

# NOVENTa

## NOVENTA LIMITED ("Noventa" or the "Company") (AIM: NVTA; ISDX: NV) Group Update, Issue of Equity and Trading Update

18 March 2013

### Noventa Group Financial Position

On 1 March 2013, the Board of Directors of the Group (Noventa and all its subsidiaries and associates, both direct and indirect) parent company, Noventa (the "**Noventa Board**"), announced that it was continuing discussions with Richmond Partners Master Limited ("**Richmond**" or the "**Lender**") regarding the consequences of the default under the Secured Loan Facility ("**SLF**") of HAMC Minerals Limited ("**HAMCM**"), a 100% indirect subsidiary of the Company and the borrower under the SLF. In accordance with the terms of the SLF, due to the default, and until these discussions were finalised, the Group and Richmond had agreed that HAMCM would not make further drawdowns under the SLF. These negotiations have now concluded and no viable solution could be found that would enable HAMCM to stay within the terms of the SLF, or for those terms to be relaxed. Accordingly and on 15 March 2013, the Lender served notice on HAMCM for immediate repayment of the outstanding amounts under the SLF (which is approximately \$55.3m including default penalties) while also enforcing the security interests available to it. As a result of the enforcement of default, HAMCM and its subsidiaries will be made available for sale and the Noventa Group will cease with the business of mining and processing Ta<sub>2</sub>O<sub>5</sub> concentrate. Should any excess monies be raised from this sale over the total amount due under the SLF (the "**Excess Sale Amount**"), such excess will be due to Noventa. The process is expected to take up to 30 days.

The Company, HAMCM and the Lender are finalising an outline settlement agreement (the "**Settlement Agreement**") to discharge in full the balances due to and from these companies and their subsidiaries following the enforcement of default (excluding any amount which may in future accrue under the Excess Sale Amount) and waive all claims that each company may have against the other, and their subsidiaries. The Settlement Agreement is expected to result in a net payment due from the Company to HAMCM of approximately \$165,000 which will be discharged from monies accruing to the Company from the new funds raised as detailed below. The Settlement Agreement further requires Mr Luca Bechis, Mr Fernando Fernandez-Torres and Mr Jose Luis de Barros to resign from the Board of Directors of the Company without any further payments due to them from the Company. Noventa (but not the other Group companies) will be released from the security interests held by the Lender as part of the Settlement Agreement.

Subject to approval from ordinary shareholders of a new Investing Policy (as defined by the AIM Rules for Companies) at an Extraordinary General Meeting ("EGM"), the Company now intends to become an Investing Company on AIM (as defined by the AIM Rules for Companies). The Company intends to convene the EGM as soon as possible once the Settlement Agreement has been finalised.

### Issue of Equity and Total Voting Rights

Noventa is pleased to announce that it has raised £475,671 before expenses via a draw down on its Equity Financing Facility ("**EFF**") with Darwin Strategic Limited ("**Darwin**"), a majority owned subsidiary of Henderson Global Investors Volantis Capital. After expenses the Company expects to receive net proceeds of approximately £434,000 which will be utilised for the Company's general working capital purposes.

Under the terms of the EFF agreement the Company raised gross proceeds of £475,671 by way of the issue of 38,000,000 new ordinary shares of 0.8p each to Darwin (the “**EFF Shares**”). The EFF Shares will be issued at a gross price of 1.2518p per share and rank *pari passu* in all respects with existing ordinary shares of 0.8p each in Noventa. Application has been made to the London Stock Exchange for the EFF Shares to be admitted to trading on AIM. It is expected that the admission will become effective and that trading in the EFF Shares will commence on 20 March 2013 (“**Admission**”).

Following the issue of the EFF Shares, the Company's enlarged issued share capital will comprise of 157,658,819 ordinary shares with voting rights. This figure of 157,658,819 ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the ordinary share capital of the Company under the FSA's Disclosure and Transparency Rules.

## **Trading Update**

Further to the announcement of 1 March 2013, the Group's production of tantalum pentoxide concentrate (“**Ta<sub>2</sub>O<sub>5</sub> concentrate**”) has continued to remain at low levels from the new processing plant at Marropino (the “**New Plant**”), with production in March (until 17 March 2013) of approximately 500 lbs contained Ta<sub>2</sub>O<sub>5</sub>. The low levels of current and forecast production have resulted in HAMCM being in default under the SLF. The boards of directors of the operating companies, working with Richmond, are undertaking various actions to revise the future strategy of the operating companies within the Group (all of which are subject to security interests over their ordinary shares under the SLF). These actions are focussed on reducing the current cash burn of these operating companies by suspending production from the New Plant and focussing on achieving a lower, but more predictable and sustainable, level of production from the old processing plant at Marropino (the “**Old Plant**”). This fundamental change in the strategy of the operating companies (the “**Programme**”) is expected to:

- (1) significantly reduce the potential monthly production of contained Ta<sub>2</sub>O<sub>5</sub> from Marropino from approximately 50,000 lbs contained Ta<sub>2</sub>O<sub>5</sub> per month to approximately 15,000 lbs contained Ta<sub>2</sub>O<sub>5</sub> per month; and
- (2) significantly reduce the cost base of the operating companies.

This Programme consists of the following:

- No further investment will be incurred at this stage in the completion of the New Plant, other than for existing contracted work or outstanding payments due;
- The finalisation of a nine month detailed budget for the Marropino mine working with the Old Plant only, connected to the new crushing plant;
- An immediate redundancy programme affecting approximately 50% of staff within the operating companies, which may affect around 145 people. This redundancy programme has been presented to the employees of Highland African Mining Company Limitada (“**HAMCL**”), the Group subsidiary which operates the Marropino Mine, and the Mozambique authorities. It is expected that all necessary actions will be completed in the latter half of April 2013;
- A detailed review of all operating expenditure which is not yet committed in order to suspend expenditure which is not directly related to production from the Old Plant, or health and safety related;
- Review all contracted support expenditure at Marropino, such as the camp food and housekeeping, and reduce this expenditure where possible;

- Review and reduction in the general and administration costs in all operating subsidiaries; and
- The suspension of supply of Ta<sub>2</sub>O<sub>5</sub> concentrate from HAMCL to the Group sales and distribution company, Speciality Minerals Corporation Limited (“**SMC**”), following the occurrence of an event of default under the SLF.

While these are difficult actions to be taken, the boards of the operating companies, working with Richmond, hope that the cash burn in Marropino can be significantly reduced and the operations can be brought to a break-even level. The results of these actions will not now be of benefit to Noventa for the reasons outlined in the section of this announcement entitled ‘Noventa’.

### Update on Morrua

HAMCM has received the results of the external independent laboratory on the Morrua mineral samples obtained from the drilling programme completed in Q4-2012. These are materially in line with previous results reported in the latest 43-101 report available at the Company’s website. HAMCM is continuing to advance a resources update with SRK Consulting (UK) Limited (“**SRK**”), the independent consulting firm, which is expected to be complete by the end of March 2013. SRK is also updating the Morrua pre-feasibility study completed in 2007 which is expected to be complete by the end of Half 1-2013.

### For further information, please contact:

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Certain information contained or incorporated by reference in this release, including any information as to the Noventa’s strategy, projects, plans, prospects, future outlook, anticipated events or results or future financial or operating performance, constitutes “forward-looking statements”. All statements, other than statements of historical fact, are forward-looking statements. Forward-looking statements can often, but not always, be identified by the use of words such as “plans”, “expects”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “predicts”, “potential”, “continue” or “believes”, or variations (including negative variations) of such words; or statements that certain actions, events or results “may”, “could”, “would”, “should”, “might”, “potential to”, or “will” be taken, occur or be achieved or other similar expressions concerning matters that are not historical facts. Readers are cautioned that forward-looking statements are not guarantees of future performance. All of the forward-looking statements made or incorporated in this press release are qualified by these cautionary statements.

Forward-looking statements are necessarily based on a number of factors, estimates and assumptions that, while considered reasonable by Noventa as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Readers are also cautioned that forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the

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Although Noventa has attempted to identify statements containing important factors that could cause actual actions, event 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 of the date of this document based on the opinions and estimates of management on the date statements containing such forward looking information are made, and Noventa 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.