Weatherly International Plc (“Weatherly” or “The Company”)

Publication of Annual Report and Accounts

Notice of AGM

Weatherly today announces the publication of its Annual Report and Accounts for the year ended 30 June 2009 which is available to download from the Company’s website www.weatherlyplc.com, and will be sent to shareholders in the coming days. The Company is also giving notice of its Annual General Meeting to be held on Tuesday 22 December 2009 at 11.00am at the offices of Morrison and Foerster (UK) LLP at 7th Floor, City Point, One Ropemaker Street, London EC2Y 9AW.

Publication of Non Statutory Accounts

For further information contact

Rod Webster, Chief Executive Officer	Weatherly International	+44 (0) 207 917 2989
Richard Brown/Richard Greenfield	Ambrian Partners	+44 (0) 207 634 4700

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 435 of the Companies Act 2006.

The consolidated balance sheet at 30 June 2009 and the consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement and associated notes for the year then ended have been extracted from the Company's 2009 statutory financial statements upon which the auditors' opinion is unqualified and does not include any statement under Section 498(2) or (3) of the Companies Act 2006.

Summary highlights

Financial

- Turnover of US$108.5 million
- Loss before taxation US$30.7 million
- Cash at bank US$2.0 million as at 30 June 2009

Operational

- NCS transformed into a stand-alone tolling business
- Smelter improvements put in place to double capacity
- Long term contracts for the supply of concentrate completed
- All mines were closed in an orderly manner with redundancies paid
- All key mining licences kept in good order
- WMN working to selectively recommence mining operations

Corporate and operational

- Loan facilities for US$11.3 million put in place to fund smelter improvements
- Terms of convertible loan notes renegotiated

Developments post year end

- Signature of a Letter of Intent with East China Mineral Exploration and Development Bureau for the acquisition of 50.1% shareholding in the company for £16.087 million (approximately US$27 million)
- New JORC compliant study confirming the quality of the Tschudi deposit
- Placement of equity raising a total of US$2 million with an option to call on a further US$5 million
- Cash at bank US$2.6 million as at 23 October 2009

Rod Webster the CEO for Weatherly International Plc said

"After a difficult year I am excited about the opportunities that the Company now has and am looking forward to re-establishing the company and delivering our original strategy. The long term contracts and smelter improvements will continue to underpin the performance of NCS while the recent study on the deposit at Tschudi has confirmed its potential as a future mine. With the completion of the proposed share placement with ECE Weatherly will have a sound financial base from which to develop this project together with the early reopening of our mines at Otjihase and Matchless. We will also be investigating other ways we can realise the full value of our assets for the benefit of our shareholders."

Chairman's statement

I am pleased to announce the 2009 full year results for Weatherly International and to provide an overview of the company's activities.

Results

Revenue increased to US$108.5 million from US$105.4 million in the prior year as a result of new agreements to process third party concentrates. These agreements which have subsequently been replaced by new agreements, left the group exposed to the drop in copper prices in the first half of the year, which played a large part in the gross loss for the year of US$16.2 million. The group also shut all its mining operations with subsequent redundancy costs and ongoing care and maintenance costs, and wrote off all development costs. The smelter, under Namibia Custom Smelters, has reverted to operating on a toll basis on its 2009 contracts and is no longer exposed to copper price variation.

Developments during the year

The year under review continued to represent a challenging commercial environment for Weatherly, and I am very grateful to my fellow directors for the way in which they have worked closely and effectively together to lead the company through the severe global downturn. Alan Stephens joined the board at the beginning of the year as a non-executive director, and both he and John Bryant have made invaluable contributions based on their extensive experience and excellent judgment. As part of our cost-cutting measures, Paul Craven, Chief Financial Officer, left the company in February 2009.

The year started with our mining operations reporting record production during the quarter ending September 2008, but this achievement was quickly overshadowed by the dramatic decline in copper prices to well below our cost of production. Although we had copper hedges in place, these only provided protection until the end of the calendar year.

Against this background of exceptionally low prices and few signs of significant recovery in the near-term, we conducted a detailed strategic review of our operations which led us to the decision to close all our mines at the end of 2008.

At the same time, we entered into an agreement with Chelopech Mining EAD (Chelopech), a wholly owned subsidiary of Dundee Precious Metals Inc (DPM), and Louis Dreyfus Commodities Metals Suisse SA (Louis Dreyfus) that provided us with US$11.3 million of new funds, underpinning the continued operation and expansion of the Tsumeb smelter. Under the terms of these loans, the existing three year supply agreements to process imported concentrates from Chelopech and Louis Dreyfus were extended to five years, thus ensuring the future of the smelter operations.

These funds, together with money raised from the sale of non-core mining equipment and real estate in Namibia, enabled us to close the mines in a proper and orderly manner, with all staff receiving redundancy payments, and to meet the ongoing cost of care and maintenance.

In the overall restructuring of the company's debt profile, we also renegotiated the terms of the US$12 million convertible loan notes agreed with significant shareholders in May 2008, with repayment now due to be phased over three years.

Namibia Custom Smelters (Pty) Ltd (NCS), our wholly owned subsidiary that owns and operates the Tsumeb smelter, is now a stand-alone tolling business. During the year, we carried out a number of improvements to the smelter, ensured that the business is properly funded and entered into long-term contracts for the throughput of third party concentrates. This positions the smelter well for the future.

In November 2008, Weatherly announced that it had been made aware of a potential claim that was material in the context of its cash resources at that time. The company consequently requested that trading of its shares on AIM be temporarily suspended. Following a thorough investigation of the claim and the publication of our audited accounts, our shares were readmitted to trading on 27 February 2009.

Post year end

In August 2009, we completed a placement of 40,468,000 shares to DPM to raise US$2 million, which will be applied to NCS for improvements at the Tsumeb smelter and to provide additional working capital. Weatherly also has the right within the 12 months following the allotment of the shares to call on DPM for additional shares up to a value of US$5 million at the higher of prevailing market price but not less than 3 pence per share.

On 15 September 2009, Weatherly signed a Letter of Intent whereby a wholly owned subsidiary of East China Mineral Exploration and Development Bureau (ECE) will subscribe for 446,851,840 new shares in the company at a price of 3.6 pence per share, for total proceeds of £16.087 million. Provided the transaction is completed as set out in the Letter of Intent, ECE would own 50.1% of the enlarged issued share capital of the company.

As a result of gradually improving copper prices, there has been an increasing interest from third parties in our mines. We have completed plans for the reopening of two of the mines and are also examining the development of an open pit mine at Tschudi.

Overview

While this has been an extremely difficult year for Weatherly, the board has taken decisive and strategic measures to mitigate the impact of the global downturn. Although our mines remain closed at this time, we have continued to improve the smelter, expanding its capacity with the aim of forming a profitable stand-alone business. We are preparing provisional plans to reopen our mines and to develop the open pit at Tschudi, as well as evaluating other potential growth opportunities.

We also now have the exciting prospect of joining forces with a strong and dynamic Chinese mining group. I believe the proposed relationship with ECE will enable Weatherly to realise the full value of its existing assets, to acquire and develop additional mineral assets, and to generate significant value for our shareholders in the future.

Wolf Martinick
Chairman
2 November 2009

Chief Executive's review

Overview

There is no question that this was a difficult year for the company, in which a number of setbacks and challenges had to be overcome.

After applying considerable resources to improving the efficiency of our mines, the collapse in copper prices and the global financial crisis made their continued operation unsustainable. Following our decision to close the mines, we had to raise funds to ensure that all redundancy payments were met and creditors paid, and that the mines would be maintained in good standing. We then needed to focus our efforts on the smelter business, ensuring its continued viability and improved performance.

Operational review

Mining

By our year end 2007/08, we had invested considerable resources both in terms of management time and money to improve the efficiency of our mining operations. As a result of these investments, our mine production for the first quarter of the year (July to September 2008) reached record levels. Between July and December 2008, however, world copper prices fell steeply from circa US$8,000 per tonne to just over US$3,000 per tonne – well below the company's average cost of production at the time of approximately US$5,000 per tonne.

Although we had copper hedges in place until December 2008 to protect us from the immediate impact of this price collapse, it was clear that drastic action would have to be taken to protect the company as the hedges expired.

Weatherly embarked on a programme of cost-cutting measures that initially included closure of the Tsumeb West and Matchless mines, and selective retrenchments at Otjihase and Tschudi. However, continuing falls in the copper price compelled us to place these last two mines on care and maintenance as well. The closure of our mines was conducted in an orderly manner, with appropriate compensation being paid to all employees made redundant. The licences for all the company's mining assets have been maintained in good standing, with the exception of Elbe where our exploration licence was not renewed but an appeal has been lodged against that decision.

New funding totalling US$11.3 million was raised from Chelopech and Louis Dreyfus, two of the major suppliers of concentrates to the smelter. The bulk of this money was used to fund the expansion and ongoing requirements of the Tsumeb smelter. A portion of the money, together with proceeds from the sale of non-core assets, was also used to meet the cost of keeping the Otjihase mine dewatered.

Weatherly currently has five copper mines and a zinc lead project (Berg Aukas) on care and maintenance. The company is considering a range of strategic options for maximising the value of its portfolio, and future investment will focus on those assets that have the scale and cost structure to deliver the highest returns to our shareholders. The development of an open pit mine to exploit the shallow dipping tabular orebody at Tschudi, which is located 26 kilometres from the Tsumeb concentrator and smelter, is a particularly promising project.

In October 2009 we announced the results of an independent JORC compliant resource estimate for Tschudi by Coffey Mining (SA) (Pty) Ltd. The estimate incorporated the results of a 200 hole infill drilling program completed in 2007 and 2008. This was aimed at further defining the previous historic resource estimate completed in 2002. The new estimate of 47.7mt @ 0.86% copper (0.3% cut off grade) is slightly increased over the last global estimate based on historical drilling (43mt @ 0.83% Copper including inferred – Mintek 2002), but more importantly increases the confidence level relating to the measured and indicated categories which now comprise approximately 60% of the global resource.

Within the global resource Coffey have analysed the potentially open pitable resource using a cut off of 0.3% Cu. down to a vertical depth of 180m. A Measured and Indicated resource has been estimated at 25.2 million tonnes of ore grading 0.92% Cu. This relatively shallow resource will form the basis of the next stage of the pit optimisation and design process to be completed later this year.

Work is currently underway to complete the detailed mine planning and scheduling for the Tschudi open pit. Consultants have also been engaged to determine the most suitable processing route. Final feasibility work is expected to be completed by mid 2010, with development possible thereafter subject to financing and a positive outcome to these studies.

A significant proportion of the Tschudi resource is too deep to mine by open pit methods, and it is the company's intention to resume underground operations at Tschudi once the pit is exhausted.

Weatherly, acting as subcontractor to Wadi Al Rawda Industrial Investments (Wadi), completed a bankable feasibility study in 2008 for the development of the Tambao manganese project in Burkina Faso. Wadi subsequently applied for a mining licence to develop the project in early 2009, but is yet to receive a formal response from the government of Burkina Faso. The Tambao deposit contains a resource of 13mt of ore grading 54% manganese (AMC 2008). While the mine itself is a relatively straight forward open pit, the logistics of getting the ore to market is the key to the viability of the project. Weatherly will open negotiations with Wadi as soon as the mining licence is granted.

The company has also completed an internal evaluation of the viability of reopening the Otjihase and Matchless mines following the recent improvement in copper prices.

Weatherly Mining Namibia's production for 2008/2009

Area	Milled (t)	Grade (%)	Recovery (%)	Copper (t)	Cash cost* $/t Cu
Central Operations	316 080	1.24	91.85	3 597	4 412
Northern Operations	148 490	1.17	67.32	1 166	5 469

* Cash Costs (C_1) includes smelting, refining and other realisation costs net of precious metal credits.

You will find the following information in the document:

Table A Ore Reserves at 30 June 2009
Table B Mineral resources as at 30 June 2009
Table C Historical Resources

Smelting

The Tsumeb smelter is one of only five commercial-scale smelters operating in Africa. It is linked by rail to our central and northern operations, and importantly to the Atlantic port of Walvis Bay. Because of the earlier improvements made to the smelter, we were in a good position to change its operating regime following the closure of our mines.

Historically, the smelter had been an integral part of the mining operations and Weatherly initially followed suit, rebuilding the small reverbatory furnace in 2006 to accommodate its own mine production. The furnace operated effectively, but had relatively high operating costs because of its small throughput. In order to reduce costs and fully utilise the existing infrastructure of the original, much larger plant, we decided to expand the smelter to process imported concentrates in addition to the company's own production. To maximise profitability, we targeted third-party concentrates that would command a premium to be processed - such concentrates are typically low in copper and high in precious metals (gold and silver), and contain penalty elements such as arsenic.

During the reporting period, we implemented a number of additional improvements to the smelter. The conversion of a top submerged lance furnace (Ausmelt) from lead to copper smelting was completed at a cost of US$10 million in September 2008. In addition, an oxygen plant that will increase the efficiency of the top submerged lance furnace is under construction, with completion scheduled for December 2009. The combined effect of these improvements will be to essentially double the smelter's current capacity.

In order to underpin the future operation of the smelter on a stand-alone basis, we extended our agreements with existing concentrate suppliers. As part of this arrangement, Chelopech entered into an agreement to provide NCS, our wholly owned subsidiary which operates the Tsumeb smelter, with a US$7 million facility. The company also entered into a separate agreement with Louis Dreyfus to provide an additional US$4.3 million facility.

The terms of the loans included the extension of the three-year contract to process imported concentrates from Chelopech and Louis Dreyfus for a period of five years. During this period, Louis Dreyfus will also be the exclusive off-taker of copper blister produced by the Tsumeb smelter and the exclusive supplier of additional copper concentrates required by the smelter. Under the terms of this contract, the Tsumeb smelter will process up to 120,000 dry metric tonnes (dmt) of concentrates in 2009, increasing to over 200,000 dmt from 2010 onwards following commissioning of the oxygen plant.

Concurrent with entering into the new loans above, Weatherly also renegotiated the terms of the existing US$12 million convertible loan notes. Repayment was rescheduled into three annual instalments, with US$3 million due to be paid in May 2009, US$4 million in May 2010 and US$5 million in May 2011. The conversion price was also reduced from 23.5 pence to 8 pence, and in return the note holders waived previous acts of default under the terms of the original loan note. (In May 2009, the company elected to defer the initial payment in order to rebuild its cash reserves.)

The company's focus during the first six months of 2009 was to continue optimising the new Ausmelt furnace in order to achieve the forecast smelter performance. The smelter treated 29,546 tonnes of concentrate in the first quarter of 2009 and 29,994 tonnes in the second quarter, giving a total of 59,540 tonnes. The majority of concentrates were sourced from Chelopech and El Brocal.

By year end, NCS had been successfully transformed from a tied, downstream processing plant to a standalone tolling business. During 2008, Weatherly was a buyer and seller of copper products from its mines and was severely affected by the sharp decline in metal prices. In contrast, from January 2009 onwards, NCS has been paid purely on a dollar per tonne of concentrate treated basis and, as such, has neither ownership of the resulting products nor exposure to metal prices.

The other major concentrate supply contract with Louis Dreyfus continues through to mid-2014, with tonnages and treatment charges agreed in principle. These terms and conditions have been ratified for the next two years (2010 and 2011) and, after adjustment for 2008 final reconciliations, are some 10% better than the terms applying in 2009.

Smelter Production for 2008 / 2009

Tonnes of blister (98.6 % Copper)	Q3 2008	Q4 2008	Q1 2009	Q2 2009	Total 2008/2009
Weatherly Concentrates (includes local purchases)	2 611	1 951	-	-	**4 562**
Third Party Concentrates	1 497	2 721	3 895	618	**8 731**
Tolling Concentrates	-	-	1 068	4 165	**5 233**
Total Copper Blister (tonnes)	**4 108**	**4 672**	**4 963**	**4 783**	**18 526**

Post year end events

As announced on 31 July 2009, the company completed a placement of 40,468,000 ordinary shares (approximately 9% of the company's enlarged issued share capital) to DPM to raise proceeds of US$2 million. The placement proceeds are to be applied to NCS and are being used to complete the construction of a new residue disposal site, which is required to meet the exacting environmental standards set by the company. NCS is a major producer of arsenic trioxide, a substance that is sold in increasing quantities to the agri-chemical industry, and negotiations are underway to increase the volumes supplied under the current contract with the Malaysian company Amcrop.

The placement will also provide additional working capital to NCS when the Ausmelt furnace ceases production for approximately three weeks in February 2010 in order to reline the furnace. The oxygen plant is now expected to be commissioned in December 2009, which will allow an initial run such that any post-commissioning modifications can be carried out during the February shutdown.

Pursuant to the subscription agreement, DPM has also agreed to subscribe for further ordinary shares at the option of the company for maximum proceeds of US$5 million. If the company elects to take up this option, the ordinary shares would be subscribed for at the higher of prevailing market price or 3 pence per ordinary share. As a condition of the subscription agreement, Chelopech, a subsidiary of DPM, and NCS have entered into a new agreement to extend the existing concentrate supply agreement through to 2020 on terms which are 10% more favourable than those of the existing supply agreement.

On 15 September 2009, Weatherly announced the signing of a Letter of Intent (LOI) with East China Mineral Exploration and Development Bureau (ECE), whereby a wholly-owned subsidiary of ECE will subscribe for 446,851,840 new shares in the company at a price of 3.6 pence per share, for total proceeds of £16.087 million. Assuming the transaction is completed as set out in the LOI, ECE would own 50.1% of the enlarged share capital of the company.

The proceeds from the proposed transaction will be utilised firstly in redeeming US$3 million plus accrued interest (approximately US$1.5 million as at 30 September 2009) of the outstanding loan capital of Weatherly, and secondly in providing capital for the company's mining operations, smelter and development projects in Namibia and Burkina Faso. Proceeds may also be used to redeem the remaining US$9 million and associated interest of the outstanding convertible loan as and when these fall due.

There are a number of conditions precedent to the conclusion of the transaction, which is scheduled for the end of January 2010. Apart from due diligence, these include consents to be obtained from the relevant authorities in China and from the UK Panel on Takeovers and Mergers, and the approval of our shareholders at a general meeting.

I shall comment further on this important development for our company at the end of this review.

Weatherly has entered into an option agreement with a South African company, Cubenco 192 Pty Ltd ('Cubenco') whereby Cubenco has the option to purchase the Kombat mine from WMN's subsidiary, Ongopolo Mining Ltd for total consideration of US$3million. Kombat does not form part of Weatherly's future development plans. Cubenco has paid a non-refundable option fee of R1.2million, (US$160,000) and has 42 days in which to complete its due diligence and make a second payment of US$600,000. Assuming this payment is made the final payment of US$2.24 million is due by the end of March 2010.

Table A

Weatherly Mining Namibia : Ore Reserves as at 30 June 2009

Deposit	Reserve Category	Reserve Tonnes and Grade				Contained Metal		
		Tonnes	Cu (%)	Ag (g/t)	Au (g/t)	Cu (t)	Ag (kg)	Au (kg)
Otjihase	Proven	2,184,314	1.81	6.99	0.35	39,576	15,278	755
	Probable	287,602	1.01	7.57	0.15	2,895	2,177	42
	Total	**2,471,916**	**1.72**	**7.06**	**0.32**	**42,471**	**17,455**	**797**
Matchless (West Ext.)	Proven	-	-	-	-	-	-	-
	Probable	709,992	1.71	-	-	12,166	-	-
	Total	**709,992**	**1.71**	-	-	**12,166**	-	-
Grand Total (Proven + Probable)		**3,181,908**	**1.72**	**5.49**	**0.25**	**54,637**	**17,455**	**797**

Table B

Weatherly Mining Namibia : Mineral Resources as at 30 June 2009

Deposit	Resource Category	Insitu Tonnes and Grade				Insitu Metal		
		Tonnes	Cu (%)	Ag (g/t)	Au (g/t)	Cu (t)	Ag (kg)	Au (kg)
Otjihase	Measured	3,543,518	2.41	9.05	0.43	85,421	32,076	1,516
	Indicated	2,816,936	1.99	6.73	0.35	56,125	18,960	986
	Inferred	4,729,622	1.49	6.34	0.22	70,427	29,972	1,057
	Total	**11,090,076**	**1.91**	**7.30**	**0.32**	**211,973**	**81,008**	**3,559**
Matchless Western Extension	Measured	-	-	-	-	-	-	-
	Indicated	591,660	2.13	-	-	12,628	-	-
	Inferred	230,460	2.32	-	-	5,346	-	-
	Total	**822,120**	**2.19**	-	-	**17,974**	-	-
Tschudi	Measured	13,232,447	0.82	9.75	-	108,506	129,016	-
	Indicated	26,312,000	0.83	10.85	-	217,863	285,446	-
	Inferred	3,531,000	0.84	11.01	-	29,625	38,875	-
	Total	**43,075,447**	**0.83**	**10.52**	-	**355,994**	**453,337**	-
Tsumeb West	Measured	35,255	2.45	13.00	-	864	458	-
	Indicated	520,400	2.24	20.02	-	11,680	10,417	-
	Inferred	413,200	1.88	16.35	-	7,757	6,757	-
	Total	**968,855**	**2.10**	**18.20**	-	**20,301**	**17,632**	-
Kombat Asis West	Measured	4,790	2.74	8.34	-	131	40	-
	Indicated	241,654	2.07	16.43	-	5,006	3,971	-
	Inferred	377,000	3.10	34.00	-	11,837	12,800	-
	Total	**623,444**	**2.72**	**26.96**	-	**16,974**	**16,811**	-
Grand Total : All Categories		**56,579,942**	**1.10**	**10.05**	**0.06**	**623,216**	**568,788**	**3,559**

Table C

Weatherly Mining Namibia : Historical Resources

Deposit	Tonnes	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)	V (%)	Ge (ppm)	Cu (t)	Pb (t)	Zn (t)	Ag (kg)	Au (kg)	Remarks
Old Matchless Mine	1,060,000	2.50	-	-	-	-	-	-	26,500	-	-	-	-	Remaining resource/reserve calculated by Gold Fields in 1984
Elbe (A-Gossan)	5,910,000	1.20	-	0.97	8.30	0.45	-	-	70,920	-	57,327	49,053	2,660	Resource calculated by Gold Fields in 1989
Tsumeb Mine (Open Pit)	150,000	2.96	-	-	61.00	-	-	-	4,440	-	-	9,150	-	Remaining resource/reserve calculated by Gold Fields in 1984
Uris Mining Area	180,000	2.27	-	-		-	-	-	4,086	-	-	-	-	Remaining resource/reserve calculated by Gold Fields in 1984
Kombat Central (Open Pit)	115,000	1.08	0.10	-	8.00	-	-	-	1,242	115	-	920	-	Model refining required
Kombat East	70,009	1.62	1.01	-	13.42	-	-	-	1,132	706	-	939	-	Historical remnant ore
Kombat Lead	465,224	0.33	2.14	-	15.00	-	-	-	1,535	9,955	-	6,978	-	Recalculated using new diamond drilling data
Kombat Asis Far West	2,214,639	2.29	-	-	-	-	-	-	50,715	-	-	-	-	Historical resource calculated by TCL
Gross Otavi Central	160,000	1.54	5.85	-	15.40	-	-	-	2,464	9,360	-	2,464	-	Historical resource calculated by Gold Fields
Harasib	1,240,000	-	1.66	2.67	-	-	-	-	-	20,584	33,108	-	-	Historical resource calculated by Gold Fields
Berg Aukas	1,650,000	-	4.60	17.40	-	-	0.60	-	-	75,900	287,100	-	-	Remaining resource/reserve calculated by Gold Fields in 1987
Total : Deposit Resources	**13,214,872**	**1.23**	**0.88**	**2.86**	**5.26**	**0.20**	**-**	**-**	**163,034**	**116,620**	**377,535**	**69,504**	**2,660**	
Kombat Tailings	10,600,000	0.21	0.19	-	2.00	-	-	-	22,260	20,140	-	21,200	-	Remaining resource/reserve calculated by Gold Fields in 1984
Tsumeb Tailings	16,000,000	0.71	-	-	-	-	-	-	113,600	-	-	-	-	Remaining resource/reserve calculated by Gold Fields in 1994
Tsumeb Slag Dumps	2,000,000	-	-	9.03	-	-	-	262.00	-	-	180,600	-	-	Zinc Ox feasibility in 2003
Total : Dump Resources	**28,600,000**	**0.48**	**0.07**	**0.63**	**0.74**	**-**	**-**	**-**	**135,860**	**20,140**	**180,600**	**21,200**	**-**	

Note:

Reserves contained in table C are 'historical' and although most w ere prepared at the time in accordance w ith South African reporting standards (SAMREC) they w ill not comply w ith current standards until a further process of independent verification has been carried out.

Financial results

Revenue for the year increased to US$108.5 million from US$105.4 million in the previous financial year. The second half of the year contributed only US$33.6 million of this revenue comprising entirely revenue from smelting activities following the closure of the Company's mines in the first half as the company converted its smelting operation to a toll basis after fulfilling its 2008 contractual commitments. Weatherly recorded a gross loss for the year of US$16.2 million compared to a gross profit of US$4.9 million for the previous year.

This weaker performance resulted from sharply lower copper prices in terms of sales in the year and settlement of debtors at last year end, as well as from higher one-time operational costs associated with the closure of our mines - specifically redundancy costs, ongoing care and maintenance costs, and development costs that would otherwise have been capitalised had the Board not decided to write off those assets. The company also incurred losses on the sale of non-core mining assets to pay outstanding creditors and finance the care and maintenance programme.

The net loss for the period of US$30.7 million, or US 7.59 cents per share, included an expense of US$2.7 million reflecting an adjustment to the fair value of the group's share options in Emerging Metals Limited (EML) which are valued on a marked-to-market basis; a profit on the exercise of copper put options of US$2.7 million; and deferred revenue of US$4.9 million released in relation to the initial value of the sale of the slag dumps to EML following that company's admission to AIM on 1 July 2008.

During the first quarter of 2009, the group sold assets worth US$7.1 million, cleared all creditors (approximately US$7.2 million) and funded the care and maintenance of all its mining assets. At year end, the mining subsidiary (WMN) was effectively debt-free with the exception of royalties US$1 million (N$9.7 million) and contested payments to NamPower - both of which fall under the Ministry of Mines and Energy and are the subject of commercial negotiations associated with the possible reopening of the mines. In the meantime, the Namibian government has accepted security in the form of a number of farms and properties currently being sold.

As the copper price continued to recover, a halt was put to any further sales of assets that would either diminish the value of the mines or increase the cost of reopening them. As a result, payments to noteholders originally on asset sales were deferred until 2010 to preserve cash and allow for the full value of the mining assets to be retained.

Marketing, sales and treasury

During the second half of 2008, Weatherly sold its copper production on delivery to the Walvis Bay terminal to traders on a four-month forward London Metals Exchange (LME) price. The average weighted copper price achieved during the July to December 2008 period was US$5,409 per tonne. Copper prices throughout the year ranged from a high of US$8,985 per tonne in July 2008 to a low of US$3,106 per tonne.

Weatherly also sold 40,626 ounces of gold and 189,014 ounces of silver contained in the copper blister. Average gold price for the year was US$869 per ounce and silver US$13.37 per ounce. Precious metals accounted for 39% of revenue.

The company maintained a copper floor price protection programme and, as at 30 June 2008, had in place "puts" for 800 tonnes of copper per month until January 2009 at US$5,000 per tonne. These "puts" expired at the end of calendar year 2008, and the company received payments of US$2.7 million in respect of these hedges. Mining operations ceased in December 2008, and only minor residual sales were recorded after this date.

In the second half of the reporting period, the company's only operations were those of its smelting subsidiary, NCS. NCS is now purely a processor of imported concentrates and derives its entire revenue from treatment charges and penalty charges. All concentrates are supplied by either Chelopech or Louis Dreyfus and the materials remain the property of the suppliers. Under these circumstances, the smelter cash flow is not exposed to copper price but is affected by changes in the Namibian dollar (pegged to the South African rand) relative to the US dollar, and year end metal reconciliations.

During the reporting period, the average US dollar to South African rand exchange rate was 9.16663, with severe fluctuations from 7.156 to 11.85 recorded between August 2008 and March 2009. Towards the end of the financial year, the rand appreciated strongly against the US dollar, which raised operating costs at the smelter and reduced operating margins without any appreciable benefit in the cost.

In June 2009, we announced the sale of our entire shareholding of 21,899,698 ordinary shares in EML for a total consideration of approximately US$1.6 million. The company still holds 13,075,179 options in EML.

As at 30 June 2009, Weatherly held cash reserves (in sterling and US dollars) equivalent to US$2 million (as at 23 October 2009 US$2.6 million).

Safety

There was a substantial reduction in reported incidents for the second half of the financial year following the cessation of mining operations in December 2008.

WMN (mining)

	2008/9	2007/8
Fatalities	0	0
Reportable (1)	1	13
Disabling (2)	7	27

NCS (smelting)

	2008/9	2007/8
Fatalities	0	0
Reportable (1)	5	1
Disabling (2)	5	2

(1) More than 14 days lost. (2) Between 1 and 14 days lost.

Environment

During 2009, the company funded the Ongopolo Environmental Trust, the independent body responsible for all environmental liabilities (past and future), and engaged consultants, Synergistics Environmental Services to carry out baseline emissions surveys as part of a new environmental impact statement to be submitted to the Department of the Environment in advance of new legislation due to be enacted in 2010.

Adopting a proactive stance, the company is currently completing construction of a new converter cooling tower, which is expected to bring gas emission levels at the smelter well inside the new limits expected to be gazetted in 2010.

In addition, the company has also brought forward construction of a new residue disposal site which will be commissioned in July 2010 to deal primarily with arsenic dusts not reprocessed by the arsenic refinery. The majority of arsenic during the financial year was reprocessed into an arsenic trioxide product which is sold to South African and Malaysian agri-chemical companies.

We also commissioned consultants Thuthuka Group to investigate the feasibility of an acid plant utilising the SO_2 emissions from the expanded Ausmelt furnace as a feed source for sulphur production. The feasibility study is primarily targeting the severe shortage of acid likely to arise in Namibia with the development of a number of new uranium mines, but a significant environmental benefit would also result.

A number of other projects were initiated in 2009 to improve data collection and reporting. The company is committed to complying fully with Namibia's new legislation and to maintaining the highest international standards in its operations.

Outlook

After an extraordinarily difficult year, I believe that we have weathered the storm and the measures we have taken to reconfigure and further strengthen our smelting business demonstrate the value of our total asset base.

We successfully negotiated agreements that enabled us to progress our strategy of upgrading the smelter and securing long-term supplies of premium concentrates. Although not currently in production, the mines are being maintained in good standing, and following the steady recovery of copper prices, we are preparing plans for the eventual reopening of the Otjihase and Matchless mines. Additionally, we are progressing development of the open pit at Tschudi, and continuing to pursue our interests in the promising manganese project at Tambao in Burkina Faso.

The signing of the LOI with ECE represents a major opportunity for Weatherly and could signal a dramatic change in our fortunes. We are now working to clear the conditions precedent and to complete the transaction by the end of January 2010. ECE has recognised the value inherent in Weatherly's asset base and management team, and is prepared to invest heavily to obtain a controlling position in the company.

The benefits of the transaction to Weatherly shareholders are considerable, and include:

- The creation of a strategic relationship with an important Chinese metals group that brings potential for very significant growth for the company;
- An immediate and substantial injection of working capital, and repayment of the first US$3 million and associated interest of the outstanding convertible loan notes;
- A greatly improved balance sheet and increased shareholder value;
- Accelerated development of the Tschudi open pit copper project;

- Adequate funding to underpin the current expansion of the smelter to meet all the needs of both current and future concentrate suppliers;
- The ability to reopen the Otjihase and Matchless mines, currently on care and maintenance, to take advantage of improving copper prices;
- The possibility of acquiring additional exploration concessions in Namibia and potentially other mineral resource projects in China and elsewhere;
- Access to ECE's exploration capability and mining expertise, with the potential to achieve improved resource recovery and cost efficiencies at WTI operations; and
- A further strengthening of our relations with the Namibian government, at the highest levels.

I believe that the proposed relationship with ECE will ensure an exciting and prosperous future for Weatherly International. It will enable us to realise the full value of our current asset base, and to capitalise on new opportunities for growth that I am confident will arise as a result of ECE's ambitious plans for the continuing development of our company.

Rod Webster
Chief Executive Officer
2 November 2009

Directors' report

The directors present their report, together with the group and parent company financial statements and auditor's report, for the year ended 30 June 2009.

Principal activity and review of the business

The principal activity of Weatherly International plc during the year was to act as a holding company for the group's activities in mining and production of base metals, primarily copper.

The subsidiary and associated undertakings principally affecting the profits or net assets of the group in the year are listed in note 20.

A review of business can be found in the Chairman's statement and the Chief Executive's review.

The directors

The directors during the year ended 30 June 2009:

W G Martinick (non-executive)	
R J Webster	
P G Craven	Resigned 9 February 2009
J Bryant (non-executive)	
P Redmond (non-executive)	Resigned 10 July 2008
A Stephens (non-executive)	Appointed 10 July 2008

Going concern

During the year under review and since the year end, there have been considerable changes to our business. In the light of these substantial changes, the directors have reviewed the business model and the assumptions contained within it, and believe them to be reasonable. However, there are a number of uncertainties around the assumptions that have the potential to affect the company's ability to deliver the forecast cash flows.

Our smelting Company NCS has been transformed from a tied downstream processing plant to a stand-alone smelting business. We have entered into loan facilities with Chelopech and Louis Dreyfus that enable us to improve the performance of the smelter and increase its capacity. This business is now self sustaining and following the commissioning of the oxygen plant in December 2009 will generate sufficient funds to meet the business's future capital requirements and service its loans. Additionally the business is underpinned by long term contracts with Louis Dreyfus and Chelopech for the supply of concentrates. The terms have been agreed for 2010 and 2011. The smelter's operating costs are incurred in Namibian dollars, while income is received in US dollars. Negative exchange rate variations significantly reduced profitability in 2009 and may do so again in the coming year. This exposure is limited to approximately half the throughput of concentrate.

The placement that was made with DPM at the end of July 2009 raised US$2 million which is to be applied to the smelter and provides additional working capital. DPM have also undertaken to subscribe for a further US$5 million worth of shares if the company elects. These arrangements also underpin the continued operation of the smelter.

Following repayment of the loan notes due in May 2010, we believe that the smelter should generate sufficient funds to pay the management fee arrears and the final repayment of the loan notes in May 2011.

Having closed all our mines by the end of 2008, they are currently under care and maintenance and we are incurring expenditure of approximately US$150,000 per month to ensure that the licences are maintained in good order. We have sold real estate and the proceeds from these somewhat protracted transactions continue to filter through and meet these ongoing costs.

On 15 September 2009 we announced the signature of a Letter of Intent with ECE which when completed will raise approximately US$27 million of new funds for the company. It is proposed to use the proceeds to repay the amount due to the noteholders in May 2010 of approximately US$10 million (which includes accrued interest). The surplus will provide funds for the reopening of the Otjihase and Matchless mines and the continued development of the open pit at Tschudi, as well as working capital.

If this transaction does not go ahead for any reason, the noteholders 2010 payment will need to be funded by the sale of core mining or smelting assets, an alternative injection of capital or the restructuring of the notes. There is no certainty that sufficient funds will be raised to accomplish this.

There are a number of other matters that could affect the cashflow of the company going forward, namely:

- Weatherly Mining owes N$9.7 million (US$1.2 million) in royalties to the Namibian government. We have made proposals for the settlement of this claim which are under consideration by the Namibian government. Weatherly Mining has filed for relief for royalties for the period 1 July 2008 up until the mines ceased operation and we await the outcome of this.
- No settlement of creditors N$37.2 million (US$4.7 million) arising under the terms of the compromise agreement negotiated as part of the original mine acquisition in 2006. Whilst the mines were closed, the directors did not consider these monies to be payable. However we have had further discussions and have proposed a settlement that would be implemented if the mines were to be reopened and this is being considered.
- In November 2008, we reported that the company became aware of a potential claim in the amount of £3.5 million. A writ has now been issued by Barclays Bank plc in respect of this claim in relation to a purported foreign exchange transaction. A thorough investigation has been conducted and as a result, the company believes that it has a robust defence and it will defend the action vigorously and make a counterclaim for loss and damages. In these circumstances the directors do not believe that any provision for this contingent liability should be made.

On the basis of the foregoing projections and assumptions, the directors consider that the group will continue to operate within its currently available funds and the proceeds from the projected transactions for at least the next twelve months and that it is appropriate to prepare the financial statements on the going concern basis.

Results and dividends

The consolidated loss for the year, after taxation, was US$30.7 million (2008: US$54.1 million). No dividends were recommended by the directors during the year.

Key performance indicators

Production

When the mines were in production, the Board monitored monthly production against budgeted figures, while management monitored it on a daily basis. Production "head grades" were monitored by management on a shipment basis and the Board monitored ore grades on a monthly basis. For the year ended 30 June 2009, 479,120 tonnes of ore were extracted (2008: 791,130 tonnes), producing 4,882 tonnes of copper (2008: 8,345 tonnes). Note these figures are essentially comparing the half year with a full year. During the current year, the smelter processed 18.526 tonnes of concentrate.

Finance

The liquidity requirements of the company are monitored on a weekly basis by management, monthly and quarterly by the Board, and semi-annually by external parties.

Performance

The Board monitors 71 comparable AIM-quoted stocks against Weatherly's share price; the review relating to 30 June 2009 ranked Weatherly 52 in the league of the best performing stocks in that comparison.

Key risk factors and mitigations

Smelter Performance

The Board believes that the principal risks associated with Weatherly's business activities are set out in the Directors' Report under "Going concern". In addition to those outlined, there are several additional risks as follows:

The Tsumeb smelter operates as a tolling facility and its only sources of revenue are the treatment charges (TC's) and penalty charges (PC's) paid by the concentrate suppliers to the smelter. The smelter receives copper and precious metals in concentrate form and returns the metals contained (less adjustment for recoveries) to the owner/suppliers. As such the main risks associated with the smelter are that it does not receive concentrate shipments in time and does not achieve the required throughput and/or metal recoveries as per final reconciliations.

Human resources

Management: Attracting and retaining key commercial and technical staff will be a major challenge especially in the light of the company's past year financial performance.

Workforce: During the year, Weatherly closed its mining operations in Namibia and made over 600 staff redundant. This was done in a proper manner and all staff received redundancy payments. Under these circumstances it is unlikely that there will be any industrial backlash when the company starts recruiting again.

Project development risk

All potential projects are subject to an investment appraisal procedure that involves the Board at the key stages of initiation, mandate and sanction. Projects are assessed by their strategic fit and contribution to earnings. All projects are scrutinised for consistency of assumptions and accuracy of modelling prior to presentation to the Board.

Risks relating to investing in Namibia

Political: Namibia is considered one of the lowest-risk economies in the African continent. The Government pursues a consistent strategy of encouraging investment in the country and is keen to keep the climate attractive for foreign investors. Weatherly maintains strong links with the President, Prime Minister, Minister for Mines, and other Government members and officials. The Board reviews the strategic impact of political changes within the country on an ongoing basis.

Black Economic Empowerment: There is currently no Black Economic Empowerment legislation embodied in Namibian law. Weatherly monitors proposed legislative changes, and maintains a positive and proactive dialogue with the country's legislators.

Exchange controls: The company maintains a consistent and compliant approach to exchange regulations within Namibia.

Currency and exchange rate fluctuations: Weatherly manages its treasury function through its London office. Treasury balances the needs of the Namibian subsidiary against fluctuations in the currency and optimises transfer through its advisers, drawing down funds on a prudent basis.

Infrastructure: Weatherly's operations are serviced by good regional infrastructure, and the Board reviews its infrastructure requirements on an ongoing basis. Any challenges relating to the supply of electricity, water or rail links are incorporated into investment decisions and addressed as needed in the overall projects. Any infrastructure requirements outside the project scope are addressed through dialogue with the Government and the relevant parastatal institutions.

Substantial holdings

Shareholdings of 3% and more of the issued share capital of the company were extracted from the shareholders' register at close of business on 15 October 2009 as follows:

	Number of ordinary 0.5p shares	
Matterhorn Investment Management LLP	71,170,952	15.96%
RAB Capital	50,308,695	11.29%
Dundee Precious Metals Inc	40,468,000	9.08%
Bank Windhoek (Namibia)	33,948,233	7.62%
R J Webster	27,343,800	6.13%
Balyasny Asset Management LP	24,500,000	5.50%
W G Martinick	19,263,200	4.32%
Ezenet Ltd	18,281,200	4.10%
Gersec	14,882,000	3.34%

Post balance sheet events

Contingent liability

In November 2008, the company became aware of a potential claim in the amount of £3.5 million against the company from a third party in relation to an alleged previously unknown financial obligation. In pursuance of that claim, Barclays Bank plc issued a writ against Weatherly International on 18 September 2009. A thorough investigation of this claim has been conducted. As a result, the company believes that it has a robust defence and will pursue a counterclaim for loss and damages against Barclays Bank plc. In these circumstances, the directors do not believe that any provision for this contingent liability should be made.

Loan facility agreements

On 31 July 2009, Weatherly concluded a further placement of 40,468,000 ordinary shares (approximately 9% of the enlarged issued share capital) to DPM to raise proceeds of US$2 million. The placement proceeds are to be applied to NCS and will be used to complete the construction of a new residue disposal site. NCS is a major producer of arsenic trioxide, a substance which is sold in increasing quantities to the agrichemical industry, and negotiations are underway to increase the volumes supplied under the current contract with Amcrop of Malaysia.

The placement will also provide additional working capital to NCS when the Ausmelt furnace ceases production for approximately two weeks in order to reline the furnace and connect the oxygen plant presently under construction. The oxygen plant is expected to be commissioned in early 2010, with the exact timing to be set such that the furnace rebricking and the oxygen plant connection occur simultaneously.

Pursuant to the subscription agreement, DPM has also agreed to subscribe for further ordinary shares at the option of the company for maximum proceeds of US$5 million. If the company elects to take up this option, the ordinary shares would be subscribed for at the higher of prevailing market price or 3 pence per ordinary share. As a condition of the subscription agreement, Chelopech, a subsidiary of DPM, and NCS have entered into a new agreement to extend the existing concentrate supply agreement through to 2020 on terms which the company considers more favourable than those of the existing supply agreement.

Letter of Intent with ECE
On 15 September 2009, the company announced that it had signed a Letter of Intent (LOI) with East China Mineral Exploration and Development Bureau (ECE) whereby a wholly owned subsidiary of ECE will subscribe for 446,851,840 new shares in the company at a price of 3.6 pence per share, for total proceeds of £16.087 million. Assuming the transaction is completed as set out in the LOI, ECE would own 50.1% of the enlarged share capital of the company.

The proceeds will be utilised first in redeeming US$3 million, plus accrued interest of approximately US$1.5 million, of the outstanding loan capital of Weatherly; and secondly, in providing working capital for the company's mining operations, smelter and development projects in Namibia and Burkina Faso. The proceeds may also be used to redeem the remaining US$9 million and associated interest of the outstanding convertible loan as and when these fall due. There are a number of conditions precedent to the conclusion of this transaction, which is scheduled for the end of January 2010. Apart from due diligence, these include the consent of the relevant authorities in China and of the UK Panel on Takeovers and Mergers, and the approval of the company's shareholders at a general meeting.

Tschudi
In October 2009 we announced the results of an independent JORC compliant resource estimate for Tschudi by Coffey Mining (SA) (Pty) Ltd. The estimate incorporated the results of a 200 hole infill drilling program completed in 2007 and 2008. This was aimed at further defining the previous historic resource estimate completed in 2002. The new estimate of 47.7mt @ 0.86% copper (0.3% cut-off grade)is slightly increased over the last global estimate based on historical drilling (43mt @ 0.83% Copper including inferred – Mintek 2002), but more importantly increases the confidence level relating to the Measured and indicated categories which now comprise approximately 61% of the global resource.

Within the global resource Coffey have analysed the potentially open pitable resource using a cut off of 0.3% Cu. down to a vertical depth of 180m. A Measured and Indicated resource has been estimated at 25.2 million tonnes of ore grading 0.92% Cu. This relatively shallow resource will form the basis of the next stage of the pit optimisation and design process to be completed later this year.

Sale of Kombat
Weatherly has entered into an option agreement with a South African company, Cubenco 192 Pty Ltd ('Cubenco') whereby Cubenco has the option to purchase the Kombat mine from WMN's subsidiary, Ongopolo Mining Ltd for total consideration of US$3million. Kombat does not form part of Weatherly's future development plans. Cubenco has paid a non-refundable option fee of R1.2million, (US$160,000) and has 42 days in which to complete its due diligence and make a second payment of US$600,000. Assuming this payment is made the final payment of US$2.24 million is due by the end of March 2010.

Board changes
Alan Stephens (age 55) was appointed a non-executive director with effect from 10 July 2008, replacing Peter Redmond who resigned on the same date.

Following the closure of our mines and completion of revised tolling agreements for the Tsumeb smelter, and as part of the restructuring of the company, Paul Craven stepped down as Chief Financial Officer of Weatherly on 9 February 2009.

Environment

Discussion of the environment and the company's environmental management programme can be found in the Chief Executives review.

Future developments

Discussion of future developments can be found in the Chairman's statement and the Chief Executive's review.

Company's policy on payment of creditors

It is the group's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of these terms of payment, and to endeavour to adhere to them. Trade creditors of the group at 30 June 2009 were equivalent to 96 days' purchases (2008: 123 days), based on the average daily amount invoiced by suppliers during the year. The company does not have significant trade creditor balances.

Exchange rates

The following rates have been used in the compilation of the financial statements and notes supporting the accounts: year-end sterling to US dollar exchange rate is 1.6520 with the average rate for the year 1.6159. The year-end US dollar to South African rand (ZAR) rate is 7.8820, with the average rate for the year 9.1666. (The currency in Namibia is the Namibian dollar which is pegged 1:1 to the South African rand).

	Translation	2009	2008
Year end	1 GBP – USD	1.6520	1.9954
Average	1 GBP - USD	1.6159	2.0044
Year end	1 USD – ZAR	7.8820	7.9645
Average	1 USD – ZAR	9.1666	7.3123

Statement of directors' responsibilities – group

The directors are responsible for preparing the annual report and the group financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors have to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 Act 2006. 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

on behalf of Board:
Rod Webster
Chief Executive Officer

2 November 2009

Consolidated income statement

For the year ended 30 June 2009

	Note	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Revenue	5	108,517	105,449
Cost of sales		(124,707)	(100,509)
Gross (loss)/profit		**(16,190)**	**4,940**
Other operating income	6	8,150	1,331
Administrative expenses		(12,800)	(11,736)
Loss on sales of assets	10	(1,152)	(187)
Release of environmental liability	10	-	2,178
Fair value of financial instruments through profit and loss	11	(2,760)	1,666
Impairment of assets		(495)	(50,837)
Operating loss		**(25,247)**	**(52,645)**
Foreign exchange gain/ (loss)		460	(720)
Finance costs	12	(5,987)	(1,253)
Finance income		48	549
Loss on ordinary activities before income tax		**(30,726)**	**(54,069)**
Income tax expense	13	-	-
Loss on ordinary activities after income tax		**(30,726)**	**(54,069)**
Allocated as follows:			
Loss attributable to equity shareholders of parent entity		(30,767)	(52,393)
Minority interest		41	(1,676)
		(30,726)	**(54,069)**
Total and continuing loss per share			
Basic (US cents per share)	15	(7.59c)	(13.15c)
Diluted (US cents per share)	15	(7.59c)	(13.15c)

Continuing operations

All activities are continuing operations. None of the group's activities were discontinued during the current year or in previous periods.

Consolidated balance sheet

At 30 June 2009

	Note	As at 30 June 2009 US$'000	As at 30 June 2008 US$'000
Assets			
Non-current assets			
Property, plant and equipment	17	51,524	65,238
Investment properties	17	-	1,282
Intangible assets	16	34	560
Investments	19	260	9,575
Total non-current assets		51,818	76,655
Current assets			
Assets held for resale	20	2,368	-
Inventories	21	1,880	8,779
Trade and other receivables	22	5,402	23,780
Cash and cash equivalents		2,048	5,385
Total current assets		11,698	37,944
Total assets		**63,516**	**114,599**
Current liabilities			
Trade and other payables	25	14,433	35,742
Unsecured payables subject to a compromise on acquisition	25	2,933	1,523
Loans	23	7,000	-
Total current liabilities		24,366	37,265
Non-current liabilities			
Trade and other payables	26	-	256
Unsecured payables subject to a compromise on acquisition	26	1,788	2,370
Loans	23	17,051	12,469
Deferred revenue	19	-	4,944
Total non-current liabilities		18,839	20,039
Total liabilities		**43,205**	**57,304**
Net assets		**20,311**	**57,295**
Equity			
Issued capital	27	3,527	3,519
Share premium		71,729	71,702
Merger reserve		18,471	18,471
Capital redemption reserve		454	454
Share-based payments reserve		1,413	775
Other reserves		(469)	4,291
Foreign exchange reserve		(9,606)	(7,435)
Retained earnings		(65,208)	(34,441)
Equity attributable to shareholders of the parent company		20,311	57,336
Minority interests		-	(41)
		20,311	**57,295**

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On behalf of the Board:

R J Webster
Chief Executive Officer
Approved by the Board on 2 November 2009

Consolidated statement of changes in equity

For the year ended 30 June 2009

	Issued capital	Share premium	Merger reserve	Capital redemption reserve	Share-based payment reserve	Foreign exchange reserve	Other reserve	Retained earnings	Subtotal	Minority interest	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
At 1 July 2007	**3,043**	**53,665**	**18,471**	**454**	**271**	**3,100**	**-**	**17,952**	**96,956**	**2,235**	**99,191**
Exchange differences on translation of foreign operations	-	-	-	-	-	(10,535)	-	-	(10,535)	(600)	**(11,135)**
Fair value movement in investments	-	-	-	-	-	-	4,760	-	4,760	-	**4,760**
Net income recognised directly into equity	-	-	-	-	-	(10,535)	4,760	-	(5,775)	(600)	**(6,375)**
Loss for the period	-	-	-	-	-	-	-	(52,393)	(52,393)	(1,676)	**(54,069)**
Total recognised income and expense	**-**	**-**	**-**	**-**	**-**	**(10,535)**	**4,760**	**(52,393)**	**(58,168)**	**(2,276)**	**(60,444)**
Issue of shares	476	18,037	-	-	-	-	-	-	18,513	-	**18,513**
Share-based payments	-	-	-	-	504	-	-	-	504	-	**504**
Equity component of compound financial instument	-	-	-	-	-	-	(469)	-	(469)	-	**(469)**
At 30 June 2008	**3,519**	**71,702**	**18,471**	**454**	**775**	**(7,435)**	**4,291**	**(34,441)**	**57,336**	**(41)**	**57,295**
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,171)	-	-	(2,171)	-	**(2,171)**
Fair value movement in investments	-	-	-	-	-	-	(4,760)	-	(4,760)	-	**(4,760)**
Net income recognised directly into equity	-	-	-	-	-	(2,171)	(4,760)	-	(6,931)	-	**(6,931)**
Loss for the period	-	-	-	-	-	-	-	(30,767)	(30,767)	41	**(30,726)**
Total recognised income and expense	**-**	**-**	**-**	**-**	**-**	**(2,171)**	**(4,760)**	**(30,767)**	**(37,698)**	**41**	**(37,657)**
Issue of shares	8	27	-	-	-	-	-	-	35	-	**35**
Share-based payments	-	-	-	-	638	-	-	-	638	-	**638**
At 30 June 2009	3,527	71,729	18,471	454	1,413	(9,606)	(469)	(65,208)	20,311	-	20,311

Consolidated cash flow statement

For the year ended 30 June 2009

	Notes	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Cash flows from operating activities			
Loss for the year		(30,726)	(54,069)
Adjusted by:			
Depreciation and Amortisation		6,475	5,138
Share-based payment expenses		638	504
Loss/(Profit) on sale of assets		1,152	(1,991)
Loss on Sale of EML shares	8	318	-
Deferred revenue released to income statement		(4,944)	-
Impairment of assets		495	50,837
Fair value adjustment on financial instruments		2,760	(2,899)
Fair value adjustment of put options		-	1,233
Finance costs		5,987	1,253
Interest received		(48)	(549)
		(17,893)	**(543)**
Movements in working capital			
Decrease/(increase) in inventories		6,899	(7,275)
Decrease/(increase) in trade and other receivables		18,378	(14,537)
(Decrease)/increase in trade and other payables		(23,671)	26,030
Net cash (used in)/ generated from operating activities		**(16,287)**	**3,675**
Cash flows from investing activities			
Interest received		48	549
Payments for property, plant and equipment		(2,237)	(35,795)
Receipts from sales of property, plant and equipment		5,999	601
Proceeds from sale of EML shares		1,477	-
Proceeds from Tsumeb dumps		-	2,886
Net cash used in investing activities		**5,287**	**(31,759)**
Cash flows from financing activities			
Proceeds from issue of equity shares	27	35	20,007
Associated costs of issue of equity shares		-	(1,494)
Receipts from loans		11,582	-
Finance cost of creditors compromise on acquisition		(1,112)	(7,391)
Interest paid and finance charges		(2,944)	(1,253)
Commodity contracts	24	-	(1,234)
Convertible note proceeds	23	-	11,250
Net cash generated by financing activities		**7,561**	**19,885**
Decrease in cash		**(3,439)**	**(8,199)**
Reconciliation to net cash			
Net cash at 1 July		5,385	12,076
Decrease in cash		(3,439)	(8,199)
Foreign exchange gains		102	1,508
Net cash at 30 June		**2,048**	**5,385**
Cash at bank		2,048	5,385
Net cash at 30 June		**2,048**	**5,385**

Notes to the consolidated financial statements
For the year ended 30 June 2009

1. NATURE OF OPERATIONS AND GENERAL INFORMATION

Weatherly International plc and subsidiaries' ("the group's") principal activities include the mining, smelting and sale of copper.

Weatherly International plc is the group's ultimate parent company. It is incorporated and domiciled in England. The address of Weatherly International plc's registered office, which is also its principal place of business is 211 Piccadilly, London W1J 9HF. Weatherly International plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

Weatherly International's financial statements are presented in United States dollars (US$), which is also the functional currency of the parent company.

These consolidated financial statements were approved for issue by the Board of directors on 2 November 2009.

2. STANDARDS AND INTERPRETATIONS NOT YET APPLIED BY THE GROUP

The following new standards and interpretations, which are yet to become mandatory, have not been applied in the 30 June 2009 annual financial statements of Weatherly International plc.

Standard or Interpretation		**Effective in reporting periods starting on or after**
Various IFRS and IAS statements	Improvements to IFRS	1 January 2009 1 July 2009

In addition to the improvement project, the following specific statements are mentioned:

IFRS 1 and IAS 27	Amendments to IFRS 1 First-time adoption of International Financial Reporting Standards and IAS 27 Consolidated and separate financial statements	1 January 2009 1 July 2009
IAS 39	Amendment to IAS 39 Financial instruments: Recognition and measurement: Eligible hedged items	1 July 2009
IFRIC 15	Agreements for the construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a net investment in a foreign operation	1 October 2008
IFRS 3	Business combinations (revised 2008)	1 July 2009
IAS 27	Consolidated and separate financial statements (revised 2008)	1 July 2009
IAS 32	Amendment to IAS 32 Financial instruments: Presentation and IAS 1 Presentation of financial statements - Puttable financial instruments and obligations arising on liquidation	1 January 2009
IFRS 2	Amendment to IFRS 2 Share-based payment: Vesting conditions and cancellations	1 January 2009
IAS 1	Presentation of financial statements	1 January 2009
IAS 23	Amendments to IAS 23 Borrowing costs	1 January 2009
IFRS 8	Operating segments	1 January 2009
IFRIC 17	Distribution of non-cash assets to company	1 July 2009

Management anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the company, except for the amendments to the presentation of the financial statements when IAS 1 (revised) and IFRS 8 come into effect.

The possible outcome of applying the revised version of IAS 23 is yet to be determined. Under the new Standard, all borrowing costs that are directly attributable to qualifying assets are to be capitalised. This may affect the measurement of assets which are self constructed in the course of the Group's ongoing research and development activities. The Group's current accounting policy is to immediately expense all borrowing costs. A change in accounting policies will affect the timing of expense recognition as well as the presentation of the resulting expenses (interest costs vs. amortisation).

The company does not intend to apply any of these pronouncements early.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments. The principal accounting policies are summarised below and are consistent in all material respects with those applied in the previous year, except as otherwise noted.

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 30 June 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.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination (see below) and the minority in excess of the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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 inter-group transactions, balances, income and expenses and inter-group profits and losses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current assets held for sale and discontinued operations,* which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Intangible assets

Exploration and evaluation expenditure
All exploration and evaluation expenditure is expensed as incurred. Capitalised balances brought forward were expensed in the year.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Computer software
Computer software is accounted for using the cost model, whereby capitalised costs are amortised on a straight line basis over their estimated useful lives (three years), as these are considered finite. Purchased software and the direct cost associated with the customisation and installation thereof is capitalised. Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and install the specific software.

Costs associated with maintaining computer software, i.e., expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

The amortisation charge reported in profit and loss is included in the income statement line item "administrative expenses". Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in profit and loss.

Revenue recognition

Revenue represents the amounts derived from the sale of copper and other metals in the production of copper which fall within the group's ordinary activities and from smelting copper and other metals belonging to third parties. Amounts are stated net of value added tax.

Sales of goods are recognised when goods are delivered and title has passed. Smelting revenue is recognised when concentrate is treated.

Interest income is reported using the effective interest method. Dividends received are recognised when the right to receive payment is established.

Leases

Operating leases
Where the group is a lessee in a lease which does not transfer substantially all the risks and rewards of ownership from the lessor to the group, the total lease payments are charged to the income statement on a straight-line basis over the period of the lease.

The group does not act as a lessor.

Foreign currency translation

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 US 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 recorded 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 on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. 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 except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in profit or loss on disposal of the net investment.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 classified as equity and recognised in the group's foreign currency translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income taxes

The tax expense represents the sum of the tax currently payable and deferred 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 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 interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is expected that the temporary difference will not reverse in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

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.

Property, plant and equipment

Non-mining assets
Property, plant and equipment are recorded at cost net of accumulated depreciation and any provision for impairment. Depreciation is provided using the straight line method to write off the cost of the asset less any residual value over its useful economic life as follows:

Freehold buildings	15 years
Plant and machinery	3 to 15 years
Development costs	life of mine
Freehold land	not depreciated

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Development and production expenditure
When exploration and evaluation work shows a mine to be commercially viable, the accumulated costs are transferred to property, plant and equipment. Mining plant and equipment consist of buildings, plant and machinery, which are depreciated over the shorter of the estimated useful life of the asset or the life of the mine.

Mining property for mines in production, including pre-stripping costs, is written off on a unit of production basis over the life of the mine.

Asset residual values and useful lives are reviewed annually and amended as necessary. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount exceeds the higher of the asset’s fair value less costs to sell or value in use.

Development costs relating to major programmes at the existing mines are capitalised. These costs consist primarily of expenditure to expand the capacity of the operating mine. Day-to-day mine development costs to maintain production are expensed as incurred. Initial development and production costs, which include site establishment costs, are capitalised until production reaches 60% of budgeted commercial levels of production, at which time the accumulated costs are transferred to property, plant and equipment. Mining plant and equipment consists of buildings, plant and machinery, which are depreciated over the shorter of the estimated useful life of the asset or the life of the mine.

Expenditure on advances to companies solely for exploration activities and the group’s own regional exploration activities prior to evaluation are capitalised, unless no further future benefit is considered likely. Exploration expenditure to define mineralisation at existing ore bodies or within the vicinity of existing ore bodies is considered mine development costs and is capitalised until production reaches 60% of budgeted commercial levels of production.

Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. All investment property has been disposed of in the year or transferred to assets held for resale. The difference between sale proceeds net of disposal costs and carrying value is recognised in the income statement.

Impairment

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 annually and whenever there is an indication that the asset may be impaired.

The 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 (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, 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 (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 (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Inventories

Inventories are stated at the lower of cost and net realisable value, using the average cost or first-in first-out principle as appropriate. Cost includes all direct expenditure and related overheads incurred to the balance sheet date. Cost is determined on the following bases:

- Copper concentrate is valued at the average total production cost at the relevant stage of production;
- Copper on hand is valued on an average total production cost method; and
- Consumable stores are valued on a moving average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Financial instruments, assets and liabilities

The group uses financial instruments comprising cash, trade receivables, trade payables, convertible debt, derivatives and other equity investments that arise from its operations.

Financial assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss, and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is re-evaluated at every reporting date at which a choice of classification or accounting treatment is available.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the income statement.

Financial assets at fair value through profit or loss include financial assets that are held for trading which include derivatives. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the income statement.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in equity, through the statement of changes in equity. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement. Impairment losses recognised previously on debt securities are reversed through the income statement when the increase can be related objectively to an event occurring after the impairment loss was recognised in the income statement.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the group transfers substantially all the risks and rewards of ownership of the asset, or if the group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value less bank overdrafts repayable on demand.

Financial liabilities
The group’s financial liabilities include bank overdrafts, loans, unsecured creditors, convertible debt and trade and other payables.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, and all transaction costs are recognised immediately in the income statement. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Financial liabilities categorised as at fair value through profit or loss are remeasured at each reporting date at fair value, with changes in fair value being recognised in the income statement. All other financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the income statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held-for-trading or designated as at fair value through profit or loss on initial recognition. All derivatives are classified as held-for-trading. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

All loans and borrowings are initially recognised at the fair value net of issue costs associated with the borrowing. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses on derecognition are recognised in finance charges.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is that rate which exactly discounts estimated future cash payments through the expected life of the financial liability or, where appropriate, a shorter period.

Trade payables are recognised initially at their fair value and subsequently measured at amortised costs less settlement payments.

Equity
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Equity instruments are recorded at the proceeds received net of direct issue costs. The group has in issue only ordinary shares and the conditions of the shares are such that they are accounted for as equity.

Derivative financial instruments

The group uses derivative financial instruments including copper put options to hedge its risks associated with commodity price fluctuations. Since 1 July 2006, such derivative financial instruments have been initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, and the movement is credited or debited to the profit and loss account. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The group also has listed options that are considered derivative financial instruments. These instruments are measured at fair value at the balance sheet date, and the movement is credited or debited to the profit and loss account.

Provisions

Provisions are recognised when the present obligations arising from legal or constructive commitment resulting from past events are expected to lead to an outflow of economic resources from the group which can be estimated reliably.

Provisions are measured at the present value of the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date.

The group provides for rehabilitation and environmental obligations, and the increase in the present value of the rehabilitation provision is capitalised to property, plant and machinery.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Equity

Equity comprises the following:

- "Issued capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Merger reserve" represents the excess over nominal value of the fair value of shares issued in a share for share exchange satisfying the conditions of section 131 of the Companies Act 1985.
- "Capital redemption reserve" represents the nominal value of shares redeemed.
- "Share-based payment reserve" represents equity-settled share-based employee remuneration until such share options are exercised.
- "Other reserve" represents the equity component of the secured convertible loan notes which have both a debt and equity component the revaluation of investments through equity.
- "Foreign exchange reserve" represents the differences arising from translation of investments in overseas subsidiaries.
- "Retained earnings" represents retained profits less retained losses.

Share-based payments

Equity-settled transactions
The group operates equity-settled share-based compensation plans for remuneration of its employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the share option awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability or sales growth targets).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the company.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest; or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to "other reserve".

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs, up to the nominal value of the shares issued, are reallocated to share capital with any excess being recorded as additional share premium.

Employee benefits

Defined contribution pension scheme
The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

The group pays contributions to personal pension schemes of employees, which are administered independently of the group.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the group's accounting policies, described in note 3, the directors are required to make judgments, 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.

Critical judgments in applying the group's accounting policies

The following are the critical judgments, 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.

Going concern
During the year under review and since the year end, there have been considerable changes to our business. In the light of these substantial changes, the directors have reviewed the business model and the assumptions contained within it, and believe them to be reasonable. However, there are a number of uncertainties around the assumptions that have the potential to affect the company's ability to deliver the forecast cash flows.

Our smelting Company NCS has been transformed from a tied downstream processing plant to a stand-alone smelting business. We have entered into loan facilities with Chelopech and Louis Dreyfus that enable us to improve the performance of the smelter and increase its capacity. This business is now self sustaining and following the commissioning of the oxygen plant in December 2009 will generate sufficient funds to meet the business's future capital requirements and service its loans. Additionally the business is underpinned by long term contracts with Louis Dreyfus and Chelopech for the supply of concentrates. The terms have been agreed for 2010 and 2011. The smelter's operating costs are incurred in Namibian dollars, while income is received in US dollars. Negative exchange rate variations significantly reduced profitability in 2009 and may do so again in the coming year. This exposure is limited to approximately half the throughput of concentrate.

The placement that was made with DPM at the end of July 2009 raised US$2 million which is to be applied to the smelter and provides additional working capital. DPM have also undertaken to subscribe for a further US$5 million worth of shares if the company elects. These arrangements also underpin the continued operation of the smelter.

Following repayment of the loan notes due in May 2010, we believe that the smelter should generate sufficient funds to pay the management fee arrears and the final repayment of the loan notes in May 2011.

Having closed all our mines by the end of 2008, they are currently under care and maintenance and we are incurring expenditure of approximately US$150,000 per month to ensure that the licences are maintained in good order. We have sold real estate and the proceeds from these somewhat protracted transactions continue to filter through and meet these ongoing costs.

On 15 September 2009 we announced the signature of a Letter of Intent with ECE which when completed will raise approximately US$27 million of new funds for the company. It is proposed to use the proceeds to repay the amount due to the noteholders in May 2010 of approximately US$10 million (which includes accrued interest). The surplus will provide funds for the reopening of the Otjihase and Matchless mines and the continued development of the open pit at Tschudi, as well as working capital.

If this transaction does not go ahead for any reason, the noteholders 2010 payment will need to be funded by the sale of core mining or smelting assets, an alternative injection of capital or the restructuring of the notes. There is no certainty that sufficient funds will be raised to accomplish this.

There are a number of other matters that could affect the cashflow of the company going forward, namely:

- Weatherly Mining owes N$9.7 million (US$1.2 million) in royalties to the Namibian government. We have made proposals for the settlement of this claim which are under consideration by the Namibian government. Weatherly Mining has filed for relief for royalties for the period 1 July 2008 up until the mines ceased operation and we await the outcome of this.
- No settlement of creditors N$37.2 million (US$4.7 million) arising under the terms of the compromise agreement negotiated as part of the original mine acquisition in 2006. Whilst the mines were closed, the directors did not consider these monies to be payable. However we have had further discussions and have proposed a settlement that would be implemented if the mines were to be reopened and this is being considered.
- In November 2008, we reported that the company became aware of a potential claim in the amount of £3.5 million. A writ has now been issued by Barclays Bank plc in respect of this claim in relation to a purported foreign exchange transaction. A thorough investigation has been conducted and as a result, the company believes that it has a robust defence and it will defend the action vigorously and make a counterclaim for loss and damages. In these circumstances the directors do not believe that any provision for this contingent liability should be made.

On the basis of the foregoing projections and assumptions, the directors consider that the group will continue to operate within its currently available funds and the proceeds from the projected transactions for at least the next twelve months and that it is appropriate to prepare the financial statements on the going concern basis.

Carrying value of property, plant and equipment
All mining assets are amortised where the mine operating plan calls for production from well-defined mineral reserves over proven and probable reserves.

For mobile and fixed plant, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proven and probable mineral reserves as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of amortisation could be impacted by the estimate of actual production in the future bring different from current forecast production based on proven and probable mineral reserves. This would generally result to the extent that there are significant changes in any of the factors or assumptions used in estimating mineral reserves.

These factors effecting estimated mineral reserves include:

- changes in proven and probable mineral reserves;
- the grade of mineral reserves may vary significantly from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the copper price estimation may change, which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. They are significantly affected by a number of

factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future copper prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Metal exposures
The group calculates its exposure to Louis Dreyfus by comparing the copper, gold and silver content in the concentrate received to the copper and precious metals in the blister returned and the quantities still in the system.

Any over/under recovery to contractual recovery rates is a benefit/liability to the group and is recorded at spot rates prevailing at the time. Many parts of the calculation are subject to estimation. Concentrate received and later returned

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

are subject to final verification of the amount of copper and precious metals from assay results. It can take several months before final quantity are agreed. The amount of precious metal in the system is also subject to estimation. Management uses its knowledge of historic information as well as samples taken but without turning the smelter off material in the system can only be estimated.

Fair value of derivatives and other financial instruments
The directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market and have selected the Black Scholes model. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are made based on quoted market rates adjusted for specific features of the instrument. Other financial instruments are valued using a discounted cash flow analysis based on assumptions supported, where possible, by observable market prices or rates. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are provided in note 32.

Convertible loan note treatment
As described in note 25 the directors use their judgment in selecting an appropriate valuation technique for financial instruments not quoted in an active market. The convertible loan notes were a compound instrument with a debt and equity component. Management valued the debt element using the estimated market rate of interest for a pure debt instrument. This resulted in a negative equity residual value that the Board believes is appropriate as the instrument was issued primarily to existing shareholders, and was in substance a distribution. This negative equity component of US$0.469 million has been debited to other reserve as a component of shareholder equity.

5. REVENUE

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

	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Continuing operations		
Sale of goods	108,517	105,449
Total revenue	108,517	105,449

6. OTHER OPERATING INCOME

	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Deferred revenue released to income statement	4,944	-
Profit on exercise of copper put options	2,760	-
Property rental	259	515
Other	187	816
	8,150	1,331

7. BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

The Board has determined that the primary segmented reporting format is by business segments comprising mining and smelting.

Basis for inter-segment transfer price: the transfer price is a third party arms length price based on the London Metals Exchange price, calculated by the percentage of copper in concentrate.

Segment information about these businesses is presented below.

Year end 30 June 2009 segment reporting

The group's operations are located in Namibia and the UK. The Mining and Smelting divisions are located in Namibia, whilst the Corporate function is carried out in London. All of the group's revenue is generated in Namibia, but sales are made to customers internationally, primarily in Switzerland.

	Mining	**Smelting**	**Eliminations**	**Consolidated**
By business	US$'000	US$'000	US$'000	US$'000
Sales and other operating revenues				
External sales	10	108,507	-	108,517
Inter-segment sales	17,751	-	(17,751)	-
Segment revenues	17,761	108,507	(17,751)	108,517

	Mining	Smelting		Consolidated
	US$'000	US$'000		US$'000
Segmental loss	(15,174)	(3,804)		(18,978)
Unallocated corporate expenses				(5,809)
Interest expense				(5,987)
Interest income				48
Net loss				(30,726)
Segment assets	35,573	25,951		61,524
Unallocated Corporate assets				1,992
Total assets				63,516
Segment liabilities	(8,041)	(21,236)		(29,277)
Unallocated Corporate liabilities				(13,928)
Total liabilities				(43,205)
Other segment information				
Purchase of Property plant and equipment	1,339	898		
Depreciation and amortisation	(6,229)	-		

Geographic Segmental Analysis

	Namibia	**UK**	**Europe**	**Total**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Sales by destination	-	-	108,517	108,517
Segmental assets	61,524	1,992	-	63,516
Purchase of Property plant and equipment	2,237	-	-	2,237

7. BUSINESS AND GEOGRAPHICAL SEGMENTS *(continued)*

Year end 30 June 2008 segment reporting

	Mining	Smelting	Eliminations	Consolidated
By business	US$'000	US$'000	US$'000	US$'000
Sales and other operating revenues				
External sales	40	116,421	(11,012)	105,449
Inter-segment sales	33,156	-	(33,156)	-
Segment revenues	33,196	116,421	(44,168)	105,449

	Mining	Smelting		Consolidated
	US$'000	US$'000		US$'000
Segmental (loss)/profit	(53,130)	3,111		(50,019)
Unallocated corporate expenses				(3,114)
Interest expense				(1,253)
Interest income				549
Net profit				(53,837)
Segment assets	72,451	35,440		107,891
Unallocated Corporate assets				6,708
Total assets				114,599
Segment liabilities	(21,183)	(22,552)		(43,735)
Unallocated Corporate liabilities				(13,569)
Total liabilities				(57,304)
Other segment information				
Purchase of Property plant and equipment	35,190	-		
Purchase of Intangible assets	588	-		
Depreciation and amortisation	4,924	-		

Geographic Segmental Analysis

	Namibia	UK	Europe	Total
	US$'000	US$'000	US$'000	US$'000
Sales by destination	-	-	105,449	105,449
Segmental assets	107,891	6,708	-	114,599
Purchase of Property plant and equipment	35,190	45	-	35,235
Purchase of Intangible assets	588	-	-	588

8. OPERATING LOSS

This is stated after charging/(crediting):	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Depreciation of owned assets	6,448	5,138
Amortisation of owned assets	27	28
Impairment of property, plant and equipment	-	44,662
Impairment of intangible assets	495	6,175
Staff costs (see note 10b)	12,640	17,623
Share based payment charge - non staff costs	204	249
Operating lease payments	119	294
Loss/(Profit) on sale of property, plant and equipment (see note 12)	1,152	(1,991)
Auditor's remuneration (note 9)	221	251
Loss on sale of EML shares	318	-

9. EMPLOYEES AND KEY MANAGEMENT

Detailed disclosure of Directors' remuneration is disclosed in the audited sections of the Remuneration Report.

a) Staff numbers

The average number of employees, including directors	Year ended 30 June 2009	Year ended 30 June 2008
Group:	No.	No.
Corporate UK	7	9
Namibia		
Smelting	314	231
Mining	349	635
Group Total	670	875

b) Staff costs

	Year ended 30 June 2009	Year ended 30 June 2008
Their aggregated remuneration comprised:	US$'000	US$'000
Wages and salaries	11,715	16,299
Social security costs	122	95
Pension contributions	369	576
Share-based payments	434	653
	12,640	17,623

c) Key Management remuneration

Salaries and fees	1,507	2,099
Pension contributions	88	12
Key management share-based payments	331	519
	1,926	2,630

Key management personnel as defined under IAS24 have been identified as the Board of Directors and further management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group.

10. OTHER GAINS AND LOSSES

	Year ending 30 June 2009 US$'000	Year ending 30 June 2008 US$'000
Loss on sale of assets	(1,152)	(187)
Release of environmental liability	-	2,178
Other (losses)/gains	(1,152)	1,991

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

	Note	30 June 2009 US$'000	30 June 2008 US$'000
Derivative instruments			
Put options (held for trading)	26	-	(1,233)
Share options relating to Emerging Metals Limited	20b)	(2,760)	2,899
Total fair value gains and losses of financial instruments		**(2,760)**	**1,666**

12. FINANCE COSTS

	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Convertible loan note	1,103	159
Third party loan	2,838	102
Unwinding of compromise agreement	1,925	711
Bank	52	214
Other	69	67
Total interest expense	5,987	1,253

13. INCOME TAX EXPENSE

	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Loss before tax	(30,726)	(54,069)
UK corporation tax @ 28% (2008: 29.5%)	(8,603)	(15,950)
Tax effects of:		
Expenses not allowable for tax purposes	4,670	(203)
Capital profits not taxable	(783)	(908)
Impairment of asset	-	1,822
Other adjustment	(1,285)	1,019
Differences in local tax rates	(1,569)	(5,571)
Excess of capital allowances over depreciation	(1,985)	7,286
Tax losses utilised in period	-	(2)
Tax losses not for future utilisation	-	169
Tax losses for future utilisation	9,555	12,338
Total income tax expense	-	-
Unrecognised deferred tax provision		
Accelerated capital allowances	14,246	14,791
Share-based payments	-	-
Tax losses - UK	(1,772)	(1,702)
Tax losses - Namibia	(51,196)	(44,137)
Unrecognised deferred tax asset	(38,722)	(31,048)

These deferred tax assets are unrecognised as it is not probable that sufficient future taxable profits will be available.

The unrecognised deferred tax asset has no expiry period.

14. DIVIDENDS AND OTHER APPROPRIATIONS

No dividends or appropriations were declared, proposed or payable at 30 June 2009.

15. LOSS PER SHARE

The calculation of basic and diluted loss per ordinary share is based on the following data:

	Year ended 30 June 2009 US$'000	Year ended 30 June 2008 US$'000
Loss for the year attributable to equity shareholders	(30,767)	(52,393)
Basic loss per share (US cents)	(7.59c)	(13.15c)
Diluted loss per share (US cents)	(7.59c)	(13.15c)
Weighted average number of shares for basic loss per share	405,413,300	398,431,898
Weighted average number of shares for diluted loss per share	405,413,300	398,431,898

For the year ended 30 June 2009 24.5m (2008: 24.7m) potential ordinary shares have been excluded from the calculations of loss per share as they are anti-dilutive.

16. INTANGIBLE ASSETS

	Computer software US$'000	Exploration US$'000	Mining licences US$'000	Total US$'000
Cost:				
At 1 July 2007	-	-	6,175	6,175
Additions	93	495	-	588
Impairment loss	-	-	(6,175)	(6,175)
At 30 June 2008	93	495	-	588
Amortisation:				
At 1 July 2007	-	-	-	-
Provided during the year	(28)	-	-	(28)
At 30 June 2008	(28)	-	-	(28)
Net book value at 30 June 2008	65	495	-	560
Cost				
At 1 July 2008	93	495	-	588
Additions	-	-	-	-
Impairment loss	-	(495)	-	(495)
Exchange difference	1	-	-	1
At 30 June 2009	94	-	-	94
Amortisation:				
At 1 July 2008	(28)	-	-	(28)
Provided during the year	(27)	-	-	(27)
Exchange difference	(5)	-	-	(5)
At 30 June 2009	(60)	-	-	(60)
Net book value at 30 June 2009	34	-	-	34

Exploration costs impaired are related pre-licensing costs which can not be capitalised under IRFS.

17. PROPERTY, PLANT & EQUIPMENT

a)

	Freehold property US$'000	Plant and machinery US$'000	Assets under construction US$'000	Development costs US$'000	**Totals US$'000**
Cost:					
At 1 July 2007	46,476	35,280	-	19,697	101,453
Additions	613	13,330	-	21,292	35,235
Disposals	(637)	(2,025)	-	-	(2,662)
Transfer	(2,000)	(1,089)	-	3,089	-
Exchange adjustment	(5,536)	(4,736)	-	(3,683)	(13,955)
At 30 June 2008	**38,916**	**40,760**	**-**	**40,395**	**120,071**
Depreciation:					
At 1 July 2007	(2,805)	(3,739)	-	-	(6,544)
Provided during the year	(845)	(4,070)	-	(135)	(5,050)
Disposals	-	127	-	-	127
Impairment loss	-	(4,390)	-	(40,272)	(44,662)
Exchange adjustment	445	839	-	12	1,296
At 30 June 2008	(3,205)	(11,233)	-	(40,395)	(54,833)
Net book value at 30 June 2008	**35,711**	**29,527**	**-**	**-**	**65,238**
Cost:					
At 1 July 2008	38,916	40,760	-	40,395	120,071
Additions	-	1,339	898	-	2,237
Transfer to current assets	(2,543)	-	-	-	(2,543)
Disposals	(466)	(9,632)	-	-	(10,098)
Exchange adjustment	351	(578)	146	-	(81)
At 30 June 2009	**36,258**	**31,889**	**1,044**	**40,395**	**109,586**
Depreciation:					
At 1 July 2008	(3,205)	(11,233)	-	(40,395)	(54,833)
Provided during the year	(1,997)	(4,381)	-	-	(6,378)
Transfer to current assets	175	-	-	-	175
Disposals	25	3,854	-	-	3,879
Exchange adjustment	(399)	(506)	-	-	(905)
At 30 June 2009	**(5,401)**	**(12,266)**	**-**	**(40,395)**	**(58,062)**
Net book value at 30 June 2009	**30,857**	**19,623**	**1,044**	**-**	**51,524**

The following serve as security for borrowings as follows:

Nature of property, plant and equipment	Carrying Amount 2009 US$'000	Carrying Amount 2008 US$'000	Bond Amount 2009 US$'000
Moveable mining assets of Ongopolo Mining Limited - surety notarial general covering bond in favour of Chelopech Mining EAD in respect of indebtedness of Namibian Custom Smelters (Pty) Ltd in the amount of US$7.151m (note 25).	4,322		7,151

b) Investment properties

	Investment properties US$'000
Cost or valuation:	
At 1 July 2007	1,534
Exchange adjustment	(171)
At 30 June 2008	1,363
Depreciation:	
At 1 July 2007	-
Provided during the year	(88)
Exchange adjustment	7
At 30 June 2008	(81)
Net book value at 30 June 2008	1,282
Cost or valuation:	
At 1 July 2008	1,363
Disposals	(1,184)
Exchange adjustment	(179)
At 30 June 2009	-
Amounts writen off:	
At 1 July 2008	(81)
Provided during the year	(70)
Disposals	140
Exchange adjustment	11
At 30 June 2009	-
Net book value at 30 June 2009	-

The following investment properties serve as security for borrowings:

	Carrying Amount 2009	Carrying Amount 2008	Bond Amount 2009
	US$'000	US$'000	US$'000
Nature of property, plant and equipment			
Land and buildings - surety mortgage bond over portion 62 (a portion of portion B) of the farm Town of Tsumeb No. 103, Registration division "B", Oshikoto Region in favour of Chelopech Mining EAD in respect of indebtedness of Namibia Custom Smelters (Pty) Ltd in the amount of US$ 7.151 million (note 25).	13,401	-	7,151

18. INVESTMENTS

a) Subsidiaries

The company's investments at the balance sheet date in the share capital of companies include the following:

Name	% Holding	Nature of business	Country of incorporation	Class of shares
Weatherly (SL) Limited	100	Holding company	St Lucia	1,000 ordinary US$1
WM Exploration Limited	100	Dormant	England and Wales	200 ordinary 1p
Puku Minerals Limited (owned by Weatherly (SL) Limited)	100	Mineral exploration	Zambia	100 ordinary US$1
Weatherly (Namibia SL) Limited	100	Holding company	St Lucia	125,381,946 ordinary 20p
Weatherly (Namibian Custom Smelters) Limited	100	Holding company	St Lucia	1,000 ordinary £1
Weatherly Management Services Limited	100	Management services	England and Wales	1 ordinary £1
Weatherly Mining Namibia Limited owned by Weatherly (Namibia SL) Limited	97	Mineral exploration, development and production	Namibia	20,000,000 ordinary N$1 1,000 redeemable preference shares N$1
Weatherly International Trustee Company Limited	100	Trustee company	England and Wales	1 ordinary £1
The following entities are 100% owned by Weatherly Mining Namibia Limited:				
Ongopolo Mining Limited		Mineral exploration and development	Namibia	95,590,000 ordinary N$0.387
Tsumeb Specimen Mining (Pty) Limited		Dormant	Namibia	4,000 ordinary US$1
Ongopolo Cement Company (Pty) Limited		Mining and production	Namibia	100 ordinary US$1
The following entity is 100% owned by Weatherly (Namibia Custom Smelters) Limited:				
Namibia Custom Smelters (Pty) Limited		Smelting operations	Namibia	100 ordinary N$1

b) Investments

	30 June 2009 US$'000	30 June 2008 US$'000
Investment in Emerging Metals Limited ("EML")		
21,899,698 ordinary shares at par value of £ 0.05	-	6,555
Options over 13,705,179 ordinary shares in EML Exercisable at £0.05 per share	260	3,020
At 30 June	260	9,575

The shares were sold during the year and the options were revalued as at 30 June 2009.

EML issued 13,705,179 options to OML on 31 January 2008. The options were valued through the profit and loss account as they are classed as a derivative and are required to be fair valued. They were valued at that date accordingly. Below are the assumptions used to calculate the options; using the Black Scholes model, the fair value movement of these options put through the profit and loss account was a loss of US$2.8 million (2008 profit of US$2.9 million).

	30 June 2009	30 June 2008
Dividend yield (%)	-	-
Expected volatility (%)	30.3346	18.7526
Risk-free interest rate (%)	2.5753	5.201
Share price at grant date £	0.0475	0.0500
Share price (market value)£	0.1500	0.1500
Exercise price £	0.0500	0.0500
Fair value £	0.0115	0.1104
No. Outstanding	13,705,179	13,705,179

19. DEFERRED REVENUE

	2009 US$'000	2008 US$'000
Cash	-	2,886
Shares issued at £0.05 per share	-	2,161
Fair value of share options	-	354
Foreign exchange	-	(457)
	-	4,944

The balance on deferred revenue was released to the income statement during the year.

On 31 January 2008, Ongopolo Mining Limited (OML), a 97% subsidiary of Weatherly International plc, granted an option over the Tsumeb dumps to EML.

The consideration paid by EML for the Tsumeb Option comprised £1,421,000 in cash and 21,899,698 ordinary shares of EML issued to Weatherly at par value of £0.05 per share. An option was also granted to subscribe for up to 13,075,179 ordinary shares at £0.05 per share, exercisable at any time for five years from the date of completion of the Tsumeb Option Agreement. The revenue was classified as deferred revenue at 30 June 2008 and released to the income statement in the year ended 30 June 2009 when certain conditions had been satisfied.

20. ASSETS HELD FOR RESALE

Year ended 30 June 2009

	Freehold property US$'000	Totals US$'000
Cost:		
At 1 July 2008	-	-
Transferred from non current assets	2,543	2,543
At 30 June 2009	**2,543**	**2,543**
Depreciation:		
At 1 July 2008	-	-
Transferred from non current assets	(175)	(175)
At 30 June 2009	**(175)**	**(175)**
Net book value at 30 June 2009	**2,368**	**2,368**

The carrying value above approximates to the selling value and costs to sell are expected to be minimal.

21. INVENTORIES

	30 June 2009 US$'000	30 June 2008 US$'000
Stockpiles at mine	-	7,728
Consumables	1,880	1,051
	1,880	8,779

The difference between purchase price or production cost of inventories and their replacement cost is not material.

22. TRADE AND OTHER RECEIVABLES

	30 June 2009 US$'000	30 June 2008 US$'000
Trade receivables	2,289	23,524
Prepayments and other receivables	3,080	89
VAT	33	167
	5,402	23,780

As at 30 June 2009 there were no trade receivables past due (2008: nil).

23. BORROWINGS

Secured Borrowings

	30 June 2009 US$'000	30 June 2008 US$'000
Secured borrowing at amortised cost		
Convertible loan notes (as described on page 52)	12,469	12,469
Short term portion of loan	(7,000)	-
	5,469	12,469
Chelopech Mining EAD (as described on page 52)	7,151	-
Short term portion of loan	-	-
	7,151	-
Unsecured borrowing at amortised cost		
Louis Dreyfus Commodities Metal Suisse SA (as described on page 52)	4,431	-
Short term portion	-	-
	4,431	-
Total Borrowings	24,051	12,469
Short term portion	(7,000)	-
Total Borrowings repayable after 1 year	**17,051**	**12,469**

All loans are denominated in US dollars.

The weighted average interest rates paid during the year were as follows:

	30 June 2009 %	30 June 2008 %
Convertible loan notes	10.12	9.00
Chelopech	5.58	-
Louis Dreyfus Commodities Metals Suisse SA	5.83	-

Convertible Loan Notes
The convertible loan notes were issued on 7 May 2008 at an issue price of US$1 per note. The notes are convertible into ordinary shares of the company at any time between the date of issue of the notes and their settlement date. On issue, the loan notes were convertible at 1 share per US$1 loan note. Attached to each loan note was a warrant which had a conversion price of US$0.5059 per ordinary share. The convertible loan notes are secured by fixed and floating charges over the assets and undertakings of the company, and the company has given certain covenants to the investors in relation to activities outside the ordinary course of business while the secured convertible loan notes remain outstanding.

If the notes have not been converted, 7 million will be redeemed on 6 May 2010 at par and 4 million on 6 May 2011. Interest at 18% is payable on 3 million of the loan and on the unpaid interest thereon. The remaining loan notes attract interest of 9%.

The net proceeds received from the issue of the convertible loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the group as follows:

	30 June 2009 US$'000	30 June 2008 US$'000
Proceeds of the convertible loan notes [1]	12,000	12,000
Equity component	469	469
	12,469	12,469
Liability component at date of issue	12,469	12,469
Interest charged	1,262	160
Interest paid	-	-

[1] US$750,000 of the proceeds were received on 1 July 2008.

The equity component is US$469,000 due to the terms of the issue, so a debit has been made to the equity reserve.

The interest charged for the year is calculated by applying an effective interest rate of 6.88% to the liability component for the period since the loan notes were issued. The interest charged on the liability component to the end of the year has been included as a creditor. The liability component is measured at amortised cost.

Management has valued the debt element using the estimated market rate of interest for a pure debt instrument. This resulted in a negative equity residual value that management believes is appropriate as the instrument was issued primarily to existing shareholders. This negative equity component of US$0.469 million has been debited to other reserve as a component of shareholder equity.

Chelopech Mining EAD
The loan bears interest at US$3 month LIBOR + 4% and is secured by way of surety mortgage bond over Farm Tsumeb No 103 and a surety notarial general covering bond over the moveable assets of Ongopolo Mining Ltd. First ranking security in favour of the lender over the lease on the land occupied by the Smelter and the share capital of Namibia Custom Smelters (Pty) Limited and security over the proceeds account and debt services account in favour of the lender. The loan is repayable from 1 June 2011 in 12 equal quarterly instalments.

Louis Dreyfus Commodities Metal Suisse SA
The loan bears interest at US$3 month libor + 4% and is unsecured.

The loan is repayable between May 2011 and December 2013 amortised evenly over the projected throughput of the smelter over the repayment period.

24. DERIVATIVE FINANCIAL INSTRUMENTS

	Current	
	30 June 2009	30 June 2008
	US$'000	US$'000
Derivatives carried at fair value		
Put options at cost	-	1,234
Fair value through profit and loss account	-	(1,233)
	-	1

To mitigate the risk of a significant fall in the copper price, Weatherly took out put options in the prior year over the production of copper at a strike price of US$5,000 per tonne.

25. TRADE AND OTHER PAYABLES - CURRENT

	30 June 2009	30 June 2008
	US$'000	US$'000
Trade payables	10,807	34,697
Other payables and accruals	3,626	1,045
	14,433	35,742
Unsecured payables subject to a compromise on acquisition [1]	2,933	1,523
	2,933	1,523

[1] As part of the acquisition of Ongopolo, the company reached an offer of compromise with unsecured payables to repay the amounts due over five years, without interest accruing. Amounts falling due after more than one year have been discounted over the 5 year period. An offer of compromise is broadly similar in effect to a scheme of arrangement with creditors under the Companies Act 2006. The offer of compromise was sanctioned by the High Court of Namibia.

26. TRADE AND OTHER PAYABLES – NON-CURRENT

	30 June 2009	30 June 2008
	US$'000	US$'000
Unsecured payables subject to a compromise on acquisition [1]	1,788	2,370
Other payables	-	256
	1,788	2,626

[1] Per explanation in note 27

27. AUTHORISED AND ISSUED SHARE CAPITAL

	30 June 2009 US$	30 June 2008 US$	30 June 2009 £	30 June 2008 £
Authorised				
652,331,500 ordinary shares of 0.5p (2008: 652,331,500 ordinary shares of 0.5p)			3,261,657	3,261,657
240,750,000 deferred ordinary shares of 0.099p			238,343	238,343
			3,500,000	3,500,000

The authorised capital is shown in sterling only and not in US dollars.

	30 June 2009 US$	30 June 2008 US$	30 June 2009 £	30 June 2008 £
Allotted, called up and fully paid				
405,425,427 (2008: 405,327,066) ordinary shares of 0.5p	3,526,769	3,519,455	2,027,127	2,023,400
	3,526,769	3,519,455	2,027,127	2,023,400

The company issued the following shares and recorded the following movements in share capital (both in US dollars and sterling):

	US$ Share capital	**US$ Share premium**	**US$ Consideration**	**£ Share capital**	**£ Share premium**	**£ Consideration**
15/08/2008 98,361 ordinary 0.5p shares	920	27,126	28,046	492	14,508	15,000
Total	**920**	**27,126**	**28,046**	**492**	**14,508**	**15,000**

The outstanding warrants/options to subscribe for ordinary shares of the company as at 30 June 2009 are as follows:

Date of grant	Number of warrants/options	Price per warrant/ Option Pence	Expiry date
22 June 2005	155,501	3.00	15 July 2010
22 June 2005	2,496,979	5.00	15 July 2010
22 June 2005	2,966,492	12.00	15 July 2010
20 June 2006	234,800	10.50	18 July 2009
20 June 2006	76,450	17.00	18 July 2009
10 May 2008	166,667	23.50	17 April 2013
10 May 2008	166,667	23.50	17 April 2014
10 May 2008	166,666	23.50	17 April 2015
11 July 2007	400,000	20.25	11 July 2010
19 July 2007	2,880,000	21.00	19 July 2009
8 May 2008	75,000	20.50	21 April 2013
10 May 2008	12,000,000	27.15	10 May 2010

There were 12 million warrants issued attached to the convertible loan notes disclosed in note 25. Each warrant entitles the holder to subscribe for one new share in the capital of the company for each warrant held at a price of 27.15 pence per share.

28. CAPITAL COMMITMENTS

	30 June 2009 US$'000	30 June 2008 US$'000
Capital commitments		
Contracted for but not yet recognised in the financial statements	304	1,500
	304	1,500

29. IMPAIRMENT OF ASSETS

Summary of impairment for the year ended	30 June 2009 US$'000	30 June 2008 US$'000
Exploration costs	495	-
Kombat operation	-	22,082
Other assets	-	22,580
Zambian assets	-	6,175
Total impairment	495	50,837

Exploration costs
Exploration costs written off related to pre-licensing costs which can not be capitalised under IFRS.

Kombat operation, Other assets and Zambian assets
In the year ended 30 June 2008 management had to undertake impairment reviews on all its assets which resulted in the above impairments.

30. POST BALANCE SHEET EVENTS

Dundee Precious Metals Inc

On 31 July 2009 the company entered into a conditional subscription agreement ("the Subscription agreement") with Dundee Precious Metals Inc (DPM) whereby DPM subscribed for 40,468,000 ordinary (0.5 pence) shares in the Company for consideration of US$2 million. Pursuant to the terms of the Subscription Agreement, the proceeds of the subscription will be lent by Weatherly to Namibia Custom Smelters (Pty) Ltd. The loan is to be used by NCS to cover the design and construction costs of an arsenic dust collection facility and for such other costs of expanding and improving the smelter as are agreed between NCS and Chelopech from time to time. The Subscription Agreement gives Weatherly the right, within the 12 months following the allotment of the shares subscribed for, to call on DPM to subscribe for additional shares on up to two occasions for an aggregate consideration of up to US$5 million at the higher of the then prevailing market price or (save in certain circumstances) 3 pence per share.

East China Mineral Exploration and Development Bureau

On 15 September 2009 Weatherly International plc announced that it has signed a Letter of Intent whereby a wholly owned subsidiary of East China Mineral Exploration and Development Bureau (ECE) will subscribe for 446,851,840 new shares in the Company at a price of 3.6 pence per share for total proceeds of £16,087 million. Assuming the transaction is completed ECE would own 50.1% of the enlarged issued share capital of the Company.

Kombat

Weatherly has entered into an option agreement with a South African company, Cubenco 192 Pty Ltd ('Cubenco') whereby Cubenco has the option to purchase the Kombat mine from WMN's subsidiary, Ongopolo Mining Ltd for total consideration of US$3million. Kombat does not form part of Weatherly's future development plans. Cubenco has paid a non-refundable option fee of R1.2million, (US$160,000) and has 42 days in which to complete its due diligence and make a second payment of US$600,000. Assuming this payment is made the final payment of US$2.24 million is due by the end of March 2010.

31. CONTINGENT LIABILITIES

There is a claim in the amount of £3.5million against the company from a third party in relation to an alleged previously unknown financial obligation. The company believes that it has a robust defence and would pursue a counterclaim for loss and damages against the other party. In these circumstances the directors do not believe that any provision for this contingent liability should be made.

32. OTHER RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year ended 30 June 2009 an amount of US$72,544 (2008: US$46,000) was paid and as at 30 June 2009 an amount of US$ nil (2008: US$16,350) was in creditors relating to Martinick Bosch Sell Pty Ltd. a related company of Wolf Martinick (Director). These fees were in relation to the environmental impact assessment study undertaken as part of the bankable feasibility study for the Tambao manganese project in Burkina Faso.

33. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The group's capital management objectives are:

- to ensure the group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by pricing products and services commensurately with the level of risk.

The group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.