

PRESS CUTTING



Thomson Financial – 19th August 2008

Herencia Resources

UK small caps down at midday; Aurium Mining tumbles on production delays

LONDON (Thomson Financial) - UK small caps were kept lower in midday trade, as the wider market also continued its soft stance, with Aurium Mining slumping 44 percent after it was hit by litigation-induced production delays at the Andash Zone 1 mine.

At 11:50 a.m., the FTSE Small Cap index was 19.3 points lower at 2799.3, while the FTSE 100 was 81.8 points off at 5,368.4.

Aurium Mining was down 42 pence at 52-1/2 pence as trading was restored on AIM following news that the original target of bringing the Andash Zone 1 mine into production by the end of this year will not now be met as a result of litigation.

Meanwhile, the company will acquire Marsa AG as part of a legal settlement.

Also heading south, Innovation Group lost 20 percent of its share price -- dipping 4-1/4 pence to 16-1/4 pence -- as the business process outsourcing provider for the insurance sector downgraded guidance.

In reaction, Panmure reduced its 2008 EPS to 1.9 pence from 2.1 pence. The broker admitted this was not a drastic downgrade, but said it adds to the weight of evidence that Innovation is a business that refuses to perform as it should. Panmure expect calls for change.

Its revised target price is 29 pence, from 35 previously. It retains its 'buy' stance due to the valuation (P/E of 11 times), and the fact that the shares are likely to be subject to bid speculation.

Altium, meanwhile, is likely to reduce its Innovation pretax estimates by around 10-15 percent. It is reducing its short-term trading recommendation to 'sell' from 'buy', but retains its core 'buy' stance.

An operations update for Cambrian Mining disappointed investors as its shares slid 21 pence to 212.

On the upside, Minmet surged 2.63 pence to 6.38 after AIM-listed natural resources explorer noted the recent rise in its share price and confirmed that is in talks with a third party which may or may not lead to an offer being made for the company's entire issued share capital.

Also in M&A news, Ascribe softened in midday trade but was still 3 pence higher at 27 pence after the health software company confirmed in the wake of recent press speculation that it is in preliminary discussions in relation to a potential management buy-out by Ascribe's executive directors.

Elsewhere, an in-line interim management statement provided support for Carclo, 4-1/2 pence up at 86, while Galleon Holdings hardened 1-1/2 pence to 26-3/4 after the company signed its first distribution agreement in the United States for the Skunk fu! toylne with Zizzle Toys, a toy manufacturer that specialises in developing and marketing innovative toy products.

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FDM Group chalked up a gain of 3-1/2 pence, at 78-1/2, after the IT services company disclosed a 30.7 percent increase in profits at the half-way stage and said it remains confident in trading for the current year.

Shares in Toronto-based wireless broadband products company Redline Communications celebrated the appointment of Nancy Orr as interim chief financial officer with a rise of a penny to 23-1/2 pence. She replaces Thomas Hearne, who resigned as CFO to pursue other career opportunities.

Beowulf Mining edged up 0.125 of a penny to 2.25 pence after the mineral explorer's joint venture partner disclosed that a major drilling programme at the Ruoutevare Project -- which contains a 140 million tonne inferred mineral resource -- is expected to begin in November.

Ariana Resources hardened 0.25 of a penny to 4.375 pence following news that the company has acquired new exploration ground in Turkey with nine new licenses in western Turkey.

Finally, positive drilling results pushed Herencia Resources up 0.05 pence to 0.80 as announced continued positive drilling results at the 'Patricia' deposit. David.Brett@thomsonreuters.com dkb/vjt