**	-
Loss for the year and total comprehensive loss		**(8,459)**	(110,881)

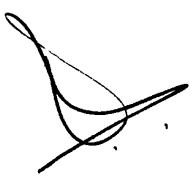
All results derive from containing operations.

COMPANY STATEMENT OF FINANCIAL POSITION AT DECEMBER 2009

	Note	2009 US$000	2008 US$000
Non-current assets			
Investments in subsidiaries	39	-	-
Property, plant and equipment	40	40	-
Loans due from subsidiary undertakings	41	-	-
		40	-
Current assets			
Trade and other receivables – prepayments		59	170
Cash and cash equivalents	41	4,363	1,861
		4,422	2,031
Total assets		4,462	2,031
Current liabilities			
Trade and other payables	42	416	1,055
Derivative financial liabilities	25,43	-	-
		416	1,055
Net current assets		4,006	976
Net assets		4,046	976
Equity			
Share capital	27,43	156	32
Share premium	27,43	54,335	43,066
Shares to be issued	27,43	76	-
Convertible loan note reserve	27,43	-	1,987
Merger reserve	27,43	-	-
Accumulated losses		(50,521)	(44,109)
Total equity		4,046	976

The financial statements of Noventa Limited, registered number 95036 were approved by the board of directors and authorised for issue on 8 June 2010.

Signed on behalf of the Board of Directors



E F Kohn TD
Chairman

D Cassiano-Silva
Chief Financial Officer

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	Share capital	Share premium	Shares to be issued	Convertible loan note reserve	Merger reserve	Retained Equity	Total
		US$000	US$000	US$000	US$000	US$000	US$000	US$000
At 1 January 2008		**28**	**34,410**	-	-	**68,855**	**(2,289)**	**101,004**
Total comprehensive loss for the year		-	-	-	-	-	(110,881)	(110,881)
Transfer from merger reserve		-	-	-	-	(68,855)	68,855	-
Share based payments	**28**	-	-	-	-	-	206	206
Issue of share capital	**27**	3	6,018	-	-	-	-	6,021
Expenses incurred in issuing share capital		-	(361)	-	-	-	-	(361)
Issue of convertible loan notes	**24**	-	-	-	5,000	-	-	5,000
Expenses incurred in issuing convertible loan notes			-	-	(13)	-	-	(13)
Conversion of loan notes	**24**	1	2,999	-	(3,000)	-	-	-
At 31 December 2008		**32**	**43,066**	**-**	**1,987**	**-**	**(44,109)**	**976**
Total comprehensive loss for the year		-	-	-	-	-	(8,459)	(8,459)
Share-based payments	**28**	1	112	76	-	-	2,047	2,236
Issue of share capital	**27**	65	6,405	-	-	-	-	6,470
Expenses incurred in issuing share capital		-	(809)	-	-	-	-	(809)
Issue of bonus shares	**27**	2	(2)	-	-	-	-	-
Issue of convertible loan notes	**24**	-	-	-	3,000	-	-	3,000
Expenses incurred in issuing convertible loan notes		-	-	-	(11)	-	-	(11)
Conversion of loan notes	**24**	56	5,563	-	(4,976)	-	-	643
At 31 December 2009		**156**	**54,335**	**76**	**-**	**-**	**(50,521)**	**4,046**

COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 US$000	2008 US$000
Cash flows from operating activities		
Loss for the year	**(8,459)**	(110,881)
Adjustments for:		
Impairment of investments in subsidiary undertakings	**335**	74,855
Provision against receivables from subsidiary undertakings	**3,607**	32,404
Employee share incentive expense	**1,902**	206
Finance income	**(2)**	(66)
Finance expense	**30**	986
Operating loss before changes in working capital and provisions	**(2,587)**	(2,496)
Decrease in trade and other receivables	**111**	82
(Decrease)/increase in trade and other payables	**(629)**	449
Net cash used in operating activities	**(3,105)**	(1,965)
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(40)**	-
Advances to subsidiary undertakings	**(3,607)**	(8,336)
Investment in subsidiary undertakings	-	(118)
Interest received	**2**	66
Net cash used in operating activities	**(3,645)**	(8,388)
Cash flow from financing activities		
Proceeds from issue of new shares	**6,470**	9,021
Share issue expenses	**(809)**	(361)
Proceeds from issue of convertible loan notes	**3,632**	2,000
Convertible loan note issue expenses	**(41)**	(13)
Net cash inflow from financing activities	**9,252**	10,647
Net increase in cash and cash equivalents	**2,502**	294
Cash and cash equivalents at beginning of year	**1,861**	1,567
Cash and cash equivalents at end of year	**4,363**	1,861

NOTES TO THE COMPANY FINANCIAL STATEMENTS

34. SIGNIFICANT ACCOUNTING POLICIES

The separate financial statements of the Company are presented as required by the Companies (Jersey) Law 1991. As permitted by that Law, the separate financial statements have been prepared in accordance with International Financial Reporting Standards.

The financial statements have been prepared on the historical cost basis except for the measurement of certain financial instruments, and share based payments. The principal accounting policies adopted are the same as those set out in note 3 to the consolidated financial statements, other than as noted below.

Revenue and cost of sales

Revenue represents the amount due from Group companies for employees of Noventa Limited who work on the affairs of subsidiary companies. Employee costs are reported within cost of sales.

Investments in subsidiary undertakings

The Company includes within the carrying value of investments in subsidiary undertakings the fair value of the consideration paid for the subsidiary. Additional investment in the subsidiary undertakings, in the form of capital subscriptions, capital contributions or share based payment obligations assumed on behalf of the subsidiary is added to the cost of the investment in the period arising.

35. OPERATING LOSS

Operating loss is stated after charging:	**Year ended 2009**	Year ended 2008
	US$000	US$000
Impairment of investment in subsidiary undertakings	**335**	74,855
Provision against receivables from subsidiary undertakings	**3,607**	32,404
Staff costs	**1,079**	1,721

The auditors' remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

36. STAFF COSTS

The average number of employees in the year was:	**Year ended 2009**	Year ended 2008
	US$000	US$000
Directors	**2**	3
Management	**1**	1
	3	4

Staff costs	**US$000**	US$000
Directors	**323**	1,197
Management	**240**	240
Share option charges	**516**	284
	1,079	1,721

Staff numbers and staff costs exclude Non-Executive Directors and Executive Directors for whom services are provided via service agreements with third party companies. The aggregate charge arising for Directors services to the Company is:

Directors	**Year ended 2009**	Year ended 2008
	US$000	US$000
Emoluments	**684**	1,197
Share option charges	**1,014**	284
	1,698	1,481

37. NET FINANCE EXPENSE

	Year ended 2009 US$000	Year ended 2008 US$000
Interest income on loans to subsidiary undertakings	857	1,386
Provision against irrecoverable interest	(857)	(1,386)
Interest income on bank deposits	2	66
Finance income	2	66
Convertible debt issue costs	(30)	-
Provision against irrecoverable interest from previous years on loans to subsidiary undertakings	-	(986)
Finance expense	(30)	(986)
Net finance expense	(28)	(920)

The Company charges interest on receivable balances from Group undertakings in accordance with the loan agreements in place with the counter party company. The interest is provided for if considered to be irrecoverable.

38. TAXATION

With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the Company for the 2009 year of assessment and future periods will be subject to taxation at the rate of 0%. In the prior year the Company was exempt fom taxation under the provisions of Article 123A of the Income Tax (Jersey) Law of 1961 as amended.

39. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	US$000
Cost	
At 1 January 2008	74,737
Capital contribution	118
At 1 January 2009	74,855
Capital contribution	335
At 31 December 2009	**75,190**
Provision for impairment	
At 1 January 2008	-
Charge to the Income Statement	74,855
At 1 January 2009	74,855
Charge to the Income Statement	335
At 31 December 2009	**75,190**
Net book value	
At 31 December 2009	**-**
At 31 December 2008	**-**

Capital contributions represent either cash funding provided to subsidiary undertakings, or increases arising from the Group equity settled share option plans where the share options are granted to employees of subsidiary undertakings.

Details of the Company's subsidiary undertakings are included in note 32 to the consolidated financial statements.

40. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment US$000
Cost	
At 1 January 2008 and 1 January 2009	-
Additions	40
At 31 December 2009	**40**
Depreciation and impairment	
At 1 January 2008, 1 January 2009 and 31 December 2009	-
Net book value	
At 31 December 2009	**40**
At 31 December 2008	**-**

41. FINANCIAL ASSETS

Loans to other Group entities

At the balance sheet date amounts receivable from fellow group companies (including the Noventa EBT) are US$39,239,000 (2008: US$34,744,000). These loans receivable have been provided for in full due to the losses experienced by subsidiary undertakings and uncertainty over the recoverability of the amounts.

Cash and cash equivalents

These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

42. FINANCIAL LIABILITIES

Trade and other payables

Trade payables principally comprise amounts outstanding for Directors' fees, legal, audit and other professional services, and ongoing costs. The average credit period taken for trade purchases is 30 days.

The book amount of trade payables approximates to their fair value.

Derivative financial liabilities

Details of the derivative financial liabilities are given in note 25 of the consolidated financial statements.

43. SHARE CAPITAL, SHARE PREMIUM ACCOUNT AND RESERVES

Details on these items are disclosed in notes 24 and 27 to the consolidated financial statements, including a description of the nature of the reserve.

During the year ended 31 December 2008, the Company provided in full against its investment in subsidiary undertakings. The carrying value of the investment was recorded at fair value in 2007, in a share for share exchange with the shareholders of Highland African Mining Company Limited. The premium arising on the shares issued to acquire this investment was recorded in the merger reserve as permitted by Jersey Law. The premium was transferred to the accumulated losses reserve in 2008 to offset the impairment losses arising on this investment.

44. FINANCIAL INSTRUMENTS

Details of the capital risk management policy of the Company are provided in note 27 to the financial statements.

This note provides further information on the financial instruments of the Company in accordance with the disclosure requirements of IFRS 7, *Financial Instruments: Disclosure and IAS 39, Financial Instruments: Recognition and measurement.*

Significant accounting policies and classification of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in notes 3 and 34.

Categories of financial instruments

Based on the application of the accounting policies with respect to financial instruments, the amounts included in the relevant balance sheet items represent the following categories of financial instruments:

At 31 December 2009	Fair value through profit and loss US$000	Loans and receivables US$000	Financial liabilities at amortised cost US$000	Total US$000
Financial assets				
Cash and cash equivalents	**-**	**4,363**	**-**	**4,363**
Total financial assets	**-**	**4,363**	**-**	**4,363**
Financial liabilities				
Trade payables	**-**	**-**	**416**	**416**
Other payables	**-**	**-**	**-**	**-**
Derivative financial liabilities	**-**	**-**	**-**	**-**
Total financial liabilities	**-**	**-**	**416**	**416**

At 31 December 2008	Loans and receivables US$000	Financial liabilities at amortised cost US$000	Total US$000
Financial assets			
Cash and cash equivalents	1,861	-	1,861
Total financial assets	1,861	-	1,861
Financial liabilities			
Trade payables	-	1,055	1,055
Total financial liabilities	-	1,055	1,055

As at 31 December 2009, the financial liabilities held at fair value through profit and loss (FVTPL) represent warrants over Ordinary Shares in Noventa Limited, classified as held for trading under IAS 39. The Company has not designated any other assets or liabilities as fair value through profit and loss.

Classes of financial assets and liabilities

The Company analyses the categories of financial assets and liabilities as defined in IAS39 into classes of financial assets and liabilities as defined by IFRS 7 with the associated carrying value and fair value as follows:

	Book value	Book value	**Fair value**	Fair value
	2009	2008	**2009**	2008
Bank balances and cash in hand	**4,363**	1,861	**4,363**	1,861
Total financial assets	**4,363**	1,861	**4,363**	1,861
Short term operating liabilities	**416**	1,055	**416**	1,055
Warrants	**-**	-	**-**	-
Total financial liabilitiesi	**416**	1,055	**416**	1,055

Fair value

The assumptions used by the Comapny to estimate the current fair values are summarised below:

(i) The fair value of 'Warrants' has been calculated using the Black Scholes valuation model due to the short term of the derivative instruments (18 months). The derivatives are carried at fair value and accordingly, the book value and fair value is the same.

(ii) For 'Bank balances and cash in hand', the fair value has been determined to approximate book value. The Company has no fixed rate deposits and accordingly book value and fair value are the same.

(iii) For 'Short term operating liabilities' the book value approximates to fair value because of the short maturities of these financial instruments.

Financial risk management objectives

The financial risk management policies and objectives of the Company are the same as those of the Group disclosed in note 29.

The Company principally has exposure to credit risk on its bank balances as at 31 December 2009 (principally has exposure to credit risk on its bank balances). This risk is managed through the selection of counterparties based on the relative financial security of the counterparty. The Group also has credit risk on its 'Loans due from subsidiary undertakings', which have all been provided for.

The Company is to a limited extent exposed to interest rate risk that arises principally from the Company's bank and cash balances.

The Company has limited liquidity risk as at 31 December 2009 due to the bank and cash balances held exceeding the amounts due to third parties of the Company. Details of the liquidity position of the Group as at the date of these financial statements are provided in note 3.

Loans due from subsidiary undertakings

As disclosed in note 27, the Company funds the operations of its subsidiaries where the relevant subsidiary is unable to generate positive cash flows to support operations. 'Loans due from subsidiary undertakings' contains all receivable balances from Group companies, which are fully provided against. The movements in the intercompany receivable provision are as follows:

	US$000
At 1 January 2008	-
Increase in allowance	33,504
At 1 January 2009	33,504
Increase in allowance	**4,464**
At 31 December 2009	**37,968**

The Company will reverse the provision against loans from subsidiary undertakings if there is evidence to support the recoverability of the amounts advanced.

Bank balances and cash in hand

'Bank balances and cash in hand' represents the total of the Company's bank balances and cash.

All amounts in 'Bank balances and cash in hand' are carried at amortised cost, and, other than cash in hand, are interest bearing assets, with interest rates arranged with counterparty financial institutions based on commercial negotiations, reflecting the term, currency and amount of each deposit. Due to the short term cash requirements of the Company in the turnaround phase as at 31 December 2009, interest rates are mainly nominal rates on current account bank balances.

All interest rates are commercial rates for the type of deposit, such that the carrying value of the 'Bank balances and cash in hand' at amortised cost represents the amount of bank deposits and cash held by the Company. Similarly, the fair value of 'Bank balances and cash in hand' is insignificantly different to the carrying amount due to the short term nature of the assets in 'Bank balances and cash in hand'.

The principal risk arising for 'Bank balances and cash in hand' is credit risk in terms of counterparty default. In the current economic climate, the Company actively manages this risk, through monitoring of the credit status of the counterparty financial institutions. As at the balance sheet date, the Company's assets in 'Bank balances and cash in hand' are held with Deutsche Bank (2008: all with Deutsche Bank). Deutsche Bank is a high quality financial institutions (refer to note 27 for Deutsche Bank's international credit rating).

The maximum amount subject to credit risk is the total carrying value.

'Bank balances and cash in hand' is also subject to the risk of changes in foreign currency exchange rates. As at 31 December, the assets in 'Bank balances and cash in hand' were carried in the following currencies:

	31 December 2009 US$	31 December 2008 US$
US Dollar	**179**	1,675
£ sterling	**4,184**	186
	4,363	1,861

The impact of changes in foreign currency exchange rates on the carrying value of 'Bank balances and cash in hand' is shown along with all other financial instruments, in the section on foreign currency sensitivity analysis below.

Short term operating liabilities

'Short term operating liabilities' represents trade, and other payables arising in the normal course of business. No interest is charged on any of the items included in 'Short term operating liabilities', as long as the Group adheres to the agreed payment terms with each supplier.

The principal risks associated with 'Short term operating liabilities' are liquidity risk and the risk of changes in carrying amount arising from changes in foreign currency exchange rates. These risks are shown in the sections below respectively on liquidity risk and foreign currency sensitivity analysis along with all other financial instruments of the Company.

Warrants

'Warrants' contains warrants issued by the Company which are classified as derivative financial liabilities due to the warrants being issued in a currency other than the functional currency of the Company. The warrants have nil value in both the currency they are issued in, and US$. The warrants do not create any obligation on the Company other than to deliver shares in the Company for a fixed price (18p per share), at the call of the holder, for 18 months from the date of issuance in September 2009. 'Warrants' does not therefore expose the Company to any risks as at the balance sheet date.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach is to ensure that it will have sufficient liquidity to meet its liabilities when due.

The Company raises funds as and when required on the basis of forecast expenditure and inflows. When funding is required, the Company balances the costs and benefits of equity and debt financing. When funds are received they are deposited with banks of high standing in order to obtain competitive market interest rates.

The liquidity risk of each Group entity is managed by the Noventa Limited executive management team, as all Group entities are dependent on Noventa Limited for their funding requirements. Funds are provided to the Group entities on an 'as required basis', based on their forecast expenditure.

As at 31 December 2009, the Company has bank balances of £4,368,000. Due to the nature of the operations of the Group being in turnaround, and the specific requirements on the Company to fund the assessment of the viability of the Group business model and bring the Marropino Mine back into operation, the liquidity as at 31 December 2009 is not representative of the ongoing liquidity of the Company. Note 3 provides further information on liquidity and the going concern basis of the Company.

All of the Company's short term operating liabilities are due within 30 days of the period end at 31 December 2009 (30 days at 31 December 2008).

Foreign currency sensitivity analysis

The Company's financial instruments are exposed to foreign currency transaction risk, arising on the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date.

The following are the significant exchange rates applied by the Company to United States Dollars as at 31 December:

	31 December 2009	31 December 2008
	1 US$ =	1 US$ =
£ Sterling	**0.63**	0.69

The table below illustrates the hypothetical sensitivity of the Company's reported profit and equity to a 10% increase and decrease in the United States Dollar exchange rate to £ Sterling at the year end assuming that all other variables remain unchanged. 10% represents the Directors assessment of a reasonably possible change in the relevant exchange rates. A positive number below indicates an increase in profit and other equity.

	Income statement		**Equity**	
	2009	2008	**2009**	2008
	US$000	US$000	**US$000**	US$000
US$ strengthens by 10%	**(356)**	(4)	**(356)**	(4)
US$ weakens by 10%	**356**	4	**356**	4

45. RELATED PARTIES

The transactions disclosed in note 32 to the consolidated financial statements all relate to the Company. In addition to those transactions, the following related party transactions are relevant to the Company:

	2009	2008
	US$000	US$000
Loans to Highland African Mining Company Limited (note 41)	**37,968**	33,504
Interest charged on loans to Highland African Mining Company Limited (note 37)	**857**	1,386
Salary costs incurred on behalf of Highland African Mining Company Limitada and recharged to Highland African Mining Company Limitada	**240**	240

Amounts repayable from Highland African Mining Company are long term and carry interest of 1month US LIBOR + 3.5% per annum (2008: 1-month US LIBOR + 3.5% per annum) charged on the outstanding loan balances. Interest is currently fully provided for in the year that it arises due to uncertainty over the recoverability of the outstanding loan balance.

46. ULTIMATE CONTROLLING PARTY

The Directors are of the opinion that there is no ultimate controlling party of the Company.

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Noventa Management Team

Pat Lawless (Chief Operating Officer, Noventa Limited)
Patrick Lawless is based at the Company's operational headquarters in Maputo. He speaks Portuguese, holds a MBA from Manchester Business School and is a Chartered Director. Raised and educated in Africa, Mr. Lawless' earlier career included service in the armed forces as an officer in the British Army, leaving after a distinguished career in 2000 in the rank of Brigadier. Since leaving the armed forces, he has held a number of senior appointments at Thales, PricewaterhouseCoopers and Barclays, including the restructuring of Barclays Africa, and while at PricewaterhouseCoopers corporate turnaround practise, the lead advisory role on a significant number of turnaround and restructuring assignments covering a broad range of industrial sectors.

Daniel Cassiano-Silva (Chief Financial Officer, Noventa Limited)
Daniel Cassiano-Silva joined Noventa from Deloitte LLP, where he held the position of Senior Audit Manager, and most recently having been on secondment to the Company. He is a Chartered Accountant and bi-lingual in English and Portuguese (the national language of Mozambique, the site of the Company's Operational Headquarter and mining assets). His role at Deloitte LLP involved working closely with a number of AIM quoted companies.

Diocliciano Delio Darsamo Bsc (Executive Director and Engineering Manager, Highland African Mining Company Limitada)
Délio is a Mozambican, graduated at Uniswa and Unisa, Bsc M/Phys and MDP, respectively. He has worked in the Engineering field in projects and maintenance since 1996. Since graduating he has been directly involved in the construction, commissioning, start-up and operations of two mega projects in Mozambique namely: BHP Billiton's Aluminium Smelter and Kenmare Moma Titanium Mine. He has over 12 years experience in mining in Mozambique and has been involved in strategic development of key skills for the sustainability of these operations with Mozambican employees. Mr Darsamo has strategically been involved in achieving nameplate design of all the operations he was involved in with success and financial sustainability.

Mário José (Pit Manager, Highland African Mining Company Limitada)
Mario Jose, born in Mozambique, is a multi-faceted mining professional with 21 years of valuable experience in the safe operation of development, production, construction, shaft and mine services. He is an effective leader and communicator. His career includes Mining Operations Supervisor Vale – Inco; Supervisory leadership at Barrick Gold Corporation and Shift Supervisor. Mario is fluent in Portuguese, Spanish and English. Since joining the mining industry Mario has been involved in establishing safe working practices and adherence to safety guidelines by his team members. He has implemented best practice blasting procedures in his career resulting in an excellent safety record.

Neville Norris (Metallurgical Manager, Highland African Mining Company Limitada)
Neville Norris has 22 years mining experience. This experience includes three start up operations: one Gold Plant and two Minerals Sands Mines. In these environments he was instrumental in the commissioning, training, ramp-ups and taking these projects to full production and beyond. His experience includes ten years in Gold with five of these years served in a senior management roles, ten years Mineral Sands and two years in Diamond mining. He is experienced in Crushing, Milling, Leaching, Thickeners, CIP, Electrowining, Gold Smelting, Hydraulic Mining, Dredge Mining, Gravity Separation, Dry Magnetic Separation, Wet Magnetic Separation, and Dry Mineral Processing Plants. He has been working as an expatriate in Mozambique for the last three and a half years in remote, difficult and challenging environments.

Leovigildo N. Juliasse (Human Resources Manager, Highland African Mining Company Limitada)
Leovigildo Juliasse is a Lawyer and holds a LLB and BA of honor in Law from the Catholic University of Mozambique. He joined the company in August 2008 being responsible for Human Resources at the Marropino Mine. He has been also involved in legal work for Highland African Mining Company Limitada. Previously, he worked as a Head of Human Resources and Legal Advisor in Nampula. In 2008 he worked as a Legal Consultant at a Leading Law Firm in Maputo and Inhambane, mainly in Labour issues, Business, Land and Investment Laws.