

## **Publication of mine plan for restart of Otjihase and Matchless operations**

**16 December 2009:** Weatherly is pleased to announce the publication of an in-house 5-year mine plan for the reopening of its Otjihase and Matchless underground mines, which were placed on care and maintenance along with the company's other mining operations in late 2008 following the severe downturn in metal prices.

With the copper price now at a similar level to prices prevailing prior to the global financial crisis, Weatherly is preparing to bring these two mines back into production as a priority, with the funding to be provided by the proposed equity subscription by East China Exploration and Development Bureau ('ECE').

The Otjihase mine is located approximately 16 km northeast of the Namibian capital Windhoek and Matchless some 40km south west of Windhoek. The plan is to begin preliminary activities early in 2010 with Otjihase being brought back into production in the 3<sup>rd</sup> quarter of 2010 and Matchless some months later.

Production at Otjihase will come primarily from secondary pillar extraction in areas prepared with backfill prior to the shutdown. Matchless will resume primary mining of the Western Extension shoot, with ore being trucked to the Otjihase plant for concentrating. The combined capital cost to bring the mines back into production is estimated at approximately US\$10.7 million in the first year of operations with approximately a further US\$1.6 million required over the second and third years of operations at Matchless. All projections are based on an exchange rate of \$N7.5: US\$1.

Of the total JORC resources defined at Otjihase and Matchless, the company has determined that approximately 2.3 million tonnes of ore can be extracted over the 5-year plan. Additional ore is expected to be available after this time.

Combined ore production from Otjihase and Matchless is scheduled to ramp up from a Year 1 average of 26,071 tons per month to an average of 50,000 tons per month by the end of Year 3. The average run of mine (ROM) ore production from the combined operations is scheduled to average 43,873 tons per month, yielding concentrates containing 688t copper, 237kg silver and 9kg gold.

To achieve the life of mine plan, a number of substantial changes in the way the mines are operated are required to be implemented before start up. These changes are expected to reduce overall costs from US\$4,412/t in the year to 30 June 2008 (the last full year of operations prior to the closure of the mines in late 2008) to an average of US\$3,848/t over the life of the plan. The key focus will be on the extraction of higher grades through a more selective mining process with greater control on dilution. In addition there will be significant changes in the number of people employed and the way in which they are deployed, in particular the move to more flexible and productive rosters. The recruitment of new people and the training of a multi skilled workforce will be a key factor in improving overall productivity.

The company is currently in early stage discussions with Nam-mic, the investment arm of the Namibian mine workers union, which is keen to participate in the future success of the company's operations in Namibia. Weatherly sees this as a vote of confidence in the future viability of its Namibian operations as well as indicative of the strong desire of Nam-mic to work together with the company to ensure long-term sustainability.

A copy of the Executive Summary of the company's 5-year plan for Otjihase and Matchless is available by pasting the following web link into your internet browser:

[http://www.rns-pdf.londonstockexchange.com/rns/1837E\\_-2009-12-15.pdf](http://www.rns-pdf.londonstockexchange.com/rns/1837E_-2009-12-15.pdf)

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*Qualified Person Notes*

*The company's plan for the recommencement of operations at Otjihase and Matchless, described above, was prepared by Andrew Thomson B.Sc.(Hons) Geology, Pr.Sci.Nat 400052/86. Until February 2009, Mr Thomson was employed by the company in the position of General Manager - Technical Services. Since this time he has been retained by the company as an independent technical consultant. Mr Thomson meets the definition of a "qualified person" as set out in the AIM Note for Mining and Oil and Gas Companies, June 2009. Mr Thomson has reviewed the technical information contained in this announcement and has provided his consent to its release.*