

# WEATHERLY INTERNATIONAL PLC



Acquisition, Placing and Admission to trading on AIM

**Libertas Capital**

Nominated Adviser & Broker



**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the contents of this document, or the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (the "FSMA") who specialises in advising on the acquisition of shares and other securities. This document, which comprises an admission document, has been prepared in connection with the proposed application for admission of the Enlarged Share Capital to trading on AIM, a market of London Stock Exchange plc. This document is an admission document drawn up in accordance with the AIM Rules and does not constitute a prospectus for the purposes of section 85(1) of the FSMA.

The Company and each of the Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document including collective and individual responsibility for the compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Application will be made for the Enlarged Share Capital to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the official list (the "Official List") of the United Kingdom Listing Authority (the "UKLA"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the UKLA nor London Stock Exchange plc has examined or approved the contents of this document. The Enlarged Share Capital is not traded on any other recognised investment exchange and save for the application for admission to AIM, no such applications have been made or will be made. It is expected that admission to AIM will become effective and that dealings in the Enlarged Share Capital will commence on AIM on or around 18 July 2006.

**The whole text of this document should be read and in particular YOUR ATTENTION IS DRAWN TO THE RISK FACTORS SET OUT IN PART II OF THIS DOCUMENT.**

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# Weatherly International plc

*(Incorporated in England and Wales with Registered No. 03954224)*

## **Proposed subscription for and acquisition of shares in Ongopolo Mining and Processing Limited**

**Placing of 37,874,500 new Ordinary Shares at 17 pence per share**

**Admission to trading on AIM**

**Notice of Extraordinary General Meeting**

*Nominated Adviser and Broker*

**Libertas Capital** 

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The New Ordinary Shares will, on issue, rank *pari passu* with the Existing Ordinary Shares and will rank in full for all dividends and other distributions declared after their issue in respect of the Ordinary Shares.

Libertas Capital Corporate Finance Limited, which is regulated by the Financial Services Authority, is acting as nominated adviser to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this document. Libertas Capital Corporate Finance Limited is not making any representation or warranty, express or implied, as to the contents of this document. The responsibilities of Libertas Capital Corporate Finance Limited as the Nominated Adviser under the AIM Rules are (save in respect of the advice referred to in paragraph 17 of Part I of this document) owed solely to the London Stock Exchange and are not owed to the Company or any other Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. Libertas Capital Securities Limited which is regulated by the Financial Services Authority, is acting as broker to the Company. It will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any parts of this document. The responsibilities of Libertas Capital Securities Limited, as the Company's broker under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or any other Director or Shareholder or to any other person, in respect of any decision to acquire Ordinary Shares in reliance on any part of this document or otherwise. Libertas Capital Securities Limited is not making any representation or warranty, express or implied, as to the contents of this document.

This document does not constitute an offer to sell, or solicitation of an offer to buy, shares in any jurisdiction in which such an offer or solicitation is unlawful and is not for distribution in or into Australia, Canada, Japan or the Republic of Ireland or to any resident, national or citizen of such countries. The New Ordinary Shares have not been, and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of Ireland. The New Ordinary Shares also have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States without registration under the Securities Act or the availability of an applicable exemption from the registration requirements of the Securities Act and compliance with any applicable securities laws of any such state or other jurisdiction. Accordingly, except as provided in the Notice to US Investors below, the Placing is not being made into the United States.

In making any investment decision in respect of the Placing, no information or representation should be relied upon in relation to the Placing or in relation to the New Ordinary Shares other than as contained in this document. No person has been authorised to give any information or make any representation other than as contained in this document, and if given or made, any such information or representation must not be relied upon as having been authorised.

The distribution of this document and the offer of the New Ordinary Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by Weatherly International plc or Libertas Capital Securities Limited to permit a public offering of the New Ordinary Shares or to permit the possession or distribution of this document (or any other offering or publicity materials or application form(s) relating to the New Ordinary Shares) in any jurisdiction where action for that purpose may be required. Accordingly, neither this document, nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. The offer and sale of Ordinary Shares and the distribution of this document are subject to the restrictions set out in Part V, paragraph 15 of this document, "Additional Information – Overseas Securities Laws".

A notice convening an Extraordinary General Meeting of the Company to be held at the offices of Morrison & Foerster, CityPoint, One Ropemaker Street, London EC2Y 9AW at 12:00 p.m. on 14 July 2006 is set out at the end of this document. To be valid, the Form of Proxy accompanying this document must be completed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars as soon as possible but, in any event, not later than 48 hours before the time fixed for the meeting. Proxies may be returned by fax by sending them to +44 (0) 208 639 2180 FAO Capita Registrars. Pursuant to regulation 41 of the Uncertified Securities Regulations 2001, the time by which a person must be entered in the register of members in order to have the right to attend and vote at the meeting is 48 hours prior to the time of the meeting. Completion of a Form or Proxy will not preclude a member from attending the meeting and voting in person.

## NOTICE TO US INVESTORS

THE NEW ORDINARY SHARES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE US SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES EXCHANGE COMMISSION IN THE UNITED STATES OR ANY US REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE PLACING OR THE ACCURACY OR ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

The New Ordinary Shares have not been and will not be registered under the Securities Act, or under any relevant securities laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States without registration under the Securities Act or the availability of an applicable exemption from the registration requirements of the Securities Act and in compliance with any applicable securities laws of any such state or other jurisdiction. Libertas Capital Corporate Finance Limited may arrange through its selling agents for the offer of New Ordinary Shares in the United States to be extended only to persons reasonably believed to be “qualified institutional buyers” (“**QIBs**”) as defined in Rule 144A under the Securities Act (“**Rule 144A**”) in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Prospective purchasers are hereby notified that sellers of the New Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The New Ordinary Shares offered outside the United States are being offered in reliance on Regulation S under the Securities Act (“**Regulation S**”).

If you are in the United States or are a US Person as defined in Regulation S (a “**US Person**”), you may not acquire any New Ordinary Shares unless you are a QIB. Any person in the United States who obtains a copy of this document and who is not a QIB is required to disregard it. In addition, you will be deemed to make certain representations and agreements, substantially in the form described in Part VII, paragraph 15 of this document, “Additional Information—Overseas Securities Laws.”

If you are deemed to make such representations and agreements, you will be, among other things:

- representing that you and any account for which you are acquiring the New Ordinary Shares are or is a QIB, within the meaning of Rule 144A;
- agreeing not to sell, pledge or otherwise transfer the New Ordinary Shares except (i) in an offshore transaction in accordance with Rules 903 or 904 of Regulation S, (ii) to another QIB in accordance with Rule 144A under the Securities Act or (iii) pursuant to Rule 144 under the Securities Act (if available), and that in each case, such offer, pledge or transfer must, and will be, made in accordance with any applicable securities laws of any state or other jurisdiction of the United States; and
- agreeing not to deposit any New Ordinary Shares into any unrestricted depository facility established or maintained by a depository bank, unless they have been registered pursuant to an effective registration statement under the Securities Act.

Rule 144 under the Securities Act is not expected to be available for the resale of any New Ordinary Shares.

### Available Information

The information contained in this document has been provided by Weatherly International plc and other sources identified herein. No representation or warranty, express or implied, is made by Libertas Capital Securities Limited as to the accuracy or completeness of such information, and nothing contained in this document is, or shall be relied upon as, a promise or representation by Libertas Capital Securities Limited. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the New Ordinary Shares offered hereby is prohibited. Each offeree of the New Ordinary Shares by accepting delivery of this document, agrees to the foregoing.

The Company has agreed that, so long as the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which the Company is neither subject to section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish upon request, to any holder or beneficial owner of New Ordinary Shares, or any prospective purchaser designated by such holder or beneficial owner, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

### **Enforcement of Judgments**

The Company is organised under and governed by the laws of England and Wales. All of the Company's assets are located outside the United States and its directors and officers are all residents of countries other than the United States. As a result, it may be difficult for investors to effect service of process within the United States upon the Company and those directors, officers or experts who have provided reports set out in this document, or to realise in the United States upon judgments of courts of the United States predicated upon the civil liability of the Company and such directors, officers or experts under US federal securities laws. There is also doubt as to the enforceability in the UK, in original actions or in actions for enforcement of judgments of US courts, of civil liability predicated solely upon the civil liability provisions of such US federal securities laws. In addition, punitive damages in actions brought in the United States or elsewhere may be unenforceable in the UK.

### **NOTICE TO NEW HAMPSHIRE RESIDENTS ONLY**

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-b OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED ("RSA 421-B") WITHIN THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

### **Forward looking statements**

This document contains forward looking statements, including, without limitation, statements containing the words "believe", "anticipated", "expected" and similar expressions. Such forward looking statements involve unknown risk, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in this Part II of this document. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. To the extent lawfully permitted, the Company disclaims any obligations to update any such forward looking statements in this document to reflect future events or developments.

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## DIRECTORS, SECRETARY AND ADVISERS

### Directors

Dr. Wolf-Gerhard Martinick (*Chairman*)  
Roderick John Webster (*Chief Executive Officer*)  
John Bryant (*Non-Executive Director*)  
Peter Redmond (*Non-Executive Director*)

all of:

### Registered Office

7th Floor  
Aldermary House  
10-15 Queen Street  
London EC4N 1TX

### Company Secretary

John Anderson Norris

### Nominated Advisor

Libertas Capital Corporate Finance Limited  
16 Berkeley Street  
London WIJ 8DZ

### Nominated Broker

Libertas Capital Securities Limited  
16 Berkeley Street  
London WIJ 8DZ

### Solicitors to the Company

#### Global Legal Co-ordinator

Simon Watson LLB B.Ec.  
17 Ord Street  
West Perth 6005  
Western Australia

#### As to English Law and US Law

Morrison & Foerster MNP  
CityPoint  
One Ropemaker Street  
London EC2Y 9AW

#### As to Namibian law

Lorentz Angula Inc.  
LA Chambers  
Ausspann Plaza  
Dr Agostinho Neto Road  
Windhoek  
Namibia

#### As to South African law

Rothbart Inc.  
PO Box 95246  
Grant Park  
Norwood  
Johannesburg 2051  
South Africa

### Solicitors to the Placing

Stringer Saul LLP  
17 Hanover Square  
London W15 1HU

### Competent Person

RSG Global Pty Limited  
1162 Hay Street  
West Perth  
WA 6005  
Australia

### Auditors and Reporting Accountants

Grant Thornton UK LLP  
The Explorer Building  
Fleming Way, Manor Royal  
Crawley RH10 9GT

### Namibian Accounting Adviser

Stier Vente Associates  
50 Olof Palme Street  
Klein Windhoek Street  
Windhoek  
Namibia

**Auditors to Ongopolo**

Pricewaterhouse Coopers  
Nedbank Building  
Cnr Sam Nujorna and Eleventh Road  
Walvis Bay  
Namibia

**Public Relations**

First City Financial  
10-11 Percy Street  
London W1T 1DA

**Registrars**

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent BR3 4TU

**Bankers**

Barclays Bank plc  
20 The Town  
Enfield  
Middlesex EN2 6LS



## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

“Act” or “Companies Act”	the Companies Act 1985, as amended
“Admission”	the re-admission of the Existing Ordinary Shares to trading on AIM and the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Rules”	the rules for AIM companies as published by the London Stock Exchange
“Articles”	the Articles of Association of the Company
“Board”	the board of directors of the Company, whose names are set out on page 1 of this document, including a duly constituted committee of such directors
“Combined Code”	the “Combined Code on Corporate Governance” published in July 2003 by the Financial Reporting Council
“Company” or “Weatherly”	Weatherly International plc
“Conditions”	the conditions to the Subscription and the Placing being (i) the EGM Resolutions being passed at the Extraordinary General Meeting, (ii) the Company not terminating the Subscription Agreement prior to completion and (iii) Admission
“CREST”	the computerised settlement system (as defined in the CREST Regulations) in the UK operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form (as defined in the CREST Regulations)
“CRESTCo”	CRESTCo Limited
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
“Debt Restructuring”	the arrangements reached between the Company, Ongopolo and the Secured Creditors of Ongopolo for the financial restructuring of Ongopolo
“Deferred Shares”	the 240,750,000 deferred shares of 0.099 pence each in the share capital of the Company
“Directors”	the directors of the Company, whose names are set out on page 1 of this document
“EGM Resolutions”	the resolutions set out in the Notice of Extraordinary General Meeting attached to this document
“Enlarged Group”	the Company and its subsidiary undertakings as at the date of Admission
“Enlarged Share Capital”	the Ordinary Shares in issue immediately following Admission (excluding any Ordinary Shares that may be issued pursuant to the exercise of any Warrants prior to Admission)
“Exchange Act”	the US Securities Exchange Act of 1934, as amended
“Exchange Shares”	up to 47,050,253 Ordinary Shares to be issued to the Secured Creditors of Ongopolo
“Executive Directors”	Dr. Wolf-Gerhard Martinick and Roderick John Webster
“Existing Ordinary Shares”	the 230,904,593 Ordinary Shares in issue at the date of this document

“Existing Share Option Schemes”	the Weatherly Executive Share Option Scheme and the Weatherly Executive Long Term Incentive Plan, details of which are set out in paragraph 12 of part VII of this document
“Extraordinary General Meeting”	the extraordinary general meeting of the Company to be held at 12:00 noon on 14 July 2006, notice of which is attached to this document
“Form of Proxy”	the form of proxy which accompanies this document for use by holders of Existing Ordinary Shares in connection with the Extraordinary General Meeting
“FSMA”	the Financial Services and Markets Act 2000
“Government Indemnity”	the indemnity dated 25 April 2006 pursuant to which the Government of the Republic of Namibia indemnified the Company in respect of losses pursuant to the Interim Loan Agreement in the event that the Proposed Transaction failed to complete by 17 July 2006
“Heads of Terms”	the heads of terms between the Company, the Government of the Republic of Namibia, Ongopolo, the Secured Creditors and others dated 25 April 2006, setting out the terms of the Proposed Transaction
“Interim Loan Agreement”	the agreement dated 25 April 2006 pursuant to which the Company agreed to advance a short term loan of up to N\$40m to Ongopolo
“Interim Management Agreement”	the agreement dated 25 April 2006 between the Company and Ongopolo pursuant to which the Company agreed to take over the management of the day-to-day operations of Ongopolo
“Libertas Capital”	Libertas Capital Corporate Finance Limited and/or Libertas Capital Securities Limited, as the context requires
“Libertas Warrants”	means the warrants granted to Libertas Capital Ventures Limited conditional upon Admission, to acquire up to 311,250 Ordinary Shares
“London Stock Exchange”	London Stock Exchange plc
“Management Arrangement”	the agreement to be entered into between Weatherly and Ongopolo, pursuant to which Weatherly will take operational and management control of Ongopolo
“New Ordinary Shares”	the Placing Shares and the Consideration Shares
“Non-Executive Directors”	Peter Redmond and John Bryant
“N\$”	Namibian dollars, the lawful currency of the Republic of Namibia
“Official List”	the Official List of the UKLA
“Ongopolo”	Ongopolo Mining and Processing Limited
“Ongopolo Creditors”	the Secured Creditors and the Ordinary Creditors
“Ongopolo Shareholders”	the shareholders of Ongopolo (other than the Company)
“Ongopolo Shares”	ordinary shares of N\$1.00 each in the capital of Ongopolo
“Ordinary Creditors”	the trade creditors of Ongopolo
“Ordinary Shares”	ordinary shares of 0.5 pence each in the capital of the Company
“Placees”	the subscribers of Placing Shares pursuant to the Placing
“Placing”	the conditional placing by the Company of the Placing Shares pursuant to the Placing Letters
“Placing Letters”	the placing letters issued by the Company to the Placees
“Placing Price”	17 pence per Placing Share
“Placing Shares”	the 37,874,500 new Ordinary Shares which are the subject of the Placing

“Proposed Transaction”	the Placing, the Subscription, the Debt Restructuring and the Management Arrangement
“Prospectus Rules”	the prospectus rules produced and implemented by the Financial Services Authority
“qualified institutional buyer” or “QIB”	a qualified institutional buyer as defined in Rule 144A
“Regulation S”	Regulation S under the Securities Act
“Restructuring Agreements”	the agreements embodying the terms of the Debt Restructuring, details of which are set out in paragraph 11.1(b)(xiv) of Part VII of this document
“Rule 144A”	Rule 144A under the Securities Act
“Secured Creditors”	Bank Windhoek Limited, Government Institutions Pension Fund and The Minerals Development Fund of Namibia
“Securities Act”	the US Securities Act of 1933, as amended
“Shareholders”	the holders of Ordinary Shares of the Company
“Shareholders Agreement”	the agreement between the Company and the Ongopolo Shareholders governing the future operation of Ongopolo
“Sterling” or “£”	the legal currency of the UK
“Subscription”	the acquisition of interest of 50 per cent. of the capital of Ongopolo by way of a subscription for 3,575,000 Ongopolo Shares (less any Ongopolo Shares that might have been acquired between the date of this document and Admission) at a total initial subscription price of US\$20m
“Subscription Agreement”	the conditional agreement dated the date of this document between Ongopolo and the Company and Weatherly (SL Namibia) Limited relating to the Subscription as described in paragraph 11.1(b)(xii) of Part VII of this document
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority, acting through the United Kingdom Listing Authority, in its capacity as the competent authority for the purposes of Part VI of the FSMA
“US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“US Dollar” or “US\$”	the legal currency of the US
“US Person”	a “US person” as defined in Rule 901(k) of Regulation S

## ADMISSION AND PLACING STATISTICS

Placing Price per Ordinary Share	17 pence
Number of Ordinary Shares in issue prior to the Placing	230,904,593
Number of Placing Shares	37,874,500
Number of Ordinary Shares in issue following the Placing and completion of the Proposed Transaction*	315,829,346
Placing Shares as a percentage of the Enlarged Share Capital*	11.99%
Gross proceeds (approximate) of the Placing to be received by the Company	£6.44 million
Net proceeds (approximate) of the Placing to be received by the Company	£5.46 million
Market capitalisation (approximate) of the Company following the Placing and completion of the Proposed Transaction at the Placing Price*	£53.69 million

\* assuming no warrants or options are exercised prior to Admission

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy	12:00 noon on 12 July 2006
Extraordinary General Meeting	12:00 noon on 14 July 2006
Admission effective and dealings recommence in the Existing Ordinary Shares on AIM and dealings commence in the Placing Shares on AIM	19 July 2006**
CREST accounts credited by	19 July 2006**
Despatch of definitive certificates by	19 July 2006**

\*\*assuming all Conditions are by then satisfied

All future dates referred to in this document are subject to change at the discretion of the Company, Libertas Capital Corporate Finance Limited and Libertas Capital Securities Limited.

## EXCHANGE RATES EMPLOYED

For the purposes of this document the following exchange rates between N\$, US\$ and £Sterling should be assumed unless a specific rate is specified:

N\$ to US\$	–	N\$6.0625
US\$ to £Sterling	–	N\$1.7848

## PART I

### LETTER FROM THE CHAIRMAN

# Weatherly International plc

*(Incorporated in England and Wales with Registered No. 03954224)*

*Directors:*

Dr. Wolf-Gerhard Martinick (*Chairman*)  
Roderick John Webster (*Chief Executive*)  
John Bryant (*Non-Executive Director*)  
Peter Redmond (*Non-Executive Director*)

*Registered Office:*

7th Floor, Aldermary House  
10-15 Queen Street  
London  
EC4N 1TX

22 June 2006

*To the holders of Existing Ordinary Shares*

Dear Shareholder,

**Proposed subscription for and acquisition of shares in Ongopolo Mining and Processing Limited  
Placing of 37,874,500 new Ordinary Shares at 17 pence per share  
Admission to trading on AIM  
Notice of Extraordinary General Meeting**

On 25 April 2006, Weatherly announced that it had signed a heads of agreement to subscribe for a controlling interest of approximately 50 per cent. in, and acquire an additional 6.4 per cent. interest in Ongopolo. Ongopolo is a Namibian public company which owns and operates three copper mines and a smelter. Simultaneously Weatherly entered into the Interim Management Agreement with Ongopolo to take over administration and day-to-day management of Ongopolo. We are pleased to announce that the Company has now signed conditional agreements to effect the Proposed Transaction.

Weatherly agreed to contribute an advance, by way of a short term loan, of up to N\$40 million (£3.7 million) to be used as interim funding to support Ongopolo's mining operations (the "Interim Loan Agreement"). The Interim Loan Agreement was supported by an indemnity from the Government of Namibia (the "Government Indemnity") in the event that the Proposed Transaction failed to complete by 17 July 2006. To date Weatherly has advanced N\$19.03 million (£1.76 million) under these arrangements.

The Proposed Transaction involves the conclusion of the Subscription Agreement, the Restructuring Agreements and a court approved scheme of arrangement for Ongopolo, which will leave Ongopolo substantially free of debt save for inter-company debt of N\$71.19 million (£6.6 million) owing to Weatherly and certain commercial leasing and hire purchase obligations.

Pursuant to the AIM Rules, the Proposed Transaction will constitute a reverse takeover. It is, therefore, subject to Shareholder approval which will be sought at the Extraordinary General Meeting to be held at the offices of Morrison & Foerster MNP, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW at 12:00 noon on 14 July 2006.

#### **1. Introduction**

This document, which comprises an admission document, sets out the background to and reasons for the Proposed Transaction and explains why the Directors consider that the Proposed Transaction is in the best interests of the Company and recommend that Shareholders vote in favour of the EGM Resolutions.

#### **2. Background information on Weatherly**

In December 2005, the Company acquired the entire issued share capital of Puku Minerals Limited for a consideration of £3.25 million. Puku Minerals Limited is incorporated in Zambia and its licences cover the historic Luanshya underground copper mine and tailings dam situated in the Zambian Copperbelt and give the right to explore and develop the Luanshya tenements. That acquisition provided the Company with exploration and development rights to a significant copper deposit containing 1.4 million tonnes of copper in resource categories. The Company also conducted a placing of 29,312,500 Ordinary Shares which raised approximately £2.3 million (before expenses) for the Company.

In anticipation of signing heads of terms for the Proposed Transaction in April 2006, the Company conducted a placing of 87,215,000 Ordinary Shares at 10.5 pence per Ordinary Share, raising approximately £9.1 million (before expenses) for the Company. The proceeds of that placing are to be used for further expansion of the business including, but not limited to, the Proposed Transaction.

### 3. Background information on Ongopolo

Ongopolo literally means copper in Oshiwambo, one of the indigenous languages of Namibia. On 13 March 2000 Tsumeb Corporation Limited, a significant copper and lead producer in Namibia, became subject to an order of Court sanctioning a compromise or arrangement. Following the finalisation of the compromise, the assets of Tsumeb Corporation Limited were brought under the control of Ongopolo Mining and Processing Limited. At the time of establishment, the Company operated mines at Otjihase, Kombat and Khusib Springs Mine. Khusib Springs Mine subsequently ceased operational use by Ongopolo. This closure had a significant impact upon the profitability of the Company, which prior to this event had been producing metal from ore with a copper grade of 7-8%, in comparison to the current mines in operation which have ore with below 2% copper grade. Tsumeb West came into operation in March 2004 and ran until June 2005 at which point the workforce was transferred to Matchless for commercial reasons. Development of a new mine shaft at Asis Far West was financed through internally generated cash flow and borrowings. By early 2006, a combination of lower production rates, adverse exchange rate movement and debt service obligations required Ongopolo to seek an injection of new capital.

Ongopolo's operations principally comprise three copper mines and a smelter. Two of the operating mines (Otjihase and Matchless) are located near Windhoek, the capital of Namibia. The third operational mine is located at Kombat with the smelter located at Tsumeb, both in the northern part of the country.

In addition to current operating mines, Ongopolo is developing the new Asis Far West underground mine to replace the aging Kombat mine. At Asis Far West an 800 metre shaft was recently completed and lateral development to the main ore body is in progress.

### 4. Further information on the Ongopolo resources

The Competent Persons Report on Ongopolo is set out in Part III of this document. This report was prepared by RSG Global Pty Limited and provides estimates of mineral resources and a valuation of Ongopolo as at 24 April 2006.

Total mineral resources are estimated at some 60 million tonnes of resource with average copper grade of approximately 1% or approximately 690,000 tonnes of contained copper. RSG Global Pty Limited has valued Ongopolo's assets at US\$158.5 million.

This resource estimate can be analysed as follows:

	<i>Tonnes</i>	<i>Copper Grade (%)</i>	<i>Copper Metal (tonnes)</i>
Measured	17,346,033	1.15	199,045
Indicated	33,613,573	1.12	375,058
Inferred	9,003,984	1.29	115,951
Total	<u>59,963,590</u>	<u>1.15</u>	<u>690,054</u>

Source: Competent Person's Report

Within these total estimated measured and indicated resources, RSG Global Pty Limited estimates probable reserves as follows:

	<i>Tonnes</i>	<i>Copper Grade (%)</i>	<i>Copper Metal (tonnes)</i>
Ongopolo Probable Reserves	6,690,489	1.79	119,907

Summary information on the principal assets of Ongopolo is set out below.

#### (a) *Otjihase*

Ongopolo's Otjihase project is located in central Namibia, approximately 18km northeast of the capital Windhoek. The project lies within the Matchless Amphibolite Belt and includes a large land

holding to the west of the Otjihase mine, covering an area of some 100,000 km<sup>2</sup>. Mining has been by means of room and pillar with primary extraction rates ranging from around 80-85% in the upper Otjihase compartment to 45% in the Kuruma compartment at a depth of around 650 metres from surface. The remaining mine life is estimated to be at least six years based on an average mining rate of 45,000 tonnes per month.

The Matchless Mine is situated on Mining Licence ML M46/4/3 (Friedenhau), approximately 30km southwest of Windhoek in the Khomas Hochland, at an elevation of some 1,850m above mean sea level. The Matchless Mine closed down in late 1983, and most of the infrastructure has since been removed.

A shoot called "Matchless Western Extension" some 1,800 metres west of the shaft is currently being mined. Mining is by means of cuts of 3 metre height. A 500 kVA generator provides power, with future plans requiring that the mine be connected to the national power grid. Ore is currently trucked by a contractor over a distance of 84 km to the Otjihase plant for processing.

Further details are set out in the Competent Persons Report in Part III.

(b) ***Kombat/Asis Far West Complex***

The Kombat and Tsumeb Mines are located in the Otavi Mountain Land in the north of Namibia. Access to the ore bodies is by means of vertical shafts.

At Asis Far West a shaft complex has been sunk to a depth of approximately 800 metres below surface. The Asis Far West Project is located close to current mining operations at Kombat and exhibits similar geology and mineralisation style and controls as at Kombat.

The Tschudi Project comprises a copper and silver deposit that is located approximately 20km west of Tsumeb in Northern Namibia. Previous attempts at recovering this large resource have focused on open cut mining. Considering the distance of 26 km to the existing Tsumeb concentrator any future Tschudi operation would require its own processing plant.

Further details are set out in the Competent Persons Report in Part III.

(c) ***Advanced Exploration Projects***

(i) ***Gross Otavi Central Mine***

The Gross Otavi Central Mine is located approximately 45km south of the Tsumeb Mine. Ongopolo has not undertaken work on this mine during the period June 2002 to April 2006.

(ii) ***Harasib***

The project is located on the Harasib farm in the Otavi Mountain Land. The prospect was discovered via mapping and trenching in 1926 by the Otavi Exploration Syndicate, with further drilling work completed sporadically over the last 50 years. Three zones of lead and zinc mineralisation have been delineated. It has been suggested that the ore body may be amenable to open pit mining techniques. Ongopolo has not undertaken work on this mine during the period June 2002 to April 2006.

Further details in relation to the Advanced Exploration Projects are set out in the Competent Persons Report in Part III.

(d) ***Exploration Properties***

(i) ***Farm Berg Aukas***

The Farm Berg Aukas Prospect is located northwest of Grootfontein in the Otavi Mountain Land, covering Farm Berg Aukas Copper, an area of some 140,000 km<sup>2</sup>. The exploration work is at an immature stage, essentially following up on surface observations of copper mineralisation. Ongopolo has not undertaken work on this mine during the period June 2002 to April 2006.

(ii) ***Valencia Project***

The low grade Valencia uranium deposit is situated approximately 75km to the southwest of Usakos, in western Namibia, strategically located next to the Rössing Uranium mine, which is owned and operated by Rio Tinto. The Valencia deposit is located within the Damara Orogenic Belt between the Congo and Kalahari Cratons.

Ongopolo has sold a 90% interest in the Valencia project to Forsys, a Canadian company. Forsys also have a call option on Ongopolo's remaining 10% interest for a total of US\$1M.

(iii) *Elbe and Ondundu Joint Ventures*

Ongopolo has entered into two separate joint venture agreements with Forsys over the Elbe and Ondundu areas.

(e) *The Smelter at Tsumeb*

The smelter employs conventional technology, with charging mixed concentrates to a reverberatory furnace and blowing the resulting matter in Pierce-Smith converters to produce blister copper. The copper smelter is able to produce between 2,000 and 2,700 tonnes per month depending on the quality of material smelted. The smelter will undergo a refurbishment during the third quarter of 2006, primarily comprising the replacement of the smelter lining with new refractory bricks.

Further details are set out in the Competent Persons Report in Part III.

## 5. The Proposed Transaction

The Proposed Transaction involves a subscription for new shares in Ongopolo and the restructuring of Ongopolo's existing indebtedness. The elements of the Proposed Transaction are as follows:

- (1) a US\$20 million (£11.2 million) subscription for new shares in Ongopolo, establishing a 50% interest in the enlarged share capital of Ongopolo;
- (2) a restructuring of indebtedness of Ongopolo to the Secured Creditors which amounts to N\$317.2 million (£29.3 million) by way of a debt for equity swap to leave the restructured Ongopolo predominantly free of external debt;
- (3) a payment of approximately US\$10 million (£5.6 million) to Secured Creditors in order to purchase outstanding Ongopolo debt (at below par value), including the acquisition of a property package containing the surface rights for the Tschudi project and to acquire an additional 6.4% of the enlarged share capital of Ongopolo; and
- (4) a court sanctioned offer of compromise to settle the claims of the Ordinary Creditors of Ongopolo for a payment of approximately N\$120,000,000 spread over 5 years.

The above arrangements will result in Weatherly paying a total of approximately US\$30 million (£16.8 million) in cash and issuing 47,050,253 new Ordinary Shares to the Secured Creditors in consideration for 97% of the enlarged share capital of Ongopolo with the balance being held by employees and existing shareholders in Ongopolo. In addition, Ongopolo will carry indebtedness owing to Weatherly of N\$71.19 million (£6.6 million).

At the same time the Company has conducted a placing to raise an additional £6.44 million by the issue of 37,874,500 Placing Shares at a Placing Price of 17p to provide additional funds to fully implement the Proposed Transaction and for general working capital purposes.

Weatherly has established a new intermediate holding company, Weatherly (Namibia SL) Limited to hold its investment in Ongopolo. Weatherly (Namibia SL) Limited is incorporated in St. Lucia. Weatherly and Weatherly (Namibia SL) Limited have entered into the Subscription Agreement with Ongopolo and pursuant to its terms Weatherly will make a cash subscription for 3,575,000 Ongopolo Shares (less any Ongopolo Shares that Weatherly or Weatherly (Namibia SL) Limited might acquire between the date of this document and Admission) for a cash subscription price of US\$20m. Weatherly is entitled to off-set any monies already advanced to Ongopolo pursuant to the Interim Loan Agreement from the subscription price and any fees due to Weatherly pursuant to the Interim Management Agreement. The Subscription Agreement requires Ongopolo to increase its share capital, adopt new articles of association and seek shareholder approval for the issue of the Ongopolo Shares, a meeting of Ongopolo Shareholders has been convened for this purpose and will be held on 7 July 2006.

Ongopolo has Secured Creditors which fall into two categories: certain Secured Creditors have security over assets of Ongopolo and certain Creditors are, in addition, the beneficiaries of guarantee arrangements with the Government of Namibia.

Weatherly has entered into the Restructuring Agreements with the Secured Creditors to convert their outstanding loans to Ongopolo into Ongopolo Shares and to immediately exchange the resultant Ongopolo Shares for Exchange Shares in Weatherly (which rank *pari passu* with the existing Ordinary Shares) at a fixed



price of 20p per Exchange Share. Weatherly will own 97% of the enlarged share capital of Ongopolo following completion of the Proposed Transaction. The Restructuring Agreements are conditional on completion of the Subscription Agreement and Admission. Further details of the terms of the Restructuring Agreements are set out in paragraph 11.1 (b)(xiv) of Part VII of this document.

The table below sets out, in summary form, the agreements that have been reached with the Secured Creditors as part of the Debt Restructuring.

	<i>Outstanding Debt N\$</i>	<i>Resolution pursuant to Restructuring Agreements</i>
Government Institutions Pension Fund	79,000,000	Satisfied by the issue of 836,974 Ongopolo Shares which will immediately be converted into 13,102,023 Exchange Shares
The Minerals Development Fund of Namibia	86,378,970	Weatherly will acquire the debt for a cash payment of N\$43.5 million
Bank Windhoek Limited (as cessionary of Standard Bank Namibia Limited)	95,000,000	This debt will be satisfied by the issue of 1,006,488 Ongopolo Shares which will immediately be converted into 15,755,598 Exchange Shares
Standard Bank Namibia Limited	21,000,000	Weatherly will purchase this debt for N\$11 million in cash and the issue of 1,607,795 Exchange Shares
Bank Windhoek Limited	77,000,000	N\$70 million will be convertible into 741,623 Ongopolo Shares which will immediately be converted into 11,609,388 Exchange Shares. The balance of N\$7 million, secured against equity options, will be acquired at face value of N\$7m in cash by Weatherly
Bank Windhoek Limited (as cessionary of Development Bank of Namibia)	30,000,000	Satisfied by the issue of 317,838 Ongopolo Shares which will immediately be converted into 4,975,452 Exchange Shares

The Debt Restructuring will leave Ongopolo essentially debt free, save for intra group debt in the sum of N\$71,190,000 (US\$11.75m) owing to Weatherly and various commercial leasing and hire-purchase facilities which are beyond the scope of the Debt Restructuring. Whilst the restructured debts remain outstanding until they are converted, the Secured Creditors have no recourse to Ongopolo beyond being entitled to the relevant amounts of Exchange Shares.

Bank Windhoek Limited has acquired all of the loans made to Ongopolo by Standard Bank Namibia Limited and the Development Bank of Namibia, accordingly Bank Windhoek Limited is party to the Restructuring Agreements in its capacity as an original lender to Ongopolo and also as cessionary of the interests of Standard Bank Namibia Limited and The Development Bank of Namibia.

Weatherly will issue a total of 47,050,253 Exchange Shares equal to 14.89% of the Enlarged Share Capital of Weatherly to the Secured Creditors. Weatherly's shareholding in Ongopolo will be 97%, Weatherly has agreed that in the event that its percentage interest in Ongopolo following all relevant conversions exceeds 70% at a point in time 12 months following the expiry of the final relevant lock up period for the Exchange Shares (expected to be in November 2011) then it will seek local Namibian purchasers for the excess Ongopolo Shares over a 70% interest at the then prevailing market value of such Ongopolo Shares.

The Secured Creditors have agreed to lock-ups in respect of the Exchange Shares so that they may only be disposed of after the expiry of certain time periods, which are staggered to assist in preserving an orderly market. No Exchange Shares can be disposed of for a period of 12 months following Admission with longer periods applying to individual tranches of Exchange Shares held by the larger Secured Creditors. After the expiry of the lock-up period, Secured Creditors seeking to dispose of Exchange Shares have agreed to consult with Weatherly and its nominated stockbroker at least four weeks prior to making any material disposal.

Separate discussions have been held with Ordinary Creditors with regard to their outstanding debts. As part of the Debt Restructuring and to deal with the claims of Ordinary Creditors. On 15 June 2006 Ongopolo filed an offer of compromise pursuant to section 311 of the Companies Act 61 of 1973 of Namibia (the "Ongopolo

Scheme”). An offer of compromise is broadly similar in effect to a scheme of arrangement with creditors under the Companies Act 1985. The terms of the Ongopolo Scheme provide for N\$120,000,000 to be paid to receivers appointed to distribute this sum to the Ordinary Creditors, in instalments, in full satisfaction and extinguishment of their claims against Ongopolo. Pursuant to the Ongopolo Scheme, N\$3,333,334 will be paid to a court appointed receiver to be distributed on an interim basis to Ordinary Creditors on the scheme being sanctioned by the High Court of Namibia. A further payment of N\$56,666,666 will be made in 18 monthly instalments of N\$4,444,445 and, when those instalments have been made, a further 42 monthly instalments of N\$1,428,542 will be paid. The Ongopolo Scheme must be approved by Ordinary Creditors representing 50% in majority of number and 75% in majority of value of claims. Meetings of the Ordinary Creditors will be held on 12 July 2006. Representatives of Weatherly and Ongopolo have canvassed Ordinary Creditors representing the requisite majority who have indicated that they will support the Ongopolo Scheme. In addition the Ongopolo Scheme is subject to approval by the High Court of Namibia. The Ongopolo Scheme also provides for a moratorium on the claims of Ordinary Creditors pending the holding of the required meetings to approve the Ongopolo Scheme.

On 25 April 2006 Weatherly entered into an interim management agreement with Ongopolo to take over the day to day operations of Ongopolo. Weatherly intends to, conditional upon completion of the Proposed Transaction, enter into a long-term management agreement with Ongopolo which has the following key terms:

- (1) Weatherly will provide all management services, advice and guidance on geological, technical, administrative, operating, marketing, corporate, strategic and financial activities and such other services as may be requested by the board of Ongopolo from time to time which are necessary to the operations of Ongopolo.
- (2) Fees to be set at third party commercial rates depending on level of services required, plus reimbursement of out of pocket expenses.
- (3) The agreement imposes a duty on Ongopolo to provide Weatherly with all information necessary to allow Weatherly to discharge its duties and list specific obligations and duties that Weatherly will undertake.
- (4) The agreement is terminable on default or in the event of (i) the insolvency of either party; or (ii) Weatherly’s direct or indirect ownership interest in Ongopolo dropping to less than 50%.

## **6. Objectives and Strategy**

Through the acquisition of a controlling interest in Ongopolo, Weatherly intends to establish a regional corridor running from the Democratic Republic of Congo through the Copperbelt of Zambia to the copper producing areas of Namibia. This corridor will include the smelter at Tsumeb and the important Namibian port of Walvis Bay on the Atlantic coast.

The Proposed Transaction would provide the Group with a copper mining and smelting subsidiary with activities in central and northern Namibia, with three operational copper mines and a smelter and a number of advanced exploration projects in development.

Weatherly intends to continue the development of the Asis Far West mine and to progress the development of a small satellite underground mine at Tsumeb West (approximately 700,000 tonnes with approximate 2.0% copper grade) and a significant Open Pit at Tschudi. The first stage would involve about 15 million tonnes of ore with approximate 1% copper grade.

In the future, it is hoped that the Proposed Transaction may additionally provide the Group with opportunity to process concentrates from its own significant Luanshya copper deposits in Zambia, once this project has been further advanced.

In addition to the Proposed Transaction, the Weatherly Group will continue to investigate a number of other opportunities in Africa.

## **7. Current trading and prospects**

In December 2005, following the acquisition of Puku Minerals Limited and its Luanshya Copper Project, the Weatherly Group established itself as an exploration and mine development company with significant copper resources in Zambia.

Weatherly recently completed a drilling and assay programme of part of the tailings volume located on Puku's PLLS 240 tenement. This was undertaken as a prelude to a feasibility study to re-treat some or all of the tailings.

The results appear to confirm the potential to re-treat tailings, possibly as a stand-alone operation whilst undertaking studies to recommence mining of the closed underground workings.

Discussions continue on securing surface access rights to PLLS 239 which covers the entire closed Luanshya operation. The Directors are confident that access related problems will be resolved, allowing Puku to commence detailed drilling and feasibility in the future.

The acquisition of Ongopolo establishes the Enlarged Group as an operating company, well-positioned to capitalise on the strength of commodity prices, most particularly in respect of copper but also gold, silver and pyrite. The Board is focused on restoring production levels at Ongopolo and expects that with current production levels and world commodity prices, Ongopolo will generate positive cashflow.

## **8. Details of the Placing and use of proceeds**

The Company is proposing to raise £6.44 million, before expenses, through the issue of 37,874,500 Placing Shares at 17 pence per Placing Share. The Placing, which is not underwritten by Libertas Capital, is conditional upon, *inter alia*,

- (a) the Placing Agreement not being terminated by Libertas Capital in respect of a material breach thereof by the Company; and
- (b) the London Stock Exchange having agreed to admit the Placing Shares to trading on AIM at 8.00am on 19 July 2006 (or such later date as the Company and Libertas Capital may agree but in any case no later than 31 August 2006).

The Placing is being made by means of an offer of Ordinary Shares to certain institutional investors in the UK and elsewhere outside the US.

Assuming full subscription under the Placing, the Placing Shares will represent approximately 11.99 per cent. of the Enlarged Share Capital after the issue to the Secured Creditors of the Exchange Shares. The Directors expect that the existing cash assets of the Company will be redeployed, along with the net proceeds of the Placing, to be used principally in developing Ongopolo's reserves and those at Luanshya. Remaining funds will be applied to provide funds for general working capital purposes and to finance the investigation and execution of strategic acquisitions. Save as disclosed in Part I of this document, there will be no major changes introduced to the business of the Company. The Placing Shares and the Exchange Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The Placing is conditional upon the Conditions being satisfied by 31 August 2006. Assuming that the Conditions are satisfied by that date, it is anticipated that dealings in the Placing Shares will commence and CREST accounts will be credited by 19 July 2006 and certificates will be despatched by 19 July 2006.

## **9. Board of Directors**

**Dr. Wolf Martinick**, Chairman, aged 61

Dr. Martinick is an environmental scientist with extensive experience in the mineral resource industry.

Dr. Martinick has been involved with mineral exploration and mining projects around the world, especially in Australasia, southern, central and northern Africa, China, India and parts of the former Soviet Union.

Dr. Martinick is a non-executive director of Sun Resources NL, an oil and gas exploration company listed on the ASX, and the executive chairman and substantial shareholder of Ezenet Limited, a digital movie supply and distribution company, also listed on the ASX. He was a founding director of Basin Minerals Limited, another ASX listed mineral exploration company that discovered a world-class mineral project in Victoria, Australia, and then participated in negotiations that led to a recommended takeover of Basin by Iluka Resources Limited in 2003.

He has been associated with the exploration and mining industry for over 35 years. He has particular experience in environmental, water, land access and indigenous people issues and has conducted due diligence on mining projects around the world on behalf of international financial institutions and resource industry companies for a variety of transactions including listings on international stock exchanges, mergers and debt financing. He has in recent years been active in identifying and investigating mineral projects and prospects in southern and central Africa and China. He is a Fellow of the Australian Institute of Mining and Metallurgy.

**Mr. Rod Webster**, Chief Executive Officer, aged 56

Mr. Webster is a graduate mining engineer from the University of Sydney. He has over 30 years of experience in the resources industry, including more than 10 years in managing director or chief executive officer positions.

Between August 2001 and February 2005 Mr. Webster was a senior executive at First Quantum Minerals Ltd ("FQM"), a Toronto Stock Exchange and AIM listed company, developing and operating copper mines in Zambia, the Democratic Republic of Congo and Mauritania. Most recently, he was in charge of the FQM's Mauritanian activities, but prior to this he was the chief executive officer responsible for the development of the Kansanshi mine in Zambia, probably the world's most significant new copper mine to come on stream in recent times. Between 2000 and 2001, he was also a non-executive director of another major Zambian copper producer, Mopani Copper Mines Ltd, in which FQM had a major interest.

Prior to his involvement with FQM, he was a founding director and the chief executive officer of an Australian base metals producer, Western Metals Ltd between 1994 and 2000. During his stewardship, the company grew to be Australia's third largest base metals producer, with annual production exceeding 260,000 tonnes of zinc, 100,000 tonnes of lead and 35,000 tonnes of copper. To achieve this growth, the company raised approximately US\$600 million for the development of six new mines and a private port.

In his earlier years as a mining engineer, he held senior management positions with the global resource companies, Homestake Gold of Australia Ltd (between 1988 and 1993) and BHP Minerals Ltd (between 1980 and 1988). He is a Fellow of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. At various stages he has been a member of the Executive Committees of both the Australian Minerals Council and the International Zinc Association, and a non-executive director of numerous companies.

**Mr. Peter Redmond**, Non-Executive Director, aged 56

Mr. Redmond has some 20 years' experience in corporate finance and venture capital. After leaving Durlacher Limited in 2003, he joined Merchant House Group plc for which he now acts in the capacity of Chief Executive Officer. He has been active in reconstructing a number of AIM companies as investing companies in recent years including the Company prior to the involvement of the present executive management team and is a director of a number of AIM companies currently.

**Mr. John Bryant**, Non-Executive Director, aged 60

Mr. Bryant was appointed to the Board in December 2005. He is Chairman of KP Renewables plc and Chairman of Gas Turbine Efficiency plc (both quoted on AIM) and a board member of Attiki (Athens) Gas Company.

Mr. Bryant previously served as President of Cinergy Global Resources Corp, responsible for all international business and global renewable power operations of this US-based electricity and gas utility provider. Before joining Cinergy, John's professional experience was gained with Midlands Electricity plc as Executive Director Generation, British Sugar plc, Drexel Limited, BOC Limited and Unilever plc.

Mr. Bryant holds an MSc from Reading University and a BA from Nottingham University, and is a Fellow of the Institute of Directors and a Fellow of the Royal Society of Arts.

#### **Finance Director**

The Directors intend to appoint a Group Finance Director, reflecting the development of Weatherly as an operating company and its spread of interests in several countries.

#### **10. Lock-ins and orderly market arrangements**

Following Admission, the Directors (and persons connected and/or associated with them) will be interested, in aggregate, in 48,826,095 Ordinary Shares representing approximately 15.46 per cent. of the Enlarged Share Capital. Details of these shareholdings are set out in paragraph 8.1 of Part VII of this document. When the Company completed the acquisition of Puku Minerals Limited, that transaction itself constituted a reverse takeover. Given that Puku Minerals Limited had not been revenue generating for 2 years, certain directors, their related parties (as defined in the AIM Rules) and certain shareholders were required to enter into agreements not to dispose of any interest in any Ordinary Shares held by them for a period of twelve months following admission (15 December 2005) and, only having consulted the Company and Libertas Capital or the Company's then broker and nominated adviser, for a further six months so as to ensure the maintenance of an orderly market in the Ordinary Shares. As part of these arrangements:

- (i) Ezenet Limited undertook to the Company and Libertas Capital that, save in certain limited circumstances, it would not dispose of any interest in any Ordinary Shares held by it until 15 December 2006; and
- (ii) RAB Capital plc undertook to the Company and Libertas Capital that, save in certain limited circumstances, it would not dispose of any interest in any Ordinary Shares held by it until 15 December 2006.

The provisions of the lock-in and orderly market arrangements do not apply in certain limited circumstances which include, *inter alia*:

- the acceptance of, or the entering into of an irrevocable undertaking to accept, a general offer for the whole of the issued equity share capital of the Company in accordance with the City Code; or
- pursuant to a compromise or arrangement between the Company and its creditors; or
- for the purpose only of effecting the appointment of a trustee or new trustee of a family settlement for the benefit of members of the immediate family of a locked-in Shareholder; or
- by the personal representatives of a locked-in Shareholder in the event that he should die; or
- pursuant to a court order.

Whilst the Proposed Transaction constitutes a reverse takeover for the purposes of the AIM Rules, Ongopolo has been generating revenues since 2000 and hence no additional Lock-in Agreements are required from Directors or other related parties (as defined under the AIM rules). It has been agreed that the existing Lock-in Agreements in respect of Directors will continue in force until they expire by effluxion of time, whilst those in relation to Ezenet Limited and RAB Capital plc will cease to apply.

#### **11. Dividend policy**

The Company has not paid any dividends since its incorporation. The Directors intend to devote the Company's cash reserves to exploration and development activities in the short to medium term and intend to commence the payment of dividends only when they consider it to be commercially prudent to do so, having regard to the availability of the Company's distributable profits and the retention of funds required to finance future growth.

#### **12. Corporate governance**

Due to the size and nature of the Company, it does not currently comply with the full provisions of the Combined Code. The Directors, however, recognise the importance of sound corporate governance and intend, where practicable for a company of the size and nature of Weatherly, to comply with the Combined Code.

#### **13. Extraordinary General Meeting**

Attached to this document you will find a notice convening an extraordinary general meeting of the Company which is to be held at the offices of Morrison & Foerster MNP, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW at 12:00 noon on 14 July 2006. The following EGM Resolutions will be proposed:

- (1) to approve the Proposed Transaction;
- (2) to ratify the increase in the authorised share capital of the Company to £2,500,000, dated 28 July 2004;
- (3) to authorise the Directors pursuant to section 80 of the Act to allot relevant securities including, amongst others, the Placing Shares;
- (4) to authorise the Directors to allot relevant securities for cash as if the statutory pre-emption rights set out in section 89 of the Act did not apply to such allotment;
- (5) to adopt New Articles of Association of the Company; and
- (6) to authorise the repurchase of the Deferred Shares.

EGM Resolutions (1), (2) and (3) will be proposed as Ordinary Resolutions and EGM Resolutions (4), (5) and (6) will be proposed as Special Resolutions.

Resolution 5 is to adopt the New Articles of Association. Recent changes to company law and practice are not reflected in the current Articles of Association and the adoption of the New Articles of Association is to

address these issues and facilitate the repurchase of the Deferred Shares referred to below. Summaries of the Articles of Association and the New Articles of Association are set out in paragraph 6 of Part VII of this document.

The purpose of Resolution 6 is to deal with the Deferred Shares. The Deferred Shares arose as a result of an historic capital reorganisation which was necessary to allow the Company to issue shares at a price which would have otherwise been below the nominal value of the then existing ordinary shares. This is not permitted under the Act and accordingly a share split was effected and the Deferred Shares were created. The Deferred Shares do not carry voting rights and have no economic value, so it is now proposed to remove them from the Company's capital by repurchasing all of them for a total price of 1p. No shareholder will suffer any economic disadvantage as a result and the Company will save the expense of maintaining a register of holders of Deferred Shares, which serves no purpose other than compliance with the Act.

#### **14. Admission, settlement and CREST**

Application will be made to the London Stock Exchange for the Existing Ordinary Shares to be re-admitted to trading on AIM and for the Placing Shares to be admitted to trading on AIM. Admission of the Existing Ordinary Shares and, subject to the Conditions being satisfied, admission of the Placing Shares to trading on AIM is expected to take place on or around 19 July 2006. The Ordinary Shares are in registered form.

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles contain provisions concerning the transfer of shares which are consistent with the transfer of shares in dematerialised form under the CREST Regulations. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST system if Shareholders so wish. CREST is a voluntary system and holders of Ordinary Shares who wish to receive and retain share certificates will be able to do so.

#### **15. Additional information**

Your attention is drawn to the Risk Factors set out in Part II and to the information contained in Part VII of this document.

#### **16. Action to be taken**

You will find enclosed with this document a Form of Proxy for use in connection with the Extraordinary General Meeting. Whether or not you intend to be present at the Extraordinary General Meeting, you are asked to complete the Form of Proxy in accordance with the instructions printed on it so as to be received by the Company's registrars, Capita Registrars, as soon as possible but in any event not later than 12:00 noon on 12 July 2006. Completion of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you so wish. You may also return proxies by facsimile to the +44(0) 208 639 2180, FAO Capita Registrars.

#### **17. Recommendation**

**The Directors, who have been so advised by Libertas Capital Corporate Finance Limited, consider that the Proposed Transaction is fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the EGM Resolutions to be proposed at the Extraordinary General Meeting as we intend to do in respect of our own beneficial holdings of 48,040,495 Ordinary Shares, representing approximately 20.8 per cent. of the Existing Ordinary Shares. In providing advice to the Directors of the Company, Libertas Capital has taken into account the commercial assessments of the Directors.**

Yours faithfully,

**Wolf Martinick**  
**Chairman**

## PART II

### RISK FACTORS

An investment in the Ordinary Shares may not be suitable for all recipients of this document. Investors are therefore strongly recommended to consult an investment adviser under the FSMA, who specialises in advising on investments of this nature before making their decision to invest.

The Directors consider the following risks and other factors to be most significant for potential investors, but the risks listed do not necessarily comprise all those associated with an investment in the Ordinary Shares and the risks listed below are not set out in any particular order of priority. Potential investors should carefully consider the risks described below before making a decision to invest in the Ordinary Shares. If any of the following risks actually occur, the Enlarged Group's business, financial condition, results or future operations could be materially adversely affected. In such a case, the price of the Ordinary Shares could decline and investors may lose all or part of their investment.

#### **Risks relating to the Enlarged Group**

##### *Project Development Risk*

There can be no assurance that the Enlarged Group's projects will be fully developed in accordance with current plans or completed on time or to budget. It is possible that actual cash operating costs and economic returns may differ from those currently estimated. The resources underlying these projects will require further evaluation and capital expenditure. Future work on the development of these projects, the levels of production and financial returns arising therefrom may be adversely affected by factors outside the control of the Enlarged Group.

The smelter at Tsumeb is to be refurbished in the third quarter of 2006. Any difficulties in completing the refurbishment could result in delays to the smelter coming back online and could affect the revenue of the Enlarged Group.

The location of and the infrastructure surrounding the mines and the smelter could create difficulties for the Enlarged Group in obtaining spare parts and undertaking repairs. This could affect the productivity and the revenue of the Enlarged Group.

##### *Growth Strategy Execution Risk*

In order to expand its operations and reserve base, the Enlarged Group may seek to make further acquisitions or investments. The success of these acquisitions or investments will depend on a number of factors, including, but not limited to:

- the negotiation of acceptable terms with the seller of the business or asset(s) to be acquired;
- the approval and ongoing support of regulatory authorities;
- the operating and financial performance of the acquisition or investment being in line with expectations; and
- the integration of the acquired business or assets in a timely and efficient manner.

Any problems experienced by the Enlarged Group in connection with an acquisition as a result of one or more of these factors could have a material effect on its business, operating results and financial condition.

##### *Environmental liabilities related to Ongopolo*

The Ongopolo Environmental Rehabilitation Trust was established on 13 September 2000 in order to meet the cost of all past, current and future liabilities associated with areas on which Ongopolo's mining, processing and re-processing operations are located. The Trust was to be funded by an initial payment of N\$3million plus future payment of N\$1.00 per tonne of ore mined. Provision has been made in the accounts of Ongopolo for amounts due to the Trust but the Trust has not been funded to date. The Directors intend the Trust should be restored to a fully funded position as soon as practicable following the completion of the Proposed Transaction. In 2003, the future cost of addressing environmental liabilities of Ongopolo operations was estimated at N\$62 million, however, this did not address the substantial reduction in exposure possible through integrating rehabilitation with normal operations. Whilst the Directors do not consider that significant environmental costs will be incurred which cannot be absorbed in normal operations, there can be no assurance that the funds available in the Trust combined with integration of

rehabilitation and operations will be sufficient to provide for future environmental liabilities at Ongopolo. The making of payments into the Trust does not obviate the obligations of Ongopolo under the Namibian environmental, legal and regulatory regime.

#### *Copper prices*

The activities of the Enlarged Group and particularly the viability of Ongopolo will be subject to fluctuations in demand and prices for all minerals generally and in particular copper prices. A significant reduction in global demand for copper, leading to a fall in copper prices could lead to a significant fall in the cashflow of Ongopolo and/or a delay in exploration and production or even abandonment of the Luanshya Copper project should it prove uneconomical to develop, which would have a material impact on the operating results and financial condition of the Enlarged Group.

#### *Insurance risks*

The Enlarged Group plans to insure its activities in accordance with industry practice and plans to insure the risks it considers appropriate for its needs and for its circumstances. Insurance cover will not be available for every risk faced by the Enlarged Group.

Although the Directors believe the Enlarged Group should carry adequate insurance with respect to its activities in accordance with industry practice, in certain circumstances its insurance may not cover or be adequate to cover the consequences of such events. In addition, the Enlarged Group may be subject to liability for pollution, flooding or other hazards against which it may elect not to insure because of high premium costs or other reasons. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

#### *Currency risks*

The Enlarged Group will conduct its operations in a number of jurisdictions and therefore be subject to fluctuations in exchange rates between these countries in relation to the relative costs of inputs and labour and returns received from production. A significant fluctuation in any of the Enlarged Group's key operating currencies and notably the US\$, N\$ and pound Sterling could have a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

#### *Raising of future funds for the Enlarged Group*

The Enlarged Group will require additional financial resources to continue funding its exploration and development activities. The Enlarged Group may in the future raise additional funds through public or private financing. No assurance can be given that any such additional financing will be available or that, if available, it will be available on terms favourable to the Enlarged Group or its Shareholders.

If adequate funds are not available to satisfy either short or long-term capital requirements, the Enlarged Group may be required to limit its operations significantly.

#### *Taxation risk*

Any change in the Enlarged Group's tax status or the tax applicable to holding Ordinary Shares or in taxation legislation or its interpretation, could affect the value of the investments held by the Enlarged Group, affect the Enlarged Group's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders. Statements in this document concerning the taxation of the Enlarged Group and its investors are based upon current tax law and practice which is subject to change.

#### *Employment*

The Directors believe that the Enlarged Group's relations with its employees and unions are generally good. Whilst there can be no assurance that the Enlarged Group's businesses will not, in the future, be affected by work stoppages and other forms of industrial action or demands for high wage increases (in real terms), the businesses constituting the Enlarged Group have not historically experienced significant labour problems.

The number of professionally trained staff available locally in a number of the African countries where the Group has operations is limited. Consequently, the Group is committed to both extensive ongoing training programmes for local staff and the employment of a small number of expatriate staff in key management positions.



### *Environment, health and safety*

While the Group believes that its operations are currently in substantial compliance with all relevant material environmental, health and safety laws and regulations, there can be no assurance that new laws and regulations, or amendments to or stringent enforcement of existing laws and regulations will not be introduced. This could have a material adverse impact on the Group. The Group does not carry any insurance against environmental liabilities.

### *Litigation risks*

While the Enlarged Group has no material outstanding litigation, there can be no guarantee that current or future actions of the Enlarged Group will not result in litigation. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceedings will not have a material affect on the Enlarged Group's financial position or results of operations.

### *Management risks*

There can be no assurance that the Enlarged Group will be able to manage effectively the expansion of its operations or that the Enlarged Group's current personnel, systems, procedures and controls will be adequate to support the Enlarged Group's operations. Any failure of management to manage effectively the Enlarged Group's growth and development could have a material adverse effect on the Enlarged Group's business, financial condition and results of operations.

The Enlarged Group is highly dependent on the Executive Directors and will rely on the consultants that it retains. Whilst the Board has sought to and will continue to ensure that Executive Directors, consultants and any key employees are appropriately incentivised, their services cannot be guaranteed, and the loss of their services to the Enlarged Group may have a material adverse effect on the performance of the Enlarged Group.

The diverse geographic locations of the Enlarged Group's operations may present specific supervisory difficulties to the Executive Directors and as such could create ongoing difficulties in relation to the management and operation of the Enlarged Group. This could, in the longer term, have a material adverse effect on the Enlarged Group's performance.

### *City Code and takeover protection*

Although the Company is incorporated in the United Kingdom, the City Code will only continue to apply to it if the Panel considers the Company to be resident in the United Kingdom (which normally means having its place of central management in the United Kingdom). The Executive Directors are not residents of the United Kingdom and any natural resource opportunity which is made available to the Company is likely to be outside the United Kingdom. Given the potentially broad scope of the future activities available to the Company and the international nature of its business and of its management, it is possible that the Company will cease to be resident in the United Kingdom in the future for the purposes of the City Code.

If this happens the City Code will then cease to apply to the Company and Shareholders would no longer benefit from the protections afforded to them by the City Code. It is therefore possible that an offeror may gain or consolidate control of the Company in circumstances where the non-selling shareholders do not receive, or are not given the opportunity to receive the benefit of any control premium paid to the selling shareholder(s).

## **Risks relating to the mining industry**

### *General business risk*

The activities of the Enlarged Group are subject to the usual commercial risks and factors as competition and economic conditions (of either a local or global nature) may generally affect the Enlarged Group's ability to generate income or achieve its objectives.

### *Environmental regulations*

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Enlarged Group, the extent of which cannot be predicted.

## **Risks relating to investing in Namibia**

### *Political risk*

African territories experience varying degrees of political instability. There can be no assurance that political stability will continue in those countries where the Group currently has or in the future will have operations. In the event of political instability in those countries where the Group operates, the operations and financial condition of the Group could be adversely affected.

### *Economic risk*

In common with other early stage emerging market economies, many African countries (where a substantial amount of the Group's fixed assets are located) are dependent on sale proceeds from primary commodity production which are subject to fluctuations in world commodity prices. In general, these economies have also experienced devaluations, high inflation and high interest rates. All these economic risks may from time to time adversely affect the Group's operations.

### *Black Economic Empowerment Legislation in Namibia*

There is currently no legislation on Black Economic Empowerment ("BEE") in Namibia. In July 2004, the Office of the Prime Minister announced that it was having consultations on the content of a BEE policy and its legislative framework for the country. It was stated that once consultations had been finalised, the draft policy document would be presented to the Cabinet for approval and thereafter for drafting into a Bill which would then be presented to Parliament. It could take some time before a BEE policy in Namibia is finalised, especially given the fact that there has been a change of governments since the announcement was made in July 2004, with a new Prime Minister and a new President coming into office on 21 March 2005. Any BEE policy eventually enacted in Namibia could potentially have an impact on the Enlarged Group's activities and ownership in the country.

### *Exchange controls*

Some of the countries in which the Enlarged Group will operate have maintained strict controls on access to foreign currency and the repatriation of funds. Although exchange control restrictions have been substantially relaxed in recent years, there can be no assurance that they will not be re-introduced.

### *Currency and exchange rate fluctuations*

All the Group's revenues from its African operations are either denominated in, or priced by reference to, US Dollars. A devaluation of the US\$ against the N\$ may have an adverse effect on the Company. The Enlarged Group will conduct its operations in a number of jurisdictions and therefore, notwithstanding the use of US Dollars in relation to its African operations, be subject to fluctuations in exchange rates between these countries in relation to the relative costs of inputs, labour and returns received from production. A significant fluctuation in any of the Enlarged Group's key operating currencies could have a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

### *Logistical Support for Operations*

The geographic locations of the Group's operations can present logistical difficulties in the installation, operation and maintenance of equipment related to the operations of the business. Any interruption to the working status of such equipment could have a material adverse effect on the business, financial condition and results of operations of the Enlarged Group.

### *Resources and Reserves*

The Enlarged Group may encounter operational difficulties or incur unforeseen costs in mining operations. Furthermore, the available resources and reserves may be significantly lower than estimated in the Competent Persons Report contained in this document. There is also the risk that the geological formations may be different than expected resulting in significantly lower viable mining opportunities.

### *Royalty in Namibia*

Section 114 of the Minerals Act, 1992 makes provision for royalties to be payable on the market value of minerals won or mined in Namibia, none of which royalties may exceed 5 per cent. in the case of minerals other than precious stones and dimension stone.

Section 114 contains detailed provisions in terms whereof the Minister is required to consult and take into account representations by the person affected by such royalties. In terms of section 114, royalties become

payable only after the Minister has: (i) given a general notice in the Government Gazette specifying the royalty; (ii) has given a notice of intention to levy the royalty to the person on whom the royalty is to be imposed; (iii) has afforded the person affected a right to make representations; and (iv) has thereafter raised the royalty by giving written notice to the person.

There is currently a consultation process under way in Namibia in relation to the applicability of royalties to the extraction of copper and other minerals. This may result in a royalty becoming payable on future minerals won or mined in Namibia.

### **Risks relating to the Placing**

#### *Liquidity of the Ordinary Shares and AIM generally*

An investment in the Ordinary Shares of the Company is highly speculative and subject to a high degree of risk.

Application has been made for the Ordinary Shares to be traded on AIM. AIM is a market designed primarily for emerging or smaller companies. The rules of this market are less demanding than those of the Official List. Investments in shares traded on AIM carry a higher degree of risk than investments in shares quoted on the Official List. Neither the London Stock Exchange nor the UKLA have examined this document for the purposes of the Admission.

An investment in the Ordinary Shares may be difficult to realise and the price at which the Ordinary Shares will be traded and the price at which investors may realise their investment will be influenced by a large number of factors, some specific to the Enlarged Group and its operations and some, which may affect quoted companies generally. Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares particularly as, on Admission, the Company will have a limited number of shareholders. The market for shares in smaller public companies, such as the Company, is less liquid than for larger public companies. The Enlarged Group is aiming to achieve capital growth and, therefore, Ordinary Shares may not be suitable as a short-term investment. Consequently, the share price may be subject to greater fluctuation on small volumes of shares, and thus the Ordinary Shares may be difficult to sell at a particular price. The value of the Ordinary Shares may go down as well as up. Investors may therefore realise less than their original investment, or sustain a total loss of their investment.

#### *Non guarantee of tax treatment*

The information in this document is based on existing taxation legislation. There is no guarantee that the tax treatment described in this document will continue to apply.

#### *Overseas securities laws*

The New Ordinary Shares have not been nor will they be registered under the Securities Act or the securities laws of any other jurisdiction. The New Ordinary Shares will be issued pursuant to an exemption from the registration requirements of the Securities Act provided by Rule 144A made thereunder. Subject to certain exceptions, the New Ordinary Shares may not be offered, sold, delivered, pledged or otherwise transferred in any jurisdiction where such registration may be required.

#### *Negative tax consequences could result to US investors if the Company were treated as a passive foreign investment company (a "PFIC") for US federal income tax purposes in 2006 or a future year.*

If interest income of the Company, together with any other passive income, equals or exceeds 75% of the Company's consolidated gross income in any year, or if at least 50% of the average gross values of the Company's assets consists of certain passive assets, the Company will be a PFIC for that year. There can be no assurance that the Company will not be a PFIC in 2006 or any subsequent year. If the Company is classified as a PFIC in any year that a US Holder (as defined in Part VII, paragraph 16.2 of this document) is a shareholder, the Company will generally continue to be treated as a PFIC for that US Holder in all succeeding years. If the Company is a PFIC in any year during which a US Holder owns New Ordinary Shares, the US Holder may be subject to additional taxes on any "excess distributions" received from the Company and on any gain realised from the sale or other disposition of New Ordinary Shares (whether or not the Company continues to be a PFIC). Prospective US investors should consult their own tax advisers about the application of the PFIC rules and certain elections that may help to minimise adverse US federal income tax consequences in particular circumstances. For further information on the US federal income tax consequences of investing in a PFIC, see Part VII, paragraph 16.2 of this document.

*Holders of Ordinary Shares in the United States may not be able to participate in future equity offerings.*

English company law includes pre-emptive rights for existing shareholders to subscribe for further issues of shares for cash, or issues for cash of securities convertible into or rights to acquire shares, unless such pre-emptive rights are disapplied by a shareholder resolution. US shareholders, however, may not be entitled to exercise these rights unless the shares offered are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. The Company cannot at this point predict whether it will seek such registration and intends to evaluate, at the time of any pre-emptive share offering, the costs and potential liabilities associated with registration or qualifying for an exemption, as well as the indirect benefits to the Company of enabling US shareholders to participate in the offering and any other factors it considers appropriate at the time, prior to making a decision as to whether to file a registration statement under the Securities Act or to utilise an exemption from the registration requirements of the Securities Act.

**PART III**

**COMPETENT PERSON'S REPORT**

**ONGOPOLO'S MINERAL PROPERTIES & MINES**

**Competent Person's Report and Independent Technical Valuation**

**24 April 2006**

Prepared by RSG Global on behalf of:

**Weatherly International plc**

**and**

**Libertas Capital Corporate Finance Limited**

Author(s):	Kees Dekker	Regional Manager Southern Africa
	Mick McMullen	Manager Audits
	Julian Verbeek	Senior Consultant Resources
	Brett Gossage	Manager Resources

Date: 24 April 2006

## EXECUTIVE SUMMARY

RSG Global Pty Ltd (“RSG Global”) has been commissioned by Weatherly International plc of London (“WI”) and Libertas Capital Corporate Finance Limited (“Libertas Capital”) to provide a Competent Person’s Report and an independent technical valuation of the Namibian mineral and smelting assets of Ongopolo Mining and Processing Limited (OMPL) as at 24 April 2006.

RSG Global is an integrated mineral industry consulting firm, which has been providing services and advice to international mining companies and financial institutions since 1987.

OMPL’s mineral properties are distributed throughout central and northern Namibia. Currently four mining units, Otjihase, Matchless, Asis Far West and Tsumeb West, are in operation, with concentrator facilities available at Otjihase, Kombat and Tsumeb, and with smelting facilities operating at Tsumeb. Development Projects in the proximity of the mining centres include Tschudi, Tsumeb Tailings and Tsumeb Slag Dumps.

In the case of operating Mining Projects, where Proved and Probable Reserves have been estimated, and mining and processing considerations are known or can be reasonably estimated, valuations can be derived with a reasonable degree of confidence by compiling a Discounted Cash Flow (“DCF”) and determining the Net Present Value (“NPV”). The application of an appropriate discount rate provides a NPV that reflects the cumulative DCF for each period.

For the purposes of this valuation (and in order to assess the different tax treatment of the mines and smelter) the assets have been grouped into two categories. All of the operating mines have been grouped together under Ongopolo Mining and the smelter has been classed as Ongopolo Processing.

WI has advised RSG Global that all secured interest bearing liabilities (totalling approximately N\$115M) will be converted to equity under the terms of a proposed Restructuring Agreement and that all unsecured trade creditors (totalling approximately US\$20M) will be paid out 50% over the next 18 months with the remainder paid over the following three and a half years. WI has instructed RSG Global to complete the valuation on this basis.

The RSG Global base case parameters used for the determination of a project NPV are set out below:-

- Copper Price US\$2.27 lb or US\$5,000 per metric tonne
- Silver Price US\$11 per ounce
- Gold Price US\$550 per ounce
- US\$1.00 = N\$6.00

RSG Global has calculated a Base Case post tax NPV @ 10 % of **US\$90.8 million** as the preferred value for the operating mines and smelter and **US\$158.5 million** as the preferred value of OMPL. The NPV is most sensitive to copper price and foreign exchange variations. A  $\pm 10\%$  variation in the US dollar price of copper and the value of the Namibian Dollar against the US dollar resulted in variations in the NPV of  $\pm 43\%$  and  $\pm 29\%$  respectively. The operating mines and smelter are highly sensitive to changes in the copper price as would be expected of any project that derives almost all revenue from copper.

A comprehensive assessment of OMPL’s environmental liabilities was conducted during 2003. A separate Trust fund had been set up for Rehabilitation and OMPL’s ongoing liabilities are confined to a charge of N\$1.00 per tonne mined (and included in operating costs) to the Trust.

Sensitivity analysis, incorporating unforeseen variations in the key technical and financial parameters, has provided the valuation range within which the preferred or base case value lies. This analysis indicates an NPV range of US\$54.0 million to US\$116.5 million is appropriate for the operating mines and smelter when selecting realistic variations in the key parameters to which the project is most sensitive. The preferred valuation for the combined mines and smelter has been estimated by RSG as US\$90.8 million.

A summary of the various project valuations is listed below.

Ongopolo Technical Valuation — 24 April 2006  
Summary of Valuation

<i>Project</i>	<i>Status</i>	<i>Valuations US\$ million</i>		
		<i>Low</i>	<i>High</i>	<i>Preferred</i>
Operating Mines Kombat, Otjihase, Tsumeb, Otjihase, Asis Far West	Operating Mine (including on-mine Development Projects)	54.0	116.5	90.8
Pyrite Stockpile	Feed Stock	2.6	7.7	7.7
Otjihase	Remaining Resource	12.1	30.4	12.1
Matchless	Remaining Resource	2.6	5.9	5.3
Tschudi	Development Project	12.2	48.8	18.3
Asis Far West	Remaining Resource	1.8	4.1	3.2
Tsumeb Tailings	Development Project	6.5	9.2	9.2
Tsumeb Slag Dumps	Development Project	1.0	2.0	2.0
Gross Otavi Central Mine	Advanced Exploration	0.6	1.3	0.7
Harasib	Advanced Exploration	2.2	5.0	2.8
Valencia	Advanced Exploration	1.0	1.0	1.0
Elbe JV	Advanced Exploration	0.1	0.3	0.3
Otavi Cement	Advanced Exploration	0.1	0.3	0.2
Otjihase Regional	Exploration	0.1	0.1	0.1
Farm Berg Aukas	Exploration	0.1	0.1	0.1
Real Property		4.72	4.72	4.72
<b>Total</b>		<b>101.7</b>	<b>237.4</b>	<b>158.5</b>

Previous transactions concerning the project assets were tabled to the Government of Namibia during 1998 and 1999, with offers of US\$42 million and US\$60 million for all of Tsumeb Corporation Limited (“TCL”) assets with a further offer of US\$13 million for the Tsumeb smelter and Kombat and Otjihase mines in isolation. In July 1999 Resource Service Group Pty Ltd completed an Independent Technical Audit on behalf of Metals & Mining of Namibia Ltd, which included cash flow analysis of the Kombat and Otjihase mines. The base case NPV, using a 10% discount rate, on a project operating basis was US\$57.1 million. The July 2001 valuation of OMPLs mineral properties by Resource Service Group Pty Ltd selected a preferred value of US\$48.5 million. RSG Global carried out an independent technical valuation dated 1 July 2002, which then estimated the value at US\$72.35 million and a further valuation dated 1 July 2004 which estimated a value of US\$111.2 million.

The value of OMPL’s 100% equity interest of the project assets on the day of 24 April 2006 is considered to lie in the range of US\$101.7 million to US\$237.4 million, within which RSG Global has selected a **preferred value of US\$158.5 million**. When this value is adjusted to account for variations in commodity prices and depletion of reserves, together with the value added by Ongopolo during the period 2002 to 2006, previous offers for the equivalent assets are consistent with the RSG Global’s present preferred valuation.

## 1. Introduction

### 1.1 Terms of Reference

RSG Global Pty Ltd (“RSG Global”) has been commissioned by Weatherly International plc of London (“WI”) to provide an independent technical valuation of the Namibian mineral and smelting assets of Ongopolo Mining and Processing Limited (OMPL) as at 28 April 2006. This report is addressed to the Directors of WI and to its Nominated Advisor Libertas Capital Corporate Finance Limited.

We understand our report will be included in the admission document to be published in connection with the re-admission to the Alternative Investment Market of WI shares following the completion of the proposed Ongopolo transaction.

This valuation has been prepared in accordance with the Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports (The Valmin Code) as adopted by the Australasian Institute of Mining and Metallurgy (AusIMM). Mineral Resources were assessed according to the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code).

RSG Global also completed technical valuations of Ongopolo's mineral assets in 2001, 2002 and 2004. RSG Global evaluated the mineral assets of the then Tsumeb Mining Corporation in 1999, with these assets essentially being taken over by OMPL.

RSG Global completed a site visit to the Ongopolo producing mines and development projects in April 2006 for the purposes of this report.

WI has advised RSG Global that all secured interest bearing liabilities (totalling approximately N\$115M) will be converted to equity under the terms of a proposed Restructuring Agreement and that all unsecured trade creditors (totalling approximately US\$20M) will be paid out 50% over the next 18 months with the remainder paid over the following three and a half years. WI has instructed RSG Global to complete the valuation on this basis.

The conclusions expressed in this Independent Valuations are appropriate as at the Valuation Date, 24 April 2006. The valuations are therefore only valid for this date and may change with time in response to variations in economic, market, legal or political factors, in addition to ongoing exploration and production results.

All monetary figures included in this report are expressed in United States Dollars (US\$) unless otherwise stated. Metric tonnes are used throughout the report.

### ***1.2 Qualifications, Experience and Independence***

RSG Global is an independent, privately owned firm providing exploration, mining and resource consulting services to the minerals industry, and is accredited with many of the major international financial institutions.

#### **Mick McMullen, RSG Global Manager of Audits**

Data review, technical assessment of development projects, valuation, report preparation.

Qualifications: BSc (Geol) MAusIMM

Experience: Thirteen years of exploration, mining and project development experience in Africa, South East Asia and Australia. Has been involved with numerous pre-feasibility, feasibility, reconciliation and due diligence studies, and has been responsible for the development and operation of an open pit and underground copper mine, negotiating equity for offtake agreement and debt financing.

#### **Kees Dekker, RSG Global Southern Africa Manager**

Site visit, data review, reserves, mining, modelling, financial analysis, sensitivity studies, report preparation.

Qualifications: BSc (Geochem), (MBA),

Experience: Twenty five years experience in the international mining industry with a majority of time in Southern Africa. Has held senior managerial positions with both major and junior mining companies.

#### **Brett Gossage, RSG Global Manager of Resources**

Peer review

Qualifications: BSc (Geology), MAusIMM

Experience: Twenty years of experience as resource and consulting geologist involved with project valuation, due diligence studies, and technical audits.

All of the individuals above have the necessary experience, competence and independence to qualify as "Experts" according to the guidelines included in the Valmin Code.

Neither RSG Global nor the authors of this report have, or have had previously, any material interest in the properties or companies referred to in this report. RSG Global's relationship with Ongopolo is solely one of professional association between client and independent consultant. This report is prepared in return for professional fees, based upon agreed commercial rates. The payment of these fees is in no way contingent on the results of this report.



### 1.3 Sources of Information

This valuation has been compiled on the basis of the following:

- Visits to the various project assets by RSG Global personnel in April 2006, as well as previous visits in April 2004, January 2003, August 2001 and July 1999.
- Discussions and correspondence with Ongopolo personnel.
- Technical reports provided by Ongopolo.

A list of principal references is included in Section 8 of this report.

## 2. Technical Summary

### 2.1 Project Location and Access

Ongopolo's mineral properties are distributed throughout central and northern Namibia. There are currently four mines in operation (Otjihase, Asis Far West, Matchless and Tsumeb West) (Figure 2.1—1), with concentrator facilities available at Kombat, Otjihase and Tsumeb and smelting facilities operating at Tsumeb. Advanced exploration and development projects also exist around the mining centres, and include the Tschudi and Tsumeb Tailings Projects.

Figure 2.1—1

Map of Namibia with Location of Major Projects Shown



Access to all the projects is via a well-developed road and rail system. Additional state owned services, including grid power and reticulated water are also available at all major centres.

## 2.2 Land Tenure

RSG Global (then Resource Service Group Pty Ltd) completed a review of tenure in 1999 as part of a technical audit on the assets of TCL in liquidation. Ongopolo has provided RSG Global with Namibian Mines Department documentation on tenure changes since that date.

RSG Global has not completed further investigation and searches on the tenure as part of this valuation and understands that this will be carried out as part of the legal due diligence for this prospectus.

The current tenements that are the subject of this valuation are given in Table 2.2—1 below.

## 2.3 Project History

Copper was obtained by African tribesmen from the Otavi Mountain Land (a triangular area bounded by the towns of Tsumeb, Otavi and Grootfontein) before Europeans began penetrating the interior of south-western Africa in the 1850s. Since the 1850s exploration and mining activities have continued, except for brief periods due to war, the Great Depression and industry activity, with a number of mineral occurrences being identified. Various parties have explored and operated the Ongopolo mineral properties, with the history of the projects summarised as:-

- 1851: Sir Francis Galton is the first European to report the presence of copper in the Otavi Mountain Land.
- 1855: Matchless Mine is opened by Walwich Bay Mining Company.
- 1860: Walwich Bay Mining Company suspended operations at Matchless Mine.
- 1892: South West Africa Company expedition examine Tsumeb outcrop.
- 1900: Otavi Minen and Eisenbahn-Gesellschaft (OMEG) acquired the mineral rights of 2590km<sup>2</sup> area from South West Africa Company. Ore proved to a depth of approximately 50 metres vertical via two prospecting shafts.
- 1908: OMEG commences operations at the Kombat mine.
- 1915: Tsumeb Mine closed due to wartime activities.
- 1921: Tsumeb Mine recommences operations.
- 1925: OMEG ceases operations at the Kombat mine.
- 1932: Tsumeb Mine closed due to the Great Depression.
- 1937: Tsumeb Mine re-opened.
- 1940: Tsumeb Mine is closed due to the Second World War.
- 1947: Tsumeb Corporation Limited (“TCL”), under the administration of Newmont, bought the mineral rights, physical assets and farms from Custodian of Enemy Property.
- 1948: Tsumeb mill commenced production of concentrates.
- 1961: Construction of copper and lead smelters and lead refinery commenced at Tsumeb.
- 1962: Kombat started milling at 680 tons per day.
- 1963: Copper and lead smelter at Tsumeb commenced production.
- 1967: Matchless mining grant purchased and development recommenced.
- 1970: Matchless Mine production recommences.
- 1976: No. 2 circuit of copper smelter commenced smelting concentrates from Otjihase Mine.
- 1982: No. 2 circuit of copper smelter resumes smelting concentrates from re-opened Otjihase Mine. Lead smelter changed over to single blast furnace operation.
- 1983: Matchless Mine closed down on care and maintenance.
- 1984: Copper smelter changed over to one reverberatory furnace operation.
- 1985: Matchless Mine closed indefinitely and allowed to flood.
- 1986: Slag milling starts at Tsumeb.

- 1987: Gold Fields of South Africa assumes administration of TCL.
- 1995: Development of Khusib Mine commences and first ore produced.
- 1996: Industrial action results in closing of operations.
- 1998: Tsumeb Corporation Limited (TCL) placed in voluntary liquidation.
- 2000: Ongopolo assumes control of TCL assets and commences production from Tsumeb Mine, Kombat Mine and Khusib Springs.

## 2.4 Status of Projects

OMPL acquired the assets of TCL following the liquidation of the TCL group by Gold Fields of South Africa in 2000.

The assets and mineral properties of OMPL are in various stages of development, ranging from historical mines that have been closed and flooded, to currently operating mines, advanced exploration projects and early stage exploration properties.

The key operating mines and processing facilities are centred on the Kombat Mine concentrator, the Otjihase concentrator, the Tsumeb concentrator and the Tsumeb smelter. The smelter feed represents a combination of Matchless, Tsumeb West, Asis Far West and Otjihase concentrates together with some toll smelting for third parties.

Substantial prospective exploration areas and real property assets are also owned by Ongopolo.

**Table 2.2—1**  
**Ongopolo Technical Valuation – 24 April 2006**  
**Summary of OMPL's Mineral Tenure**

<i>Asset</i>	<i>Mining Licences/Mining Grants</i>	<i>Ultimate Holder</i>	<i>Interest</i>	<i>Status</i>	<i>Expiry</i>	<i>Area (hectares)</i>
Namibia — Friedenhou	Deed 48 14/2/3/2/3 (M46/4/3)	OMPL	100%	Exploration	31 Mar 2019	503
Namibia — Otjihase	Deed 49 14/2/3/2/10 (M46/4/10)	OMPL	70%	Production	31 Mar 2024	352
Namibia — Otjihase	Deed 50 14/2/3/2/22 (M46/4/22)	OMPL	100%	Production	31 Mar 2019	1160
Namibia — Berg Aukas	Deed 841 14/2/3/2/1 (M46/4/1)	OMPL	100%	Exploration	31 Mar 2019	447
Namibia — Harasib	Deed 842 14/2/3/2/21 (M46/4/21)	OMPL	100%	Exploration	31 Mar 2019	272
Namibia — Asis West - Kombat Mining Site	Deed 843 14/2/3/2/16 (M46/4/16)	OMPL	100%	Production	31 Mar 2019	467
Namibia — Bobos Silica	Deed 844 14/2/3/2/15 (M46/4/15)	OMPL	100%	Exploration	31 Mar 2019	58
Namibia — Kliplime	Deed 848 14/2/3/2/31A (MA 5/65)	OMPL	100%	Exploration	1 Oct 2005	18 <sup>(2)</sup>
Namibia — Asis Ost Mine (Kombat)	Deed 849 14/2/3/2/9 (M46/4/9)	OMPL	100%	Exploration	31 Mar 2019	72
Namibia — Berg Aukas	Deed 847 14/2/3/2/24B (MA13 Dec 1922)	OMPL	100%	Exploration	31 Mar 2019	47
Namibia — Otjozondjupa	Deed 845 14/2/3/2/24C	OMPL	100%	Exploration	17 Nov 2024	446
Namibia — Tschudi	Deed 14/2/3/2/125	OMPL	100%	Development	28 Oct 2017	1,500
Namibia — Khusib Springs	Mining Licence No 48 - 14/2/3/2/48	OMPL	100%	Exploration	30 Oct 2006	3,035
<b>Exclusive Prospecting Licences</b>						
Namibia — Tsumeb	EPL 14/2/1/4/2/132 A <sup>(1)</sup>	OMPL	100%	Exploration	9 Mar 2006	16,260
Namibia — Otjihase	EPL 14/2/1/4/2/367 <sup>(1)</sup>	OMPL	100%	Exploration	9 Mar 2006	6,249
Namibia — Heibis	EPL 3066	OMPL	100%	Exploration	7 July 2006	95,000
Namibia — Windhoek	EPL 14/2/1/4/2/1776 <sup>(1)</sup>	OMPL	100%	Exploration	9 Mar 2006	2,618
Namibia — Brakwater	EPL 14/2/1/4/2/2906 <sup>(1)</sup>	OMPL	100%	Exploration	4 Apr 2006	63,000
Namibia — Elbe	EPL 14/2/1/4/2/3136	OMPL	60%	Exploration	29 Jan 2007	19,539
Namibia — Kunene	EPL 14/2/1/4/2/3277	OMPL	100%	Exploration	8 Sept 2008	48,000
Namibia — Otjozondjupa	EPL 14/2/1/4/2/3371 <sup>(3)</sup>	OMPL	100%	Exploration	20 Nov 2008	17,500
<b>Mineral Deposit Retention Licence (M.D.R.L)</b>						
Namibia — Valencia	14/2/1/4/2/1496	OMPL	10%	Exploration	4 Jan 2007	500

<sup>(1)</sup> renewal lodged

<sup>(2)</sup> This licence is currently being transferred to another licence which will be granted to Ongopolo. It is anticipated that the expiry date of the new licence(s) will be 31 March 2019.

<sup>(3)</sup> This licence has become the subject of a conditional sale agreement dated 20 June 2006.

## 2.5 *Otjihase Area*

### 2.5.1 *Location*

OMPL's Otjihase Project is located in central Namibia, approximately 18km northeast of the capital Windhoek. The project lies within the Matchless Amphibolite Belt and includes a large land holding to the west of the Otjihase mine, covering an area of some 100,000km<sup>2</sup>.

### 2.5.2 *Geology and Mineralisation*

The Matchless Amphibolite Belt is a conspicuous narrow southwest trending sequence consisting of amphibolite, chlorite-amphibole schist, talc schist and metagabbro, which extends over a distance of 350km in the Southern Tectonostratigraphic Zone of the Damara Orogen. The Matchless Belt represents a sequence of metamorphosed tholeiitic basalts, which are the product of submarine volcanism. Stratigraphically the Matchless Amphibolite Member occurs within the Kuiseb Formation (Khomas subgroup) of the Damara Sequence, which is a metapelitic sequence of biotite schists, with subordinate calcisilicate rocks and carbonaceous schists.

A total of 18 mineral occurrences occur in the belt. All are strataform cupriferous pyrite deposits, with subordinate but variable amounts of copper, lead, silver and gold. The deposits are grouped into four clusters, possibly around palaeovolcanic centres, with the more significant deposits lying at or near the apparent top of the stratigraphic sequence, however this sequence is interpreted to be overturned due to folding.

Five gently northwest plunging ore shoots occur at Otjihase, consisting of massive sulphides composed primarily of chalcopyrite and pyrite, hosted in a magnetite-rich quartzite.

The ore shoots are cut by a series of sub-vertical northerly trending normal faults that down-throw the shoots progressively deeper towards the west. The faults separate the deposit into a number of blocks (or compartments) named after the faults that occur along the western margin of each block.

### 2.5.3 *Mining Method*

Mining has been by means of room and pillar with primary extraction rates ranging from around 80-85% in the upper Otjihase compartment to 45% in the Kuruma compartment at a depth of around 650 metres from surface.

Development has reached the Kuruma compartment by means of a footwall drive with access for men and material to the deeper portions of this compartment by using the return airway drive. The ore is trucked to an underground crusher station immediately east of the Hoffnung East fault from where it is transported by means of 10 conveyor belt sections to a point where it is tipped into kibbles pulled by locomotives that take the ore the last 1.5 km to the mill receiving bins at surface.

The conveyor belt system is in bad state of repair requiring replacement of idlers, belts and pulleys. The current capacity is estimated at 350 tonnes per hour compared to its original capacity of 750 tonnes per hour.

### 2.5.4 *Resources*

The estimated in-situ resources at 31 December 2005 are shown in Table 2.5.4\_\_1. The Measured and Indicated Resources are mainly present in the uppermost section of the mine as pillars and remnants, in the deeper portions in the Hoffnung, Kuruma and Tigerschlucht compartments and a portion of a parallel ore shoot (Shoot 2) south of the Kuruma compartment into which access points have been developed.

**Table 2.5.4—1**  
**OMPL Resources for Otjihase Region**

<i>Compartment</i>	<i>Ore Type</i>	<i>Thickness</i> <i>(metres)</i>	<i>Amount</i> <i>(tonnes)</i>	<i>Grade</i>		
				<i>Cu</i> <i>(%)</i>	<i>Ag</i> <i>(g/t)</i>	<i>Au</i> <i>(g/t)</i>
<b>Measured Resources</b>						
Otjihase	Open Pit					
	Remnants	3.00	12,387	1.53	7.2	0.22
	TCL Pillars	4.18	1,867,783	2.37	8.3	0.34
	TCL Remnants	5.03	29,887	2.68	9.4	0.39
Hoffnung	Remnant Pillars	5.56	120,662	2.23	8.0	0.36
Kuruma	Primary Stopping	5.28	315,530	2.48	11.2	0.68
	Recoverable					
	Pillars	4.03	225,272	2.94	9.1	0.56
	Haulage Pillar	3.64	227,788	1.75	9.1	0.33
	Permanent Pillar	4.61	973,724	2.26	9.3	0.47
<b>Total</b>		<b>4.35</b>	<b>3,773,033</b>	<b>2.34</b>	<b>8.9</b>	<b>0.42</b>
<b>Indicated Resources</b>						
Hoffnung Fault E	Part Developed	5.87	107,376	1.65	9.4	0.72
	Undeveloped	8.96	305,827	2.07	7.3	0.40
Kuruma	Virgin Ground	4.25	1,245,067	1.79	10.4	0.22
No. 2 Shoot	Part Developed	6.04	636,734	1.53	7.5	0.25
River fault East	Undeveloped	3.50	86,223	3.13	9.3	1.03
Tigerschlucht	Undeveloped	3.75	2,255,220	2.04	6.1	0.34
<b>Total</b>		<b>3.21</b>	<b>4,636,447</b>	<b>1.92</b>	<b>7.7</b>	<b>0.32</b>
<b>Inferred Resources</b>						
Otjihase	Open Pit					
	Remnants	3.52	225,478	1.92	6.3	0.27
	TCL Pillars	3.71	288,726	1.89	6.2	0.27
Hoffnung Fault W	Undeveloped	5.87	287,593	1.97	8.5	0.28
	Undeveloped	3.05	712,386	0.72	5.5	0.07
River fault East	Undeveloped	3.50	192,239	1.76	5.3	0.29
Tigerschlucht	Undeveloped	3.50	191,450	1.93	5.8	0.32
	Undeveloped	3.50	844,059	1.41	4.2	0.24
	Undeveloped	4.25	1,461,873	1.20	4.2	0.20
<b>Total</b>		<b>3.19</b>	<b>4,203,805</b>	<b>1.36</b>	<b>5.1</b>	<b>0.21</b>

To access the River Fault compartment the footwall drive will have to be further developed as the return airway will be compromised when extracting the pillars in the Kuruma compartments. This will involve approximately 1,600 metres of decline development plus additional development of the return airway with a vertical drop of 110 metres. The economics of this exercise are questionable and it is therefore recommended that the resources west of the Kuruma compartment be excluded from the reserves calculation for the purposes of this report.

Pillars and remnants in the Otjihase Block have been classified as Inferred resources. The reason given is that not enough sampling information is available as no channel samples were taken when mining took place. The volume was estimated on the basis of stope maps and the grade was estimated by extrapolating grade from an underlying compartment up plunge. Classifying this resource as inferred is very conservative considering the great confidence attached to ore volume and the great consistency in grade along plunge (historical production has been constant at 1.95% Cu over 5.5 km and over 25 years) and that it is a remnant of a mining block.

### 2.5.5 Reserves

The following factors were used to convert the Mineral Resources to Reserves:

**Table 2.5.5—1  
Reserve Factors**

		<i>Extraction</i> %	<i>Dilution</i> %	
Otjihase	- Open Pit	100	17	
	- Remnant Pillar	60	15	
Hoffnung	- Remnant Pillar	90	20	
Kuruma	- Primary Stopping	50	15	
	- Recoverable Pillar	25	15	
	- Undeveloped	50	15	
Hoffnung Fault East	- Undeveloped	45	20	
<i>Mine Call Factors:</i>		<i>Cu</i> 0.90	<i>Ag</i> 0.90	<i>Au</i> 0.90

Table 2.5.5—2 gives the total reserves as calculated by OMPL. They are directly derived from the Ore Resource statement as no production has taken place since 31 December 2005 from mineralisation included in these resources. Recent production has been from the 1.5 metres of ore left in the footwall by JCI when mining the Otjihase block, which is not included in the resource calculations.

**Table 2.5.4—2  
OMPL Reserves for Otjihase Region**

<i>Compartment</i>	<i>Ore Type</i>	<i>Thickness</i> (metres)	<i>Amount</i> (tonnes)	<i>Grade</i>		
				<i>Cu</i> (%)	<i>Ag</i> (g/t)	<i>Au</i> (g/t)
Proven Reserves						
Otjihase	Open Pit Remnants	3.00	14,864	1.15	5.4	0.17
	TCL Pillars	4.18	1,288,770	1.85	6.5	0.27
	TCL Remnants	5.03	20,622	2.10	7.3	0.30
Hoffnung	Remnant Pillars	5.56	130,315	1.67	6.0	0.27
Kuruma	Primary Stopping	5.28	181,430	1.94	8.8	0.53
	Recoverable Pillars	4.03	64,766	2.30	7.1	0.44
	Haulage Pillar	3.64	—	1.37	7.1	0.26
	Permanent Pillar	4.61	—	1.77	7.2	0.37
Total		4.35	1,700,767	1.86	6.7	0.30
Probable Reserves						
Hoffnung Fault E	Part Developed	5.87	115,966	1.24	7.1	0.54
	Undeveloped	8.96	165,146	1.55	5.5	0.30
Kuruma	Virgin Ground	4.25	715,913	1.40	8.2	0.17
No. 2 Shoot	Part Developed	6.04	549,183	1.17	5.7	0.19
River fault East	Undeveloped	3.50	—	2.34	6.9	0.77
Tigerschlucht	Undeveloped	3.75	—	1.53	4.6	0.25
Total		4.33	1,546,209	1.32	6.9	0.22

The reserves for Kuruma assume hydraulic backfill using the existing backfill plant which requires some refurbishment and the purchase of piping.

The remaining mine life is estimated to be at least six years based on an average mining rate of 45,000 tonnes per month.

### 2.5.6 Matchless Area

The Matchless Mine is situated on Mining Licence ML M46/4/3 (Friedenhau), approximately 30km southwest of Windhoek in the Khomas Hochland, at an elevation of some 1,850m above mean sea level.

The Matchless Mine is located within the Matchless Amphibolite Belt, the geology of which is described above in Section 2.5.2.

The Matchless Western Extension orebody is a copper-iron sulphide deposit, generally envisaged to be the product of hydrothermal activity accompanying a sub-aqueous mafic volcanic episode. It occurs within the Matchless Member of the Kuiseb Formation, a succession of amphibolites, amphibole schists, magnetite schists and sericitic quartzites that is part of the Damara Sequence. The footwall zone consists of mainly stratabound pyrite mineralisation, and the hanging wall amphibolites are transgressed by at least three chalcopyrite copper ore shoots. The orebodies are mainly stratabound, however, strong structural controls are also present.

The local geological setting is similar to the orebodies previously mined at the Matchless Mines. The mineralization occurs in quartz-sericite schist which lies between the Matchless Amphibolite and the Footwall Amphibolite. A slight angular discordance between the mineralized zone and the Matchless Amphibolite was mapped on the outcrop. The mineralization is strata bound and is of a massive sulphide type containing mainly pyrite, pyrrhotite, chalcopyrite and minor sphalerite, gold and silver.

From 1840 to 1862, the Walwich Bay Copper Mining Company mined mixed oxide and sulphide ore from the gossanous outcrops. No records of their production have survived. Serious exploration and mining started in 1961 by Rand Mines (SWA) Exploration Company, followed in 1968 by Tsumeb Corporation Limited. From the start-up of the mine until December 1979, total production amounted to 876,800 tonnes of 2.12% Cu and 14.8% S.

“Ore reserves” as at December 1979, were reported by Adamson & Teichmann (1986) as 702,000 tonnes grading 2.34% Cu and 12.56% S. The precious metal content of the orebody is erratic, but run-of-mine ore has averaged between 0.5g/t and 1.0g/t Au and between 6g/t and 9g/t Ag.

The Matchless Mine closed down in late 1983, and most of the infrastructure has since been removed. Significant rehabilitation was carried out by TCL prior to liquidation.

#### 2.5.6.1 Mining

A shoot called “Matchless Western Extension” some 1,800 metres west of the shaft is currently being mined by means of a decline that has reached beyond the 5 level. The shoot has a very steep plunge to the northwest which requires the decline to progress rapidly down depth. Levels are currently 19 metres apart, but are planned at larger intervals. The current short distance between levels is because of the need to access ore quickly as the decline advance is not able to keep up with the rate of ore extraction.

Less than 5,000 tonnes of ore are available between levels in the current mining areas, indicating ore tonnages in the order of 265 tonnes per vertical metre. The ore body rapidly increase in size at depth with reserves amounting to more than 3,500 tonnes per metre over a vertical section of almost 160 metres. This section constitutes two thirds of the reserve.

Mining is by means of cuts of 3 metre height. After completion of a cut, waste from development is placed mechanically as fill to allow machinery and men a platform on which they can remove the next cut. After five cuts a crown pillar of 4 metre is left in place. As depth of mining increases, it is expected that some form of cemented fill will be required to ensure stability.

A 500 kVA generator provides power, with future plans requiring that the mine be connected to the national power grid at an estimated cost of R2.5 million to be in a position to develop below 6th level as the voltage drop will become too large when using the generator.

Ore is currently trucked by a contractor over a distance of 84 km to the Otjihase plant for processing.

#### 2.5.6.2 Resources and Reserves

OMPL has identified for the Western Extension “Indicated Ore Reserves” at a cut-off grade of 1.5% Cu and a minimum width of 3 metres amounting to 988,618 tonnes with a grade of 3.00% Cu over a vertical distance of 480 metres from 1825m amsl to 1345amsl. Another 47,635 tonnes grading 2.48% Cu has been classified as inferred resource down plunge for another 45 metres. No silver sample grades are available, but historical production figures indicate a grade of 3 g/t silver for every percentage copper

## 2.6 *Kombat/Asis Far West Complex*

OMPL's Kombat and Tsumeb Mines are located in the Otavi Mountain Land in the north of Namibia. These projects are all situated in the Damara Sequence, ranging in age from 900 to 500Ma, which unconformably overlies the Proterozoic Grootfontein Basement Complex.

The major part of the Damara Sequence is composed of sediments of the Otavi Group, dominated by limestone and dolostone units, with subordinate shales and clastic sediments, including conglomerates, feldspathic sandstones and quartzites.

The rocks of the Otavi Mountain Land have been deformed into open folds about east-west axes, often displaying reversals in fold plunge. Domes of basement Grootfontein suite granitoids are commonly exposed in the core of these structures.

The metamorphic grade is generally lower greenschist facies throughout most of the Otavi Mountain Land. To the south of the Otavi Valley Syncline, the metamorphic grade increases to amphibolite facies.

Late northeast trending fault and fracture zones are frequently intruded by Tertiary olivine-bearing dolerite dykes, which are common throughout the region.

The metallurgy of the Otavi Mountain Land is strongly related to stratigraphy. The upper portion of the Tsumeb subgroup is characterised by Cu-Pb-Zn-Ag concentrations, best represented by the Tsumeb and Kombat mines, while the lower portion contains numerous Pb-Zn-Vn occurrences. The underlying Abenab Subgroup hosts Vn-Pb concentrations at Berg Aukas and Abenab West deposits, while the Nosib Group hosts Cu-Vn-Pb mineralisation associated with the volcanic member of the Aksevoid Formation and coarse clastic sedimentary rocks of the Varianto Formation.

Although the deposits at Kombat are classically regarded as "Tsumeb-type" deposits, it differs from other examples in several ways. At Kombat the mineralization is formed by a large number of small to medium size deposits developed along the contact of the upper Tsumeb Subgroup (Hüttenberg Formation) with clastic rocks (shales) of the Kombat Formation forming a prominent synclinal structure. Locally, the mineralization is controlled by monoclinical folds while the mineralization style changes from east to west from the main Kombat ore bodies through Asis West, to Asis Far West from a fine hairline fill to a more disseminated occurrence. The ore bodies are generally subvertical with an aspect ratio of about 2.5 to 1 and form discordant sulphide lenses and stringer mineralization. In plan the ore lenses are elongated, sub-parallel bodies which diverge from the shale dolostone contact. Mineralised lenses "horse tail" at depth merging into stringer ore in zones of extreme alteration and fracturing.

The sulphide ores are accompanied by Fe- and Mn-rich silicate and oxide rocks of probable hydrothermal origin and chalcopyrite and bornite are the major sulphide minerals, contrary to dominant tennantite at Tsumeb. Lenses of feldspathic sandstone ("pseudoaplite") are present along the dolomite-phyllite contact and are regarded as "intrusive" and karst-related and are believed to have an important impact on the mineralization occurrences.

### 2.6.1.1 Resources

There are a few remnants of sub-economic mineralisation left at Kombat Central and within the flooded deeper sections at Asis West. A total of 104,629 tonnes @ 2.49% Cu and 28 g/t Ag was calculated between the 19 and 20 levels based on underground drilling on 15 metre sections. The close spaced drilling enabled this material to be classified as Indicated Resource. Another 103,000 tonnes at 3.33% Cu is present as Inferred Resource further west. Below 20 level, 132,000 tonnes at 4.11% Cu and 51.8 g/t Ag have been calculated as Inferred.

Underground development at Asis Far West has encountered the first ore, but underground drilling is urgently required to define the ore lenses in detail for planning purposes. There is a distinct danger of much unnecessary development because of lack of knowledge about location and attitude of the various lenses.

### 2.6.1.2 Mining

Access to the ore bodies is by means of vertical shafts. Mining is inhibited by large inflows of water from the dolomitic rocks once below the water level. Development is under cover from boreholes that test for water and used to cement any water bearing feature before advancing further.

At Asis Far West a shaft complex has been sunk to a depth of approximately 800 metres below surface. The shaft was excavated to access indicated resources defined by a total of 15 intersections. It was deemed impractical to upgrade these resources to a higher category by surface drilling as the cost would have been



prohibitive considering their depth and sub-vertical dip. Ongopolo management decided on the development of the shaft complex as it they were confident from experience of the geology further east that the intersections constituted similar ore bodies as at Asis West and Kombat.

With the lenses relatively small and spaced apart the amount of development for exploration and ore extraction is relatively high with a ratio of around 140 tonnes of ore for every metre of development previously.

The stoping method is by means of mechanised cut and fill. Where the ore lenses are narrow the entire body is mined out as a stope. In larger bodies two or three stopes are mined adjacent to each other. The stopes are accessed via declines with a maximum gradient of 12 degrees from the level drives. The levels are spaced vertically in such a manner that 7 lifts of 3.0 metres can be mined from each level. The backfilling is done by placing development waste in the stopes which is subsequently covered by classified mill tailings pumped from surface.

### *2.6.2 Tsumeb West Mine*

The main Tsumeb orebody forms a zoned pipe-like structure crosscutting folded dolomites of the upper Tsumeb Subgroup close to the unconformity with the Mulden Group. The ore-bearing pipe structure carries various types of carbonate breccia, altered dolomitic wall rock and irregular bodies of a feldspar-rich sandstone (“pseudoaplite”). Massive, high-grade sulphide ores are mainly distributed along the periphery of the pipe, whereas the central part usually has low grade disseminated ore. Rich sulphide ores, including mantos into the dolomitic wall rock, are developed along the intersection of the pipe with the “North Break Zone”, a breccia unit. Three oxidation zones are developed in the pipe structure, occurring from surface down to level 11 (310 metres below surface), from level 24 (-720 metres) to 35 (-1150 metres), and below level 42 (-1380 metres). The deposit has been exploited to a depth of 1700 metres below surface.

The Tsumeb West mineralized centre lies some 2.5km to the south west of the Tsumeb Mine’s De Wet Shaft and is divided into the northern and southern ore body separated by a distance of about 400 metres. The mineralization in the area is made up of several mineralized bodies of which these two are the most significant. Both ore deposits are located within a north-south trending anticlinal cross fold and its associated displacement and fracture zones. The mineralization of the southern orebody is intimately controlled by these fractures and folds, and trends in a north-south direction. The ore consist of chalcocite, malachite and bornite with some significant galena veins. Silver is linked with the copper ore and usually has a ratio of 10g to a percent of copper. The orebody outcropped as a gossan and also was rich in vanadium (mottramite) and was subsequently mined in a shallow open pit. Some mottramite can still be found at depth on the eastern rim of the copper lens (elevation 1,278masl). Substantial high grade copper intersections were made in depth some 200 metres under the vanadium deposit, indicating that the controlling structures persist in depth.

The northern orebody is associated with a major sandstone filled karst structure which developed in the heavily fractured terrain in the anticline warp structure. The ore minerals contain mainly chalcocite and malachite, at depth tennantite becomes more significant. On outcrop, the sandstone has an ellipsoidal shape with axes length of 180 and 80 metres, and it pinches out within 500 metres from surface. The mineralization forms a mantle in the dolomite close to the sandstone fill, albeit it usually is of sub-economic grade. The better ore bodies, as indicated by diamond drilling from surface occur within this mineralized dolomite mantle. The ore minerals consist of chalcocite, malachite and some tennantite which becomes more significant in depth. Intense faulting is noted in the area and the ore is displaced by shallow dipping bedding shears.

#### *2.6.2.1 Mining*

The various orebodies are accessible via a single portal from which two declines split, one to reach the Southern Ore Body (“South Ramp”) and the other the North Ore body (North Ramp). The downward extension of the North Ore Body will be accessed from the North Ramp and the Western Lenses and Eastern Lenses will be accessed from the South Ramp.

Surface drilling has identified a number of lenses in three areas that need delineation from underground drilling. The only resource that has been drilled with any degree of confidence is the “North Body ex the North Ramp”, which is the immediate down dip extension of old workings has been drilled over 4 sections 15 metres apart and calculated at 23,000 tonnes at 2.85% Cu. The lenses are narrow and will include a relatively high amount of dilution.

The Western Body ex the South Ramp is interpreted as an offset of the North Body and consist of two lenses, one along the footwall and another with higher grade in the hanging wall. The Eastern Body ex South Ramp is offset from the Western Body. It consists of several lenses that require further drilling to prior to higher confidence level resources being estimated for them.

### 2.6.3 *Kombat Mine*

Although the deposit is classically regarded as a “Tsumeb-type” deposit, it differs from other examples in several ways. At Kombat the mineralization is formed by a large number of small to medium size deposits developed along the contact of the upper Tsumeb Subgroup (Hüttenberg Formation) with clastic rocks (shales) of the Kombat Formation forming a prominent synclinal structure. Locally, the mineralization is controlled by monoclinical folds while the mineralization style changes from east to west from the main Kombat orebodies through Asis West, to Asis Far West from a fine hairline fill to a more disseminated occurrence. The orebodies are generally subvertical with an aspect ratio of about 2.5 to 1 and form discordant sulphide lenses and stringer mineralization. The sulphide ores are accompanied by Fe- and Mn-rich silicate and oxide rocks of probable hydrothermal origin and chalcopyrite and bornite are the major sulphide minerals, contrary to dominant tennantite at Tsumeb. Lenses of feldspathic sandstone (“pseudoaplite”) are present along the dolomite-phyllite contact and are regarded as “intrusive” and karst-related and are believed to have an important impact on the mineralization occurrences.

### 2.6.4 *Asis Far West Project*

The Asis Far West Project is located close to current mining operations at Kombat and exhibits similar geology and mineralisation style and controls as at Kombat. Three principal zones of copper mineralisation have been delineated by diamond drilling.

Resources totalling 2.2M tonnes, containing 2.3% Cu have been estimated at Asis Far West.

### 2.6.5 *Tschudi*

The Tschudi Project comprises a Cu-Ag deposit that is located approximately 20km west of Tsumeb in Northern Namibia. The Tschudi deposit occurs on the southern limb of the Tschudi Syncline, in the basal arenites of the Mulden Group. The deposit is partially oxidised to a depth of about 80 metres. Copper-bearing sulphides include chalcopyrite, chalcocite, covellite, digenite and bornite. Lead and silver mineralisation grades are low.

The deposit consists of copper mineralisation with a high pyrite content. Three ore types are recognised, with dominant minerals in the ‘sulphide sandstone zone’ comprising chalcopyrite, chalcocite, covellite, digenite and bornite. Malachite is the dominant mineral in the ‘oxide sandstone zone’, with minor cuprite, covellite, azurite and chalcocite. In addition, a ‘dolomitic zone’ is recognised in the top 10m of the dolomite series. Lead and silver grades are low, with the former rarely exceeding 0.1% lead equivalent. Silver is thought to be locked up in bornite and chalcocite. Fine grained feldspathic arenites are generally well mineralised. Locally, however, the arenites contain abundant pyrite with only weak copper mineralisation. Copper grades of up to 3.5% Cu occur in the supergene zone. Fresh sulphides occur in sandstones, up to 4 metres to 5 metres above the dolomite contact, however grades rarely exceed 1.5% Cu.

The exploration digital database for the Tschudi deposit provides the basis of resource estimation and pre-feasibility/feasibility studies completed by consultants, Geotec Africa on behalf of TCL, and revised in August 1997. These studies estimated an open pit Indicated Resource of 15.15 million tonnes grading 0.93% Cu, with negligible Pb and Ag.

An updated study completed by Geotech Africa in August 2002 examined the potential for stand alone SX-EW and flotation operations as well as a combined development scenario. This study determined that the project had marginal economics when using a copper price of US\$0.90/lb and heap leach recoveries of 65% and resulted in a pit that recovered only 1.9Mt of the resource grading 1% copper. The NPV @13% was US\$0.8M excluding tax and capital costs.

Subsequent leach testing has indicated that higher recoveries may be achievable and when combined with higher copper prices, this may have had a significant impact on the economics of the project.

#### 2.6.5.1 Resources

The Tschudi resource calculation was completed by James Lonergan of Mintec Inc. on behalf of Geotec Africa CC in August 2002. The construction of the orebody model was based on the geologic logging information from 190 drillholes. The drilling was completed on 100 metres spaced sections and 25 metres

spaced sections perpendicular to the strike of the deposit. The spacing of the holes along each section was variable with closer spacing in the upper oxide zone and nominal 100 metres spacing in the lower sulphide zone

The interpretation of the orebody boundary was outlined on each section based on drillhole information from all holes within a 50 metres (or 12.5 metres) distance of influence for the section. The sectional interpretations were linked together to form the ore body solids for oxide, transitional, and sulphide mineralization.

An inverse distance weighting (IDW) interpolation method was used for assigning the blocks copper and silver grades based on the nearby composite values. IDW was selected in lieu of Kriging at this time because Mintec felt that a more in-depth variography study had to be done to justify kriging parameters. They did however use a 100 metres search-distance resulting from their preliminary variogram study for selecting composites to be used to interpolate a block.

Only blocks either completely or partially in the mineralized zone were interpolated.

The segregation of the resource estimate into Measured, Indicated, and Inferred categories was based on the following criteria.

**Table 2.6.5.1 —1**  
**Tschudi Resource Classification Parameters**

<i>Category</i>	<i>Distance to Closest Comp.</i>	<i>Number of Composites</i>
Measured	1 to 30m	> 1
Indicated	1 to 30m	1
	31 to 50m	Any number (1 – 12)
	51 to 75m	> 1
Inferred	51 to 75m	1
	76 to 100m	Any number (1 – 12)

The complete resource estimate is shown in Table 2.6.5.1 —2.

**Table 2.6.5.1 —2**  
**Tschudi Resource Estimate**

<i>Ore Type</i>	<i>Category</i>	<i>KTonnes</i>	<i>Grades</i>	
			<i>Cu (%)</i>	<i>Ag (g/t)</i>
Oxide	Measured	3,444	0.661	6.1197
	Indicated	3,457	0.574	5.3963
	Inferred	63	0.771	14.0254
	Total	6,964	0.619	5.8322
Transitional	Measured	1,574	0.724	10.5434
	Indicated	1,542	0.633	9.4825
	Inferred	3	0.171	1.1179
	Total	3,118	0.679	10.0103
Sulphide	Measured	8,555	0.896	11.0520
	Indicated	21,314	0.884	11.8316
	Inferred	3,465	0.841	10.9628
Total All		33,334	0.882	11.5412
	Measured	13,573	0.816	9.7414
	Indicated	26,312	0.828	10.8485
	Inferred	3,531	0.839	11.0096
Total	43,416	0.825	10.5155	

### 2.6.5.2 Possible Mining Method

Previous attempts at recovering this large resource have focused on open cut mining. The trial mining exercise proved a failure, partly because of the very low metallurgical recoveries achieved, but also because lower than expected grades in the oxide zone, which was according to Arno Guenzel probably overestimated by using a 100 metre search radius along dip. This meant that the relatively high grades of the supergene enriched zones were projected too far up dip.

Upon visually inspecting the interpreted sections a section measuring 1 000 metres by 250 metres was recognised below the transitional zone where the mineralisation exceeds 15-20 metres. According to Arno Guenzel, the hanging wall conditions will be much better than in the shallower portion of the resource. This implies that open stoping would become a possibility. The economic feasibility of this low cost, bulk mining technique is still to be analysed.

Considering the distance of 26 kilometres to the existing Tsumeb concentrator, which in any case would not be capable of treating more than 26,000 to 30,000 tonnes per month, any future Tschudi operation would require its own processing plant.

### 2.6.6 Tsumeb Tailings

Tailings accumulated and dumped in the vicinity of the concentrator over the early years of the Tsumeb Mine represent some 15 million tonnes grading 0.46% Cu, 0.90% Pb and 16g/t Ag.

### 2.6.7 Tsumeb Slag Dumps

The Tsumeb zinc-germanium slag dumps are located at the Tsumeb processing facility, representing a substantial resource accumulated since 1962.

## 2.7 Advanced Exploration Projects

### 2.7.1 Gross Otavi Central Mine

The Gross Otavi Central Mine is located approximately 45km south of the Tsumeb Mine. In June 1998 a polygonal resource was estimated from diamond drilling completed by TCL, resulting in an Inferred Resource of 0.16Mt grading 1.54% Cu, 5.85% Pb and 15.4g/t Ag at a 1% Cu equivalent cutoff. It is understood that previous underground mining has taken place at Gross Otavi, however no production statistics have been made available to RSG Global.

No further work was undertaken during the period June 2002 to April 2006.

### 2.7.2 Harasib

The only available information on the Harasib Project is an inter-office report dated 31st December 1986 summarising the available information. The project is located on the Harasib farm in the Otavi Mountain Land. The prospect was discovered via mapping and trenching in 1926 by the Otavi Exploration Syndicate, with further drilling work completed sporadically over the last 50 years by TCL. Three zones of Pb and Zn mineralisation have been delineated, resulting in a combined Inferred Resource of 1.24Mt grading 1.66% Pb and 2.67% Zn. Gold Fields suggested that the ore body may be amenable to open pit mining techniques.

No further work was undertaken during the period June 2002 to April 2006.

## 2.8 Exploration Properties

### 2.8.1 Farm Berg Aukas

The Farm Berg Aukas Prospect is located northwest of Grootfontein in the Otavi Mountain Land, covering Farm Berg Aukas Copper, an area of some 140,000km<sup>2</sup>. The target area covers the unconformable lithological contact zone between the Grootfontein Basement includes and the Nosib Group, along the northern limb of a west-northwesterly plunging syncline. The exploration work is at an immature stage, essentially following up on surface observations of copper mineralisation. Historic drilling intersected Nosib conglomerates with reported intersections of more than 2% copper and approximately 0.5g/t gold. Limited trenching has exposed low grade mineralisation in various rock types.

Two trenches were visited by RSG Global in 1999, with mineralisation visible in hand specimens, including bornite and chalcocite, in what is tentatively identified as schistose basement rock. Asicular malachite is also present in a pegmatitic amphibolite. A schistose fabric is pervasively developed, associated with a succession of narrow shear zones, parallel to the syncline axial plane. No historic assay data are available for the

trenches, nor for a number of percussion drilling samples collected by Gold Fields Namibia Limited (“GFNL”) along a single cut line.

The stratigraphic position, and observed presence of mineralisation and structural complexity, indicate that the area is worthy of continued prospecting.

No further work was undertaken during the period June 2002 to April 2006.

### 2.8.2 Valencia Project

The low grade Valencia uranium deposit is situated approximately 75km to the southwest of Usakos, in western Namibia, strategically located next to the Rössing Uranium mine, which is owned and operated by Rio Tinto.

The Valencia deposit is located within the Damara Orogenic Belt between the Congo and Kalahari Cratons. The orogenic belt is characterised by possibly four major tectono-metamorphic trends, with mineralisation at Valencia restricted to medium to high grade metamorphic rocks of the Central Zone.

Mineralisation is present as uranium enriched alaskite intruding schists, marbles and metasediments of the Swakop Group (Damara Sequence), restricted to the nose of a south plunging anticline.

The western portion of the Valencia Prospect is characterised by more massive bodies of alaskite, while the eastern portion of the prospect characterised by alaskite veins of variable thickness, striking north-south with a sub-vertical dip. Veins within the eastern portion are noted to contain the highest grade mineralisation.

Resources estimated by Gold Fields for the Valencia deposit (Basset and Gregson, 1989) are summarised in Table 2.5.4—1.

**Table 2.5.4—1**  
**Ongopolo Technical Valuation – 1 July 2004**  
**Valencia Deposit: unclassified resources (Goldfields South Africa, 1989)**

<i>Cutoff Grade (U3O8 kg/t)</i>	<i>Mt</i>	<i>U3O8 Grade (kg/t)</i>	<i>Tonnes U3O8</i>
0.1	42.7	0.214	9,100

OMPL has sold a 90 % interest in the Valencia project to Forsys, a Canadian company. Forsys also have a call option on OMPL’s remaining 10 % interest for a total of US\$1M.

### 2.8.3 Elbe Joint Ventures

OMPL has entered into a joint venture agreement with Forsys over the Elbe area. Forsys have a commitment to spend N\$5m to earn a 60% interest in the project.

## 2.9 Tsumeb Smelter

### 2.9.1 Process Description

The smelter employs conventional technology, with charging mixed concentrates to a reverberatory furnace and blowing the resulting matte in Pierce-Smith converters to produce blister copper.

The smelter complex has a 410 metre long and 15 metre wide shed where railed concentrates can be received and mixed. From there it is fed to the furnace together with reverts, converter slag, slag mill screenings as well as fluxes such as limestone and silica, crushed by a 3¼ inch jaw crusher followed by a 3 inch cone crusher in closed circuit.

The mix is smelted in the 27 metre long and 9.7 metre wide No. 1 furnace which is directly fired with pulverised coal. There are two mills that can provide this coal, one being a back-up system, purchased with the closure of the O’okiep smelter. A sulphide phase containing the bulk of the copper and precious metals called matte forms and sinks to the bottom. This is tapped and fed to the 9 metre long Pierce-Smith converters that are 3 metre in diameter. There, the liquid matter with a grade of around 45% copper reacts exothermically with compressed air, resulting in the elimination of sulphur as sulphur dioxide (to water gas) and of iron into a slag with silica added as a flux.

The converting process has been specifically adapted to obtain acceptable contents of less than 0.15% lead and 0.1% arsenic in the blister. The converter slag, high in copper and lead, is not recirculated to the smelting

unit but tapped, cooled and treated in the slag mill where it is milled and the copper concentrated through flotation. The concentrate is again transferred to the smelter.

The arsenic is removed by a series of refining cycles utilising soda ash at the end of the blow. By oxidising a portion of the copper and by use of soda ash the blister copper is purified to 98.5% copper. The metal is cast in moulds to yield bars of around 1.65 tonnes each.

Two waste heat boilers located at the rear of the furnace generate 29 tonnes of steam per hour powering turbines that generate electricity for service smelter electrical equipment. The waste gases from the converter are passed through a trombone cooler into the bag house and out through the stack. The retained solids from the reverberatory furnace waste gases are recycled to the arsenic plant to produce refined arsenic trioxide of 99% quality, whereas the solids from the converter gases are bagged and sold as lead oxide containing 60% lead.

### *2.9.2 Production Schedule*

The copper smelter is able to produce between 2,000 and 2,700 tonnes per month depending on the quality of material smelted. Smelting high grade copper concentrates (35%-50% Cu) with low iron contents (12-15% Fe) results in production rates of around 2,700 tonnes per month, whereas low grade concentrates (25%-28% Cu) together with iron contents of 25% will result in a production rate of 2,000 – 2,200 tonnes per month.

The smelter has a large number of duplicate items of service equipment because of scaling down from a two furnace to a one furnace plant and additional purchases such as the coal pulverisation plant from O'okiep. The furnace, however, requires immediate attention with the refractory bricks in poor condition and rectification work on the boilers and air heaters needed.

The schedule provides for refurbishment during August 2006 when production will stop completely. The capital expenditure as quoted by an outside contractor to perform the required work over a period of one month is a total of US\$3.4M

As with all smelters, virtually all costs are fixed with a total of 85% being fixed and the remainder variable. The economics of the smelter are therefore intimately associated with being able to run the smelter at close to full capacity.

## **3. Valuation Guides**

### *3.1 Previous Valuations*

In July 1999 RSG Global (then Resource Service Group Pty Ltd) completed an Independent Technical Audit on behalf of Metal & Mining of Namibia Ltd, which included cash flow analysis of the Kombat and Otjihase mines. The base case NPV, using a 10% discount rate, on a project operating basis was determined to be US\$57.1 million.

In January 2002 RSG Global completed an Independent Technical Valuation of the Namibian Mineral Properties of Ongopolo Mining and Processing Limited and derived a preferred value of US\$50.8 million as at 4th December 2001.

In February 2003 RSG Global completed an Independent Technical Valuation of the Namibian Mineral Properties of Ongopolo Mining and Processing Limited and derived a preferred value of US\$72.35 million as at 1 July 2002

In July 2004 RSG Global completed an Independent Technical Valuation of the Namibian Mineral Properties of Ongopolo Mining and Processing Limited and derived a preferred value of US\$111.20 million as at 1 July 2004.

RSG Global is not aware, nor has it been made aware, of any other recent valuations of the Ongopolo assets.

### *3.2 Comparable transactions*

Three proposals to acquire the assets (wholly or in part) of TCL in liquidation were tabled to the Government of Namibia during 1998 and 1999. During August 1998, Namibia Base Metals (Pty) Ltd tendered a N\$360million (US\$60 million) package for all the assets of TCL in liquidation. This package included N\$100million provision for environmental damage due to historic and future operations.

Executive Decisions International CC offered NAD250million (US\$42 million) for all the assets of TCL in liquidation in October 1998, and in August 1999, Metals & Mining of Namibia Ltd offered N\$78million (US\$13 million) for the following assets in isolation:-

- Smelter located at Tsumeb.
- Kombat Mine.
- Otjihase Mine.

Subsequent to these offers, Ongopolo successfully tendered to the Namibian Government and acquired all of the TCL assets.

#### **4. Valuation Methods**

##### **4.1 Introduction**

There are numerous recognised methods used in valuing “mineral assets”. The most appropriate application of these various methods depends on several factors including the level of maturity of the mineral asset and the quantity and type of information available in relation to any particular asset.

The Valmin Code, which is binding upon “Experts” and “Specialists” involved in the valuation of mineral assets and mineral securities, defines the level of asset maturity under the following categories:-

- “Exploration Areas” refer to properties where mineralisation may or may not have been identified, but where a mineral resource has not been identified.
- “Advanced Exploration Areas and Pre-Development Projects” are those where Mineral Resources have been identified and their extent estimated, but where a positive development decision has not been made.
- “Development Projects” refers to properties which have been committed to production, but which have not been commissioned or operating at design levels.
- “Operating Mines” are those mineral properties that have been fully commissioned and are in production.

The various recognised valuation techniques are designed to provide the most accurate estimate of the asset value in each of these categories of project maturity. In some instances a particular mineral property or project may include assets that logically fall under more than one of these categories.

Regardless of the valuation techniques adopted, the consideration must reflect the perceived “fair market value”, which is described in Definition 34 of the Valmin Code as “the estimated amount of money, or the cash equivalent of some other consideration, for which, in the opinion of the Expert reached in accordance with the provisions of the Valmin Code, the mineral asset or security shall change hands on the Valuation Date between a willing buyer and a willing seller in an arms length transaction, wherein each party had acted knowledgeably, prudently and without compulsion”.

In the case of Pre-Development, Development and Mining Projects, where resources have been estimated, and mining and processing considerations are known or can be reasonably determined, valuations can be derived with a reasonable degree of confidence. In the case of Exploration Areas, and to a lesser extent Advanced Exploration Areas however, the potential is more speculative and the valuation is dependent to a large extent on the informed, professional opinion of the valuer.

OMPL's Namibian mineral assets fall within five categories as shown in Table 4.1 \_\_\_1 below.

**Table 4.1 \_\_\_1**  
**Ongopolo Technical Valuation – 24 April 2006**  
**Summary of Assets**

<i>Project</i>	<i>Status ( VALMIN)</i>
Otjihase	Operating Mine
Tsumeb Mine (including Tsumeb West)	Operating Mine
Matchless	Operating Mine
Asis Far West	Operating Mine
Tsumeb Smelter	Operating Smelter
Pyrite Stockpiles	Feed Stock for Operating Smelter
Tschudi	Development Project
Tsumeb Slag Dumps	Development Project
Tsumeb Tailings	Development Project
Tigerschlucht	Development Project
Gross Otavi Central Mine	Advanced Exploration Project (Inferred Resource)
Harasib	Advanced Exploration Project (Inferred Resource)
Valencia	Advanced Exploration Project (Inferred Resource)
Elbe JV	Exploration Project
Otavi Cement	Exploration Project
Farm Berg Aukas Cu Prospect	Exploration Project
Otjihase Regional	Exploration Project
Real Property	Real Estate, Housing

#### **4.2 Operating Assets**

In accordance with established valuation practice, only Proved and Probable Reserves were utilised to create discounted cash flows for the four producing mines – Otjihase, Asis Far West, Matchless and Tsumeb West.

Average annual costs for the period 2005-2006 as reported by OMPL management to RSG Global were accepted for all mining and smelting operations with only minor variations. No estimates have been made or included for cost escalation over the period covered by the projected cash flows. It has been assumed that metal prices will increase to match cost escalation. This conventional approach only has drawbacks insofar as tax is concerned and given the substantial tax losses available this consideration is not material in the valuation.

The operating smelter has been incorporated into the overall cash flow model and valued on the same basis.

#### **4.3 Development Projects**

The development projects have been valued by a combination of discounted cash flow models for the reserves and by the in situ Resource method.

In the latter situation, the Measured and Indicated components not converted to Reserve is valued in the same manner as the Inferred Resources, providing a more conservative outcome than would usually be the case in applying a DCF/NPV valuation method to assess the value of the higher confidence resource categories.

The in situ technique requires determination of a heavily discounted valuation of the in situ resource. The discounted value usually equates to a range from 2% to 4.5% of the spot metal price as at the valuation date, but may vary substantially due to a range of additional factors including political considerations, physiography, infrastructure and the proximity of a suitable processing facility. In this case, however, we have elected to broaden the discounted range even further and assign a holding or notional value, given that in some instances technical concerns and/or economic considerations provide little likelihood that the resources can be economically mined or extracted in the foreseeable future.



#### **4.4 Advanced Exploration Areas**

RSG Global has elected to adopt the in situ Resource method in assessing the value of the quantified resources in the OMPL portfolio for which recent feasibility studies have not been completed as described in Section 4.3 above.

#### **4.5 Exploration Areas**

The remaining OMPL mineral assets, including the exploration and resource potential, are regarded as Exploration Areas. In this situation, valuation becomes more subjective and relies on the informed professional opinion of the valuer.

Where useful previous and committed future exploration expenditure is known or can be reasonably estimated, the Multiple of Exploration Expenditure (MEE) method is considered to represent the most appropriate valuation technique. This method involves assigning a premium or discount to the relevant effective Expenditure Base, represented by past and future committed expenditure, through application of a Prospectivity Enhancement Multiplier (PEM). However in this instance, expenditure data are not known, therefore RSG Global has elected to provide a notional value of the exploration properties based on their perceived prospectivity.

#### **4.6 Real Property**

OMPL owns a significant portfolio of land, offices and houses in Namibia. OMPL has supplied a letter from Standard Bank of South Africa detailing the assessed values of these assets in 2003 and RSG Global has assumed these values for this report.

### **5. Valuation of Mineral Assets**

With the agreement of the Client and regardless of the date of this report, the effective Valuation Date of this report is 24 April 2006.

#### **5.1 Operating Assets**

##### **5.1.1 Introduction**

The established and producing OMPL underground mines — Otjihase, Asis Far West, Matchless and Tsumeb West — have individual concentrators and feed a common smelter. As a result of previous larger scale operations or, in the case of Otjihase, of over-design, all concentrators and the smelter are currently under-utilised. The production rates forecast for the life of the present Reserves are therefore dictated by practical stoping and development considerations. In addition to the captive metal from OMPL mines, the smelter also receives concentrates from third parties for toll treatment.

The NPV was calculated from financial and production data supplied by OMPL and adjusted by RSG Global. A discount rate of 10% has been applied reflecting the perceived risks of a technical nature coupled with the local cost of money.

### 5.1.2 Resources

The total copper resources contained within OMPL's projects are shown in Table 5.1.2—1

**Table 5.1.2—1**  
**Ongopolo Technical Valuation — 24 April 2006**  
**Summary of Mineral Resources<sup>1</sup>**

<i>Deposit</i>		<i>CU Grade</i> (%)	<i>Tonnes</i>	<i>Cu Metal</i> (Tonnes)	<i>Operator</i>
Matchless	Indicated	3.00%	988,618	29,659	OMPL
	Inferred	2.48%	47,635	1,181	
	Subtotal	2.98%	1,036,253	30,840	
Asis Far West	Indicated	2.29%	1,641,864	37,599	OMPL
	Inferred	2.29%	572,775	13,117	
	Subtotal	2.29%	2,214,639	50,715	
Otjihase	Measured	2.34%	3,773,033	88,289	OMPL
	Indicated	1.92%	4,636,447	89,020	
	Inferred	1.36%	4,203,805	57,172	
	Subtotal	1.86%	12,613,285	234,481	
Tsumeb West	Indicated	2.65%	34644	918	OMPL
	Inferred	2.29%	648769	14,857	
	Subtotal	2.31%	683,413	15,775	
Tschudi	Measured	0.82%	13,573,000	110,756	OMPL
	Indicated	0.83%	26,312,000	217,863	
	Inferred	0.84%	3,531,000	29,625	
	Subtotal	0.83%	43,416,000	358,244	
Total		1.15%	59,963,590	690,056	

<sup>1</sup> OMPL will be a 97% owned subsidiary of WI.

### 5.1.3 Reserves

Proved and Probable Reserves are derived from Measured and Indicated Resources respectively and form a part of them. The upgrading from Resource to Reserve involves adjustment to both tonnes and contents to cater for mining/extraction losses, dilution and Block Call Factors (BCF's). Historical and updated values for the mines' BCFs are dependent on results obtained from underground sampling – either by channel or sludge.

The Mineral Reserves for the Otjihase, Asis Far West, Matchless and Tsumeb West operations are shown in Table 5.1.3—1. RSG Global considers that all of these Reserves are in the Probable Category.

**Table 5.1.3—1**  
**Ongopolo Technical Valuation — 24 April 2006**  
**Summary of Mineral Reserves<sup>2</sup> Controlled by OMPL**

<i>Deposit</i>	<i>Tonnes</i>	<i>Cu Grade</i> (%)	<i>Cu Metal</i> (Tonnes)
Matchless	774,500	1.49%	11,544
Asis Far West	1,641,864	2.28%	37,434
Otjihase	3,532,125	1.59%	56,089
Tsumeb West	742,000	2.00%	14,840
Total	6,690,489	1.79%	119,907

<sup>2</sup> OMPL will be a 97% owned subsidiary of WI.

#### 5.1.4 Mine Production Schedules

The mine schedule supplied by OMPL management have been modified by RSG Global to reflect what RSG Global believes are realistically achievable mining rates. The schedules are summarised in Table 5.1.4—1 below.

**Table 5.1.4—1**  
**Ongopolo Technical Valuation — 24 April 2006**  
**Mine Schedules**

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Matchless</b>							
Tonnes	63,000	83,000	118,500	120,000	120,000	120,000	120,000
Cu Grade (%)	1.39	1.49	1.50	1.50	1.50	1.50	1.50
Cu Metal (Tonnes)	878	1,239	1,778	1,800	1,800	1,800	1,800
<b>Otjihase</b>							
Tonnes	370,600	545,025	544,500	508,000	484,000	480,000	480,000
Cu Grade (%)	1.42	1.61	1.68	1.61	1.59	1.59	1.57
Cu Metal (Tonnes)	5,272	8,784	9,124	8,199	7,689	7,609	7,529
<b>Asis Far West</b>							
Tonnes	181,019	309,925	366,820	360,000	360,000	60,000	
Cu Grade (%)	2.28	2.28	2.28	2.28	2.28	2.28	
Cu Metal (Tonnes)	4,127	7,066	8,363	8,208	8,208	1,368	
<b>Tsumeb West</b>							
Tonnes	60,000	180,000	180,000	180,000	142,000		
Cu Grade (%)	2.00	2.00	2.00	2.00	2.00		
Cu Metal (Tonnes)	1,200	3,600	3,600	3,600	2,840		
<b>Total</b>							
Tonnes	674,619	1,117,950	1,209,820	1,168,000	1,106,000	660,000	600,000
Cu Grade (%)	1.70	1.85	1.89	1.87	1.86	1.63	1.55
Cu Metal (Tonnes)	11,477	20,689	22,865	21,807	20,537	10,777	9,329

#### 5.1.5 Cash Flow Analysis

All costs and metal prices are kept constant in the valuations and are the average of several banks forecasts over the period of operations. These are:

- N\$6.00 — US\$1.00
- Copper price — US\$5,000 per metric tonne or US\$2.27 per lb
- Silver price — US\$11 per ounce
- Gold price — US\$550 per ounce.

No escalation was included in metal prices or costs.

These metal prices are in all cases lower than the current spot prices, with spot copper at US\$6812 per metric tonne on the valuation date.

#### 5.1.6 Valuation of Operating Assets

The cash flow generated by mining operations was discounted at 10 % which was regarded as the opportunity cost of funds in Namibia as at 24 April 2006.

The valuation is on a post tax basis, with tax advice provided by WI. There are substantial tax losses available for offset against future taxable income and the OMPL smelter operates in a low tax environment.

For the purposes of this valuation (and in order to assess the different tax treatment of the mines and smelter) the assets have been grouped into two categories. All of the operating mines have been grouped together under Ongopolo Mining and the smelter has been classed as Ongopolo Processing.

The Base Case NPV of the current operations of OMPL as at 24 April 2006 was calculated as shown in Table 5.1.5—1. The NPV is most sensitive to copper price and foreign exchange variations. A  $\pm 10\%$  variation in the US dollar price of copper and the value of the Namibian Dollar against the US dollar resulted in variations in the NPV of  $\pm 43\%$  and  $\pm 29\%$  respectively.

RSG Global has calculated a Base Case post tax NPV @ 10 % of **US\$90.8 million** as the preferred value for the operating mines and smelter.

**Table 5.1.5—1**  
**Ongopolo Technical Valuation – 24 April 2006**  
**Summary of Cash Flows (US\$'000)**

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
<b>Revenue</b>							
Ongopolo Mining	50,173	72,190	76,545	73,037	65,812	30,147	32,437
Ongopolo Processing	19,604	24,624	25,671	25,002	23,634	9,286	9,991
<b>Subtotal Revenue</b>	<b>69,778</b>	<b>96,814</b>	<b>102,217</b>	<b>98,039</b>	<b>89,445</b>	<b>39,433</b>	<b>42,428</b>
<b>Operating Costs</b>							
Ongopolo Mining	-42,144	-41,648	-41,399	-40,972	-38,383	-18,731	-20,292
Ongopolo Processing	-15,058	-13,457	-13,501	-13,501	-13,455	-11,520	-12,473
Head Office Costs	-4,968	-4,586	-4,586	-4,586	-4,586	-4,586	-4,968
Recovery of VAT	4,337	4,317	4,297	4,249	4,005	1,943	2,266
<b>Subtotal Operating Costs</b>	<b>-57,833</b>	<b>-55,374</b>	<b>-55,189</b>	<b>-54,809</b>	<b>-52,419</b>	<b>-32,894</b>	<b>-35,466</b>
<b>Other Costs</b>							
Existing Creditor Payments	-6,389	-4,563	-2,738	-2,738	-2,738	0	0
Back Taxes	-3,333	0	0	0	0	0	0
Tax Payable	0	0	0	0	0	0	-2,852
<b>Capital Costs</b>							
Ongopolo Mining	-21,112	-2,090	-2,132	-2,090	-1,826	-500	-458
Ongopolo Processing	-3,396	-250	-250	-250	-250	-250	-250
<b>Subtotal Capital Costs</b>	<b>-24,508</b>	<b>-2,340</b>	<b>-2,382</b>	<b>-2,340</b>	<b>-2,076</b>	<b>-750</b>	<b>-708</b>
<b>Net Cash Flow</b>	<b>-22,286</b>	<b>34,537</b>	<b>41,908</b>	<b>38,151</b>	<b>32,212</b>	<b>5,789</b>	<b>3,401</b>

In addition to the Mineral Reserves, the operating mines also have the following Resources that lie outside of the Reserves as shown in Table 5.1.5—2.

**Table 5.1.5—2**  
**Ongopolo Technical Valuation – 24 April 2006**  
**Summary of Active Mine Resources Outside Reserves**

<i>Deposit</i>	<i>Tonnes</i>	<i>Cu Grade (%)</i>	<i>Cu Metal (Tonnes)</i>
Matchless	661,753	2.92	19,296
Asis Far West	572,775	2.32	13,281
Otjihase	9,018,160	1.96	178,392
<b>Total</b>	<b>1,748,528</b>	<b>2.42</b>	<b>210,969</b>

These in situ metal concentrations can be valued in a similar manner to an advanced exploration project, where normally a value of between 2% and 4.5% of the value of the in situ metal is ascribed to the project.

For **Matchless**, the estimated value for current metal prices ranges from US\$2.6 million to US\$5.9 million, with a preferred value of **US\$5.3 million**.

For **Asis Far West**, the estimated value for current metal prices ranges from US\$1.8 million to US\$4.1 million, with a preferred value of **US\$3.2 million**.

For **Otjihase**, RSG Global has elected to apply a lower range of in situ value as approximately 40 % of the remaining resources are contained within pillars and the potential for future economic extraction is questionable. In this case, a range of 1 % to 2.5 % has been used and the estimated value for current metal prices ranges from US\$12.1 million to US\$30.4 million, with a preferred value of **US\$12.1 million**.

## **5.2 Development Projects**

### *5.2.1 Tschudi*

At April 2006, Tschudi is considered to be a Development Project with total Resource of 43.4M tonnes at 0.83% Cu and contains 358,000 tonnes of copper. Since the last technical valuation by RSG Global, bulk testing in the Tsumeb concentrator proved unsuccessful but it is reported that heap leaching tests gave good recoveries and further column tests are to be performed by Ongopolo staff.

The Tschudi deposit can be classed as a Development Project. RSG Global considers that given the issues associated with the mining and processing recovery of the contained copper, a lower than usual range of between 0.5% and 2.0% of the value of the in situ metal is ascribed to the project.

This gives rise to a Low value of US\$12.2 million and a High value of US\$48.8 million on a contained metal basis. A **Preferred Value of US\$18.3 million** is recommended, being at the low end of the range.

### *5.2.2 Pyrite Stockpile*

OMPL has a pyrite concentrate stockpile at Tsumeb that is used as feedstock for the smelter. Current stockpile tonnage is in the order of 35,000 tonnes at an estimated realisable value of US\$220/tonne.

A Low Range value assuming one third of this material was treated gives rise to a value of US\$2.6 million. A High Range value assuming all of this material is treated gives rise to a value of US\$7.7 million.

As this material has been produced and there is a high degree of certainty that the full value will be realised, RSG Global has elected to apply a valuation of **US\$7.7 million**, being the High Range value.

### *5.2.3 Tsumeb Tailings*

Ongopolo do not intend to retreat the Tsumeb tailings themselves. Instead they are awaiting proposals from third parties which, presumably, will give rise to royalties and the smelting of concentrate. In July 2002, a preferred value of US\$6.46 million or N\$61.37 million was set on this Development Project. In July 2004, higher metal prices had been offset by the stronger Namibian Dollar, with the resultant effect of maintaining the value of N\$61.37 million in local currency equating to a lower US\$9.16 million value.

As RSG Global is unaware of any further information relating to this asset, the preferred valuation of **US\$9.2 million** has been maintained.

### *5.2.4 Tsumeb Slag Dumps*

Some 2,200,000 tonnes of slag accumulated between 1960 and 1980 is classified as a Measured Resource. Testwork has continued to seek methods to recover germanium, gallium, lead and zinc from the slag. The value added to these dumps in July 2002 and July 2004 was **US\$2.0 million** and this remains unchanged.

## **5.3 Advanced Exploration Areas**

### *5.3.1 Gross Otavi Central Mine*

The current mineral resource at the Gross Otavi Central mine stands at 0.16Mt grading 1.54% Cu, 5.85% Pb and 15.4g/t Ag, at a 1% Cu equivalent cutoff. Given the Inferred Resource category, RSG Global have elected to apply the in situ Resource valuation technique by discounting the in-ground resource to a range from 2% to 4.5% of the in-ground value of the contained copper, lead and silver at present prices. This provides a valuation range of between US\$0.6 million and US\$1.3 million within which we have selected a preferred value of **US\$0.7 million**, at the lower end of the valuation range due to the lack of documented technical information available on the project.

### *5.3.2 Harasib*

Work completed by TCL and Gold Fields delineated three zones of Pb and Zn mineralisation, resulting in a combined Inferred Resource of 1.24 Mt grading 1.66% Pb and 2.67% Zn. Gold Fields suggested that the ore body may be amenable to open pit mining techniques.

Given the inferred nature of the resource, we have elected to adopt the in situ Resource valuation technique by discounting the in-ground resource to a range from 2% to 4.5% of the in-ground value of the contained Zn and Pb at present prices. This provides a valuation range of between US\$2.0 and US\$5.0 million. We have selected a preferred value of **US\$2.8 million**, at the lower end of this range to reflect the marginal grade of the deposit and lack of technical data.

### 5.3.3 Valencia

Resources estimated by Gold Fields for the Valencia deposit (Basset and Gregson, 1989) currently stand at 42.7 million tonnes grading 0.21kg/t U<sub>3</sub>O<sub>8</sub> at a cutoff of 0.1kg/t U<sub>3</sub>O<sub>8</sub>.

OMPL has sold a 90 % interest in the Valencia project to Forsys, a Canadian company. Forsys also have a call option on OMPL's remaining 10 % interest for a total of US\$1M.

RSG Global considers that in the current uranium market, there is a high likelihood that Forsys will exercise its call option on the Valencia project, giving rise to a valuation of **US\$1.0 million**

## 5.4 Exploration Areas

### 5.4.1 Otjihase Regional

Ongopolo controls a large land holding to the west of the Otjihase Project, covering an area of some 100,000km<sup>2</sup>. RSG Global understands that no significant work has been carried out within the tenements.

Due to the lack of available information on this project RSG Global has elected to assign a notional value of **US\$0.10 million**.

### 5.4.2 Farm Berg Aukas Copper Prospect

No historical exploration expenditure has been made available to RSG Global, and there is insufficient information to apply the MEE approach to the valuation. RSG Global considers the land holding very prospective and the potential of locating further significant mineralisation as high. In the absence of an alternative means of valuation, RSG Global has elected to assign a notional value of **US\$0.10 million** to the property.

### 5.4.3 Elbe Joint Venture

OMPL has entered into a joint venture agreement with Forsys over the Elbe area.

Forsys have a commitment to spend N\$5M to earn a 60% interest in the project.

No historical exploration expenditure has been made available to RSG Global, and there is insufficient information to apply the MEE approach to the valuation. RSG Global considers the land holding very prospective and the potential of locating further significant mineralisation as high. In the absence of an alternative means of valuation, RSG Global has elected to assign a notional value of **US\$0.3 million** to the joint venture property.

### 5.4.4 Otavi Cement

OMPL also holds a large licence prospective for limestone to be used in the manufacture of cement. Little information is available on this project and no historical expenditure was available and RSG Global has elected to assign a notional value of **US\$0.2 million** to this project.

## 5.5 Real Property

OMPL owns a significant portfolio of land, offices and houses in Namibia. OMPL has supplied a letter from Standard Bank of South Africa detailing the assessed values of these assets in 2003 and RSG Global has assumed these values for this report as shown below:-

- Head Office US\$0.525 million
- Residential US\$2.884 million
- Farmland US\$1.315 million
- Total US\$4.722 million

## 6. Consideration of Material Agreements

RSG Global is not aware, nor have we been made aware, of any legal agreements which may be material to this valuation.

RSG Global is of the understanding that (unless otherwise noted) OMPL holds a 100% interest in all of the properties valued in this report, aside from normal statutory requirements under Namibian mining law.

The environmental responsibilities and liabilities for the historic operations of Tsumeb Corporation of Namibia Ltd have been transferred to the Government of Namibia, and OMPL have no liabilities in this regard.

On the basis of this information, no adjustments to the provisional asset values are required.

## 7. Valuation Summary

A summary of the various project valuations is listed below in Table 7\_\_1.

**Table 7\_\_1**  
**Ongopolo Technical Valuation – 24 April 2006**  
**Summary of Valuation**

<i>Project</i>	<i>Status</i>	<i>Valuations US\$ million</i>		
		<i>Low</i>	<i>High</i>	<i>Preferred</i>
Operating Mines	Operating Mine			
Kombat, Otjihase, Tsumeb,	(including on-mine			
Otjihase, Asis Far West	Development Projects)	54	116.5	90.8
Pyrite Stockpile	Feed Stock	2.6	7.7	7.7
Otjihase	Remaining Resource	12.1	30.4	12.1
Matchless	Remaining Resource	2.6	5.9	5.3
Tschudi	Development Project	12.2	48.8	18.3
Asis Far West	Remaining Resource	1.8	4.1	3.2
Tsumeb Tailings	Development Project	6.5	9.2	9.2
Tsumeb Slag Dumps	Development Project	1.0	2.0	2.0
Gross Otavi Central Mine	Advanced Exploration	0.6	1.3	0.7
Harasib	Advanced Exploration	2.2	5.0	2.8
Valencia	Advanced Exploration	1.0	1.0	1.0
Elbe JV	Advanced Exploration	0.1	0.3	0.3
Otavi Cement	Advanced Exploration	0.1	0.3	0.2
Otjihase Regional	Exploration	0.1	0.1	0.1
Farm Berg Aukas	Exploration	0.1	0.1	0.1
Real Property		4.72	4.72	4.72
Total		101.7	237.4	158.5

Previous transactions concerning the project assets were tabled to the Government of Namibia during 1998 and 1999, with offers of US\$42 million and US\$60 million for all of TCL assets with a further offer of US\$13 million for the Tsumeb smelter and Kombat and Otjihase mines in isolation. In July 1999 Resource Service Group Pty Ltd completed an Independent Technical Audit on behalf of Metals & Mining of Namibia Ltd, which included cash flow analysis of the Kombat and Otjihase mines. The base case NPV, using a 10% discount rate, on a project operating basis was US\$57.1 million. The July 2001 valuation of OMPL's mineral properties by Resource Service Group Pty Ltd selected a preferred value of US\$48.5 million. RSG Global carried out an independent technical valuation dated 1 July 2002, which then estimated the value at US\$72.35 million and another valuation dated 1 July 2004 which estimated a value of US\$111.2 million.

The value of OMPL's 100% equity interest of the project assets on the day of 24 April 2006 is considered to lie in the range of US\$101.7 million to US\$237.4 million, within which RSG Global has selected a **preferred value of US\$158.5 million**. When this value is adjusted to account for variations in commodity prices and depletion of reserves, together with the value added by Ongopolo during the period 2004 to 2006, previous offers for the equivalent assets are consistent with the RSG Global's present preferred valuation.

## **8. Principal Sources of Information**

Apart from the significant amount of information obtained verbally from Ongopolo personnel, the following sources were also consulted:

**Barnes R. & van der Merwe A.J.**, 1 February 2003. Independent Technical Valuation of the Namibian Mineral Properties of Ongopolo Mining and Processing Limited. Valuation Date 1 July 2002. (RSG Global Report)

**Company Research**, Zinc and Germanium Extraction from lead slags.

**Daub, J.**, 7 June 2004. Revised Mineral Resource and Reserve Estimates.

**Daub, J.**, May 2004. Pay Limits and Incremental Pay Limits.

**Fairley, K.**, 20 June 2003. Report on Environmental Liability. (Synergistic Report)

**Gossage B., Yeates R., Hyde R., & Quinlivan D.**, January 2002. Independent Technical Valuation of the Namibian Mineral Properties of Ongopolo Mining and Processing Limited. Valuation Date 4 December 2001. (Resource Service Group Report)

**Gregson, N.D.**, February 1989. Ongopolo Mining & Processing Ltd. Valencia Uranium Deposit.

**Günzel, A.**, August 2001. Tsumeb Mine — Ore Assessment of the Open Pits.

**Hartman, K.**, June 1990. TCL. An Assessment of Tsumeb West as at Completion of TW173.

**Innes, J., and Chaplin, R.C.**, 1986. Ore bodies of the Kombat Mine, South West Africa/Namibia. Mineral Deposits of South Africa (pp 1789-1805).

**Killick, A.M.**, 1986. A Review of the Economic Geology of Northern South West Africa/Namibia. Mineral Deposits of Southern Africa (pp 1709-1717).

**King, C.H.M.**, December 1986. Gold Fields of Namibia. Summary of work done on the Harasib Ore Bodies.

**Kombat Mine Personnel**, 2004. Kombat Life of Mine Plan 2003-2004.

**Kotzé, W.H.**, June 2001. Ongopolo Mining Ltd. Kombat Mine; Life of Mine Plan.

**Louw, H.J. & Hivelah, H.H.**, 13 February 2004. Estimates of Tsumeb Upper Levels, Tsumeb Open Pit and Tschudi Mineral Resources and Reserves.

**MacLaren, A.H.**, 1986. The Geology, Drill Sections and Outline of the Valencia Uranium Deposit.

**Mouton B.**, June 2004. Major Capital Projects.

**Petzel, V.F.W.**, July 1996. TCL. The Economic Potential of the Matchless Mining Area.

**PriceWaterhouseCoopers**, 30 June 2003. Annual Financial Statements.

**Saayman, A.F.**, August 1997. Geotec Africa. Tschudi Feasibility Study : 1997 Revision.

**Saayman, A.F.**, May 1996. Geotec Africa. Technical Report on the Tschudi Open Pit Mine Pre-Feasibility Study.

**Sperinck M., & Barnes R.**, July 2004. Independent Technical Review of the Resources and Reserves for the Ongopolo Properties. (RSG Global Report)

**Standard Bank**, 24 April 2006. Letter to Weatherly International PLC on the valuation of real property assets

**TCL Company Report**, April 1998. Khusib Springs Mine.

**Van der Mervwe, A., & Barnes R.**, July 2004. Independent Technical Valuation for Ongopolo Mining and Processing. (RSG Global Report)

**Watson, M. & van Niekerk, M.**, 18 February 2004. Review of the mining operations of Ongopolo. (AST GMSI Report)



## PART IV

### FINANCIAL INFORMATION ON WEATHERLY

#### A — Accountants' report on Weatherly International plc

The Directors  
Weatherly International plc  
7th Floor, Aldermary House  
10-15 Queen Street  
London EC4N 1TX

22 June 2006

Dear Sirs

**Weatherly International plc (“Weatherly” or the “company”) and its subsidiary undertakings (together the “group”)**

#### **Introduction**

We report on the financial information set out in Part IV (B) of this AIM Admission Document. This financial information has been prepared for inclusion in the AIM Admission Document dated 22 June 2006 of Weatherly International plc (“Weatherly”) on the basis of the accounting policies set out in note 1 of Part IV (B). This report is required by paragraph (a) of Schedule Two of the AIM Rules and with reference to Annex I, Section 20 of the PD Regulation attached to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The directors of Weatherly International plc are responsible for preparing the financial information on the basis of preparation set out in note 1 of Part IV (B) and in accordance with applicable UK accounting standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document, a true and fair view of the state of affairs of the group as at the dates stated and of its consolidated profits, losses and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1 of Part IV (B) and has been prepared in accordance with applicable UK accounting standards as described in note 1 of Part IV (B).

**Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

## FINANCIAL INFORMATION ON WEATHERLY INTERNATIONAL PLC

### **B — Audited financial information on the group for the three years ended 31 December 2005**

The financial information on the group, which has been prepared solely for the purposes of the AIM admission document, contained in this Part IV (B) does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The information for the three years ended 31 December 2003, 2004 and 2005 is extracted without material adjustment from the audited financial statements of Weatherly International plc, on which the audit opinions were unqualified.

#### **Consolidated profit and loss accounts**

		<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
		<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>Notes</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
		<i>£</i>	<i>£</i>	<i>£</i>
<b>Turnover</b>		—	—	—
Administrative expenses				
– other	2	(31,954)	(54,637)	(346,728)
– provision for impairment in the carrying value intangible assets	10	—	—	(459,592)
<b>Total administrative expenses</b>		<u>(31,954)</u>	<u>(54,637)</u>	<u>(806,320)</u>
Other operating income		—	—	5,329
<b>Operating loss</b>	2	<u>(31,954)</u>	<u>(54,637)</u>	<u>(800,991)</u>
Interest receivable and similar income	3	84	3,465	23,260
Interest payable and similar charges	4	(35)	—	—
<b>Loss on ordinary activities before taxation</b>		<u>(31,905)</u>	<u>(51,172)</u>	<u>(777,731)</u>
Taxation	7	—	—	—
<b>Loss on ordinary activities after taxation and retained for the period</b>		<u><u>(31,905)</u></u>	<u><u>(51,172)</u></u>	<u><u>(777,731)</u></u>
<b>Basic and diluted loss per share</b>	8	<u><u>(6.62)p</u></u>	<u><u>(0.62)p</u></u>	<u><u>(2.22)p</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing.

There were no recognised gains or losses other than those passing through the profit and loss account.

## Consolidated balance sheets

		<i>As at</i> 31 December 2003	<i>As at</i> 31 December 2004	<i>As at</i> 31 December 2005
	<i>Notes</i>	£	£	£
<b>Fixed Assets</b>				
Intangible assets	10	—	—	3,400,000
<b>Current assets</b>				
Debtors	11	—	1,175	93,674
Cash at bank and in hand		34,604	130,385	3,652,906
		34,604	131,560	3,746,580
<b>Creditors: amounts falling due within one year</b>	12	(85,978)	(9,155)	(140,736)
<b>Net current (liabilities) / assets</b>		(51,374)	122,405	3,605,844
<b>Total assets less current liabilities</b>		(51,374)	122,405	7,005,844
<b>Capital and reserves</b>				
Called up share capital	13	240,750	282,417	956,790
Share premium account	14	4,572,706	4,755,990	8,269,168
Merger reserve	14	—	—	3,473,619
Profit and loss account	14	(4,864,830)	(4,916,002)	(5,693,733)
<b>Shareholders' funds</b>	15	(51,374)	122,405	7,005,844

## Consolidated cash flow statements

		<i>Year ended</i> 31 December 2003	<i>Year ended</i> 31 December 2004	<i>Year ended</i> 31 December 2005
	<i>Notes</i>	£	£	£
<b>Net cash inflow/(outflow) from operating activities</b>	17	3,123	(132,635)	(399,817)
<b>Returns on investments and servicing of finance</b>				
Interest paid		(35)	—	—
Interest received		84	3,465	23,260
		49	3,465	23,260
<b>Net cash inflow/ (outflow) before financing</b>		3,172	(129,170)	(376,557)
<b>Financing</b>				
Issue of ordinary share capital		—	250,000	4,486,026
Costs of issue		—	(25,049)	(586,948)
<b>Cash inflow from financing</b>		—	224,951	3,899,078
<b>Increase in cash for the period</b>	18	3,172	95,781	3,522,521

## Notes to the consolidated financial information

### 1 Accounting policies

#### *Basis of preparations*

The financial information has been prepared under the historical cost convention and is in accordance with applicable United Kingdom accounting standards. The principal accounting policies of the Group are set out below. The accounting policies are consistent, where applicable, with the “Accounting for Oil and Gas Exploration, Production and Decommissioning Activities” SORP.

#### *Basis of consolidation*

The financial information consolidates the financial information of Weatherly International plc and its subsidiary undertakings drawn up to 31 December each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method of accounting. The Merger Reserve relates to the difference between the nominal and fair value of shares issued as consideration for a subsidiary acquired.

#### *Investments*

Fixed asset investments are shown at cost less provision for impairment.

#### *Deferred tax*

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date. The deferred tax balance is not discounted.

#### *Fixed assets - mineral exploration licence costs*

Exploration and evaluation expenditure comprise costs which are directly attributable to researching and analysing existing exploration data. It also includes the costs incurred in acquiring mineral rights, the entry premiums paid to gain access to areas of interest and amounts payable to third parties to acquire interests in existing projects. When it has been established that a mineral deposit has development potential, all costs (direct and applicable overhead) incurred in connection with the exploration and development of the mineral deposits are capitalised until either production commences or the project is not considered economically viable. In the event of production commencing, the capitalised costs are amortised over the expected life of the ore reserves on a unit of production basis. Other pre-trading expenses are written off as incurred. Where a project is abandoned or is considered to be of no further interest the related costs are written off.

#### *Foreign Currency*

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are dealt with through reserves. All other exchange differences are included in the profit and loss account.

#### *Financial instruments*

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Financial liabilities are recognised in the balance sheet when it is probable that the economic liability will flow and the amount of the expenditure can be measured reliably.

## 2 Operating loss

This is arrived at after charging:

	<i>Year ended 31 December 2003</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
	£	£	£
Auditors' remuneration			
audit services	3,525	3,525	17,000
non-audit services	—	—	3,000
Foreign exchange differences	—	—	(329)

In addition to the above, the auditors received £38,000 during the year ended 31 December 2005 for Reporting Accountant work which was charged to the share premium account.

The administrative expenses of £300,463 for the year ended 31 December 2005 were substantially incurred by the company during its transition from a cash shell to a minerals development company.

## 3 Interest receivable and similar income

	<i>Year ended 31 December 2003</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
	£	£	£
Bank interest	84	3,465	23,260

## 4 Interest payable and similar charges

	<i>Year ended 31 December 2003</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
	£	£	£
Bank overdrafts	(35)	—	—

## 5 Directors remuneration and transactions

	<i>Year ended 31 December 2003</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
	£	£	£
Directors' emoluments	—	—	46,062
Social security and other pension costs	—	—	—

Aggregate emoluments disclosed above do not include any amounts for the value of warrants to acquire ordinary shares in the company which were granted to the directors as follows during the year ended 31 December 2005:

<i>Name of director</i>	<i>Warrants granted (number)</i>	<i>Warrant price (pence)</i>	<i>Expiry date</i>
RJ Webster	1,248,489	5	15 July 2010
	1,248,491	12	15 July 2010
WG Martinick	1,248,490	5	15 July 2010
	1,248,488	12	15 July 2010
	<u>4,993,958</u>		

## 6 Employees

There were no staff costs, social security or other pension costs for the three years ended 31 December 2005 other than for directors.

There were no employees during the year apart from the five directors (2004 & 2003: two directors).

## 7 Taxation

No tax charge has arisen during the periods under review due to the taxable losses incurred by the group. All losses incurred prior to the commencement of trading have been extinguished.

If provision were to be made for the full amount of potential deferred tax asset it would create a deferred tax asset of £89,835 based on tax losses available for carry forward of £299,450.

## 8 Loss per share

Loss per ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial years. The weighted average number of shares in issue was 2005: 34,970,328 (2004: 8,152,703, 2003: 481,500 adjusted) and the earnings attributable to shareholders, being losses after tax, were £777,731 (2004: £51,172, 2003: £31,905). The weighted average number of shares in 2003 was adjusted for the subdivision and consolidation of the ordinary shares.

Due to losses, there is no dilutive effect of Warrants to subscribe for ordinary shares.

## 9 Fixed asset investments

	<i>Year ended 31 December 2003</i>	<i>Year ended 31 December 2004</i>	<i>Year ended 31 December 2005</i>
	£	£	£
<i>Shares in group undertakings</i>			
<b>Cost</b>			
At 1 January 2003	1,199,931	1,199,931	—
Additions	—	—	512,672
Amounts written off	—	(1,199,931)	—
	<u>1,199,931</u>	<u>—</u>	<u>512,672</u>
<b>Provision against impairment</b>	<u>(1,199,931)</u>	<u>—</u>	<u>—</u>
<b>Net book value</b>	<u>—</u>	<u>—</u>	<u>512,672</u>

Following an impairment review in 2002, the carrying value of the investment in the subsidiary undertaking Weatherly Securities Corporation was written down to nil after the subsidiary ceased trading in August 2002 and was placed into liquidation by the US Securities Investor Protection Corporation. The investment was subsequently written off in 2004.

On 28 September 2005 the company acquired 100% of the issued share capital at par of Weatherly (SL) Limited, a company incorporated in St. Lucia, the total consideration being £578.

On 14 December 2005 the company acquired 100% of the issued share capital of Puku Minerals Limited, a mineral exploration company incorporated in Zambia, for consideration comprising the issue of 40,625,000 ordinary shares of 0.5p each in the company at an issue price of 8p per share. The fair value of the total consideration was £3,250,000. In accordance with Sections 131 and 133 of the Companies Act 1985, the company has recorded the cost of the investment at the nominal value of the shares issued and has credited the difference between the nominal and fair value of the shares to a Merger Reserve.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

<i>Puku Minerals Limited — assets acquired</i>	<i>Fair value</i>
	£
Intangible assets — mineral exploration rights	3,214,706
Net current assets	<u>35,294</u>
	<u>3,250,000</u>

Puku Minerals Limited earned a loss before tax in the period from 8 March 2005 (the date of incorporation) to 31 December 2005 of £40,749 of which £nil arose from 8 March 2005 to 14 December 2005.

On 15 July 2005 the company acquired 100% of the issued share capital of WM Exploration Limited for consideration comprising the issue of 17,069,748 ordinary shares of 0.5p each in the company at an issue price of 3p per share.

The WMEL shareholders were also issued with warrants to subscribe for up to a further 4,993,958 new ordinary shares, half of which are exercisable at 5p per ordinary share and half at 12p per ordinary share. The fair value of the total consideration, including the warrants which are of negligible value, was £512,094.

In accordance with Sections 131 and 133 of the Companies Act 1985, the company has recorded the cost of the investment at the fair value of the shares issued and has credited the difference in fair value of the non-cash consideration to a Merger Reserve.

The following table sets out the book values of the identifiable assets and liabilities acquired and their fair value to the group:

<i>WM Exploration Limited— assets acquired</i>	<i>Fair value</i>
	<i>£</i>
Intangible assets — mineral exploration rights	512,092
Cash in hand	2
	<u>512,094</u>

**The company's investments at 31 December 2005 in the share capital of subsidiary companies were as follows:**

<i>Name of subsidiary</i>	<i>Nature of business</i>	<i>Country of incorporation</i>	<i>Number &amp; class of shares held</i>	<i>%</i>	<i>Aggregate capital &amp; reserves</i>
Weatherly (SL) Ltd	Holding company	St. Lucia	1,000 ordinary US \$1	100	£13,310
WM Exploration Ltd	Dormant	England & Wales	200 ordinary 1p	100	£2
Puku Minerals Ltd	Mineral exploration	Zambia	100,000 ordinary US \$1	100	£31,270

## **10 Intangible assets**

	<i>Mineral exploration Licence costs</i>
	<i>£</i>
<b>Cost</b>	
As at 1 January 2003, 2004 & 2005	—
Additions :	
Investment in Puku Minerals limited	3,250,000
Investment in WM Exploration Limited	512,092
Zambian stamp duty	97,500
As at 31 December 2005	<u>3,859,592</u>
<b>Provision for impairment</b>	
Provided for the year ended 31 December 2005	<u>(459,592)</u>
<b>Net book value</b>	
As at 31 December 2005	<u>3,400,000</u>

The carrying value of the mineral rights acquired during the year ended 31 December 2005 was considered as was the requirement for impairment. The cost at the fair value of the consideration was £3,859,592. This was compared to the Behre Dollbear Australia Pty Limited valuation of £3,400,000 dated 12 October 2005 prepared for the purposes of the Admission Document dated 21 November 2005. Hence an impairment of £459,592 was required to write the asset down to its recoverable amount.



## 11 Debtors

	<i>As at</i>		
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	£	£	£
Other debtors	—	—	68,003
Prepayments and accrued income	—	1,175	25,671
	<u>—</u>	<u>1,175</u>	<u>93,674</u>

All amounts fall due for payment within one year.

## 12 Creditors: amounts falling due within one year

	<i>As at</i>		
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	£	£	£
Other creditors	80,478	5,630	14,213
Accruals and deferred income	5,500	3,525	126,523
	<u>85,978</u>	<u>9,155</u>	<u>140,736</u>

During the year ended 31 December 2004, and under the terms of a Company Voluntary Arrangement agreed at a meeting of the Company's shareholders and creditors on 23 January 2004, creditors of £80,478 were wholly satisfied by a cash payment of 66p for every £1 of debt.

## 13 Share capital

	<i>As at</i>		
	<i>31 December</i>	<i>31 December</i>	<i>31 December</i>
	<i>2003</i>	<i>2004</i>	<i>2005</i>
	£	£	£
<b>Authorised</b>			
452,331,500 new ordinary shares of 0.5p each	—	2,261,657	2,261,657
25,000,000,000 ordinary shares of 0.1p each	2,500,000	—	—
240,750,000 deferred ordinary shares of 0.099p each	—	238,343	238,343
	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>
<b>Allotted, called up and fully paid</b>			
8,814,801 new ordinary shares of 0.5p each	—	44,074	—
143,689,593 new ordinary shares of 0.5p each	—	—	718,447
240,750,000 ordinary shares of 0.1p each	240,750	—	—
240,750,000 deferred ordinary shares of 0.099p each	—	238,343	238,343
	<u>240,750</u>	<u>282,417</u>	<u>956,790</u>

At an EGM held on 23 January 2004 Special Resolutions were passed to subdivide each of the ordinary 0.1p shares into one ordinary share of 0.001p and one deferred share of 0.099p and thereafter to consolidate each 500 of the ordinary 0.001p shares into one new ordinary share of 0.5p share.

On 29 January 2004 a further 8,333,334 new ordinary shares of 0.5p each with the same rights as the existing new ordinary shares were issued in a placing at 3p per share, raising £250,000 before costs.

During the year ended 31 December 2005 the company allotted 17,069,748 ordinary shares with a nominal value of £85,348 in connection with the acquisition of WM Exploration Limited at an issue price of 3p per share and 40,625,000 ordinary shares with a nominal value of £203,125 in connection with the acquisition of Puku Minerals Limited at an issue price of 8p per share.

In addition, in order to finance the enlarged group, the company allotted a further 77,180,044 ordinary shares with a nominal value of £385,900 and a premium of £4,100,126 for cash, which included 250,000

options which were exercised at 3p per share (which were granted on 23 January 2004). The cost of the share issue is shown in note 14.

166,667 options were granted on 23 January 2004 to subscribe for ordinary shares at a price of 3p per share exercisable prior to 23 January 2007.

Warrants have been granted to subscribe for ordinary shares of the company as follows:

<i>Number of Warrants</i>	<i>Warrant price</i>	<i>Expiry date</i>
1,000,024	3p	15 July 2010
2,496,979	5p	15 July 2010
2,996,991	12p	15 July 2010

The deferred shares have no rights and are valueless, and at an appropriate time the company will seek permission for such shares to be cancelled.

#### 14 Statement of movements on reserves

	<i>Share premium account</i>	<i>Merger reserve</i>	<i>Profit and Loss account</i>
	£	£	£
<b>Balance at 1 January 2003</b>	4,572,706	—	(4,832,925)
Retained loss for the year	—	—	(31,905)
Balance at 31 December 2003	<u>4,572,706</u>	<u>—</u>	<u>(4,864,830)</u>
<b>Balance at 1 January 2004</b>	4,572,706	—	(4,864,830)
Premium on issue of shares	208,333	—	—
Costs of share issue	(25,049)	—	—
Retained loss for the year	—	—	(51,172)
<b>Balance at 31 December 2004</b>	<u>4,755,990</u>	<u>—</u>	<u>(4,916,002)</u>
<b>Balance at 1 January 2005</b>	4,755,990	—	(4,916,002)
Premium on issue of shares	4,100,126	—	—
Costs of share issue	(586,948)	—	—
Premium on the acquisition of subsidiaries	—	3,473,619	—
Retained loss for the year	—	—	(777,731)
<b>Balance at 31 December 2005</b>	<u>8,269,168</u>	<u>3,473,619</u>	<u>(5,693,733)</u>

#### 15 Reconciliation of movements in shareholders' (deficit) / funds

	<i>As at</i>		
	<i>31 December 2003</i>	<i>31 December 2004</i>	<i>31 December 2005</i>
	£	£	£
<b>Opening shareholders' (deficit) / funds</b>	(19,469)	(51,374)	122,405
Net proceeds from issue of shares	—	224,951	3,899,078
Shares issued to acquire subsidiaries	—	—	3,762,092
Retained loss for the year	(31,905)	(51,172)	(777,731)
<b>Closing shareholders' (deficit) / funds</b>	<u>(51,374)</u>	<u>122,405</u>	<u>7,005,844</u>

#### 16 Financial instruments

The group uses financial instruments comprising only cash balances that arise from its operations. The main purpose of these financial instruments is to raise finance for the group's operations and new acquisitions.

##### *Short-term debtors and creditors*

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency risk disclosure.

### *Currency risk*

The group operates within the UK, and Zambia and all transactions are denominated in sterling, Zambian kwacha, Australian dollars or US dollars. As such the company is exposed to transaction foreign exchange risk. The mix of currencies and terms of trade is such that the directors believe that the company's exposure is minimal and consequently they do not specifically seek to hedge that exposure. At 31 December 2005, the company had cash balances of £5,854 (2004: Nil) in US dollars, £628 (2004: Nil) in Zambian kwacha and £Nil (2004: Nil) in Australian dollars. Most of the group's funds are in sterling with only sufficient funds held overseas to meet local costs. Funds are periodically transferred overseas to meet local costs when required.

### *Fair values*

The fair values of the group's instruments are considered equal to the book value.

### *Liquidity risk*

Liquidity risk is the risk that the group will have insufficient funds to meet its liabilities as they fall due. The directors monitor cash flow on a daily basis and at monthly board meetings in the context of their expectations for the business to ensure sufficient liquidity is available to meet foreseeable needs.

### *Interest rate risk*

The directors do not consider that the business is exposed to material interest rate risk. The group finances its operations through cash reserves. The cash reserves held by the group during the year have negated the need to use any interest bearing short-term borrowings.

Substantially all cash resources are invested in fixed rate interest bearing deposits. The directors seek to get the best rates possible while maintaining flexibility and accessibility.

The inter-company loans are set at a rate tied to the market from time to time.

## **17 Reconciliation of operating loss to net cash flow from operating activities**

	<i>31 December</i> 2003	<i>31 December</i> 2004	<i>31 December</i> 2005
	£	£	£
Operating loss	(31,954)	(54,637)	(800,991)
Provision for impairment of intangible fixed assets	—	—	459,592
Decrease / (increase) in debtors	31,951	(1,175)	(92,499)
Increase / (decrease) in creditors	3,126	(76,823)	34,081
Net cash flow from operating activities	<u>3,123</u>	<u>(132,635)</u>	<u>(399,817)</u>

## **18 Reconciliation of net cash flow to movement in net funds**

	<i>31 December</i> 2003	<i>31 December</i> 2004	<i>31 December</i> 2005
	£	£	£
Increase in cash in the period	3,172	95,781	3,522,521
Net cash at the start of period	31,432	34,604	130,385
Net cash at the end of period	<u>34,604</u>	<u>130,385</u>	<u>3,652,906</u>

## 19 Analysis of net funds

	<i>At start of the period</i> £	<i>Cash flow</i> £	<i>At the end of the period</i> £
<b>Year ended 31 December 2003</b>			
Cash at bank and in hand	31,432	3,172	34,604
<b>Year ended 31 December 2004</b>			
Cash at bank and in hand	34,604	95,781	130,385
<b>Year ended 31 December 2005</b>			
Cash at bank and in hand	130,385	3,522,521	3,652,906

## 20 Major non cash transactions

During the year ended 31 December 2005 the company allotted 17,069,748 ordinary shares with a nominal value of £85,349 in connection with the acquisition of WM Exploration Limited and 40,625,000 ordinary shares with a nominal value of £203,125 in connection with the acquisition of Puku Minerals Limited.

## 21 Related party transactions

During the year ended 31 December 2004 the company purchased services to the value of £7,500 from Fiske plc, Richard Armstrong is an associate with Fiske plc.

During the year ended 31 December 2005 the group paid amounts to the net value of £35,500 for fees and commissions and £1,500 for other services to Merchant Capital plc and Merchant House plc respectively. Both Peter Redmond and Richard Armstrong are directors of these companies.

## PART V

### FINANCIAL INFORMATION ON ONGOPOLO

#### A — Accountants' report on Ongopolo Mining & Processing Limited

The Directors  
Weatherly International plc  
7th Floor, Aldermary House  
10-15 Queen Street  
London EC4N 1TX

22 June 2006

Dear Sirs

**Ongopolo Mining & Processing Limited (“Ongopolo” or the “company”) and its subsidiary undertakings (together the “group”)**

#### **Introduction**

We report on the financial information set out in Part V (B) of this AIM Admission Document. This financial information has been prepared for inclusion in the AIM Admission Document dated 22 June 2006 of Weatherly International plc (“Weatherly”) on the basis of the accounting policies set out in note 1 of Part V (B). This report is required by paragraph (a) of Schedule Two of the AIM Rules and with reference to Annex I, Section 20 of the PD Regulation attached to the AIM Rules and is given for the purpose of complying with that paragraph and for no other purpose.

#### **Responsibilities**

The directors of Weatherly International plc are responsible for preparing the financial information on the basis of preparation set out in note 1 of Part V (B) and in accordance with applicable UK accounting standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the AIM admission document and to report our opinion to you.

#### **Basis of opinion**

We conducted our work in accordance with Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

#### **Opinion**

In our opinion, the financial information gives, for the purposes of the AIM admission document, a true and fair view of the state of affairs of the group as at the dates stated and of its consolidated profits, losses and cash flows for the periods then ended in accordance with the basis of preparation set out in note 1 of Part IV (B) and has been prepared in accordance with applicable UK accounting standards as described in note 1 of Part IV (B).

#### **Declaration**

For the purposes of Paragraph (a) of Schedule Two of the AIM Rules, we are responsible for this report as part of the AIM admission document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and

contains no omission likely to affect its import. This declaration is included in the AIM admission document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

## FINANCIAL INFORMATION ON ONGOPOLO

### B — Audited financial information on the group for the three years ended 30 June 2005

The financial information on the group, which has been prepared solely for the purposes of the AIM admission document, contained in this Part IV (B) does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The information for the three years ended 30 June 2003, 2004 and 2005 is extracted from the audited financial statements of Ongopolo Mining and Processing Limited, on which the audit opinions were unqualified.

#### Consolidated profit & loss Account

		<i>Year ended</i>	<i>Year ended</i>	<i>Year ended</i>
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
		<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>Notes</i>	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
<b>Turnover</b>	2	24,287	22,397	20,979
Cost of Sales		<u>(23,718)</u>	<u>(27,241)</u>	<u>(29,081)</u>
<b>Gross (loss) / profit</b>		569	(4,844)	(8,102)
Depreciation		(1,611)	(1,995)	(2,946)
Other operating income		1,009	4,592	2,295
Other operating expenses		<u>(214)</u>	<u>(1,453)</u>	<u>(3,752)</u>
<b>Operating loss</b>	3	(247)	(3,700)	(12,505)
Income from sale of investments		—	—	562
Income from sale of residential property		<u>311</u>	<u>—</u>	<u>—</u>
<b>Loss/profit on ordinary activities before interest and taxation</b>		64	(3,699)	(11,943)
Interest receivable and similar income	6	207	21	26
Interest payable and similar charges	7	<u>(947)</u>	<u>(2,202)</u>	<u>(3,291)</u>
<b>Loss on ordinary activities before taxation</b>	2	(676)	(5,880)	(15,208)
Tax on loss on ordinary activities	8	<u>(3)</u>	<u>(7)</u>	<u>(177)</u>
<b>Loss on ordinary activities after taxation</b>		<u>(679)</u>	<u>(5,887)</u>	<u>(15,385)</u>
<b>Net (loss) / profit attributable to shareholders</b>	18,19	(679)	(5,887)	(15,385)
Dividend		<u>(368)</u>	<u>—</u>	<u>—</u>
<b>Retained loss</b>		<u><u>(1,047)</u></u>	<u><u>(5,887)</u></u>	<u><u>(15,385)</u></u>

All operations are continuing.

## Consolidated statements of total recognised gains and losses

		<i>Group</i>		
		<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>Notes</i>	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
Loss sustained for the financial year		(679)	(5,888)	(15,384)
Foreign exchange gain		—	432	80
Unrealised losses on foreign exchange and forward sale contracts		—	—	(873)
<b>Total recognised gains and losses for the financial year</b>	<b>19</b>	<b>(679)</b>	<b>(5,456)</b>	<b>(16,177)</b>

## Consolidated balance sheets

		<i>As at</i>		
		<i>30 June</i>	<i>30 June</i>	<i>30 June</i>
	<i>Notes</i>	<i>2003</i>	<i>2004</i>	<i>2005</i>
		<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
<b>Fixed Assets</b>				
Tangible assets	9	15,798	24,493	23,011
<b>Current Assets</b>				
Stocks	11	1,070	1,215	734
Debtors	12	1,358	1,533	1,780
Bank and cash in hand		492	249	51
		2,920	2,997	2,565
Creditors — amounts falling due within one year	13	(5,191)	(11,749)	(21,933)
Net current (liabilities) / assets		(2,271)	(8,757)	(19,368)
Total assets less current liabilities		13,526	15,740	3,643
Creditors — amounts falling due after more than one year		(8,096)	(15,393)	(19,402)
Provisions for liabilities and charges	16	(1,464)	(1,837)	(1,909)
Net assets/(liabilities)		3,966	(1,490)	(17,668)
<b>Capital and Reserves</b>				
Share capital	17	6	6	6
Share premium	18	157	175	165
Profit and loss reserve	18	3,803	(1,671)	(17,839)
Equity shareholders funds/(deficit)	19	3,966	(1,490)	(17,668)



## Consolidated cash flow statements

		<i>Year ended 30 June 2003 £ 000</i>	<i>Year ended 30 June 2004 £ 000</i>	<i>Year ended 30 June 2005 £ 000</i>
<b>Net cash inflow/(outflow) from operating activities</b>	Notes 20	1,659	(479)	1,770
<b>Return on investments and servicing of finance</b>				
Interest receivable		207	21	26
Interest payable		(967)	(2,202)	(3,291)
Proceeds on sale of residential property		311	—	—
		(449)	(2,181)	(3,265)
<b>Capital expenditure</b>		(7,489)	(7,294)	(6,069)
<b>Acquisitions and disposals</b>				
Subsidiary		(19)	—	562
<b>Equity dividends paid</b>		(368)	—	—
<b>Net cash outflow before financing</b>		<u>(6,666)</u>	<u>(9,954)</u>	<u>(7,002)</u>
<b>Financing</b>				
Loans raised		5,131	7,368	6,590
Loans repaid		(1,070)	(356)	(551)
		<u>4,061</u>	<u>7,012</u>	<u>6,039</u>
<b>Decrease in cash</b>	21	<u>(2,605)</u>	<u>(2,942)</u>	<u>(963)</u>

## **1 Accounting policies**

### *Basis of preparation*

The financial information is prepared under the historical cost convention modified to include revaluation of certain fixed assets and in accordance with applicable United Kingdom accounting standards. The principal accounting policies of the group are set out below and remain unchanged from prior years. The accounting policies are consistent, where applicable, with the “Accounting for Oil and Gas Exploration Development, Production and Decommissioning Activities” SORP.

### *Basis of consolidation*

The group financial statements consolidate those of the company and its subsidiary undertakings drawn up for periods 30 June 2003, 2004 and 2005. All intra-group transactions are eliminated on consolidation. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

### *Turnover*

Turnover is the total amount receivable in the ordinary course of business from outside customers for goods supplied as a principal and for services provided, excluding local sales taxes. Turnover is recognised on despatch of goods to third parties to the extent that it is probable that the economic benefits will flow to the entity and can be reliably measured.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value less provision for obsolescence. Cost is calculated on the ‘average cost’ basis. Net realisable value is based on normal estimated selling prices less further costs expected to be incurred to completion and disposal.

### *Financial instruments*

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

Financial liabilities are recognised in the balance sheet when it is probable that the economic liability will flow and the amount of the expenditure can be measured reliably.

### *Dividends*

Dividends payable to shareholders are recorded in the group’s financial statements in the period in which they are approved by the group’s shareholders.

### *Fixed assets*

#### *Deferred development costs*

Development expenditure which is either general in nature or relates to unsuccessful exploration is expensed as incurred. Only costs which relate directly to the discovery and development of specific ore reserves are capitalised in line with the “Accounting for Oil and Gas Exploration, Development, Production and Decommissioning Activities” SORP.

These costs consist primarily of expenditure to expand the capacity of the operating mine. Initial development and pre-production costs, which includes site establishment costs are capitalised until the ore body is brought into commercial levels of production, at which time the costs are amortised over the life of the project.

Expenditure on advances to companies solely for exploration activities, prior to evaluation is charged to the profit and loss account until the viability of the mining venture has been proven. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

### *Tangible assets*

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less residual value of all fixed assets other than land by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Buildings (land is not depreciated) 50 years

Deferred Exploration Costs and Mining Assets are depreciated over the expected life of the project on a straight line basis.

### *Impairment and revaluation of fixed assets*

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value of the assets exceeds its recoverable amount which is the higher of an asset's net selling price and value in use.

The amount of the impairment is charged to the profit and loss account. Should this impairment in value be reversed the revaluation is also shown in the profit and loss account.

The presentation of these accounts in sterling has resulted in a revaluation movement based solely upon the difference in the exchange rate used from year to year. This change in valuation has been shown in the Statement of Total Recognised Gains and Losses.

### *Investments*

Investments are included at cost less amounts written off.

### *Foreign currency transactions*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

### *Translation to sterling*

The functional currency of the group is the Namibian Dollar, however, Weatherly International plc present their accounts in sterling and to maintain consistency these accounts are also presented in sterling. For the purposes of this admission document the financial statements have been translated into sterling using the "closing rate/net investment" method per SSAP 20 'Foreign Currency Translation'. This allows the use of the rate of exchange ruling at the balance sheet date to be used to translate both the profit and loss account and the balance sheet for that period. For future reporting and to maintain consistency with UK GAAP and current IFRS the closing rate of exchange will be used for the balance sheet and the average rate of exchange for the period for the profit and loss account.

### *Provision for site rehabilitation costs*

The net present value of future rehabilitation cost estimates is recognised and provided for in the financial statements. These estimates are reviewed annually and are discounted using rates which reflect the time value of money.

Annual increases in the provision consist of finance costs relating to the change in net present value of the provision and inflationary increases in the provision estimate. The present value of additional environmental disturbances created are capitalised to fixed assets against an increase in the rehabilitation provision. Rehabilitation expenditure, included in the estimate, is charged to the provision as incurred. See note 17.

### *Deferred tax*

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### *Financial derivatives*

Financial derivatives are entered into to manage its exposure to fluctuations in the market price of copper. Amounts payable or receivable in respect of these derivatives are recognised as adjustments to operating costs over the period of the contracts. For further detail see note 24.

### *Finance and operating leases*

Leases of assets where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease, at the lower of the fair value of the leased asset or the current value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long term payables and the interest element of the finance cost is charged to the income statement over the lease period. The asset acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

### *Defined Contribution Pension Scheme*

The company operates a defined contribution plan. The assets are held in a separate trustee administered fund. The plan is funded by payments from employees and the company. The company's contribution to the defined contribution plan are charged to the profit and loss account in the year to which they relate.

### *Deferred tax*

Deferred tax assets and liabilities are determined for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

## **2 Turnover and loss on ordinary activities before taxation**

The turnover and loss on ordinary activities before taxation are attributable to the principal activity of the group, that of the acquisition, exploration and development of copper deposits in Namibia. All turnover originated and arose in Namibia.

## **3 Operating loss**

Operating loss is stated after charging:

	<i>Year ended</i> <i>30 June</i> <i>2003</i> <i>£ 000</i>	<i>Year ended</i> <i>30 June</i> <i>2004</i> <i>£ 000</i>	<i>Year ended</i> <i>30 June</i> <i>2005</i> <i>£ 000</i>
Wages and salaries	5,309	6,603	7,203
Social security costs	19	22	22
Medical aid contribution	268	343	343
Pension	238	979	539
<b>Total staff costs</b>	<b>5,834</b>	<b>7,947</b>	<b>8,107</b>
Depreciation of tangible fixed assets	1,612	1,995	2,947
Operating leases	22	18	18
Auditors' remuneration — audit services	21	17	22

Details of emoluments paid to directors are contained in note 4.

#### 4 Directors emoluments

	<i>Year ended 30 June 2003 £ 000</i>	<i>Year ended 30 June 2004 £ 000</i>	<i>Year ended 30 June 2005 £ 000</i>
Salary and bonuses	48	58	65
Benefits in kind	26	30	29
Pension	3	3	3
	<u>77</u>	<u>91</u>	<u>97</u>
	No.	No.	No.
Retirement benefits are accruing to directors under a defined contribution scheme	8	9	11

#### 5 Employee information

The average number of persons (including directors) employed by the group during the year was:

	<i>Year ended 30 June 2003 No.</i>	<i>Year ended 30 June 2004 No.</i>	<i>Year ended 30 June 2005 No.</i>
<b>By activity</b>			
Production	894	930	860
Administration	60	59	60
	<u>954</u>	<u>989</u>	<u>920</u>

#### 6 Interest receivable and similar income

	<i>Year ended 30 June 2003 £ 000</i>	<i>Year ended 30 June 2004 £ 000</i>	<i>Year ended 30 June 2005 £ 000</i>
Bank balances	<u>207</u>	<u>21</u>	<u>26</u>

#### 7 Interest payable and similar charges

	<i>Year ended 30 June 2003 £ 000</i>	<i>Year ended 30 June 2004 £ 000</i>	<i>Year ended 30 June c2005 £ 000</i>
Bank loans and overdrafts	<u>947</u>	<u>2,202</u>	<u>3,291</u>

## 8 Tax on loss on ordinary activities

There is no tax charge in the year due to losses incurred by the group, which are not currently being recognised.

	<i>Year ended</i> <i>30 June</i> <i>2003</i> <i>£ 000</i>	<i>Year ended</i> <i>30 June</i> <i>2004</i> <i>£ 000</i>	<i>Year ended</i> <i>30 June</i> <i>2005</i> <i>£ 000</i>
Loss on ordinary activities before tax	(676)	(5,880)	(15,208)
Loss on ordinary activities multiplied by the Standard rate of corporation tax 35%	237	2,058	5,323
Effect of:			
Increase in tax losses	(240)	(2,065)	(5,500)
Current tax charge for year	(3)	(7)	(177)

No deferred tax asset has been recognised in respect of losses carried forward as at 30 June 2005, there is insufficient evidence that suitable future profits will arise against which these losses can be offset. As at 30 June 2005 these losses totalled £44 million (2004: £31 million, 2003: £18 million).

## 9 Tangible fixed assets

<i>Group</i>	<i>Land and</i> <i>buildings</i> <i>£ 000</i>	<i>Deferred</i> <i>exploration</i> <i>costs</i> <i>£ 000</i>	<i>Mining</i> <i>Assets</i> <i>£ 000</i>	<i>Total</i> <i>£ 000</i>
At 1 July 2002	—	3,964	4,925	8,889
Additions	219	6,568	1,734	8,521
Depreciation charge		(448)	(1,164)	(1,612)
<b>At 30 June 2003/1 July 2003</b>	<b>219</b>	<b>10,084</b>	<b>5,495</b>	<b>15,798</b>
Additions	106	6,131	1,128	7,365
Reversal of impairment		779	829	1,608
Revaluations	25	1,095	597	1,717
Depreciation charge	(7)	(526)	(1,462)	(1,995)
<b>At 30 June 2004/1 July 2004</b>	<b>343</b>	<b>17,563</b>	<b>6,587</b>	<b>24,493</b>
Additions	—	5,268	802	6,070
Impairment	—	(3,291)	—	(3,291)
Revaluations	(18)	(944)	(352)	(1,314)
Depreciation charge	(7)	(1,140)	(1,800)	(2,947)
<b>At 30 June 2005</b>	<b>318</b>	<b>17,456</b>	<b>5,237</b>	<b>23,011</b>

Assets held under finance leases:

	<i>2003</i> <i>£ 000</i>	<i>2004</i> <i>£ 000</i>	<i>2005</i> <i>£ 000</i>
Cost	3,148	3,575	3,458
Aggregate depreciation	(1,303)	(2,219)	(2,945)
Net book value	1,845	1,356	513

In 2002 the carrying value of certain smelting plant was reduced by £1.6 million to zero as it was thought no future use could be made of it. However, in 2004 further commercial potential was found and so the impairment was reversed.

## 10 Fixed asset investments

*Principal subsidiaries (all incorporated in Namibia)*

<i>Subsidiary undertaking</i>	<i>Class of share capital held</i>	<i>Proportion owned by group</i>	<i>Nature of business</i>
Ongopolo Mining Ltd	ordinary	100.0%	Mining
Ongopolo Processing (Pty) Ltd	ordinary	100.0%	Mining
Goldfields Namibia Ltd	ordinary	64.9%	Mining
Tsumeb Specimen Mining (Pty) Ltd	ordinary	100.0%	Mining

Goldfields Namibia Ltd is a dormant subsidiary with a carrying value of zero.

In 2005 90% of the holding of Tsumeb Exploration Company Ltd was sold. It was a dormant subsidiary with a carrying value of zero.

## 11 Stock

	<i>As at 30 June 2003 £ 000</i>	<i>As at 30 June 2004 £ 000</i>	<i>As at 30 June 2005 £ 000</i>
<b>Metals and metals in concentrate on hand</b>	342	446	206
<b>Consumables</b>	728	769	528
	<u>1,070</u>	<u>1,215</u>	<u>734</u>

## 12 Debtors

	<i>As at 30 June 2003 £ 000</i>	<i>As at 30 June 2004 £ 000</i>	<i>As at 30 June 2005 £ 000</i>
Trade debtors	1,183	873	1,693
Due from related parties	—	5	5
Other debtors	175	655	82
	<u>1,358</u>	<u>1,533</u>	<u>1,780</u>

## 13 Creditors: amounts falling due within one year

	<i>As at 30 June 2003 £ 000</i>	<i>As at 30 June 2004 £ 000</i>	<i>As at 30 June 2005 £ 000</i>
Trade creditors	2,069	4,002	12,705
Other creditors and accruals	—	—	875
Leave pay accrual	354	422	396
Bank overdraft	1,166	3,938	4,505
Interest bearing loans	1,602	3,387	3,452
	<u>5,191</u>	<u>11,749</u>	<u>21,933</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the group.

## 14 Creditors: amounts falling due after more than one year

	<i>As at 30 June 2003 £ 000</i>	<i>As at 30 June 2004 £ 000</i>	<i>As at 30 June 2005 £ 000</i>
Bank loan	8,096	15,393	19,402

## 15 Financial risk management

The group financial liabilities analysis is as follows:

	<i>As at</i> <i>30 June</i> <i>2003</i> <i>£ 000</i>	<i>As at</i> <i>30 June</i> <i>2004</i> <i>£ 000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£ 000</i>
In less than one year or on demand			
Bank loans	1,602	3,387	3,452
Overdraft	1,166	3,938	4,505
In more than 1 year but less than 2 years			
Bank loans	2,147	4,010	5,551
In more than 2 years but less than 5 years			
Bank loans	4,299	9,211	11,834
In more than 5 years			
Bank loans	1,648	2,172	2,017
	<u>10,862</u>	<u>22,718</u>	<u>27,359</u>

The group uses financial instruments, comprising cash balances, bank loans, trade debtors and trade creditors that arise directly from its operation. The main purpose of these financial instruments is to raise finance for the group's operations.

The interest rates on the group borrowings at the balance sheet date were:

	<i>2003</i> <i>£000</i>	<i>2003</i> <i>Rate</i>	<i>2004</i> <i>£000</i>	<i>2004</i> <i>Rate</i>	<i>2005</i> <i>£000</i>	<i>2005</i> <i>Rate</i>
Variable rate bank borrowings	3,757	12.5%	9,645	12.25%	10,897	11.75%
	1,963	11.5%	3,160	11.25%	8,301	10.7%
					1,690	10.25%
Fixed rate bank borrowings	1,340	6%	1,575	6%	1,633	6%
	922	8%	3,512	8%	1,206	8%
	2,880	10%	1,178	10%	3,632	10%

## 16 Provisions for liabilities and charges

*Provision for environmental liability*

	<i>As at</i> <i>30 June</i> <i>2003</i> <i>£ 000</i>	<i>As at</i> <i>30 June</i> <i>2004</i> <i>£ 000</i>	<i>As at</i> <i>30 June</i> <i>2005</i> <i>£ 000</i>
Provision brought forward	801	1,464	1,837
Charged to the profit and loss account	663	—	—
Interest unwind from discounting provision	—	214	170
Foreign exchange movements to Statement of total recognised gains and losses	—	159	(98)
Provision at 30 June	<u>1,464</u>	<u>1,837</u>	<u>1,909</u>

## 17 Share capital

<i>Shares of 1N \$ each</i>	<i>2003</i> <i>No.</i>	<i>2003</i> <i>£</i>	<i>2004</i> <i>No.</i>	<i>2004</i> <i>£</i>	<i>2005</i> <i>No.</i>	<i>2005</i> <i>£</i>
Authorised						
Class "A" shares	500,000	39,548	500,000	43,848	500,000	41,504
Class "B" shares	500,000	39,548	500,000	43,848	500,000	41,504
Redeemable Pref shares	1000	79	1000	88	1000	83
Allotted, called up and fully paid Class "A" shares	71,000	5,616	71,000	6,226	71,500	5,935

In 2005 the company issued 500 Class "A" shares at par value.



## 18 Reserves

	<i>Share premium Reserve £ 000</i>	<i>Profit and loss Reserve £ 000</i>
As at 1 July 2002	157	4,850
Loss sustained for the year	—	(679)
Dividend	—	(368)
<b>At 30 June 2003</b>	<b>157</b>	<b>3,803</b>
Loss sustained for the year	—	(5,887)
Exchange differences	18	414
<b>At 30 June 2004</b>	<b>175</b>	<b>(1,670)</b>
Loss sustained for the year	—	(15,384)
Unrealised loss on exchange and forward contracts	—	(873)
Exchange differences	(10)	88
<b>At 30 June 2005</b>	<b>165</b>	<b>(17,839)</b>

## 19 Reconciliation of movements in shareholders' funds

	<i>2003 £ 000</i>	<i>2004 £ 000</i>	<i>2005 £ 000</i>
As at 1 July 2002	5,013	3,966	(1,490)
Loss for the financial year	(679)	(5,888)	(15,384)
Exchange differences	—	432	80
Unrealised loss on exchange and forward contracts	—	—	(874)
Dividend	(368)	—	—
<b>Shareholders' funds at 30 June</b>	<b>3,966</b>	<b>(1,490)</b>	<b>(17,668)</b>

## 20 Reconciliation of operating loss to net cash outflow from operating activities

	<i>2003 £ 000</i>	<i>2004 £ 000</i>	<i>2005 £ 000</i>
Operating loss	(247)	(3,700)	(12,505)
Depreciation and amortisation	1,574	1,995	2,946
Profit on disposal of fixed assets	(311)	(71)	(562)
Other non-cash	(6)	(1,608)	2,986
(Increase)/decrease in stocks	272	(29)	415
(Increase)/decrease in debtors	434	(34)	(506)
Increase/(decrease) in creditors	(57)	2,968	8,996
Net cash outflow from operating activities	1,659	(479)	1,770

## 21 Reconciliation of net cash flow to movement in net funds

	<i>2003 £ 000</i>	<i>2004 £ 000</i>	<i>2005 £ 000</i>
(Decrease)/increase in cash	(2,605)	(2,942)	(962)
New loans	(5131)	(7,368)	(6,590)
Loans repaid	1070	356	551
Exchange differences	—	(1,127)	1,146
Change in net debt in the year	(6,666)	(11,081)	(5,855)
Net debt brought forward	(3,706)	(10,372)	(21,453)
Net debt at 30 June	(10,372)	(21,453)	(27,308)

## 22 Analysis of movement in net funds

	<i>Opening</i> £ 000	<i>Cashflows</i> £ 000	<i>Other</i> £ 000	<i>Closing</i> £ 000
	<i>Opening</i>			<i>Closing</i>
2002/3				
Cash in hand and at bank	1930	(2,604)	—	(674)
Debt	(5,636)	(4,062)	—	(9,698)
	<u>(3,706)</u>	<u>(6,666)</u>	<u>—</u>	<u>(10,372)</u>
2003/4				
Cash in hand and at bank	(674)	(2,709)	(307)	(3,690)
Debt	(9,698)	(7,245)	(820)	(17,763)
	<u>(10,372)</u>	<u>(9,954)</u>	<u>(1,127)</u>	<u>(21,453)</u>
2004/5				
Cash in hand and at bank	(3,690)	(788)	23	(4,455)
Debt	(17,763)	(5,251)	161	(22,853)
	<u>(21,453)</u>	<u>(6,039)</u>	<u>184</u>	<u>(27,308)</u>

## 23 Finance lease commitments

	<i>As at</i> 30 June 2003 £ 000	<i>As at</i> 30 June 2004 £ 000	<i>As at</i> 30 June 2005 £ 000
<i>Plant and Machinery</i>			
Within 1 year	—	8	279
Between 1 and 2 years	57	800	418
Between 2 and 5 years	2,352	1,860	1,280
Over 5 years	—	—	—
Total gross payments	<u>2,409</u>	<u>2,668</u>	<u>1,977</u>
Less deferred finance charges	<u>(446)</u>	<u>(385)</u>	<u>(288)</u>
	<u>1,963</u>	<u>2,283</u>	<u>1,689</u>

## 24 Contingent asset

During 2005 the company entered into an agreement with Central African Mining and Exploration Company Plc (CAMEC) whereby CAMEC would deliver copper concentrate to the company. The company then entered into a forward hedge contract in which it sold the negotiated 2,700.0 tons of copper forward. CAMEC failed to deliver the full contracted quantity of copper and the balance of 2,247.2 tons had to be purchased on the London Metal Exchange to settle the forward contract. In doing so Ongopolo Processing (Proprietary) Limited incurred a loss from the price differential which amounted to £3,597,633. Ongopolo Processing (Proprietary) Limited is now in the process of claiming the loss from CAMEC. No amount has been recognized in these financial statements as this is dependant on the outcome of the case.

## 25 Contingent liability

The group has committed itself to the continued support of its subsidiaries Ongopolo Mining Limited and Ongopolo Processing (Proprietary) Limited to enable them to continue their operations without significant curtailment and to meet their financial obligations as they fall due.

## 26 Pension commitments

The group's employees are all required to belong to a retirement fund of their choice. However, the company has negotiated on the employees behalf to form a defined contribution scheme administered by Old Mutual. Contributions are made by the participating employer at 8% of pensionable salaries, which are charged to the profit and loss account in the year they are made. Employees may make additional contributions on a voluntary basis. Employer contributions were made as follows:

	<i>2003</i>	<i>2004</i>	<i>2005</i>
	<i>£ 000</i>	<i>£ 000</i>	<i>£ 000</i>
Employer contributions	238	979	576

## UNAUDITED INTERIM FINANCIAL INFORMATION ON ONGOPOLO

### C — Unaudited interim financial information on the group for the nine months ended 31 March 2006

The unaudited interim financial information on the group contained in this Part IV(c) has been prepared solely for the purpose of the AIM Admission Document in accordance with Schedule Two of the AIM Rules, and does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.

		<i>Period ended 31 March 2006 £ 000</i>
	<i>Notes</i>	
<b>PROFIT &amp; LOSS ACCOUNT</b>		
<b>Turnover</b>		20,486
Cost of Sales		(21,784)
<b>Gross loss</b>		(1,298)
Depreciation	3	(2,100)
Other operating income		1,769
Other operating expenses		(2,485)
<b>Operating loss</b>		(4,114)
<b>Profit on ordinary activities before interest and taxation</b>		(4,114)
Interest receivable and similar income		6
Interest payable and similar charges		(3,645)
<b>Loss on ordinary activities before taxation</b>	2	(7,753)
Tax on loss on ordinary activities		—
<b>Loss on ordinary activities after taxation</b>	2	(7,753)
<b>Net loss attributable to shareholders</b>	2	(7,753)

All operations are continuing.

		<i>Period ended 31 March 2006 £ 000</i>
	<i>Notes</i>	
<b>STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES</b>		
Loss sustained for the financial year	2	(7,753)
Foreign exchange gain / (loss)	2	(1,438)
<b>Total recognised gains and losses for the financial year</b>		(9,191)

	<i>Notes</i>	<i>As at 31 March 2006 £ 000</i>
<b>BALANCE SHEET</b>		
Fixed Assets		
Tangible assets		<u>25,093</u>
Current Assets		
Stocks		1,172
Debtors		1,097
Bank and cash in hand		<u>51</u>
		2,320
Creditors – amounts falling due within one year		<u>(27,494)</u>
Net current (liabilities) / assets		<u>(25,174)</u>
Total assets less current liabilities		(81)
Creditors – amounts falling due after more than one year		<u>(26,777)</u>
<b>Net assets</b>	2	<u><u>(26,858)</u></u>
Capital and Reserves		
Share capital		6
Share premium		179
Profit and loss reserve		<u>(27,043)</u>
Equity shareholders funds	2	<u><u>(26,858)</u></u>
		<i>Period ended 31 March 2006 £ 000</i>
<b>CASHFLOW STATEMENT</b>		
<b>Net cash outflow from operating activities</b>	3	<u>(1,016)</u>
Return on investments and servicing of finance		
Interest receivable		6
Interest payable		<u>(3,645)</u>
		(3,639)
<b>Capital expenditure</b>		
Purchase of tangible fixed assets		<u>(2,309)</u>
Net cash outflow before financing		(6,964)
<b>Financing</b>		
Loans raised		<u>2,003</u>
<b>Decrease in cash</b>	4	<u><u>(4,961)</u></u>

## **1. Accounting policies**

### *Basis of Preparation*

The interim financial information relates to the period ended 31 March 2006. The interim financial information is not audited and does not constitute statutory accounts within the meaning of Section 240 of the Companies Act 1985. The interim accounts have been prepared under UK GAAP, using accounting policies consistent with those used in preparing the accounts for the year ended 30 June 2005.

The interim financial information consolidates financial information of the company and its subsidiary undertakings. All intra-group transactions are eliminated on consolidation. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

### *Goodwill*

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its expected useful economic life of five years, which is the period that the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets. Negative goodwill is recognised as income when the future losses and expenses are recognised.

### *Turnover*

Turnover is the total amount receivable in the ordinary course of business from outside customers for goods supplied as a principal and for services provided, excluding local sales taxes. Turnover is recognised on despatch of goods to third parties. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

### *Revenue recognition*

Revenue is recognised when the risks and rewards of ownership have passed to the buyer. This will be when all of the following recognition criteria have been met:

- the product is in a form suitable for delivery and no further processing is required by or on behalf of the group;
- the quantity and quality of the product can be determined with reasonable accuracy;
- the selling price can be determined with reasonable accuracy; and
- the product has been despatched to a refiner and is no longer under the physical control of the group.

### *Stocks*

Stocks are valued at the lower of cost and net realisable value less provision for obsolescence. Cost is calculated on the 'average cost' basis. Net realisable value is based on normal estimated selling prices less further costs expected to be incurred to completion and disposal.

### *Financial instruments*

Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Income and expenditure arising on financial instruments is recognised on the accruals basis and credited or charged to the profit and loss account in the financial period to which it relates.

### *Dividends*

Dividends payable to shareholders are recorded in the group's financial statements in the period in which they are approved by the group's shareholders.

### *Fixed assets*

#### Deferred exploration costs

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 pre-production costs, which includes site establishment costs are capitalised until the ore body is brought into commercial levels of production, at which time the costs are amortised.

Expenditure on advances to companies solely for exploration activities, prior to evaluation is charged to the profit and loss account until the viability of the mining venture has been proven. Exploration expenditure to define mineralisation at existing ore bodies is considered mine development costs and is capitalised until commercial levels of production are achieved.

#### Tangible assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost less residual value of all fixed assets other than land by equal annual instalments over their estimated useful economic lives. The periods generally applicable are:

Buildings (land is not depreciated)	50 years
Plant and machinery	10 years
Computers, fixtures and fittings	5 years

### *Investments*

Investments are included at cost less amounts written off.

### *Foreign currency transactions*

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the profit and loss account.

### *Translation to sterling*

The financial statements have been translated into sterling using the “closing rate / net investment” method per SSAP 20 ‘Foreign Currency Translation’. This allows the use of the rate of exchange ruling at the balance sheet date to be used to translate both the profit and loss account and the balance sheet for that period.

### *Provision for site rehabilitation costs*

The net present value of future rehabilitation cost estimates is recognised and provided for in the financial statements. These estimates are reviewed annually and are discounted using rates which reflect the time value of money.

Annual increases in the provision consist of finance costs relating to the change in net present value of the provision and inflationary increases in the provision estimate. The present value of additional environmental disturbances created are capitalised to fixed assets against an increase in the rehabilitation provision. Rehabilitation expenditure, included in the estimate, is charged to the provision as incurred.

### *Deferred tax*

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

## 2 Reconciliation of movements in shareholders' funds

	<i>As at 31 March 2006 £ 000</i>
Shareholders' deficit brought forward	(17,667)
Loss for the financial period	(7,753)
Exchange differences	(1,438)
<b>Shareholders' deficit at 30 June</b>	<b>(26,858)</b>

## 3 Reconciliation of operating loss to net cash outflow from operating activities

	<i>Period ended 31 March 2006 £ 000</i>
Operating loss	(4,114)
Depreciation and amortisation	2,100
Other non-cash	943
(Increase) in stocks	(438)
Decrease in debtors	743
Increase in creditors	1,782
Net cash inflow from operating activities	<u>1,016</u>

## 4 Reconciliation of net cash flow to movement in net funds

	<i>Period ended 31 March 2006 £ 000</i>
Decrease in cash	(4,961)
New loans	(2,003)
Exchange differences	(2,222)
Change in net debt in the year	(9,186)
Net debt brought forward	(27,308)
Net debt at 31 March	<u>(36,494)</u>

## 5 Analysis of movement in net funds

	<i>As at 1 July 2005 £ 000</i>	<i>Cash flows £ 000</i>	<i>Other £ 000</i>	<i>As at 31 March 2006 £ 000</i>
Cash in hand and at bank	(3,609)	(3,982)	(1,271)	(8,862)
Debt	(23,699)	(2,981)	(951)	(27,631)
	<u>(27,308)</u>	<u>(6,963)</u>	<u>(2,222)</u>	<u>(36,493)</u>

## 6 Contingent liabilities

As at 31 March 2006 possible penalties in relation to late payment of employment taxes totalling approximately £2,150,000 are being negotiated with the tax authorities and management expect that these amounts will be waived. No provision has therefore been made for these possible penalties.



## PART VI

### PRO FORMA FINANCIAL INFORMATION ON THE ENLARGED GROUP

The unaudited pro forma statement of net assets of the Group has been prepared for illustrative purposes only to show the effect of the Acquisition and Admission (as described in Part I of this document) on the latest set of published financial statements of the two entities. This pro forma statement of net assets has been prepared for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group. It has been compiled on the basis described below from the balance sheet of each entity is extracted from the financial information set out in Parts IV and V of this document.

	<i>Ongopolo Mining and Processing Limited</i>		<i>Ongopolo Mining and Processing Limited</i>		<i>Weatherly International plc</i>		<i>Weatherly International plc</i>		
	<i>As at 31 March 2006</i>	<i>Adjustments to creditors</i>	<i>As at 31 March 2006</i>	<i>As at 31 December 2005</i>	<i>Weatherly International plc</i>	<i>Fund Raising</i>	<i>Costs of admission</i>	<i>Group consolidation entries</i>	<i>Weatherly International plc</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 3</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	<i>Note 7</i>	<i>Note 7</i>	<i>Pro forma net assets</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Fixed assets</b>									
Goodwill				3,400				1,166(7i)	4,566
Tangible fixed assets	25,093		25,093						25,093
<b>Current assets</b>									
Debtors	1,097		1,097	94					1,191
Stocks	1,172		1,172						1,172
Cash	51	11,236(2i)	11,287	3,653	15,133	(895)	(17,153)		12,025
	2,320	11,236	13,556	3,747	15,133		(17,153)		14,388
<b>Current liabilities</b>									
Creditors: due < 1 Yr	(27,494)	21,422(2ii)	(6,072)	(141)					(6,213)
<b>Net current assets</b>	(25,174)	32,658	7,484	3,606	15,133	(895)	(17,153)		8,175
<b>Total assets less current liabilities</b>	(81)	32,658	32,577	7,006	15,133	(895)	(15,987)		37,834
Intergroup loans		(5,125)(2i)	(5,917)				5,125(7ii)		
Creditors: due > 1 Yr	(26,777)	20,199(2ii)	(6,578)						(6,578)
<b>Net assets</b>	(26,858)	47,732	20,082	7,006	15,133	(895)	(10,862)		31,256

- The statement of net assets for Ongopolo Mining and Processing Limited is extracted from the unaudited consolidated balance sheet of the Company as at 31 March 2006 as set out in the financial information in Part V of this document.
- Weatherly is paying US\$20 million (at an assumed exchange rate of 1.78\$/£ resulting in £11,236,000) in cash to Ongopolo as part of the consideration. The structure of the transaction includes £5,125,000 (being NS\$61.5 million at an assumed exchange rate of 12NS\$/£) to be paid to creditors by Weatherly on behalf of Ongopolo resulting in an inter-group loan.
  - Under the terms of the Heads of Agreement dated 25 April 2006 and the agreements signed on 20 June 2006 all secured debt is either converted into equity or settled by way of loans from Weatherly, resulting in the balance payable to secured creditors being nil on acquisition. In addition unsecured trade creditors are under an arrangement with the Company to limit the total payable to trade creditors to £10 million (NS\$120 million) at an assumed exchange rate of 12 NS\$/£). Under the agreement the unsecured creditors will receive phased repayments of their claims against the company over a period of five years. £3,422,000 is included within creditors due within one year and £6,578,000 is due in more than one year.
- The adjusted statement of net assets for Ongopolo Mining and Processing Limited reflects the pro forma net assets as at acquisition after the adjustments in note 2.
- The statement of net assets for Weatherly International plc is extracted from the audited consolidated balance sheet of the Company as at 31 December 2005 as set out in the financial information in Part IV of this document.
- Two equity placings totalling £15,133,000 (net of commission) have been undertaken by Weatherly International plc; the first raised £8,940,483 (net of commission) at 10.5 pence and the second raised £6,193,000 (net of commission) at 17 pence.
- The costs of the re-admission are estimated to amount to £895,000 comprising legal fees of £380,000, accounting fees of £160,000, Nomad fees of £255,000 and other associated costs of £75,000.
- The goodwill of £1,166,000 arising on acquisition has been calculated on 97% of the pro forma net assets of Ongopolo as at 31 March 2006 of £20,082,000, adjusted as described in note 2, less consideration of £20,646,000. The consideration is based on the US\$20 million of cash (at an assumed exchange rate of 1.78\$/£ resulting in £11,236,000) and 47.05 million shares of Weatherly at an assumed price of 20p per share which amounts to £9,410,000.
  - £5,125,000 of intergroup loans payable by Ongopolo to Weatherly are eliminated on consolidation.
- It has been assumed for the purpose of this pro forma that no fair value adjustments are required.

## PART VII

### ADDITIONAL INFORMATION

#### 1. Responsibility

The Company and the Directors, whose names and functions are set out on page 5 of this document, accept responsibility for all of the information contained in this document including collective and individual responsibility for the compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and contains no omission likely to affect the import of such information.

#### 2. The Company and its subsidiaries

The Company is registered and domiciled in England and Wales, having been incorporated on 17 March 2000 as Weatherly International Limited under the Act as a private company limited by shares with registered number 03954224. The Company was re-registered as a public company limited by shares on 5 May 2000 under the name Weatherly International plc.

- 2.1 The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 2.2 The Company's registered office is at 7th floor Aldermary House, 10-15 Queen Street, London, EC4N 1TX. The telephone number of the Company's registered office is 020 7332 2200.
- 2.3 The Enlarged Group's main activity is that of investment in mining and mineral exploration in Africa.
- 2.4 The Company has the following subsidiaries: WM Exploration Limited, which is incorporated in England and Wales, Weatherly (SL) Limited and Weatherly (Namibia SL) Limited both of which are incorporated in St Lucia and Puku Minerals Limited incorporated in Zambia.
- 2.5 Immediately following Admission, the Company will be the holding company of the following subsidiary companies:

<i>Name</i>	<i>Date of incorporation</i>	<i>Country of incorporation</i>	<i>Interest held by</i>
WM Exploration Limited	15 April 2005	England	Weatherly (100%)
Weatherly (SL) Limited	28 September 2005	St Lucia	Weatherly (100%)
Weatherly (Namibia SL) Limited	16 June 2006	St Lucia	Weatherly (97%)
Puku Minerals Limited	8 March 2005	Zambia	Weatherly SL (100%)
Ongopolo Mining and Processing Limited	3 December 1999	Namibia	Weatherly Namibia SL (56%)

- 2.6 The Company and its subsidiaries currently have no employees.

#### 3. Share capital of the Company

- 3.1 On incorporation, the Company had an authorised share capital of £400,000 divided into 400,000,000 shares of 0.1 pence each, of which 20 were issued to the subscribers to the memorandum of association of the Company. The Ordinary Shares were created under the Act.

By written resolution dated 5 May 2000, the Company's authorised share capital was increased by £100,000 to £500,000 through the creation of 100,000,000 new shares of 0.1 pence each.

On 23 January 2004 the Company passed a special resolution to alter the structure of the Company's share capital. It was resolved that:

- (a) each issued existing ordinary share of 0.1 pence be subdivided into, and redesignated as, one ordinary share of 0.001 pence (the "New Sub-divided Ordinary Shares") and one Deferred Share;
- (b) the New Sub-divided Ordinary Shares be consolidated on the basis of 500 New Sub-divided Ordinary Shares to create one new consolidated ordinary share of 0.5 pence each (the "New Consolidated Ordinary Shares");
- (c) each of the authorised but unissued ordinary shares of 0.1 pence be consolidated to create one New Consolidated Ordinary Share; and

- (d) the directors be empowered to aggregate any fractions of New Consolidated Ordinary Shares arising from such consolidation and sell such shares to subscribers for cash, at a price of 3 pence per New Consolidated Ordinary Share.

On 28 July 2004 an ordinary resolution was passed to increase the Company's authorised share capital by £2,000,000 through the creation of 400,000,000 ordinary shares of 0.5 pence each.

On 22 June 2005, the Company entered into an acquisition agreement (as more particularly described in paragraph 11.1 (b)(ii) below) pursuant to which the Company issued 17,069,748 Ordinary Shares at an issue price of 3p each to acquire the entire issued share capital of WM Exploration Limited.

On 25 April 2006, the Directors allotted 87,215,000 new Ordinary Shares at 10.5 pence each, to certain persons pursuant to placing letters.

On 12 June 2006 special resolutions were passed consolidating every 100 ordinary shares of 0.5 pence each into 1 new ordinary share of £0.50. Further by a special resolution effective on a recorded date of 26 June 2006 each of the new ordinary shares of £0.50 each were sub-divided into 100 ordinary shares of 0.5 pence each. All fractions of shares arising from these corporate actions are to be consolidated and sold in the market for the benefit of the Company.

- 3.2 The existing authorised and issued fully paid up share capital of the Company as at the date of this document is set out below:

	<i>Authorised Number</i>	£	<i>Issued (fully paid) Number</i>	£
Ordinary Shares	452,331,500	2,261,657	230,904,593	1,154,523
Deferred Shares	240,750,000	238,343	240,750,000	238,343

- 3.3 The International Securities Identification Number (ISIN) for the Ordinary Shares is GB00B15PVN63.

- 3.4 Following Admission, the Ordinary Shares may be held in either certificated or uncertificated form.

#### **4. Share Options and Warrants**

- 4.1 On 23 January 2004 Jack Najarian was granted an option to subscribe for up to 166,667 Ordinary Shares at a price of 3 pence per Ordinary Share. The option is exercisable at any time prior to 23 January 2007.
- 4.2 On 22 June 2005, Nabarro Wells & Co Limited was issued 500,012 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 3 pence per Ordinary Share and 500,012 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 12 pence per Ordinary Share.
- 4.3 On 22 June 2005, Libertas Capital Ventures Limited was issued 500,012 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 3 pence per Ordinary Share.
- 4.4 On 22 June 2005, Dr. Martinick was issued 1,248,489 Warrants each of which entitles him to subscribe for one Ordinary Share at a price of 5 pence per Ordinary Share and 1,248,491 Warrants each of which entitles him to subscribe for one Ordinary Share at a price of 12 pence per Ordinary Share.
- 4.5 On 22 June 2005, the Webster Family Trust (a trust established for the benefit of Mr Webster and certain members of his family) was issued 624,245 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 5 pence per Ordinary Share and 624,244 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 12 pence per Ordinary Share.
- 4.6 On 22 June 2005, the Webster Superannuation Fund (a benefit fund established in relation to Mr Webster) was issued 624,245 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 5 pence per Ordinary Share and 624,244 Warrants each of which entitles it to subscribe for one Ordinary Share at a price of 12 pence per Ordinary Share.
- 4.7 On 20 June 2006 Libertas Capital Ventures Limited was issued a total of 311,250 Warrants, conditional upon Admission, each of which warrant entitles the holder to subscribe for one Ordinary Share, divided into tranches of 234,800 Ordinary Shares at a price of 10.5 pence per Ordinary Share and a further 76,450 Ordinary Shares at a price of 17 pence per Ordinary Share, in both cases at any time prior to 18 July 2009.

4.8 Save as disclosed in this document, no share capital of the Company will, at Admission, be under option or be agreed conditionally or unconditionally to be put under option.

## **5. Memorandum of Association**

5.1 The principal object of the Company, which is set out in clause 4.1 of its Memorandum of Association, is to carry on the business of a holding company in all its branches and to co-ordinate the policy and administration of any subsidiary of the Company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

## **6. Articles of Association**

6.1 In this paragraph 6, references to the “Statutes” are references to the Act and every other act for the time being in force concerning companies and affecting the Company.

6.2 The Existing Articles, contain, *inter alia*, the following provisions to the following effect:

### **(a) *Transfer***

Uncertificated shares may only be transferred as required by the Statutes and the relevant system. All transfers of certificated shares must be in the usual common form or in any other form, which the Board may approve. The instrument of transfer must be signed by or on behalf of the transferor and, (in the case of a partly paid share) the transferee. The Board may, in its absolute discretion and without assigning any reason therefore, decline to register any transfer of any share that is not a fully paid up share or on which the Company has a lien provided that in the case of shares admitted to the Official List, such discretion may not be exercised in such a way as to prevent dealings in the shares from taking place on an open and proper basis. They may also decline to register a transfer of any share unless in the case of a transfer to joint holders of a share, the number of joint holders to whom the share is to be transferred does not exceed four and in certain other exceptional circumstances, including unless, in the case of a certificated share, the instrument of transfer, duly stamped, is lodged with the Company accompanied by the certificate for the share to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

### **(b) *Voting rights***

Subject to any special terms as to voting upon which any shares may be issued or may for the time being be held (as to which there are none at present) and subject to certain other Articles, on a show of hands every member present in person (if an individual) or duly authorised representative (if a corporation) shall have one vote, and on a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

### **(c) *Dividends***

Subject to the provisions of the Statutes, the Company may, by ordinary resolution, from time to time declare dividends to be paid to the members according to their rights and interests in the profits available for distribution. No dividend may exceed the amount recommended by the Board.

### **(d) *Return of capital***

If the Company shall be wound up, the liquidator may, with the authority of an extraordinary resolution (and any other sanction required by the Statutes), divide among the members *in specie* or kind the whole or any part of the assets of the Company and may determine how such division shall be carried out as between the members or different classes of members.

### **(e) *Variation of rights***

Subject to the Statutes, all or any of the rights for the time being attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound up) be varied or abrogated with the consent in writing of the holders of not less than three quarters in nominal value of the issued shares of that class or, with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the shares of that class.

(f) ***Changes in share capital***

The Company may from time to time by ordinary resolution increase its share capital, cancel any unissued shares, consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares and, subject to the provisions of the Statutes, subdivide all or any of its shares into shares of a smaller amount. Subject to the provisions of the Statutes, the Company may by special resolution reduce its authorised and issued share capital, any capital redemption reserve, any share premium account or other undistributable reserve in any manner.

(g) ***Purchase by the Company of its own shares***

Subject to the provisions of the Statutes and certain other Articles and to any confirmation or consent required by law, the Company may purchase its own shares.

(h) ***Borrowing powers***

Subject to certain other Articles and provisions of the Statutes, the Board may exercise all the powers of the Company including the power to borrow money and, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(i) ***Directors***

Unless and until otherwise determined by ordinary resolution, the number of directors (disregarding alternate Directors) shall be not less than two and not more than 10.

(j) ***General Meetings***

The Company is required to hold an annual general meeting in accordance with the requirements of the Statutes, subject to which such meetings shall be convened by the Board at such time and place as they shall appoint.

The Board may, whenever it thinks fit, and in accordance with the Statutes, convene an extraordinary general meeting. The Board must convene an extraordinary general meeting immediately on receipt of a requisition from members in accordance with the Statutes and if it fails to do so within the time allowed by the Statutes, a meeting may be convened by the requisitionists as provided in the Statutes. If sufficient directors are not within the United Kingdom to call a general meeting, any director or member may call a general meeting.

An annual general meeting or a meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by not less than 21 clear days' notice in writing. A meeting other than either an annual general meeting or a meeting called for the passing of a special resolution or a resolution appointing a person as a director shall be called by not less than 14 clear days' notice in writing. The notice shall specify the place, date and time of meeting and, in the case of special business, the general nature of that business, and there shall appear with reasonable prominence in every such notice a statement that a member entitled to attend and vote is entitled to appoint one or more proxies to attend and on a poll, vote instead of him, and that a proxy need not be a member of the Company. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special or extraordinary resolution shall specify the intention to propose the resolution as a special or extraordinary resolution as the case may be and proposals relating to substantially dissimilar matters shall be included as separate resolutions. Subject to the provisions of the Statutes, notice of every general meeting shall be given in manner specified in the Articles to all members other than such as under the provisions of the Articles or the terms of issue of the shares they hold are not entitled to receive such notices from the Company, to all persons entitled to a share by reason of the death or bankruptcy of a member or otherwise by operation of law, and also to the auditors.

Notwithstanding that a meeting of the Company is called by shorter notice than that specified above, it shall be deemed to have been duly called if it is so agreed (a) in the case of a meeting called as an annual general meeting, by all the members entitled to attend and vote thereat, and (b) in the case of any other meeting, by a majority in number of the members entitled to attend and vote thereat, being a majority together holding not less than 95 per cent. by nominal value of the shares giving that right.

(k) ***Disclosure of interests in shares***

The Board may by notice in writing require any member or other person appearing to be interested or appearing to have been interested in any shares in the Company to disclose to the Company in writing and within such period as is specified in the notice (not being less than 14 days from the service or deemed service thereof) such information as the Board shall, pursuant to any provision of the Statutes, be entitled to require relating to interests in the shares in question.

- 6.3 Set out below is a summary of the terms of the New Articles of Association which are prepared to be adopted by the Company by special resolution at the Extraordinary General Meeting.

The New Articles of Association contain, *inter alia*, provisions to the following effect:

(a) ***Rights attaching to Ordinary Shares***

(i) ***Voting rights of member***

Subject to disenfranchisement in the event of (a) non-payment of any call or other sum due and payable in respect of any share or (b) any non-compliance with any statutory notice requiring disclosure of the beneficial ownership of any shares and subject to any special rights or restrictions as to voting for the time being attached to any shares (as to which there will be none following Admission), on a show of hands every member who, being an individual, is present in person or by proxy or being a corporation, is present by a duly authorised representative who is not himself a member entitled to vote, on a show of hands shall have one vote and on a poll shall have one vote for every share of which he is a holder. In the case of joint holders, the vote of the person whose name stands first in the register of members and who tenders a vote is accepted to the exclusion of any votes tendered by any other joint holders.

(ii) ***Dividends***

Subject to the rights attached to any shares issued on any special terms and conditions (as to which there will be none at Admission), dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid up on a share in advance of a call shall be regarded as paid up on the share.

(iii) ***Return of capital***

Subject to the rights attached to any shares issued on any special terms and conditions to the Deferred Shares and to the rights attached, on a winding-up the surplus assets remaining after payment of all creditors of the Company will be divided amongst the members of the Company according to their respective holding of shares. The liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by statute (a) divide amongst the members in specie the whole or any part of the assets of the Company, or (b) vest the whole or any part of the assets in trustees on such trusts for the benefit of members as the liquidator shall determine, but no member shall be compelled to accept any assets upon which there is any liability.

(b) ***Transfer of shares***

A member may transfer all or any of his uncertificated shares and the Company shall register the transfer of any uncertificated shares in accordance with any applicable statutory provision. The Directors may refuse to register the transfer of an uncertificated share or any renounceable right of allotment of a share which is a participating security held in uncertificated form in accordance with the CREST Regulations to the extent that the Company is permitted to do so by the CREST Regulations, provided that where the uncertificated shares are admitted to AIM, such a refusal would not prevent dealings in the shares of that class taking place on an open and proper basis. If the board of directors refuses to register a transfer of an uncertificated share it shall, within two months of the date on which the operator instruction relating to such a transfer was received by the Company, send to the transferee notice of the refusal.

A member may transfer all or any of his certificated shares by an instrument in writing in any usual form, or in any other form which the Directors may approve. The instrument of transfer shall be executed by or on behalf of the transferor and, where the share is not fully paid, by or on

behalf of the transferee. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a certificated share which is not fully paid up but shall not be bound to specify the grounds upon which such registration is refused provided that, where any such shares are admitted to AIM, such a refusal would not prevent dealings in the shares of that class taking place on an open and proper basis. The Directors may also refuse to register a transfer of a certificated share or a renunciation of a renounceable letter of allotment, whether or not fully paid, unless the instrument of transfer is lodged, duly stamped or adjudged or certified as not chargeable to stamp duty, at the transfer office, or such other place as the Directors may appoint and is accompanied by the certificate(s) for the share(s) to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer or the person renouncing to effect the renunciation. If the Directors refuse to register a transfer of a share they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

The Directors may refuse to register any transfer of certificated shares unless it is in respect of only one class of share and is in favour of not more than four transferees or renounees.

(c) ***Changes in capital***

The Company may by ordinary resolution:

- (i) increase its share capital by a sum to be divided into shares of such amounts as the resolution shall prescribe;
- (ii) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares;
- (iii) sub-divide its shares, or any of them, into shares of a smaller amount than is fixed by the Memorandum of Association; and
- (iv) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

Subject to the provisions of the statutes and the AIM Rules and to the rights attaching to existing shares, the Company may:

- (v) by extraordinary resolution purchase, or enter into a contract under which it will or may purchase, its own shares; and
- (vi) by special resolution reduce its share capital, any capital redemption reserve, share premium account or other undistributable reserve in any manner.

(d) ***Variation of rights***

Subject to the provisions of the statutes, if at any time the capital of the Company is divided into different classes of shares, the rights attached to any class may be varied or abrogated in such manner (if any) as may be provided by those rights or in the absence of any such provisions, with the consent in writing of the holders of not less than three-quarters in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate meeting of the holders of the shares of that class.

(e) ***Treasury***

In certain circumstances, the board may allot equity securities wholly for cash and may sell those shares if, immediately before such sale, the shares are held by the Company as treasury shares (as defined in the statutes) as if the statutory pre-emption rights did not apply to such allotment or sale.

(f) ***Directors***

- (i) The number of directors (other than alternate directors) shall not be less than two. There shall be no more than ten directors.
- (ii) A Director shall not be required to hold any shares of the Company by way of qualification.
- (iii) There shall be no age limit for Directors.

- (iv) At each annual general meeting one-third of the Directors for the time being shall retire from office by rotation. The Directors to retire by rotation shall include, firstly, any Director who wishes to retire at the meeting and not offer himself for re-election and, secondly, those Directors who have been longest in office since their last appointment or reappointment, provided always that each director shall be required to retire and offer himself for re-election at least every three years. The retiring Director shall, if willing to act, be deemed to have been reappointed, unless at the general meeting it is resolved not to fill the vacancy or a resolution for the reappointment of the director is put to the meeting and not passed.
- (v) The Directors (other than alternate directors) shall be entitled to such remuneration by way of fees for their services in the office of director as the Directors may determine (not exceeding £750,000 in aggregate per annum or such larger sum as the Company may, by ordinary resolution, decide). Such fee shall be divided between the Directors as they agree or, failing agreement, equally. The fees shall be distinct from any salary, remuneration or other amount payable to a Director.
- (vi) The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any class of shares of the Company.
- (vii) The Directors may provide benefits, whether by the payment of gratuities or pensions or by purchasing and maintaining insurance or otherwise, for the benefit of any persons who are or were at any time Directors or the holders of any executive or comparable office of employment with the Company or any other company or undertaking which is or has been (a) a subsidiary of the Company or (b) otherwise allied to or associated with the Company or a subsidiary of the Company or (c) a predecessor in business of the Company or of any such subsidiary, or (d) for any member of his family (including a spouse and a former spouse) or any person who is or was dependent on him, and may (as well before or after he ceases to hold such office or employment) establish, maintain, subscribe and contribute to any fund and pay premiums for the purchase or provision of any such benefit.
- (viii) Subject to the provisions of the statutes, a Director may be a party to or otherwise interested in any contract, transaction, arrangement or proposal with the Company or in which the Company is otherwise interested either in regard to his tenure of any office or place or profit or as vendor purchaser or otherwise. A Director may hold any other office or place of profit under the Company (except that of auditor or auditor of a subsidiary of the Company) in conjunction with the office of director and may act by himself or through his firm in such professional capacity to the Company and in any such case on such terms as to remuneration and otherwise as the Directors may arrange. Any remuneration shall be in addition to any remuneration provided for by any other article.
- (ix) A Director who to his knowledge is in any way (directly or indirectly) interested in a contract, transaction, arrangement or proposal with the Company shall declare the nature of his interest at the meeting of the Directors at which the question of entering into such contract, transaction, arrangement or proposal is first considered if he knows his interest then exists or in any other case at the first meeting of the directors after he knows that he is or has become so interested.
- (x) A Director shall not vote or be counted in the quorum on any resolution of the directors concerning his own appointment (including the fixing and varying of terms of appointment) as the holder of any office or place of profit with the Company or any other company in which the Company is directly or indirectly interested. Where proposals are under consideration concerning the appointment (including the fixing or varying of terms of appointment) of two or more Directors to offices or employment with the Company or any body corporate in which the Company is interested the proposals may be divided and considered in relation to each director separately and (provided he is not under the Articles or for any other reason precluded from voting) each of the directors concerned shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.



(xi) A Director shall not vote or count in the quorum in relation to a resolution or a meeting of the Directors in respect of any contract or arrangement or any other proposal whatsoever in which he has an interest which (together with any interest of a connected person) to his knowledge is a material interest. Notwithstanding the above, a Director shall be entitled to vote (and be counted in the quorum) on: (a) any contract in which he is interested by virtue of his interest in shares or debentures or other securities of or otherwise in or through the Company; (b) the giving of any guarantee, security or indemnity to him in respect of money lent or obligations incurred by him or by any other person at the request of, or for the benefit of, the Company or any of its subsidiary undertakings; or the giving of any guarantee, security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiary undertakings for which he himself has assumed responsibility in whole or in part and whether alone or jointly with others under a guarantee or indemnity or by the giving of security; (c) any matter relating to an offer of shares, debentures or other securities of or by the Company or any of its subsidiary undertakings in which offer the Director is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which the Director is to participate; (d) any contract, transaction, arrangement or proposal to which the Company is or is to be a party relating to another company, including any subsidiary of the Company, in which he and any persons connected with him do not to his knowledge (directly or indirectly) hold an interest in shares (as that term is used in sections 198 to 211 of the Act) whether as an officer, shareholder, creditor or otherwise representing 1 per cent. or more of any class of the equity share capital, or the voting rights, in that company or of any other company through which his interest is derived; (e) any contract, transaction, arrangement or proposal for the benefit of employees of the Company or any of its subsidiary undertakings (including in relation to a pension fund, retirement, death or disability benefits scheme or personal pension plan) which does not award him any privilege or benefit not generally awarded to the employees to whom the arrangement relates; and (f) any contract, transaction, arrangement or proposal concerning insurance which the Company proposes to maintain or purchase for the benefit of directors or for the benefit of persons including directors.

(g) ***Borrowing powers***

The board of Directors may exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking, property and assets (both present and future) and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The board of Directors shall restrict the borrowings of the Company and exercise all voting and other rights or powers of control exercisable by the Company in relation to its subsidiary undertakings (if any) so as to secure (as regards subsidiary undertakings only so far as by such exercise it can secure) that the aggregate principal amount outstanding at any time in respect of all borrowings by the Group (exclusive of any borrowings which are owed by one Group company to another Group company) after deducting the amount of cash deposited will not, without the previous sanction of the Company in general meeting, exceed £25,000,000 or any higher limit fixed by ordinary resolution of the Company which is applicable at the relevant time.

(h) ***Unclaimed dividends***

Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited, revert to and cease to remain owing by the Company.

(i) ***Restrictions on shareholders***

Subject to the AIM Rules, if a member or any other person appearing to be interested in shares, has been given notice under section 212 of the Act and has failed to give information of their interest in any shares (the “Default Shares”) within a prescribed time, the member shall not be entitled in respect of the Default Shares to attend or vote (either personally or by proxy) at a general meeting of the Company or a meeting of the holders of any class of shares or to exercise any other right in relation to general meetings of the Company or meetings of the holders of any class of shares.

Where the Default Shares represent 0.25 per cent. or more (in nominal value) of the issued shares of a class, then the Company shall be entitled to (a) withhold any dividend (or part thereof) and any right to receive shares instead of a dividend or other money which would otherwise be payable in respect of the Default Shares and (b) no transfer of the Default Shares shall be registered unless the shareholder is not himself in default as regards supplying the information required and provides evidence, to the satisfaction of the directors, that no person in default as regards supplying such information is interested in any of the shares which are the subject of the transfer; or registration is required by the Uncertificated Securities Regulations 2001.

(j) **Meetings**

Subject to the provisions of the Act, an annual general meeting and any extraordinary general meeting called for the passing of a special resolution or a resolution appointing or reappointing a person as a Director or, a resolution of which special notice has been given to the Company, shall be called by at least twenty-one clear days' notice, and all other extraordinary general meetings shall be called by at least fourteen clear days' notice. The notice should specify the place, the date and the time of meeting and the general or special nature of business to be transacted.

A general meeting shall, notwithstanding that it has been called by shorter notice than that specified above, be deemed to have been duly called if it is so agreed in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and in the case of any other meeting, by a majority in number of the members having a right to attend and vote at that meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

Before a general meeting starts, there must be a quorum, being two people who are entitled to vote. They can be Shareholders who are personally present or proxies for Shareholders (or both). Each Director can attend and speak at any general meeting.

**7. Substantial shareholders**

7.1 Save for the following persons and those disclosed in paragraph 9 below, the Company is not aware of any person who, at the date of this document and following the Proposed Transaction, directly or indirectly, jointly or severally, holds or will hold three per cent. or more of the ordinary share capital of the Company or exercises or could exercise control over the Company:

	<i>As at date of this document</i>			<i>Immediately following the Proposed Transaction</i>		
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of warrants</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of warrants</i>
Matterhorn Investment Management LLP <sup>1</sup>	42,100,000	18.23	0	56,216,000	17.80	0
Bank Windhoek Limited	0	0	0	32,340,438	10.24	0
RAB Capital plc <sup>2</sup>	29,300,000	12.69	0	29,300,000	9.28	0
Ezenet Limited	18,281,250	7.92	0	18,281,250	5.79	0
Resources Investment Trust plc	18,000,000	7.80	0	18,000,000	5.70	0
Government Institutions Pension Fund	0	0	0	13,102,023	4.15	0

<sup>1</sup> Held in funds which are managed by Matterhorn Investment Management LLP

<sup>2</sup> Held in funds which are managed by RAB Capital plc

7.2 All shareholders have identical voting rights in respect of the Ordinary Shares held by them.

## 8. Directors' and other interests

- 8.1 The interests of the Directors, their immediate families and as far as they are aware having made due and careful enquiries, of persons connected with them, (within the meaning of section 346 of the Act) in the share capital of the Company as at 21 June 2006 (being the latest practicable date prior to the publication of this document) and at Admission, all of which are beneficial unless otherwise stated: (i) which have been notified to the Company pursuant to sections 324 or 328 of the Act, or (ii) which are required to be entered in the register maintained under section 325 of the Act, or (iii) are interests of a connected person of a Director which would, if that connected person were a Director, be required to be disclosed under (i) and (ii) above and the existence of which is known to that Director, are set out below:

	<i>As at date of this document</i>			<i>Immediately following the Proposals</i>		
	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of warrants</i>	<i>No. of Ordinary Shares</i>	<i>% of issued share capital</i>	<i>No. of warrants</i>
Wolf						
Martinick	18,797,290	8.14	2,496,980	19,263,290	6.10	2,496,980
Rod Webster <sup>1</sup>	27,344,040	11.84	2,496,980	27,344,040	8.46	2,496,980
Peter Redmond <sup>2</sup>	1,501,665	0.65	0	1,821,265	0.57	0
John Bryant	397,500	0.17	0	397,500	0.13	0

Note:

- 1 Of Rod Webster's holding, 3,781,395 Ordinary Shares are held by the Webster Family Trust and, 3,781,395 Ordinary Shares are held by the RJ and AH Webster Superannuation Fund and 1,500,000 Ordinary Shares are held by Anne Webster
- 2 Of these Ordinary Shares 251,666 are held by Mr Redmond personally and 1,569,599 are held by Merchant House Group plc, a company of which Mr Redmond is a director.

## 9. Director's consultancy agreements and letters of appointment

- 9.1 The following are particulars of the Directors' consultancy agreements or letters of appointment with Weatherly.

Executive Directors

*Dr. Wolf-Gerhard Martinick*

Dr. Martinick's services are provided to the Company pursuant to a consultancy agreement entered into between the Company and Martinick Investments Pty Ltd (the "Consultant") on 21 November 2005. Under the consultancy agreement, the Consultant has agreed to provide the services of Dr. Martinick as executive chairman to the Company for which he will devote 50% of his working time. The Consultant is required to procure that Dr. Martinick secures the rights of first refusal for the Company to acquire certain natural resources projects that he acquires subject to agreeing terms. The Consultant receives a fee of £50,000 and the agreement is terminable by either party on 12 months' notice.

With effect from Admission Dr. Martinick will enter into new agreements with the Company directly. The terms of his engagement as non-executive Chairman is for a period of 3 years but terminable by either party giving 3 months notice in writing. The appointment carries a salary of £30,000 per annum. Mr Martinick will also enter into a consultancy agreement with the Company, the terms of the consultancy are identical to those described above, save that the fee will be set at £52,000 and Dr Martinick will be eligible to receive a bonus of up to a further £82,000 dependent upon the achievement of various objective targets and milestones.

*Roderick John Webster*

Mr. Webster's services are provided to the Company pursuant to a consultancy agreement entered into between the Company and Trowbridge Holdings Pty Ltd (the "Consultant") on 21 November 2005. Under the consultancy agreement, the Consultant has agreed to provide the services of Mr. Webster as chief executive officer to the Company for which he will devote 100% of his working time. The Consultant is required to procure that Mr. Webster secures the rights of first refusal for the Company to acquire certain natural resources projects that he acquires subject to agreeing terms. The Consultant receives a fee of £100,000 and the agreement is terminable by either party on 12 months' notice.

With effect from Admission the fee will increase to £164,000 and Mr Webster will be eligible to receive a bonus of up to £164,000 dependent upon the achievement of various objective targets and milestones relating to the operations of the Company.

#### Non-Executive Directors

##### *Peter Redmond*

Mr. Redmond's services are provided to the Company pursuant to a letter of engagement entered into on 21 November 2005. Under the letter of engagement, Mr. Redmond has agreed to act as non-executive director to the Company for which he is entitled to a fee of £20,000 per annum. The engagement is terminable by either party on three months' written notice, or immediately by the Company provided that Mr. Redmond receives the amount that he would otherwise be due for working such notice period. Were the Company to terminate Mr Redmond's engagement before the first year anniversary of Admission, he would (if greater than the amount otherwise due) instead be entitled to the amount due for working the unexpired period of such first year.

Conditional upon Admission Mr Redmond will enter into a new letter of engagement with the Company. Under the terms of the new agreement Mr Redmond agrees to act as non-executive director of the Company for a fixed term of three years from the date of Admission. Mr Redmond is entitled to an annual fee of £27,500. The agreement may be terminated by either party on three months notice.

##### *John Bryant*

Mr. Bryant's services are provided to the Company pursuant to terms of appointment and a consultancy agreement entered into between the Company and Axeman Overseas Limited (the "Consultant") on 16 December 2005. Under the terms of appointment, Mr. Bryant has agreed to act as a non-executive director of the Company for a fixed term of one year terminating automatically on 16 December 2006. Under the consultancy agreement, the Consultant has agreed to provide the management consulting services of Mr. Bryant for which the Consultant will receive a fee of £27,500 per annum. The appointment can be terminated by either party on one month's written notice.

Conditional upon Admission Mr Bryant's terms of appointment and the consultancy agreement with Axeman Overseas Limited will be amended to extend them to run for a fixed term of three years from the date of Admission and to be terminable by any party on three months notice. No changes to remuneration are contained in the amending agreement.

- 9.2 Save for the payment in lieu of notice, there are no consultancy agreements or letters of engagement between any Directors and the Company which provide for benefits upon termination of employment.
- 9.3 Save as disclosed in paragraph 9.1, no service contracts, consultancy agreements or letters of appointment have been entered into or amended within 6 months of the date of this document with the Company.
- 9.4 The aggregate remuneration paid and benefits in kind granted to the Directors for the year ended 31 December 2005 was £40,062. It is estimated that the aggregate remuneration paid and benefits in kind granted to the Directors for the year ending 31 December 2006, under the arrangements in force at the date of this document, will amount to £274,373.
- 9.5 None of the Directors are, nor have been within the five years prior to the publication of this document, partners in any partnerships. The Directors have held the following directorships (in addition, where relevant, to being a director of the Company) within the five years prior to the publication of this document.

<i>Director</i>	<i>Current Directorships</i>	<i>Past Directorships</i>
Dr. Wolf Gerhard Martinick	Ezenet Limited and subsidiaries Martinick Holdings Pty Ltd Martinick Investments Pty Ltd Martinick Management Services Pty Ltd Puku Minerals Limited (Zambia) Sun Resources NL WM Exploration Limited Ongopolo Cement Company (Proprietary) Limited Tsumeb Specimen Mining (Proprietary) Limited Ongopolo Mining Limited Ongopolo Processing (Proprietary) Limited Ongopolo Mining and Processing Limited	Basin Minerals Limited Olympia Resources Limited MBS Environmental Pty Ltd
Roderick John Webster	Puku Minerals Limited (Zambia) WM Exploration Limited Trowbridge Holdings Pty Ltd Investar Holdings Pty Ltd Weatherly (SL) Limited Ongopolo Cement Company (Proprietary) Limited Tsumeb Specimen Mining (Proprietary) Limited Ongopolo Mining Limited Ongopolo Processing (Proprietary) Limited Ongopolo Mining and Processing Limited	Kansanshi Mining plc (Zambia) Mopani Copper Mines Ltd (Zambia) Western Metals Ltd (Australia)
Peter Redmond	Merchant House Group plc Merchant House Finance Limited Bella Media plc BWA Group plc Fortfield Investments plc Synigence plc	Victoria Oil & Gas Central Asia Ltd Future Internet Technologies plc Petsome plc Stratus Holdings plc
John Bryant	KP Renewables plc Axeman Overseas Limited Gas Turbine Efficiency UK Ltd Cinergy Global Hellas SA Attiki Denmark ApS Attiki Gas Supply Company SA	Cinergy Global Power, Inc and various other companies in the Cinergy group Anglian Straw Limited Anglian Ash Limited Commercial Electricity Supplies Limited Construcciones Y Representaciones Industriales, SA Copperbelt Energy Corporation plc Ely Power Limited EPR Ely Limited EPR Ely Power Limited Forestgen Limited Midlands Hydrocarbons (Bangladesh) Limited UK Electric Power Limited

9.6 Save as disclosed below, none of the Directors has:

- (a) any unspent convictions in relation to indictable offences;
- (b) had a bankruptcy order made against him or entered into any individual voluntary arrangement;
- (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation or administration or entered into a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company at the time of, or within the twelve months preceding, such events;
- (d) been a partner of a firm which has been placed in compulsory liquidation or administration or which has entered into a partnership voluntary arrangement whilst he was a partner of that firm at the time of, or within twelve months preceding, such events;
- (e) had any asset belonging to him placed in receivership or been a partner of a partnership whose assets have been placed in receivership whilst he was a partner at the time of, or within twelve months preceding, such receivership; or

- (f) been publicly criticised by any statutory or regulatory authority (including any recognised professional body) or ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company.

Mr. Redmond is a director of BWA Group Plc, Bella Media plc, Weatherly International plc and Synigence plc, all of which companies are or, have in the past been, subject to CVAs. Mr. Redmond joined the boards of the companies concerned either immediately before or after the CVAs had been approved with a view to organising corporate rescues of such concerns, all of which have been or are in the course of satisfactory conclusions.

- 9.7 No Director has been interested in any transaction with the Company, which was unusual in its nature or conditions or significant to the business of the Company during the current or previous financial year or during any previous financial year that remains outstanding or unperformed.

## 10. Background to Namibian mineral laws

The Namibian Constitution and the Namibian Minerals Act 1992 (“Minerals Act”) set out the framework for mineral ownership in Namibia. All rights over natural resources in Namibia belong to the State of Namibia (the “State”) and the rights to, amongst other things, prospect for, mine, sale and dispose of minerals are vested in the State.

The State is given the power to grant mineral licences under the Minerals Act. Although mineral licences must be owned by Namibian registered companies, there are no restrictions on the foreign ownership of such companies. The holder of a mineral licence essentially holds a bundle of rights which would, depending on the licence granted, comprise the right to prospect, explore, reserve, mine, sell and/or dispose of minerals.

The duration of mineral licences will depend on the nature of the licence granted. Mining licences are generally valid for a period of 25 years. Exclusive prospecting licences are granted for 3 years and mineral deposit retention licences are granted for 5 years terms. Each licence may be renewed in certain circumstances for limited durations.

A mineral licence may be cancelled if the holder fails to comply with the terms and conditions of such licence, or if the holder is liquidated or sequestered.

The Namibian Mining Commissioner is required to keep a register of mineral licences which can be inspected at the Ministry of Mines and Energy.

Certain mining titles secured or licences granted prior to the commencement of the Minerals Act in 1994 are deemed to be mining licences and are granted for a period of 25 years (or the estimated life of the mine).

## 11. Material contracts

- 11.1 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company (or its subsidiaries) in the two years prior to the date of this document, and are, or may be, material:

### (a) *Mineral Licences*

<i>Asset</i>	<i>Mining Licences/Mining Grants</i>	<i>Ultimate Holder</i>	<i>Interest</i>	<i>Status</i>	<i>Expiry</i>
Luanshya	Prospecting Licence PLLS 239 granted by the Republic of Zambia Mines Development Department	Puku Minerals Limited	100%	Develop and carry on mining operations	4 April 2007
Luanshya Old Dams	Prospecting Licence PLLS 240 granted by the Republic of Zambia Mines Development Department	Puku Minerals Limited	100%	Develop and carry on mining operations	4 April 2007
Luanshya District of Cooper Province Area	Prospecting Licence PLLS 252 granted by the Republic of Zambia Mines Development Department	Puku Minerals Limited	100%	Develop and carry on mining operations	4 April 2007

(b) *Other*

- (i) On 22 June 2005 the Company entered into an agreement with Nabarro Wells & Co. Limited pursuant to which: (a) Nabarro Wells & Co. Limited agreed to give corporate finance advice to the Company for a fee of £20,000 plus the issue of: (i) 500,012 Warrants each of which entitles Nabarro Wells & Co. Limited to subscribe for one ordinary share at a price of 3 pence per ordinary share; and (ii) 500,012 Warrants each of which entitles Nabarro Wells & Co. Limited to subscribe for one ordinary share at a price of 12 pence per ordinary share; and (b) to act as nominated adviser to the Company for a fee in the sum of £15,000 per annum. The arrangements with Nabarro Wells & Co. Limited as nominated adviser were terminated on 9 November 2005.
- (ii) On 22 June 2005 the Company entered into an acquisition agreement with the WMEL Vendors pursuant to which the Company acquired the entire issued share capital of WM Exploration Limited. The consideration payable by the Company to the WMEL Vendors was £512,092.44, satisfied by the Company issuing to the WMEL Vendors: (a) 17,069,748 Ordinary Shares at an issue price of 3 pence each; (b) 2,496,979 Warrants, each entitling the holder to subscribe for one Ordinary Share at a price of 5 pence per share until 30 May 2010; and (c) 2,406,979 Warrants, each entitling the holder to subscribe for one ordinary share at a price of 12 pence per share until 30 May 2010.
- (iii) On 8 August 2005 the Company entered into an agreement with Libertas Capital pursuant to which Libertas Capital agreed to act as financial adviser and broker to the Company for (i) a monthly retainer of £5,000 (capped at £25,000), (ii) a fee of £100,000 on completion of the acquisition referred to in paragraph (ii) above, (iii) a fee of £25,000 on completion of the Acquisition and (iv) a commission of 5% of the gross amount of capital placed by Libertas Capital in connection with the placing conducted in 2005. On 9 November 2005 the Company entered into an agreement with Libertas Capital to act as nominated adviser and broker to the Company for a fee in the sum of £36,000 per annum. The Company has given warranties and indemnities typical for this kind of transaction. The agreement may be terminated by either party by written notice and shall otherwise expire on the anniversary of the date of the agreement.
- (iv) On 14 November 2005 the Company issued placing letters to placees, pursuant to which, placees returning confirmations of acceptance agree to subscribe for placing shares under that placing. The Company raised £2,345,000 through the issue of 29,312,500 Ordinary Shares at 8 pence per Ordinary Share.
- (v) On 21 November 2005 the Company entered into the Acquisition Agreement with Dr. Wolf-Gerhard Martinick, Roderick John Webster and Ezenet Limited (“Vendors”) pursuant to which the Company agreed to acquire and the Vendors agreed to sell the entire issued share capital of Puku Minerals Limited for a consideration of £3.25 million to be satisfied by the issue, credited as fully paid, of Ordinary Shares to the Vendors.
- (vi) On 20 March 2006, the Company entered into an agreement with Libertas Capital pursuant to which Libertas Capital agreed to act as financial adviser and broker in relation to the Proposals for (i) a monthly retainer of £7,500, (ii) a fee of £225,000 on completion of the Proposals, (iii) a commission of 4.5% of the gross amount of capital placed by Libertas Capital and a commission of 0.5% for acting as bookrunner and (iv) a warrant in respect of 1% of the gross capital raised in respect of placees introduced by Libertas Capital, exercisable at the respective placing price per share. The Company has given certain indemnities which are not unusual in this type of transaction. The agreement may be terminated by either party by written notice and shall otherwise expire on the anniversary of the date of the agreement.
- (vii) On 25 April 2006 the Company entered into the Heads of Terms with the Government of the Republic of Namibia, Ongopolo, the Secured Creditors and others pursuant to which:

the Company, Ongopolo and others would enter into various agreements relating to the interim financing and management of Ongopolo. Further, the parties agreed to negotiate and enter into binding documentation (no later than 17 July 2006) which would result in:

  - the acquisition by the Company of 50% plus 1 share of Ongopolo’s fully diluted share capital;

- binding arrangements being put in place in respect of the ongoing relationships and management of operations between the shareholders in Ongopolo;
- agreement relating to the conversion of existing debt of Ongopolo into equity between the Company, Ongopolo and certain of the secured and guaranteed lenders of the current Ongopolo operation;
- the entering into of an agreement pursuant to which the Company will take responsibility for the management of Ongopolo moving forward; and
- the entering into of arrangements with the unsecured and remaining creditors of Ongopolo relating to the payment schedule and mechanisms for the repayment of all existing debt owed to such parties.

The Heads of Terms further provides that the Company would provide Ongopolo with interim financing of N\$40 million on a secured basis. In the event that the transactions contemplated do not take place by 17 July 2006, this interim financing will become repayable to the Company by Ongopolo.

The Heads of Terms also provided for the dissolution of the existing board and management of Ongopolo and the replacement of such with appointees of the signature parties including two appointees of the Company. Further the agreement provides for the agreed structure of repayment and settlement of all debts and security obligations of Ongopolo to the signatory parties in accordance with prescribed procedure set down in the Heads of Terms, including in certain circumstances the issuance of shares in the Company. The document further provides that during the period prior to the completion date, the Company shall have an exclusive right with regard to the negotiation and acquisition of interest in Ongopolo.

This Agreement will terminate on Admission.

- (viii) On 26 April 2006, the Company entered into a Management Services Agreement with Ongopolo, pursuant to which Weatherly agreed to provide certain management services to Ongopolo, on an interim basis, to ensure that Ongopolo continues as a viable mining and smelting operation in Namibia. The agreement continues until the Completion Date specified in the Heads of Terms referred to in paragraph (vii) above unless terminated as a result of an insolvency event or if the Heads of Agreement is terminated. Ongopolo has agreed to indemnify the Company and its directors, officers, employees and consultants in respect of losses arising out of any act or omission by the Company pursuant to the agreement (except where such loss results from negligence or wilful misconduct). The Company will be paid a fee for providing the management services, which if not agreed between the parties, will be US\$150,000 per month. If the Company is in breach of the agreement, Ongopolo may give the Company a notice and may suspend payment of the management services fee. If the breach is not remedied, the Company may be required to pay damages to Ongopolo or, if damages are not a sufficient remedy, the agreement may be terminated by Ongopolo. The agreement is governed by English law.
- (ix) On 25 April 2006 the Company entered into the Interim Loan Agreement with Ongopolo pursuant to which the Company agreed to advance up to N\$40m (US\$6.6m) to, or on behalf of, Ongopolo as short term working capital. Subject to completion of the Subscription Agreement and Admission this agreement will terminate.
- (x) On 25 April 2006 the Company and the Government of the Republic of Namibia entered into the Government Indemnity. The Government Indemnity provides indemnification to the Company for losses of up to N\$40m (US\$6.6m) in the event that the Proposed Transaction does not proceed to completion by 17 July 2006.
- (xi) On 25 April 2006 the Company issued placing letters to placees, pursuant to which placees returning confirmation of acceptances agree to subscribe for placing shares under that placing. The Company raised £9,157,575 through the issue of 87,215,000 Ordinary Shares at 10.5 pence per Ordinary Share.
- (xii) The Company, Ongopolo and Weatherly (Namibia SL) Limited have entered into the Subscription Agreement. The Subscription Agreement is conditional upon, *inter alia*, Admission and completion of the Restructuring Agreements. The Subscription Agreement,



which is conditional upon Admission, provides for Weatherly, through Weatherly (Namibia) SL Limited to make a cash subscription for up to 3,575,000 new ordinary shares in Ongopolo for a total cash subscription price of US\$20m. The Subscription Agreement imposes restrictions on the ability of Ongopolo to carry out certain corporate acts until the Subscription Agreement completes in accordance with its terms. The Subscription Agreement contains representations and warranties in favour of Weatherly.

- (xiii) The Company and Ongopolo will enter into the Management Arrangement. The Management Arrangement which is conditional upon, *inter alia*, completion of the Subscription Agreement and Admission, provides for the Company to control management of the day-to-day operations of Ongopolo. The Management Agreement provides for Weatherly to carry out and manage the day-to-day operations of Ongopolo. Weatherly is entitled to a fee set by reference to the open market commercial value of the services it provides. Weatherly is also entitled to reimbursement of all out-of-pocket expenses. The Management Agreement is terminable on unremedied breach; insolvency of either party; or in the event that Weatherly ceases to own 50% of the issued share capital of Ongopolo. The Management Agreement contains an indemnity in favour of Weatherly.
- (xiv) On 20 June 2006 the Company entered into the Restructuring Agreements with, *inter alia*, Ongopolo and the Secured Creditors. The Restructuring Agreements are conditional, *inter alia*, upon completion of the Subscription Agreement and Admission. The Restructuring Agreements comprise a suite of inter-conditional agreements and assignments to give effect to the various elements comprised in the restructuring as follows:
  - (i) The framework agreement dated 20 June 2006 and made between Ongopolo (1), the Secured Creditors and others (2), Weatherly (3) and Weatherly (Namibia SL) Limited (4). This agreement, which is conditional, *inter alia*, upon Admission, binds the various Secured Creditors to enter into documents governing the various component parts of the restructuring. The agreement provides the mechanism for the conversion of rescheduled debt into Exchange Shares and for the corresponding acknowledgments of settlement of existing debts and release of security. The agreement also provides for Weatherly to dispose of any Ongopolo shares to Namibian purchasers at prevailing market value in the event that Weatherly's ultimate shareholding in Ongopolo exceeds 70% once the restructuring is finally completed in accordance with its terms.
  - (ii) A Deed of Assignment made between The Minerals Development Fund of Namibia ("MDF") (1); Weatherly (2); and Ongopolo (3). This agreement, which is conditional, *inter alia*, upon Admission provides for Weatherly to acquire the debt of MDF which is outstanding in the sum of at least N\$87,000,000 for the sum of N\$43,500,000 or 50% of the face value of such debt. The MDF debt is secured and the benefit of all security is assigned to Weatherly. The agreement contains undertakings from MDF to the effect that it will have no further claims against Ongopolo in respect of the MDF debt or at all.
  - (iii) A Deed of Assignment made between Bank Windhoek Limited (1); Weatherly (2); and Ongopolo (3). This agreement provides for the assignment to Weatherly of a debt in the sum of N\$7,000,000 owing to Bank Windhoek Limited by Ongopolo for the sum of N\$7,000,000 in cash. The agreement is conditional, *inter alia*, upon Admission. The debt is secured and the benefit of all security is assigned to Weatherly. The agreement contains undertakings from Bank Windhoek Limited to the effect that it will have no further claims against Ongopolo in respect of this debt on completion of the agreement in accordance with its terms.
  - (iv) A Deed of Assignment made between Standard Bank Namibia Limited (1); Weatherly (2); and Ongopolo (3). This agreement is conditional, *inter alia*, upon Admission and provides for Weatherly to acquire a secured debt of N\$21,000,000 owing by Ongopolo to Standard Bank Namibia Limited. The purchase price for the debt is N\$11,000,000 in cash and the issue to Standard Bank Namibia Limited of 1,607,795 New Ordinary Shares in the capital of Weatherly, credited as fully paid. The benefit of all security attaching to the debt is assigned to Weatherly. The agreement contains undertakings from Standard Bank Namibia Limited to the effect

that it will have no further claims against Ongopolo in respect of the debt that is acquired by Weatherly.

- (xv) On 21 June 2006 the Company entered into the Placing Agreement with Libertas Capital pursuant to which Libertas Capital agreed to act as placing agent and undertake the role of coordinating the Placing in conjunction with the Company. The Placing Agreement provides that Libertas Capital shall receive a corporate finance fee of £225,000, together with an amount representing a commission of (i) 0.5 per cent. of the aggregate value (at the Placing Price) of the subscriptions for Placing Shares procured by the Company and (ii) 4.5 per cent. of the aggregate value of the remaining Placing Shares. The Company has also agreed to issue the Libertas Warrants. The Placing Agreement contains warranties and indemnities in favour of Libertas Capital typical for a transaction of this nature. The Placing Agreement may be terminated by Libertas Capital up until the date of Admission in the event of, *inter alia*, any of the information contained in the Admission Document being discovered to be inaccurate, untrue or misleading, a breach of the warranties set out in the Placing Agreement occurring or the occurrence of any event prior to Admission which would constitute a breach of the warranties set out in the Placing Agreement.

11.2 The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Ongopolo in the two years prior to the date of this document, and are, or may be, material:

(a) **Mineral Licences**

<i>Asset</i>	<i>Mining Licences/Mining Grants</i>	<i>Ultimate Holder</i>	<i>Interest</i>	<i>Status</i>	<i>Expiry</i>
Namibia — Friedenau	Deed 48 14/2/3/2/3 (M46/4/3)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Otjihase	Deed 49 14/2/3/2/10 (M46/4/10)	Ongopolo	70%	Production	31 Mar 2024
Namibia — Otjihase	Deed 50 14/2/3/2/22 (M46/4/22)	Ongopolo	100%	Production	31 Mar 2019
Namibia — Berg Aukas	Deed 841 14/2/3/2/1 (M46/4/1)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Harasib	Deed 842 14/2/3/2/21 (M46/4/21)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Asis West — Kombat Mining Site	Deed 843 14/2/3/2/16 (M46/4/16)	Ongopolo	100%	Production	31 Mar 2019
Namibia — Bobos Silica	Deed 844 14/2/3/2/15 (M46/4/15)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Kliphime	Deed 848 14/2/3/2/31A (MA 5/65)	Ongopolo	100%	Exploration	1 Oct 2005 <sup>(1)</sup>
Namibia — Asis Ost Mine (Kombat)	Deed 849 14/2/3/2/9 (M46/4/9)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Berg Aukas	Deed 847 14/2/3/2/24B (MA13 Dec 1922)	Ongopolo	100%	Exploration	31 Mar 2019
Namibia — Otjondjupa	Deed 845 14/2/3/2/24C (M46/4/1)	Ongopolo	100%	Exploration	17 Nov 2024
Namibia — Tschudi	Deed 14/2/3/2/125	Ongopolo	100%	Development	28 Oct 2017
Namibia — Khusib Springs	Mining Licence No 48 — 14/2/3/2/48	Ongopolo	100%	Exploration	30 Oct 2006
<b>Exclusive Prospecting Licences</b>					
Namibia — Tsumeb	EPL 14/2/1/4/2/132 A <sup>(2)</sup>	Ongopolo	100%	Exploration	9 Mar 2006
Namibia — Otjihase	EPL 14/2/1/4/2/367 <sup>(2)</sup>	Ongopolo	100%	Exploration	9 Mar 2006
Namibia — Heibis	EPL 3066	Ongopolo	100%	Exploration	7 July 2006
Namibia — Windhoek	EPL 14/2/1/4/2/1776 <sup>(2)</sup>	Ongopolo	100%	Exploration	9 Mar 2006
Namibia — Brakwater	EPL 14/2/1/4/2/2906 <sup>(2)</sup>	Ongopolo	100%	Exploration	4 Apr 2006
Namibia — Elbe	EPL 14/2/1/4/2/3136	Ongopolo	60%	Exploration	29 Jan 2007
Namibia — Kunene	EPL 14/2/1/4/2/3277	Ongopolo	100%	Exploration	8 Sep 2008
Namibia — Otjondjupa	EPL 14/2/1/4/2/3371 <sup>(3)</sup>	Ongopolo	100%	Exploration	20 Nov 2008
<b>Mineral Deposit Retention Licence (M.D.R.L.)</b>					
Namibia — Valencia	14/2/1/4/2/1496	Ongopolo	10%	Exploration	4 Jan 2007

Source: Competent Person's Report

(1) This licence is currently being transferred to another licence which will be granted to Ongopolo. It is anticipated that the expiry date of the new licence(s) will be 31 March 2019.

(2) Renewal lodged.

(3) This licence has become the subject of a conditional sale agreement dated 20 June 2006.

(b) **Other**

- (i) A Voting Pool Agreement, commencing 14 March 2001, was entered into between various shareholder parties between them holding a majority of "A" class shares in Ongopolo, pursuant to which the parties agreed to maintain agreed proportion shareholdings and to restrict their disposals for a period of 10 years. The parties are bound to vote their shareholdings in accordance with the pool consensus, in respect of certain specified matters, or pool majority, in accordance with the terms of the agreement. This agreement will be terminated as part of the Proposed Transaction.
- (ii) On 26 November 2001 Ongopolo Mining Limited entered into a secured loan agreement with Bank Windhoek pursuant to which Ongopolo Mining Limited borrowed N\$3,000,408.50. The principal debt, together with finance charges, is repayable in 54 instalments.

- (iii) On 31 August 2005 Ongopolo Mining Limited entered into a further secured loan agreement with Bank Windhoek pursuant to which Ongopolo Mining Limited borrowed N\$120,000.00. The principal debt together with finance charges is repayable in 24 equal instalments.
- (iv) On 26 November 2004, Ongopolo and Standard Bank Namibia Limited entered into a term loan agreement for N\$100,000,000.00, repayable by 30 November 2010. Amounts outstanding under the facility attract interest at the Standard Bank prime rate less one percent. The facility is secured by a Guarantee given by the Government of the Republic of Namibia with certain subsidiaries of Ongopolo acting as sureties and co-principal debtors for the indebtedness.
- (v) On 12 August 2004, Ongopolo entered into a temporary Power Supply Agreement with Nampower for the Kombat mine. Under the agreement, Ongopolo agreed to make a capital contribution, together with monthly usage and rental. Although the agreement was due to terminate on 31 December 2005, the agreement remains in force.
- (vi) On 16 October 2002, Ongopolo agreed arrangements with Cementation Mining (Namibia) (Proprietary) Limited in relation to the construction of the mine shaft at the Kombat mine. A Contract Agreement was subsequently entered into between Ongopolo Mining Limited and Cementation Offshore Operations Limited. The Contract Agreement provides that the contract price is €1,448,639.83 (excluding VAT).
- (vii) On 30 November 2005 Ongopolo Processing (Proprietary) Limited entered into an agreement with Republic House AG for the conduct of certain smelting operations. Under the agreement, Ongopolo Processing (Proprietary) Limited agreed to receive copper concentrate, and to supply and deliver tolled copper blister to Republic House AG.
- (viii) On 22 February 2006 Ongopolo Processing (Proprietary) Limited entered into an agreement with Ongopolo Marketing AG for the sale of lead oxide and sulphide with delivery in Walvis Bay, Namibia.
- (ix) From 1 September 2000, Ongopolo Processing (Proprietary) Limited and Ongopolo Mining Limited and TransNamib Holdings Limited have been bound by the terms of a Transportation and Sale of Railway Stock Agreement, pursuant to which, TransNamib Holdings Limited were granted the exclusive right to transport all mineral concentrates by rail and road and for the transport of single commodities between Tsumeb and Gauteng and Western Provinces (South Africa). The agreement prescribes pricing and establishes a minimum tonnage to be charged per rail wagon for core commodities. The agreement expired on 1 September 2005 and is currently renewed on a monthly basis.
- (x) On 18 April 2001 Ongopolo entered into a Recognition and Procedural Agreement with the Mine Workers Union of Namibia. Under the agreement the Mine Workers Union is recognised as the exclusive bargaining agent in relation to matters, including basic pay rates, benefits and other conditions of employment for certain employees of Ongopolo. A negotiation procedure and dispute settlement procedure is set out in the agreement.
- (xi) Ongopolo has entered into the following loan facilities:
 

Bank Windhoek Limited	—	Loan facilities of N\$77,000,000
Standard Bank Namibia Limited	—	Loan facilities of N\$116,000,000
Government Institutions Pension Fund	—	Loan facilities of N\$79,000,000
Development Bank of Namibia	—	Loan facilities of N\$30,000,000
The Minerals Development Fund of Namibia	—	Facilities of N\$86,378,972
- (xii) The Heads of Terms described at paragraph 11.1(b)(vii), above.
- (xiii) The Interim Management Agreement described at paragraph 11.1(b)(viii), above.
- (xiv) The Interim Loan Agreement described at paragraph 11.1(b)(ix), above.
- (xv) The Subscription Agreement described at paragraph 11.1(b)(xii), above.

- (xvi) The Management Agreement described at paragraph 11.1(b)(xiii), above.
- (xvii) The Restructuring Agreements described at paragraph 11.1(b)(xiv), above.

## 12. The Share Incentive Schemes

### (a) *The Weatherly Executive Share Option Scheme (the “Executive Scheme”)*

The Executive Scheme is an unapproved share option scheme. The Executive Scheme was adopted in principle by the Company on 12 June 2006. There has been no grant of options under the Executive Scheme to date.

#### Part A

##### (i) *Eligibility*

Options may be granted to eligible employees of any participating company, who are not within six months of normal retirement date, as selected by the remuneration committee. The Company does not currently intend to grant options under this plan to Executive Directors.

##### (ii) *Grant of Options*

The price per Ordinary Share at which options may be exercised will not be less than the market value of an Ordinary Share at the date of grant.

Options will normally be granted within the period of 42 days commencing on the day after any of the following:

- (A) the date on which the Company releases its quarterly, half-yearly or final results; or
- (B) the date on which a prospectus or a document containing equivalent information relating to shares is issued.

After Admission, if remuneration committee considers that exceptional circumstances apply, options may be granted outside these periods.

Options can also be granted during the period of 28 days immediately after the eligible person becomes an employee of any participating company.

The remuneration committee may (and, in the case of directors, shall) require an objective performance condition to be satisfied before an option may be exercised. The remuneration committee can waive or amend these conditions if they think they are no longer appropriate.

An option granted under the Executive Scheme may not be transferred, assigned, charged or otherwise alienated other than to the participant’s personal representative on death. Any other transfer, assignment, charge, disposal or dealing with the rights and interest of the option will render the option void.

##### (iii) *Limits on the issue of new shares*

The Executive Scheme is subject to the following limits on the overall number of Ordinary Shares which may be issued:

- (A) in any 10 year period, not more than 10% of the issued ordinary share capital of the Company may in aggregate be placed under option under the Executive Scheme and any other executive share option scheme adopted by the Company; and
- (B) in any 10 year period, not more than 15% of the issued ordinary share capital of the Company may in aggregate be placed under option under the Executive Scheme and any other employee’s share scheme adopted by the Company where participation is extended to all employees on similar terms or limited to employees of executive status only. For so long as it is the market practice, treasury shares shall be treated as newly issued shares for the purposes of this limit.

##### (iv) *Exercise of Option*

Normally, options may only be exercised after 3 years and within 10 years of their initial date of grant and then to the extent only that the performance conditions are met. If an optionholder ceases to be an employee in certain circumstances including death, retirement, redundancy, injury or disability, the option may be exercisable within a specified period from the date of the event

causing such termination of employment to the extent that conditions of exercise have been satisfied. The remuneration committee also has discretion to allow the options to be exercised on cessation of employment in other circumstances to the extent that any performance condition has been satisfied. Options may be exercised on a change of control in the Company to the extent determined by the remuneration committee, having regard to which performance conditions are satisfied and the portion of the vesting period which has elapsed.

(v) *Adjustments*

Following an adjustment of the share capital of the Company, the remuneration committee may adjust the number of Ordinary Shares under option and/or the option exercise price.

(vi) *Discharge of Option in Cash/ National Insurance Contributions Indemnity*

If an optionholder gives notice of exercise of an option, the remuneration committee may, in lieu of allotting shares, pay the optionholder a cash sum equal to the amount by which the market value of the Ordinary Shares pursuant to the option on the date of exercise, exceeds the aggregate acquisition price of those shares.

If required by the Company, an optionholder must enter into an election under paragraph 3(b) of Schedule 1 of the Social Security Contributions and Benefits Act 1992 whereby the Company or any subsidiary of the Company's national insurance contributions liability which arises on exercise of the option is transferred to the optionholder.

(vii) *Amendments to the Scheme Rules*

Certain minor amendments may be made to the rules of the Executive Scheme by the remuneration committee to benefit its administration or to obtain favourable tax or other treatment. However, the basic structure of the Executive Scheme cannot be altered to the advantage of the optionholders or eligible employees without the prior approval of the Company in general meeting.

(viii) *Termination*

The Executive Scheme terminates on the 10th anniversary of its approval by the Company or any earlier time by resolution of the remuneration committee. Termination will be without prejudice to subsisting rights of the optionholders.

(b) ***The Weatherly Long Term Incentive Plan (the "LTIP")***

The LTIP was adopted by the Company, in principle, on 12 June 2006. The LTIP is designed to be a discretionary long-term incentive plan under which the Company may make different types of awards depending on its requirements. The LTIP is administered by the Board of Directors acting on the recommendation of the remuneration committee. Flexibility is built into the LTIP to allow the remuneration committee to administer the LTIP in its entirety as well as give the possibility for an employee benefit trust to make and/or satisfy the awards.

Under the LTIP two main types of awards can be made:

- (i) LTIP Incentive Awards — a participant receives shares or a nil cost option at the end of a performance period (typically three years) provided stretching performance targets (set by the remuneration committee) have been reached and the participant is still in employment.
- (ii) Co-Investment Awards — the first element is a "Bonus Share Award". The Bonus Share Award will be made by reference to the participant's performance over the preceding financial year and will comprise of either shares or a nil cost option. However, the participant will not be entitled to receive the shares or exercise the option until the end of a set period (typically between one and three years). Where a Bonus Share Award is made, it will typically be accompanied by a "Matching Share Award" which the participant will receive subject to remaining in employment and if the remuneration committee determines, satisfying performance targets set by the remuneration committee.

(A) *Eligibility*

Awards may be given to all eligible employees (being any person who at the award date is an employee or an executive director of the Company or any of its subsidiaries and is not

within six months of his anticipated retirement date). The current intention of the Company is that the Plan will only be available to executive directors.

(B) *Grant of Awards*

(a) *LTIP Incentive Awards*

Performance Share Awards may be granted conditional upon the satisfaction of one or more performance related conditions during a Grant Period. A Grant Period being a period of 42 days from:

- (aa) the date on which the LTIP is adopted;
- (bb) the day after the Company announces its interim or final accounts; or
- (cc) any day on which the Board of Directors resolves exceptional circumstances exist to justify the grant of an award.

An LTIP Incentive Award can also be made within 28 days from the date of commencement of an eligible employee's employment.

(b) *Co-Investment Awards*

Bonus Share Awards may be granted during a Grant Period (defined above) either in the form of deferred rights or a nil cost option comprising such number of shares granted by the grantor and/or, where the remuneration committee permits, such number of shares equal to all or a proportion of eligible employee's gross annual bonus on the basis that such bonus is waived.

A Matching Share Award may be granted to any participant who is granted a Bonus Share Award conditional upon the employee remaining in employment and if the remuneration committee determines, the satisfaction of one or more performance related conditions. The number of shares comprising the Matching Share Award shall be determined by the grantor on the recommendation of the remuneration committee subject to the individual limits described below.

No consideration is payable for the grant of an LTIP Incentive Award or a Co-Investment Award. No LTIP Incentive Award or Co-Investment Award may be transferred, assigned or otherwise disposed of to another person without the grantor's prior consent, except on the death of a participant.

The grant of the LTIP Incentive Award or Co-Investment Award is subject to the approval or consent required by any applicable laws, regulations or government authority and the requirements of the AIM Rules.

(C) *Limits on Grant of The Awards*

The LTIP is subject to the following limits:

- (a) in any ten year period, the number of shares which may be issued or issuable under the LTIP or any other share plan adopted by the Company must not exceed 15% of the Company's issued share capital;
- (b) LTIP Incentive Award — ordinarily the aggregate market value of shares over which the Performance Share Awards are granted at the time of award should not exceed an amount equal to the participant's annual remuneration (excluding bonuses and benefits in kind) each year unless the remuneration committee decides there are exceptional circumstances or there are particularly stretching performance targets which justify a higher LTIP Incentive Award. However, for the first year of operation, the remuneration committee may make awards up to 300% of the participant's basic salary. This is to give the remuneration committee the ability to make relatively high initial awards to key executives so as to ensure that they are motivated and retained during the first three years after admission to the London Stock Exchange;
- (c) Bonus Share Awards — the market value of the shares comprised in the award should equal the amount of cash bonus waived by a participant; and

- (d) **Matching Share Awards** — the number of shares in these awards in any one year should not exceed the number of shares in the underlying Bonus Share Award (unless the remuneration committee decide there are exceptional circumstances or particularly stretching performance targets that justify a greater Matching Share Award but their value on award will not exceed basic salary).

The limits mentioned in (b), (c) and (d) above are exclusive of any awards made to participants that are intended to enable the participant to fund the employers' national insurance liability, where this liability is transferred to the participant.

In determining the aggregate level of awards under the LTIP in a particular year, consideration will be given to the total value expected to be delivered under these awards.

(D) *Exercise/Satisfaction of Awards*

**Deferred rights** — once an award that comprises of deferred rights vests, the shares shall be transferred or allocated to the participant within 30 days of the vesting date.

**Nil cost options** — once an award that comprises nil cost options vests, the nil cost option may be exercised for an exercise price of £1 and the shares transferred within 30 days of the exercise date.

On a change of control, a proportion of the awards will vest notwithstanding that any performance conditions attached to the awards have not been satisfied. The proportion vesting will reflect the number of months of the applicable performance period which have elapsed at the date of the change of control. In addition, an additional proportion of the awards will vest as the remuneration committee may determine having regard to the extent to which performance conditions are satisfied to the date of leaving.

(E) *Tax Liability*

The participant will be responsible for any income tax and employee's national insurance arising on the awards. The LTIP rules provide that any liability may be satisfied by selling some of the shares acquired on the vesting of an award.

In addition, it is the intention to transfer the employers' national insurance liability in respect of the initial awards to the participants.

(F) *Termination of Employment*

If a participant ceases to hold office or employment with the Company or one of its subsidiaries before the end of the performance period:

- (a) **LTIP Incentive Shares** — if a participant is considered a "good leaver" in accordance with the LTIP rules, then the remuneration committee shall have the discretion as to whether and to what extent the award vests. In cases where the participant is a "bad leaver" or the remuneration committee do not exercise their discretion, the award will lapse.
- (b) **Co-investment Awards** — Bonus Share Awards will vest in the participant as and when he leaves employment. Where there is a Matching Share Award, this will be dealt with in a similar way to LTIP Incentive Awards (see (a) above).

(G) *Lapse of Awards*

In addition to the lapsing of the awards where a participant holds office or employment and the remuneration committee has not exercised its discretion to allow the participant to retain the award, an award shall lapse on a participant's bankruptcy.

(H) *Exchange of Awards*

The rules of the LTIP provide that for a period of 2 months (or longer if agreed by the Board of Directors) following a change of control of the Company a participant may

release any awards not lapsed in consideration of the grant of new awards in the acquiring company.

(I) *Amendments to the LTIP*

The Board of Directors may, with the prior consent of the Trustees, amend the rules of the LTIP. If the amending is to the advantage of the eligible employee, such alteration, deletion or addition must be approved by the Shareholders of the Company as an ordinary resolution unless such alteration, deletion or addition is minor and to benefit the administration of the LTIP or is necessary to take account of a change in legislation. No alteration, deletion or addition may be made which would abrogate or adversely affect the participant unless it is made with the consent of at least 75 per cent. of the participants.

(c) *Treatment under IFRS*

FRS 20 is applicable to the Group with effect from the financial year ending on 1 January 2005. Upon implementation, any shares offered as consideration for services provided (such as shares offered to employees under the above share option schemes) is required to be recognised at fair value and an appropriate charge recognised in the Company's profit and loss account.

### 13. Working capital

The Directors are of the opinion having made due and careful enquiry, that the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least the next 12 months from the date of Admission.

### 14. Litigation

There are no governmental, legal or arbitration proceedings, active, pending or threatened against, or being brought by, the Company or any of its subsidiaries, which may have or have had during the 12 months preceding the date of this document a significant effect on the Company's financial position or profitability. Ongopolo may have the basis for bringing a claim against Central African Mining and Exploration Company Plc in relation to a failed delivery of copper concentrate, details of which are more fully set out in the financial information on Ongopolo in Part V.

### 15. Overseas Securities Laws

#### 15.1 *General*

It is the responsibility of any person (including, without limitation, nominees and trustees) outside the United Kingdom wishing to purchase the New Ordinary Shares to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or other consents which may be required, the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction. **The comments set out in this paragraph are intended as a general guide only and anyone who is in doubt as to his position should consult his professional adviser without delay.**

Persons receiving a copy of this document should not distribute or send it into any jurisdiction where to do so would or might contravene local securities laws or regulations.

The attention of persons with registered addresses in the United States or any of Australia, Canada, Japan or the Republic of Ireland is drawn to paragraphs 15.2 and 15.3 below.

#### 15.2 *United States*

The New Ordinary Shares have not been and will not be registered under the Securities Act or under any relevant securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States unless registered or within an applicable exemption from the registration requirements of the Securities Act and in compliance with applicable securities laws of any state or jurisdiction of the United States. Libertas Capital Corporate Finance Limited may arrange through its selling agents for the offer of New Ordinary Shares in the United States to be extended only to a limited number of persons in the United States who are reasonably believed to be QIBs in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the



Securities Act. The New Ordinary Shares offered outside the United States are being offered in reliance on Regulation S.

Any person in the United States who obtains a copy of this document who is not a QIB is required to disregard it.

Until 40 days after the commencement of the Rights Issue, an offer, sale or transfer of the New Ordinary Shares within the United States by a dealer (whether or not participating in the Rights Issue) may violate the registration requirements of the Securities Act.

**Prospective purchasers are hereby notified that sellers of the New Ordinary Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.**

Each acquirer of New Ordinary Shares in the United States will be deemed to have made the following acknowledgments, agreements and representations regarding the New Ordinary Shares:

- (i) it is an institution which has knowledge and experience in financial and business matters as to be capable or calculating the merits and risks of its investment in the New Ordinary Shares and it and any accounts for which it is acting is each able to bear the economic risk of such investment, and is able to sustain a complete loss of any investment in the New Ordinary Shares;
- (ii) prior to purchasing the New Ordinary Shares it received and read a copy of this document. If the acquirer has any queries regarding its acquisition of the New Ordinary Shares, the Company and its affairs, or the terms of the New Ordinary Shares, it has had the opportunity to ask and has asked those questions of and received answers satisfactory to it from the representatives of the Company. In making any acquisition of the New Ordinary Shares, it is relying on this document and not on any other information or representation concerning the Company. It agrees that it has held and will hold this document in confidence, it being understood that this document is solely for its use and that it has not duplicated, distributed, forwarded, transferred or otherwise transmitted this document or any other presentations or other materials concerning the Placing (including electronic copies thereof) to any persons within the United States, and agrees that such materials shall not be duplicated, distributed, forwarded, transferred or otherwise transmitted by it. It has made its own assessment concerning the relevant, tax, legal or other economic considerations relevant to its investment in the New Ordinary Shares.
- (iii) it acknowledges that neither the Company, Libertas Capital Corporate Finance Limited nor any of their respective affiliates has made any representation to the acquirer with respect to the Company, other than the information contained in this document. It understands that this document has been prepared in accordance with UK format, style and content, which differs from US format, style and content;
- (iv) it is a QIB, and that if it is acquiring the New Ordinary Shares as a fiduciary or agent from one or more investor accounts, each such account is a QIB, it has investment discretion with respect to each such account, and has full power and authority to make the acknowledgments, representations and agreements herein on behalf of each such account;
- (v) it is acquiring the New Ordinary Shares for its own account (or the account of a QIB as to which it has full investment discretion) and not with a view to distribution within the meaning of the US securities laws;
- (vi) it understands and acknowledges that the New Ordinary Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the New Ordinary Shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. It agrees that the New Ordinary Shares may not be sold, pledged or otherwise transferred, and that it will not directly or indirectly reoffer, sell, pledge or otherwise transfer the New Ordinary Shares except (a) in an offshore transaction in accordance with Rules 903 or 904 of Regulation S, (b) to a QIB in accordance with Rule 144A or (c) pursuant to Rule 144 under the Securities Act (if available) and that in each case, such offer, pledge or transfer must, and will, be made in accordance with any applicable securities laws of any state or other jurisdiction of the United States;
- (vii) it understands that no representation has been made as to the availability of Rule 144 under the Securities Act or any other exemption under the Securities Act or any state securities laws for the reoffer, pledge or transfer of the New Ordinary Shares;

- (viii) it understands that the New Ordinary Shares are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act and that, for so long as they remain “restricted securities”, they may not be deposited into any unrestricted depositary facility established or maintained by a depositary bank;
- (ix) it understands that any offer, sale, pledge, or other transfer of the New Ordinary Shares made otherwise in compliance with the above stated restrictions may not be recognised by the Company;
- (x) it acknowledges and agrees that if its New Ordinary Shares are in certificated form, the certificates representing the New Ordinary Shares will contain substantially the following legend:  

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR UNDER THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE REOFFERED, SOLD OR PLEDGED OR OTHERWISE TRANSFERRED, EXCEPT (I) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULES 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (II) TO A QUALIFIED INSTITUTIONAL BUYER, AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT OR (III) PURSUANT TO RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND THAT, IN EACH CASE, SUCH OFFER, PLEDGE OR TRANSFER MUST, AND WILL, BE MADE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR THE RESALE OF THIS SECURITY”;
- (xi) any information that it has hitherto furnished to the Company with respect to its financial position is correct and complete in all material respects as of the date of this letter, and if there should be any material change in such information prior to the consummation of the transactions contemplated hereby, it will promptly furnish such revised or corrected information to the Company;
- (xii) it has not acquired the New Ordinary Shares as a result of any general solicitation or general advertising, including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media or broadcast over radio or television or as a result of a seminar or a meeting whose attendees have been invited by general solicitation or general advertising;
- (xiii) the Company, the Registrars, Libertas Capital Corporate Finance Limited and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgments, agreements and representations; and that
- (xiv) if it is acquiring any New Ordinary Shares for the account of one or more QIBs, it has sole investment discretion with respect to each such account and that it has full powers to make the foregoing acknowledgments, agreements and representations on behalf of each such account.

### 15.3 *Australia, Canada, Japan and the Republic of Ireland*

Due to restrictions under the securities laws of Australia, Canada, Japan and the Republic of Ireland (the “Excluded Territories”), no offer of New Ordinary Shares is being made by virtue of this document into the Excluded Territories. The New Ordinary Shares may not be offered, sold or otherwise transferred in or into any Excluded Territory.

### 15.4 *Additional representations and warranties relating to overseas investors*

Any person outside the UK who accepts delivery of this document and/or acquires any New Ordinary Shares shall be deemed to have represented and warranted to the Company, Libertas Capital and their respective affiliates that, except where proof has been provided to the Company’s satisfaction that acceptance or acquisition will not result in the contravention of any applicable legal requirements in any jurisdiction,

- (i) such person is not accepting and/or acquiring the New Ordinary Shares from within any of the Excluded Territories,

- (ii) such person is not in any territory in which it is unlawful to make or accept an offer to acquire New Ordinary Shares,
- (iii) such person is not acting on a non-discretionary basis for a person located within any of the above territories and
- (iv) such person is not acquiring New Ordinary Shares with a view to offer, sale, resale, transfer, delivery or distribution, directly or indirectly, of any such New Ordinary Shares into any of the above territories.

## 16. Taxation

### 16.1 UK taxation

The following information is based upon law and what is understood to be practice currently in force in the United Kingdom. Except when expressly stated, it applies to individuals resident in the United Kingdom for tax purposes. The information is intended as a general guide only, and is not a full description of all relevant tax considerations. In particular, it does not apply to persons who do not hold their Placing Shares as investments. **Any person who is in any doubt as to his tax position or who is subject to taxation in any jurisdiction other than that of the UK, should consult a professional adviser concerning his tax position.**

#### (a) *Dividends — UK resident shareholders*

Under current United Kingdom taxation legislation no withholding tax is required on dividends paid by the Company.

Where the Company pays a dividend, a holder of Placing Shares who is an individual and who receives that dividend is generally entitled to a tax credit in respect of the dividend received. The tax credit currently equals 10 per cent. of the combined amount of the dividend and tax credit (the “gross dividend”), which together will be regarded as the top slice of that individual’s income for tax purposes and will be subject to UK income tax at the rates of the tax described below.

Individual shareholders who are liable to income tax at no more than the basic rate will be liable to tax on the gross dividend received at the rate of 10 per cent. This means that the tax credit will fully satisfy the individual’s liability to pay income tax on the dividend received.

The rate of income tax applied to dividends received by individual shareholders liable to income tax at the higher rate will be 32.5 per cent. of the gross dividend. After taking into account the 10 per cent. tax credit a higher rate tax payer will be liable to additional income tax of 22.5 per cent. of the gross dividend (equal to 25 per cent. of the cash dividend received).

Shareholders who are not liable to income tax on the dividend income cannot reclaim payment of the tax credit from the Inland Revenue.

Subject to certain exceptions, a corporate shareholder which is resident in the UK will not be liable to UK corporation tax on any dividend received from the Company, but cannot claim payment of the tax credit from HMRC.

#### (b) *Dividends — non UK resident shareholders*

Shareholders not resident in the UK are generally not taxed in the UK on dividends received by them. By virtue of double taxation agreements between the UK and other countries, some overseas shareholders may be able to claim payment of all or part of the tax credits carried by the dividends they receive from UK companies. Persons who are not resident in the UK should consult their own tax advisers on the possible applicability of such provisions, the procedure for claiming repayment and what relief or credit may be claimed in respect of such tax credit in the jurisdiction in which they are resident.

#### (c) *Taxation of chargeable gains*

Any disposal of Placing Shares by a shareholder resident or ordinarily resident for tax purposes in the UK or a non-UK resident shareholder who carries on a trade, profession or vocation in the UK through a branch, agency, fixed place of business or permanent establishment and has used, held or acquired the Placing Shares for the purposes of such trade, profession or vocation or such branch, agency, fixed place of business or permanent establishment may, depending on the shareholder’s circumstances, and subject to any available exemptions, allowances or reliefs, give

rise to a chargeable gain or an allowable loss for the purposes of UK capital gains tax (or for companies, corporation tax on chargeable gains unless the gain is exempted by the Substantial Shareholding Exemption legislation). Special rules apply to disposals by individuals at a time when they are temporarily not resident or ordinarily resident in the UK.

The amount of any chargeable gain may be reduced by indexation (in the case of Shareholders who are UK Resident Companies) or taper relief (in the case of individuals and certain trustees).

(d) *Stamp duty and stamp duty reserve tax*

No liability to stamp duty or stamp duty reserve tax (“SDRT”) will arise on the allotment of new Placing Shares by the Company pursuant to the Placing.

The conveyance or transfer or sale of Placing Shares, which are held in certificated form following registration will be subject to stamp duty on the instrument of transfer, at the rate of 0.5 per cent. (rounded up to the nearest multiple of £5) of the amount of the value of the consideration. An unconditional agreement to transfer such shares may also give rise to a SDRT liability, again at the rate of 0.5 per cent. of the amount of the value of the consideration. This liability is cancelled (and any SDRT paid, refunded) if the agreement is completed by a duly stamped transfer within six years of the agreement becoming unconditional. Where Placing Shares are held in uncertificated form within CREST a liability to SDRT will arise where a change in the legal and/or beneficial ownership of those ordinary shares occurs.

(e) *Inheritance Tax*

The Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax. A gift of such shares by, or on the death of, an individual shareholder may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the shareholder is neither domiciled nor deemed to be domiciled in the UK.

The above is a summary of certain aspects of current law and practice in the UK. Any person who is in any doubt as to his tax position or who is subject to tax in a jurisdiction other than the UK, should consult his or her professional adviser.

## 16.2 *US taxation*

TO ENSURE COMPLIANCE WITH US TREASURY DEPARTMENT CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES IN THIS DOCUMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON PROSPECTIVE INVESTORS UNDER THE US INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN BY THE ISSUER IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE COMPANY AND LIBERTAS CAPITAL OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion describes the material US federal income tax consequences of the purchase, ownership and disposition of New Ordinary Shares to beneficial owners:

- who are residents of the US for purposes of the current UK/US income tax treaty (the “Income Tax Convention”) and the UK/US Estate and Gift Tax Convention (the “Estate and Gift Tax Convention”) and, together with the Income Tax Convention, the “Conventions”);
- whose New Ordinary Shares are not, for the purposes of the Conventions, effectively connected with a permanent establishment, or the performance of services through a fixed base, in the United Kingdom;
- who otherwise qualify for the full benefits of the Conventions; and
- who are US Holders (as defined below).

The statements regarding US federal income tax set out below are based on the tax laws of the United States, including the US Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing US Treasury Regulations thereunder, published rulings of the US Internal Revenue

Service (the “IRS”) and court decisions, all as currently in effect and all subject to change, possibly with retroactive effect.

The following discussion is not a complete analysis or description of all potential US federal income tax consequences that may be relevant to all categories of potential purchasers that are US Holders, certain of which are subject to special tax treatment. This discussion only addresses shares held as capital assets within the meaning of section 1221 of the Code, and does not deal with the tax consequences to potential purchasers that are subject to special tax treatment (such as financial institutions, insurance companies, dealers or traders in securities or foreign currencies, tax exempt entities, regulated investment companies, partnerships or other entities classified as partnerships for US federal income tax purposes, persons holding a share as part of a straddle, hedging, conversion or integrated transaction, persons whose “functional currency” is not the US dollar, persons subject to alternative minimum tax and holders that own or are deemed to own 10 per cent. or more (by voting power) of the Company’s stock). This discussion does not address tax consequences under any US state or local tax law of an investment in New Ordinary Shares.

As used herein, a “US Holder” is a beneficial owner of New Ordinary Shares that is, for US federal income tax purposes:

- a citizen or resident of the US;
- a corporation, or other entity treated as a corporation for US federal income tax purposes, organised in or under the laws of the US or of any political subdivision thereof;
- an estate, income of which is subject to US federal income taxation regardless of its source; or
- a trust (1) the administration of which is subject to the primary supervision of a court within the US and that is subject to the control of one or more “United States persons” as described in section 7701(a)(30) of the Code or (2) that has a valid election in effect under applicable US Treasury Regulations to be treated as a US person.

If a partnership, or other entity treated as a partnership for US federal income tax purposes, holds New Ordinary Shares, the tax treatment of a partner of such partnership will generally depend upon the status of the partner and the activities of the partnership. Those investors that are partners of a partnership purchasing New Ordinary Shares are urged to consult their own tax advisers with respect to the particular consequences to them.

**All potential US Holders of New Ordinary Shares are urged to consult their own tax advisers with respect to the particular consequences to them under US federal, state, local, UK and other applicable foreign tax laws (and possible changes to those tax laws) of the acquisition, ownership and disposition of New Ordinary Shares.**

(a) *Income Tax Convention*

On July 24, 2001, the governments of the US and the UK agreed to the terms of the Income Tax Convention, which was amended by a protocol agreed on July 19, 2002 and which came into force on March 31, 2003. This discussion assumes that US Holders will be entitled to the benefits of the Income Tax Convention. All potential US Holders are urged to consult their own tax advisers with respect to their eligibility for benefits under the Income Tax Convention.

(b) *Taxation of Dividends*

Subject to the discussion of “Passive Foreign Investment Company Considerations” in paragraph (d) below, the gross amount of any distributions of cash or property that are actually or constructively received by a US Holder with respect to New Ordinary Shares will be a dividend includible in gross income of such US Holder as ordinary income to the extent of the US Holder’s share of the current and accumulated earnings and profits of the Company, as determined under US federal income tax principles. Dividends paid on New Ordinary Shares generally will constitute income from sources outside the US and will not be eligible for the “dividends received” deduction allowed to corporate US Holders in certain circumstances.

A distribution to a US Holder in excess of the Company’s current and accumulated earnings and profits will be treated first as a non-taxable return of capital to the extent of such US Holder’s adjusted tax basis in its New Ordinary Shares, and any distribution in excess of such basis will constitute capital gain from the sale or exchange of property, and will be long term capital gain

(taxable at a reduced rate for individual holders, trusts or estates) if such New Ordinary Shares were held for more than one year.

The Company does not maintain calculations of its earnings and profits under US federal income tax principles. Therefore, a US Holder should expect that a distribution will generally be treated as a dividend, even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above. The amount of any distribution of property other than cash will be the fair market value of the property on the date of the distribution.

The gross amount of any distribution paid in foreign currency will be included in the gross income of a US Holder in an amount equal to the US dollar value of the foreign currency calculated by reference to the exchange rate in effect on the date such distribution was received by the US Holder, regardless of whether the foreign currency is converted into US dollars on that date. If the foreign currency received as a dividend is converted into US dollars on the date of receipt, a US Holder generally should not be required to recognise foreign currency gain or loss in respect of the dividend. If the foreign currency received as a dividend is not converted into US dollars on the date of receipt, a US Holder will have a basis in the foreign currency equal to its US dollar value on the date of receipt. Any gain or loss on a subsequent conversion or other disposition of the foreign currency will be treated as ordinary income or loss, and will generally be income or loss from sources within the US for foreign tax credit limitation purposes.

Certain distributions received by individuals (as well as certain trusts and estates) in taxable years beginning before January 1, 2011, will be subject to a maximum US federal income tax rate of 15 per cent. This reduced income tax rate is only applicable to distributions paid by US corporations and “qualified foreign corporations,” and only with respect to shares held for a minimum holding period (generally, 61 days during the 121-day period beginning 60 days before the ex-dividend date). A “qualified foreign corporation” includes, among others, a corporation that is eligible for the benefits of a comprehensive income tax treaty with the US that the US Treasury Department determines is satisfactory for this purpose and that includes an exchange of information program. However, a corporation that is a “passive foreign investment company” as discussed in paragraph (d) below cannot qualify as a “qualified foreign corporation.”

The US Treasury has announced its intention to promulgate rules which will permit persons required to file information returns to rely on certifications from a foreign issuer that dividends paid by such foreign issuer constitute qualified dividend income. As of the date of this document, such rules have not been promulgated.

The Company believes it is eligible for the benefits of the Income Tax Convention, which has been determined satisfactory for purposes of qualified foreign corporation status. Accordingly, subject to the “passive foreign investment company” discussion below, the Company believes that it is a qualified foreign corporation and that dividends paid by the Company to individuals (as well as certain trusts and estates) on New Ordinary Shares held for the minimum holding period may be eligible for the reduced income tax rate.

For the purpose of calculating foreign tax credit limitations, dividends paid on New Ordinary Shares will be treated as income from sources outside the US. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends paid on New Ordinary Shares will, under current law, be “passive income” or, in the case of certain U.S. Holders, “financial services income.” Recently enacted legislation will modify the foreign tax credit limitation by reducing the number of classes of foreign source income to two for taxable years beginning after December 31, 2006. Under this recently enacted legislation, dividends paid on New Ordinary Shares will generally constitute “passive category income” but could, in the case of certain U.S. Holders, constitute “general category income.” Special rules apply to individuals whose foreign source income during the taxable year consists entirely of “qualified passive income” and whose creditable foreign taxes paid or accrued during the taxable year do not exceed \$300 (\$600 in the case of a joint return). In particular circumstances, a U.S. Holder that (i) has held the New Ordinary Shares for less than a specified minimum period during which it is not protected from risk of loss, (ii) is obligated to make payments related to the dividends, or (iii) holds the New Ordinary Shares in arrangements in which the U.S. Holder’s expected economic profit, after non-U.S. taxes, is insubstantial will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the New Ordinary

Shares. Significant restrictions apply for foreign tax credit limitation purposes with respect to receipts of “qualified dividend income” as described in the preceding paragraph.

(c) *Taxation of Capital Gains*

Subject to the discussion of “Passive Foreign Investment Company Considerations” in paragraph (d) below, gain or loss realised by a US Holder on the sale or other disposition of New Ordinary Shares will be subject to US federal income tax as capital gain or loss in an amount equal to the difference between the US Holder’s adjusted tax basis in the New Ordinary Shares and the amount realised on the sale or disposition. The capital gain or loss will be long-term capital gain or loss if the US Holder has held the New Ordinary Shares for more than one year at the time of the sale or disposition. Gain or loss realised by a US Holder generally will be treated as US source gain or loss for US foreign tax credit purposes. The deductibility of capital losses is subject to significant limitations.

A US Holder that receives foreign currency on the sale or other disposition of New Ordinary Shares will realise an amount equal to the US dollar value of the foreign currency on the date of sale (or in the case of cash basis and electing accrual basis taxpayers, on the settlement date). If a US Holder receives foreign currency upon a sale or exchange of New Ordinary Shares, the gain or loss, if any, recognised on the subsequent sale, conversion or disposition of that foreign currency will be ordinary income or loss, and will generally be income or loss from sources within the US for foreign tax credit limitation purposes.

(d) *Passive Foreign Investment Company Considerations*

A corporation organised outside the US generally will be classified as passive foreign investment company (a “PFIC”) for US federal income tax purposes in any taxable year in which either: (a) at least 75 per cent. of its gross income is “passive income”; or (b) on average at least 50 per cent. of the gross value of its assets is attributable to assets that produce passive income or are held for the production of passive income. Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. In determining whether it is a PFIC, a foreign corporation is required to take into account a pro rata portion of the income and assets of each corporation in which it owns, directly or indirectly, at least a 25 per cent. interest.

The Company does not expect that it will be treated as a PFIC for US federal income tax purposes in 2006 or any future year. However, PFIC status is fundamentally factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually (the average value of assets for each year being the average of the fair market values of the assets determined as of the end of each quarter). Consequently, no assurance can be provided that the Company will not be classified as a PFIC for the current or any future taxable year. If the Company is classified as a PFIC in any year that a US Holder is a Shareholder, the Company generally will continue to be treated as a PFIC for that US Holder in all succeeding years, regardless of whether the Company continues to meet the income or asset test described above. As discussed below, if the Company is classified as a PFIC in any year, special, possibly materially adverse, consequences would result for US Holders that owned New Ordinary Shares while the Company was a PFIC. In addition, if the Company were a PFIC, it would not be a qualified foreign corporation (as described in paragraph 15.2(b), and dividends from the Company would not be eligible for the reduced 15 per cent. US income tax rate.

If the Company is a PFIC in any year during which a US Holder owns New Ordinary Shares, such US Holder will be subject to a special US tax regime on any “excess distributions” received from the Company and any gain realised from the sale or other disposition of New Ordinary Shares (whether or not the Company continues to be a PFIC). A US Holder receives an excess distribution to the extent that distributions on the New Ordinary Shares during a taxable year exceed 125 per cent. of the average annual distributions received during the three preceding taxable years (or, if shorter, the US Holder’s holding period). Gain realised from the sale or other disposition of the New Ordinary Shares is also treated as if the sale or disposition were an excess distribution. To compute the tax on the excess distributions or any gain, (a) the excess distribution or the gain is allocated rateably over the US Holder’s holding period, (b) the amount allocated to the current taxable year and any year before the Company became a PFIC is taxed as ordinary income in the current year, and (c) the amount allocated to other taxable years is taxed

at the highest applicable marginal rate in effect for each such year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax attributable to each such year.

Some of the rules with respect to distributions and dispositions described above may be avoided if a US Holder makes a valid “mark to market” election (in which case, subject to certain limitations, such US Holder would essentially be required to take into account the difference, if any, between the fair market value and the adjusted tax basis of its New Ordinary Shares at the end of a taxable year as ordinary income (or, subject to certain limitations, ordinary loss), in calculating its income for such year). In addition, gains from an actual sale or other disposition of New Ordinary Shares will be treated as ordinary income, and any losses will be treated as ordinary losses to the extent of any “mark to market” gains for prior years that have not previously been reversed by losses. A “mark to market” election is only available to US Holders in any tax year that the PFIC stock is considered to be “regularly traded” on a “qualified exchange” within the meaning of applicable US Treasury Regulations. Under the current US Treasury Regulations, PFIC stock is “regularly traded” if, among other requirements, it is traded (other than in de minimis quantities) on at least 15 days during each calendar quarter. The availability of a mark-to-market election depends upon whether AIM constitutes a qualified exchange under the trading, listing, financial disclosure and other requirements of the Treasury Regulations, and whether the New Ordinary Shares are considered regularly traded on AIM. *All potential US Holders should consult their own tax advisers as to whether New Ordinary Shares would qualify for the “mark to market” election and whether such election is advisable.*

The foregoing special US tax rules with respect to excess distributions received from the Company and any gain realised from the sale or other disposition of the New Ordinary Shares may be avoided if a US Holder is eligible for and timely makes a valid “QEF election” (in which case, the US Holder would be required to include in income on a current basis its pro rata share of the Company’s ordinary income and net capital gains). However, in order for a US Holder to be able to make the QEF election, the Company would have to provide such US Holder with certain information. The Company does not expect to provide the required information.

Each US Holder that holds a direct or indirect interest in a PFIC must make an annual return on IRS Form 8621 reporting distributions received and gains realised with respect to such PFIC.

*All potential US Holders are urged to consult their own tax advisers regarding whether an investment in Ordinary Shares will be treated as an investment in PFIC stock and the consequences of an investment in a PFIC.*

(e) *UK Inheritance and Gift Tax*

If a US Holder is an individual domiciled in the US and is not a national of the UK for the purposes of the Estate and Gift Tax Convention, New Ordinary Shares beneficially owned by such US Holder will not be subject to UK inheritance tax on the death of such US Holder or on a gift made by such US Holder during its lifetime. Where New Ordinary Shares have been placed in trust by a settler who, at the time of the settlement, was a US Holder, such New Ordinary Shares will generally not be subject to UK inheritance tax if the settler, at the time of the settlement, was domiciled in the US for the purposes of the Estate and Gift Tax Convention and was not a UK national.

The treatment described in the preceding paragraph generally will not apply, however, unless any applicable US federal gift or estate tax liability imposed on the transfer is paid and such New Ordinary Shares are neither part of the business property of the US Holder’s UK permanent establishment nor pertinent to the US Holder’s UK fixed base used for the performance of independent personal services.

The Estate and Gift Tax Convention generally provides for tax paid in the UK to be credited against tax payable in the US, based on priority rules set forth in that Convention, in the exceptional case where New Ordinary Shares are subject to both UK inheritance tax and US federal gift or estate tax.

(f) *US Gift and Estate Taxes*

US Holders who are individuals will be subject to US gift and estate taxes with respect to the New Ordinary Shares in the same manner and to the same extent as with respect to other types of



personal property. *All potential US Holders are urged to consult their own tax advisers regarding the US gift and estate tax consequences of transferring the New Ordinary Shares.*

(g) *UK Stamp Duty and Stamp Duty Reserve Tax*

US Holders will not be entitled to a foreign tax credit with respect to any UK stamp duty or stamp duty reserve tax, but may be entitled to a deduction subject to applicable limitations under the Code. All potential US Holders are urged to consult their own tax advisers regarding the availability of a deduction under their particular circumstances.

(h) *Transfer Reporting Requirements*

A US Holder, including a tax exempt entity, that purchases New Ordinary Shares will be required to file an IRS Form 926 or similar form with the IRS, if (1) the US Holder owned, directly or by attribution, immediately after the purchase at least 10 per cent. by vote or value of the Company or (2) the purchase, when aggregated with all purchases made by the US Holder, or any related person thereto, within the preceding 12 month period exceeds \$100,000. If a US Holder fails to file the required form, the US Holder could be required to pay a penalty equal to 10 per cent. of the gross amount paid for the New Ordinary Shares, subject to a maximum penalty of \$100,000, except in cases involving intentional disregard. *All potential US Holders should consult their own tax advisers for advice regarding this or any other reporting requirement which may apply to their acquisition of New Ordinary Shares.*

(i) *Information Reporting and Backup Withholding*

Payments that relate to New Ordinary Shares that are made in the US or by a US-related financial intermediary will be subject to information reporting. Information reporting generally will require each paying agent or custodian located in the US that makes payments, relating to New Ordinary Shares, to provide the IRS with information, including the beneficial owner's name, address, taxpayer identification number and the aggregate amount of dividends paid to such beneficial owner during the calendar year. These reporting requirements, however, do not apply to all beneficial owners. Specifically, corporations, securities broker-dealers, other financial institutions, tax-exempt organisations, qualified pension and profit sharing trusts and individual retirement accounts are all excluded from reporting requirements.

Any financial intermediary holding New Ordinary Shares on behalf of a beneficial owner, or paying agent or custodian located in the US that makes payments with respect to New Ordinary Shares, may be required to backup withhold tax equal to 28 per cent. of each payment of dividends on the New Ordinary Shares in the event that a beneficial owner of a New Ordinary Share:

- fails to establish its exemption from the information reporting requirements;
- is subject to the reporting requirements described above and fails to supply its correct taxpayer identification number in the manner required by applicable law; or
- under-reports its tax liability.

This backup withholding tax is not an additional tax and may be credited against the beneficial owner's US federal income tax liability if the required information is furnished to the IRS. Holders of New Ordinary Shares that are not US Holders generally are not subject to information reporting or backup withholding, but may be required to provide certification of their non-US status in connection with payments received within the US or through US-related financial intermediaries. *All potential investors are advised to consult their own tax advisers as to the effect, if any, of the information reporting and backup withholding rules on their receipt of payments which relate to New Ordinary Shares.*

## **17. Other information**

17.1 There is no agreement, arrangement or understanding between any of the Directors, recent directors, shareholders or recent shareholders of Weatherly having any connection with or dependence upon the completion of the Proposals.

17.2 The total costs and expenses payable by the Company in connection with or incidental to the Proposals including London Stock Exchange fees, printing and advertising and distribution costs, legal and

accounting fees and expenses for procuring placees are estimated to amount to approximately £920,000 (including any irrecoverable VAT).

- 17.3 Save as disclosed in this document, no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) has:
- (a) received directly or indirectly from the Company within twelve months preceding the Company's application for Admission; or
  - (b) entered into contractual arrangements for (not otherwise disclosed in this document) to receive, directly or indirectly, from the Company on or after Admission any of the following:
    - (i) fees totalling £10,000 or more; or
    - (ii) securities in the Company with a value of £10,000 or more calculated by reference to the Placing Price; or
    - (iii) any other benefit with a value of £10,000 or more at the date of Admission.
- 17.4 Save for the Proposals and as disclosed in this document, there has been no significant change in the trading or financial position of the Company since the last published audited accounts of the Company.
- 17.5 Save for the Proposals and as disclosed in this document, there has been no significant change in the trading or financial position of Ongopolo since 30 June 2005.
- 17.6 Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 17.7 The auditors of the Company for the period covered by the historical financial information contained in Part IV of this document are as follows:
- (a) for the year ended 31 December 2005, Grant Thornton UK LLP of The Explorer Building, Fleming Way, Manor Royal, Crawley RH10 9GT.
  - (b) for the year ended 31 December 2004, Orolus Limited, First Floor, 7 Queen Street, Liverpool, L2 4TZ.
  - (c) for the year ended 31 December 2003, Hamilton-Burke Dufau Limited, 2 Church Road, Liverpool, L15 9EG.
- All of the auditors listed above are members of the Institute of Chartered Accountants of England and Wales.
- 17.8 Save as disclosed in this document, there are no patents, licences, industrial, commercial or financial contracts or new manufacturing processes which are material to the business or profitability of the Company.
- 17.9 Save as disclosed in this document there have been no related party transactions entered into by the Company prior to the date of this document.
- 17.10 The Company's accounting reference date is 31 December.
- 17.11 There has been no public takeover bid for the whole or any part of the share capital of the Company or any member of the Enlarged Group prior to the date of this document.
- 17.12 Under the Act, an offeror in respect of a takeover offer has the right to acquire shares which he has not or is not contracted to acquire where he has acquired or is contracted to acquire 90 per cent. in value of the shares to which the offer relates. The offeror may not issue a notice requiring acquisition of minority shareholders unless he has acquired or contracted to acquire such shares before the end of four months beginning with the date of the offer and no notice may be given after the end of the period of two months beginning with the date on which he has acquired or contracted to acquire 90 per cent. or more of the shares to which the offer relates. The squeeze out of minority shareholders can be completed at the end of six weeks from the date of the notice requiring the squeeze out.

By virtue of the Act, minority shareholders in respect of a takeover offer, before the end of the period within which the offer can be accepted, can require the offeror to purchase the remaining shares provided the offeror has acquired or has contracted to acquire not less than nine tenths in value of all the shares in the company.

An offeror shall within one month of the end of the period within which the offer can be accepted give the remaining shareholders notice of their rights to require repurchase. The period for the exercise of the remaining shareholders' rights to be bought out cannot end prior to the period of three months after the end of the period during which the offer can be accepted.

- 17.13 The Placing is not being underwritten and no paying agents are involved with the Placing.
- 17.14 The Company's principal investments in progress and for each financial year for the period covered by the historical financial information are as set out in Part I of this document and from Admission comprise its investment in Ongopolo. Neither the Company nor any member of the Enlarged Group has made any other firm commitment in respect of any other investments.
- 17.15 No financial information contained in this document is intended by the Company to represent or constitute a forecast of profits by the Company nor to constitute publication of accounts by it.
- 17.16 Save as set out in this document, the Enlarged Group has not sold any products or performed any services during the period covered by the historical financial information and there are therefore no significant trends in production, sales and inventory costs and selling prices between the end of the last financial year and the date of this document.
- 17.17 RSG Global has given and not withdrawn its written consent to the inclusion of its reports in the form set out in Part III of this document and the references to such reports in the form and context in which they appear and accepts responsibility for such reports.
- 17.18 Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of its reports in the form set out in Parts IV, V and VI of this document and the references to such reports in the form and context in which they appear and accepts responsibility for such reports.
- 17.19 Libertas Capital Corporate Finance Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 17.20 Libertas Capital Securities Limited has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 17.21 Lorentz Angula Inc. has given and not withdrawn its consent to the inclusion in this document of references to its name in the form and context in which it appears.
- 17.22 Where information in this document is indicated as having been sourced from a third party, such information has been accurately reproduced and as far as the Company is aware from information published by the relevant third parties (comprising RSG Global and Grant Thornton UK LLP), no facts have been omitted from this document which would render the information inaccurate or misleading.

## **18. Documents available for inspection**

- 18.1 Copies of the following documents will be available for inspection from the date of this document until the date which is one month after Admission, at the offices of Morrison & Foerster MNP, 7th Floor, CityPoint, One Ropemaker Street, London EC2Y 9AW.
- 18.2 the memorandum and articles of association of the Company;
- 18.3 the published accounts of Weatherly for the period ended 31 December 2005;
- 18.4 the Accountant's Reports set out in Part IV, V and VI;
- 18.5 the letters of consent referred to in paragraph 17 above;
- 18.6 the report set out in Part III of this document;
- 18.7 the consultancy agreements and letters of appointment referred to in paragraph 9 above; and
- 18.8 this document.

Dated: 22 June 2006

## PART VIII

### NOTICE OF EXTRAORDINARY GENERAL MEETING

# Weatherly International plc

*(Incorporated and registered in England and Wales with Registered No. 03954224)*

### NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Weatherly International plc (the “Company”) will be held at the offices of Morrison & Foerster, CityPoint, One Ropemaker Street, London EC2Y 9AW at 12:00 noon on 14 July 2006 for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed in the case of resolutions (1), (2) and (3) as ordinary resolutions and in the case of resolutions (4), (5) and (6) as special resolutions.

#### ORDINARY RESOLUTIONS

- (1) THAT the Subscription for shares in Ongopolo Mining and Processing Limited (“Ongopolo”) by the Company and the Company’s participation in the financial restructuring of Ongopolo be and is hereby approved in accordance with Rule 14 of the AIM Rules for companies published by the London Stock Exchange plc.
- (2) THAT the members hereby ratify and approve the increase of the Company’s authorised share capital dated 28 July 2004 such that the authorised share capital of the Company be comprised of £2,500,000 made up of 452,331,500 Ordinary Shares of 0.5 pence each 240,750,000 deferred shares of 0.099 pence each.
- (3) THAT, in substitution for all existing authorities under the following section to the extent unutilised, the directors be and are hereby generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (“the Act”) to exercise all powers of the Company to allot, grant options over, offer or otherwise deal with or dispose of any relevant securities within the meaning of that section in connection with the Acquisition and, conditional upon Admission, otherwise to such persons at such times and on such terms as the directors think proper up to an aggregate nominal amount of £365,354 for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the annual general meeting of the Company to be held in 2007, but so that the Company may make an offer or agreement which would or might require relevant securities to be allotted after the expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement.

#### SPECIAL RESOLUTIONS

- (4) THAT in substitution for all existing authorities to the extent unutilised, the directors be and are hereby generally empowered pursuant to section 95 (1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) for cash pursuant to the authority conferred by resolution 3 above, as if section 89(1) of the Act did not apply to the allotment PROVIDED THAT this power:
  - (a) expires on the earlier of the date falling 15 months after the passing of this resolution and the conclusion of the annual general meeting of the Company to be held in 2007, whichever is the earlier, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement; and
  - (b) is limited to:
    - (i) allotments of equity securities where such securities have been offered (whether by way of a rights issue, open offer or otherwise) to holders of ordinary shares in the capital of the Company in proportion (as nearly as may be) to their existing holdings of

ordinary shares but subject to the directors having a right to make such exclusions or other arrangements in connection with the offer as they may deem necessary or expedient;

- (A) to deal with equity securities representing fractional entitlements; and
  - (B) to deal with legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory; and
- (ii) allotment of equity securities for cash otherwise than pursuant to sub-paragraph (i) up to an aggregate nominal amount of £115,452.
- (5) THAT the regulations contained in the printed document produced to the meeting and signed for the purpose of identification by the Chairman of the meeting be adopted as the New Articles of Association of the Company in substitution for the existing Articles of Association of the Company.
- (6) THAT conditional on the passing of Resolution 1, the Company be generally and unconditionally authorised in accordance with the Articles of Association and generally to make off-market purchases (within the meaning of section 163(1) of the Act) of all issued Deferred Shares (being Deferred Shares) pursuant to the terms of a draft contract produced to the meeting and initialled by the Chairman for the purposes of identification (the "Contract") the terms of which Contract are hereby approved for the purposes of section 164 of the Act generally. The authority hereby conferred shall expire on the earlier of 18 months from the date of this Notice or the close of the next annual general meeting of the Company.

22 June 2006

Registered Office:  
7<sup>th</sup> Floor, Aldermay House  
10-15 Queen Street  
London  
EC4N 1TX

By Order of the Board  
John Anderson Norris

*Company Secretary*

Notes:

A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company.

A form of proxy is enclosed with this notice for use in connection with the business set out above. To be valid, forms of proxy and any power of attorney or other authority under which it is signed must be lodged with Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU by not later than 48 hours prior to the time fixed for the meeting. Proxies may also be sent by fax to +44(0) 208 639 2180, Capita Registrars, the same returning rules apply for receipt.

Completion and return of a form of proxy does not preclude a member from attending and voting at the Meeting or at any adjournment thereof in person.

In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy but the vote of the first named on the register of members will be accepted to the exclusion of the other joint holders.

The Company specifies, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, that only those shareholders registered in the Register of Members of the Company at 12:00 noon on 12 July 2006 shall be entitled to attend or vote at the Annual General Meeting in respect of the number of shares registered in their respective names at that time. Changes to entries on the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.







**United Kingdom**

211 Piccadilly  
London  
W1J 9HF

**Zambia**

PO Box 32565  
Lusaka

[www.weatherlyplc.com](http://www.weatherlyplc.com)