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The Company and each of the Directors, whose names appear on page 3 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 15 December 2005.**

**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.**

## **Weatherly International plc**

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

**Proposed acquisition of Puku Minerals Limited  
Placing of 29,312,500 new Ordinary Shares at 8 pence per share**

**Admission to trading on AIM  
Notice of Extraordinary General Meeting**

**Nominated Adviser and Broker**

**Libertas Capital** 

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. The responsibilities of Libertas Capital Corporate Finance Limited as the Company's nominated adviser under the AIM Rules are owed solely to the London Stock Exchange plc and are not owed to the Company or any 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 Corporate Finance Limited is not making any representation or warranty, express or implied, as to the contents of this document. 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.

The Placing described in this document is only being made in the United Kingdom. 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 distributing in or into Australia, Canada, Japan, the Republic of Ireland or the United States or to any resident, national or citizen of such countries. The Placing Shares have not been, and will not be registered under the applicable securities laws of the Australia, Canada, Japan, the Republic of Ireland or the United States. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any jurisdiction.

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 Placing 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.

A notice convening an Extraordinary General Meeting of the Company to be held at the offices of Watson, Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 10:00 a.m. on 14 December 2005 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. 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 vote at the meeting. Completion of a Form or Proxy will not preclude a member from attending the meeting and voting in person.

## CONTENTS

<b>Directors, Secretary and Advisers</b> .....	3
<b>Definitions</b> .....	4
<b>Admission and Placing Statistics</b> .....	7
<b>Expected Timetable of Principal Events</b> .....	7
<b>PART I Letter from the Non-Executive Directors of Weatherly International plc</b>	
1. Introduction .....	8
2. Background information on Weatherly .....	9
3. Background information on Puku .....	9
4. The proposed Acquisition .....	10
5. Objectives and Strategy .....	10
6. Current trading and prospects .....	10
7. Details of the Placing and use of proceeds .....	10
8. Directors .....	11
9. The City Code on Takeovers and Mergers .....	12
10. Related party transaction .....	13
11. Lock-ins and orderly market arrangements .....	13
12. Share Option Scheme .....	14
13. Dividend policy .....	14
14. Corporate governance .....	14
15. Extraordinary General Meeting .....	14
16. Admission, settlement and CREST .....	14
17. Additional information .....	15
18. Action to be taken .....	15
19. Recommendation .....	15
<b>PART II Risk Factors</b> .....	16
<b>PART III Competent Person's Report</b> .....	20
<b>PART IV Financial Information</b>	
A. Accountant's Report on Weatherly International plc .....	41
B. Unaudited Interim Financials of Weatherly International plc for the six month period ended 30 June 2005 .....	50
C. Accountant's Report on Puku Minerals Limited .....	53
<b>PART V Additional Information</b> .....	58
<b>Notice of Extraordinary General Meeting</b> .....	77

## DIRECTORS, SECRETARY AND ADVISERS

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

*all of:*

**Registered Office**  
7th Floor  
Aldermay House  
10-15 Queen Street  
London EC4N 1TX

**Company Secretary**  
John Anderson Norris

### **Nominated Adviser & Joint Financial Adviser**

Libertas Capital Corporate Finance Limited  
16 Berkeley Street  
London W1J 8DZ

### **Joint Financial Adviser**

Merchant Capital plc  
Aldermay House  
10-15 Queen Street  
London EC4N 1TX

### **Broker**

Libertas Capital Securities Limited  
16 Berkeley Street  
London W1J 8DZ

### **Solicitors to the Company**

Watson, Farley & Williams LLP  
15 Appold Street  
London EC2A 2HB

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

### **Reporting Accountants**

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

### **Auditors**

Orolus Limited  
Queen Insurance Buildings  
7 Queen Avenue  
Liverpool L2 4TZ

### **Public Relations**

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

### **Competent Person**

Behre Dolbear Australia Pty Limited  
Level 9, 80 Mount Street  
North Sydney, NSW 2060  
Australia

### **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:

<b>“Acquisition”</b>	the proposed acquisition of the entire issued share capital of Puku pursuant to the Acquisition Agreement
<b>“Acquisition Agreement”</b>	the conditional agreement dated the date of this document between the Vendors and the Company relating to the Acquisition as described in paragraph 11.1(e) of Part V of this document
<b>“Act” or “Companies Act”</b>	the Companies Act 1985, as amended
<b>“Admission”</b>	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
<b>“AIM”</b>	the market of that name operated by the London Stock Exchange
<b>“AIM Rules”</b>	the rules for AIM companies as published by the London Stock Exchange
<b>“Articles”</b>	the Articles of Association of the Company
<b>“ASX”</b>	Australian Stock Exchange Limited
<b>“A\$”</b>	the legal currency of Australia
<b>“BDA”</b>	Behre Dolbear Australia Pty Limited
<b>“Board”</b>	the board of directors of the Company, whose names are set out on page 3 of this document, including a duly constituted committee of such directors
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Combined Code”</b>	the “Combined Code on Corporate Governance” published in July 2003 by the Financial Reporting Council
<b>“Company” or “Weatherly”</b>	Weatherly International plc
<b>“Concert Party”</b>	the Vendors
<b>“Conditions”</b>	the conditions to the Acquisition and the Placing being (i) the EGM Resolutions (other than resolution 5) being passed at the Extraordinary General Meeting, (ii) the Company not terminating the Acquisition Agreement prior to completion because of circumstances arising which have or would cause a material adverse effect on Puku or its business and (iii) Admission
<b>“Consideration Shares”</b>	the 40,625,000 new Ordinary Shares to be allotted and issued to the Vendors pursuant to the Acquisition Agreement
<b>“CREST”</b>	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)
<b>“CRESTCo”</b>	CRESTCo Limited
<b>“CREST Regulations”</b>	the Uncertificated Securities Regulations 2001 (SI 2001/3755)
<b>“CVA”</b>	Company Voluntary Arrangement
<b>“Directors”</b>	the directors of the Company, whose names are set out on page 3 of this document
<b>“EGM Resolutions”</b>	the resolutions set out in the notice of Extraordinary General Meeting attached to this document

<b>“Enlarged Group”</b>	the Company and its subsidiary undertakings as at the date of Admission
<b>“Enlarged Share Capital”</b>	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)
<b>“Executive Directors”</b>	Dr. Wolf-Gerhard Martinick and Roderick John Webster
<b>“Existing Ordinary Shares”</b>	the 73,502,093 Ordinary Shares in issue at the date of this document
<b>“Extraordinary General Meeting”</b>	the extraordinary general meeting of the Company to be held at 10:00 a.m. on 14 December 2005, notice of which is attached to this document
<b>“Form of Proxy”</b>	the form of proxy which accompanies this document for use by holders of Existing Ordinary Shares in connection with the Extraordinary General Meeting
<b>“FSMA”</b>	the Financial Services and Markets Act 2000
<b>“Independent Shareholders”</b>	the holders of Existing Ordinary Shares, excluding the Concert Party
<b>“Libertas Capital”</b>	Libertas Capital Corporate Finance Limited and/or Libertas Capital Securities Limited, as the context requires
<b>“Lock-In Agreement”</b>	the conditional agreement governing the disposal of Ordinary Shares by the Directors and others, details of which are set out in paragraph 11 of Part I of this document
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Mines Act”</b>	the Mines and Minerals Act 1995 of Zambia
<b>“New Ordinary Shares”</b>	the Consideration Shares and the Placing Shares
<b>“Non-Executive Directors”</b>	Peter Redmond and Richard James Armstrong
<b>“Official List”</b>	the Official List of the UKLA
<b>“Ordinary Shares”</b>	ordinary shares of 0.5 pence each in the capital of the Company
<b>“Panel”</b>	the Panel on Takeovers and Mergers
<b>“Placees”</b>	the subscribers of Placing Shares pursuant to the Placing
<b>“Placing”</b>	the conditional placing by the Company of the Placing Shares pursuant to the Placing Letters
<b>“Placing Letters”</b>	the placing letters issued by the Company to the Placees
<b>“Placing Price”</b>	8 pence per Placing Share
<b>“Placing Shares”</b>	the 29,312,500 new Ordinary Shares which are the subject of the Placing
<b>“Proposals”</b>	the Acquisition, the Placing and the Admission
<b>“Prospectus Rules”</b>	the prospectus rules produced and implemented by the Financial Services Authority
<b>“Puku”</b>	Puku Minerals Limited
<b>“Related Parties”</b>	Dr. Wolf-Gerhard Martinick and Roderick John Webster
<b>“Shareholders”</b>	the holders of Ordinary Shares of the Company
<b>“Sterling” or “£”</b>	the legal currency of the UK
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland

<b>“UKLA”</b>	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
<b>“USA” or “United States”</b>	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
<b>“US Dollar” or “US\$”</b>	the legal currency of the USA
<b>“Vendors”</b>	Dr. Wolf-Gerhard Martinick, Roderick John Webster and Ezenet Limited
<b>“Waiver”</b>	the waiver by the Panel of the obligation of the Concert Party to make a general offer under Rule 9 of the City Code
<b>“Warrants”</b>	1,416,691 warrants each of which entitles the holder to subscribe for one Ordinary Share at a price of 3 pence per share, 2,496,979 warrants each of which entitles the holder to subscribe for one Ordinary Share at a price of 5 pence per share, and 2,996,991 warrants each of which entitles the holder to subscribe for one Ordinary Share at a price of 12 pence per share
<b>“WMEL Vendors”</b>	the vendors of the entire issued share capital of WM Exploration Limited, namely Dr. Wolf-Gerhard Martinick, Roderick John Webster and Anne Heather Webster as trustees for the Webster Family Trust and Investor Holdings Pty Ltd as trustee for the Webster Superannuation Fund

## ADMISSION AND PLACING STATISTICS

Placing Price per Ordinary Share .....	8 pence
Number of Ordinary Shares in issue prior to the Acquisition and Placing .....	73,502,093
Number of Consideration Shares .....	40,625,000
Number of Placing Shares .....	29,312,500
Number of Ordinary Shares in issue following the Acquisition and Placing† .....	143,439,593
Consideration Shares as a percentage of the Enlarged Share Capital† .....	28.3%
Placing Shares as a percentage of the Enlarged Share Capital† .....	20.4%
Gross proceeds (approximate) of the Placing to be received by the Company .....	£2.3 million
Net proceeds (approximate) of the Placing to be received by the Company .....	£1.9 million
Market capitalisation (approximate) of the Company following the Acquisition and Placing at the Placing Price† .....	£11.5 million

† assuming no Warrants are exercised prior to the Acquisition and Admission

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Latest time and date for receipt of Forms of Proxy .....	10:00 a.m. on 12 December 2005
Extraordinary General Meeting .....	10:00 a.m. on 14 December 2005
Admission effective and dealings recommence in the Existing Ordinary Shares on AIM and dealings commence in the Consideration Shares and the Placing Shares on AIM* .....	15 December 2005
CREST accounts credited by* .....	15 December 2005
Despatch of definitive certificates by* .....	29 December 2005

\* 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.*

**PART I**  
**LETTER FROM THE NON-EXECUTIVE DIRECTORS**

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

*Directors:*

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

*Registered Office:*

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

21 November 2005

*To the holders of Existing Ordinary Shares*

Dear Shareholder,

**Proposed acquisition of Puku Minerals Limited**  
**Placing of 29,312,500 Ordinary Shares at 8 pence per share**  
**Admission to AIM**  
**Notice of Extraordinary General Meeting**

**1. Introduction**

On 28 July 2005, Weatherly announced that it had resolved to exercise its right of first refusal to acquire a natural resource project sourced by Dr. Martinick and Mr. Webster, the Executive Directors, comprising certain exploration and development rights to a copper mining project in Zambia. We are now pleased to announce that the Company has today conditionally agreed to acquire the entire issued share capital of the company holding such rights, Puku Minerals Limited (“Puku”).

The Company’s key objective is to develop significant, profitable and “long-life” mining operations in Africa and the acquisition of Puku will, the Directors believe, serve as the foundation to achieve this. Puku will be acquired for a consideration of £3.25 million, to be satisfied by the issue of the Consideration Shares in the Company at an issue price of 8 pence per share. Additionally, Weatherly proposes to raise £2.3 million by issuing 29,312,500 Placing Shares at an issue price of 8 pence per share.

Puku owns two prospecting licences covering a decommissioned copper mine and tailings dam situated in Luanshya, in the Zambian Copperbelt (the copper producing region of Northern Zambia, see Figure 1 in Part III of this document). The Luanshya Copper Project (an area defined by the prospecting licences PLLS 239 and PLLS 240) is considered by the Executive Directors to be one of the larger copper resources in Zambia with up to 1.4 million tonnes of copper contained in resource categories. The Executive Directors estimate that the Luanshya Copper Project could be capable of producing up to 60,000 tonnes of copper annually using modern, proven mining and processing techniques. The timing and cost of re-opening the mine is currently being assessed and will be subject to a bankable feasibility study to be commissioned following the Acquisition. Puku has also very recently acquired a third prospecting licence, PLLS 252, which covers an exploration area adjacent to the areas covered by PLLS 239 and PLLS 240.

Pursuant to the AIM Rules, the Acquisition will constitute a reverse takeover and, as the Executive Directors hold a controlling interest in Puku, it will also constitute a related party transaction. It is, therefore, subject to Independent Shareholder approval which will be sought at the Extraordinary General Meeting to be held at the offices of Watson, Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 10:00 a.m. on 14 December 2005.

In addition, because the Concert Party holds, in aggregate, Ordinary Shares carrying not less than 30 per cent. but not more than 50 per cent. of the Company’s voting rights and, pursuant to the Acquisition, the Concert Party’s percentage holding of the Company’s voting rights will increase, the Company is seeking a waiver under Rule 9 of the City Code, which would otherwise require certain members of the Concert Party to make a general offer to acquire those Ordinary Shares that they do not already hold. A resolution seeking Independent Shareholder approval for such a waiver is, therefore, included in the EGM Resolutions.



This document, which comprises an admission document, sets out the background to and reasons for the Acquisition and the Placing and explains why the Non-Executive Directors consider that the Proposals and the Waiver are in the best interests of the Company and recommend that Shareholders vote in favour of the EGM Resolutions.

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

Weatherly is a former financial services group that experienced financial difficulties and was subsequently rescued by means of a CVA approved on 23 January 2004. Following a refinancing, which raised £250,000 (before expenses) and which was arranged by the Non-Executive Directors, the Ordinary Shares were readmitted to trading on AIM in January 2004 as an investing company. In July 2005, there was a further cash injection of £723,500 (before expenses) and a change in strategy with the appointments of Dr. Martinick and Mr. Webster as executive directors following the acquisition of WM Exploration Limited in exchange for new Ordinary Shares. Dr. Martinick and Mr. Webster participated in this placing and, through their interests in the shares in WM Exploration Limited, also acquired (or became interested in) Ordinary Shares pursuant to the acquisition of that company by Weatherly.

In August 2005, the Company announced a further placing of 23.5 million Ordinary Shares which raised approximately £1.41 million (before expenses) for the Company. Dr. Martinick participated in this placing.

The new strategy entails seeking opportunities for acquisition or investment in the natural resources sector, mainly in Africa. The Non-Executive Directors have now completed their investigation of Puku and the Luanshya Copper Project and the Board has now agreed terms for the Acquisition.

## **3. Background information on Puku**

Puku Minerals Limited is a privately owned company incorporated in Zambia which acquired two tenements comprising prospecting licences PLLS 239 and PLLS 240 in April 2005. These licences cover the historic Luanshya underground copper mine and tailings dams situated in the Zambian Copperbelt and offer the right to explore and develop the Luanshya tenements (comprising PLLS 239 and PLLS 240). These licences were granted for a period of two years, which commenced on 4 April 2005, and can either be renewed or converted into mining licences at the option of the licence holder dependent upon the licence holder satisfying standard exploration obligations during the two year period. The performance of these obligations has already commenced. In June 2005, Puku also acquired prospecting licence PLLS 252, which covers an exploration area adjacent to the areas covered by PLLS 239 and PLLS 240. Further information related to the conditions attached to these prospecting licences can be found in paragraph 11 of Part V of this document.

The Executive Directors, prior to their appointments as directors of Weatherly, had been investigating the opportunity to acquire the Luanshya tenements since November 2003. The Executive Directors are also directors of, and, through direct and indirect shareholdings, controlling shareholders in, Puku.

### ***Information on Luanshya***

In the 1970s, Zambia's copper mines were operated by either Roan Consolidated Mines Limited ("RCM") or Nchanga Consolidated Copper Mines Limited ("NCCM"), each majority owned by the Government of Zambia. These later combined to form the state owned Zambian Consolidated Copper Mines Limited ("ZCCM"). The assets of ZCCM were subsequently privatised in the late 1990s and the Luanshya tenements were among the first assets to be sold in 1997. The successful tender went to a UK-based trading company, Roan Antelope Mining Corporation of Zambia plc ("RAMCOZ"), whose operating company subsequently experienced a number of financial difficulties. These were further compounded by falling metal prices and RAMCOZ was subsequently placed into receivership towards the end of 2000.

Restricted operations continued under the receivership until 2001 and thereafter mining operations were suspended. In 2004, the Luanshya tenements were acquired by Luanshya Copper Mines plc ("LCM"), understood by the Executive Directors to be a wholly-owned subsidiary of Swiss company J&W Holding AG ("J&W"). After taking possession, LCM focused on the development of an adjacent mine, known as Baluba, and deferred indefinitely any recommissioning of the mine contained within the Luanshya tenements. As a result, in early 2005, LCM was issued a Certificate of Abandonment for the Luanshya tenements and Puku subsequently applied for and was granted prospecting licences PLLS 239 and PLLS 240 over the abandoned area and tailings dams in April 2005. J&W sought to challenge the abandonment process, but both the Director of Mines and the Minister of Mines and Minerals Development of Zambia ("Minister of Mines")

reconfirmed in June and July 2005 that the abandonment would stand, thus validating Puku's granting of PLLS 239. Puku was also granted prospecting licence PLLS 252 in June 2005.

The Luanshya Copper Project comprises some nine kilometres of historical underground workings which, between 1927 and 2001, have produced in total approximately 4.8 million tonnes of copper. Based on historic resource statements and annual reports, it is estimated that up to a further 1.4 million tonnes of copper in resource categories remains in situ. Most of the copper is contained in extensions to the existing underground workings, although a significant amount of copper also remains in the various surface dumps and tailings dams (further details of which are provided in the Competent Person's Report in Part III of this document).

It is the belief of the Executive Directors that Luanshya has significant inherent value and will serve as a solid foundation towards building a world-class mining operation. The Executive Directors further believe that with new flexible workforce arrangements and the implementation of modern, proven mining and processing techniques, the Luanshya Copper Project could be established as a profitable, "long-life" operation.

The Company's immediate focus will be to complete the acquisition of Puku and progress the Luanshya Copper Project to the development stage, including the completion of a bankable feasibility study, with the aim of bringing the Luanshya Copper Project into production within the next three years.

The Executive Directors have made preliminary investigations in respect of the development of the Luanshya tenements. They believe that a number of profitable development options exist, each requiring increasing amounts of capital relative to the proposed scale and output. The Executive Directors believe that following completion of the bankable feasibility study, the most attractive options will be capable of producing up to 60,000 tonnes per annum (and up to a total of approximately 0.9 million tonnes) of copper, either as concentrate or finished metal. In the near term, the Company is also evaluating a number of strategic acquisition opportunities which are complementary to the Luanshya Copper Project and, the Executive Directors believe, are expected to further enhance the value of the Company.

#### **4. The proposed Acquisition**

Subject to the satisfaction of the Conditions, Weatherly will acquire the entire issued share capital of Puku for a consideration of £3.25 million to be satisfied by the issue by the Company of the Consideration Shares. In accordance with the provisions of the Acquisition Agreement, the Company has the right to nominate that the shares in Puku to which it becomes entitled at completion of the Acquisition (representing all of the issued share capital of Puku) shall be issued to and held by any of the wholly owned subsidiaries of the Company. On issue, the Consideration Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. Further details of the Acquisition Agreement are set out in paragraph 11.1(e) of Part V of this document.

#### **5. Objectives and Strategy**

The Company is seeking to develop significant, profitable and "long-life" mining operations in Africa and the acquisition of Puku will, the Executive Directors believe, serve as the foundation to achieve this. The Acquisition will provide Weatherly with exploration and development rights to a significant copper deposit which contains up to 1.4 million tonnes of copper in resource categories. As a result, the Executive Directors believe that the Company will gain a significant foothold in the Zambian Copperbelt, and more generally, entry into the natural resource sector in Africa. In addition to the Luanshya Copper Project, Weatherly is investigating a number of other opportunities in Southern Africa.

#### **6. Current trading and prospects**

Since January 2004, Weatherly has been an investing company with no trading business. With the acquisition of Puku, and subject to a successful exploration and development exercise, the Executive Directors believe that the Luanshya Copper Project will serve as a foundation to building significant, profitable and "long-life" mining operations in Africa.

On Admission, (assuming full subscription under the Placing) cash resources of the Company are expected to be £3.8 million. The Accountant's Report on the Company, 2005 interim results (unaudited) of the Company and the Accountant's Report on Puku Minerals Limited are contained in Part IV of this document.

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

The Company is proposing to raise £2.3 million, before expenses, through the issue of 29,312,500 Placing Shares at 8 pence per Placing Share.

Assuming full subscription under the Placing, the Placing Shares will represent approximately 20.4 per cent. of the Enlarged Share Capital. 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 to progress the Luanshya Copper Project to the development stage, including the commissioning of a bankable feasibility study. 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 paragraphs 5 and 7 of Part I of this document, there will be no major changes introduced to the business of the Company. The Placing Shares will rank *pari passu* in all respects with the Existing Ordinary Shares. The Placing is conditional upon the Conditions being satisfied by 31 December 2005. 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 15 December 2005 and certificates will be despatched by 29 December 2005.

## **8. Directors**

### **Dr. Wolf Martinick, Chairman, aged 60**

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 is also a founding director and non-executive chairman of MBS Environment Pty Ltd, an environmental and social consultancy company to the mining industry in Australasia.

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 (in his role as non-executive chairman of MBS Environment Pty Ltd) 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 central and other parts of Africa.

### **Mr. Rod Webster, Chief Executive Officer, aged 55**

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 and became its Chairman in May 2004. He has been active in reconstructing a number of AIM companies as investing companies in recent years and is currently a director of a number of companies including Bella Media plc, BWA Group plc, Fortfield Investments plc, Future Internet Technologies plc, Petsmore plc and Synigence Plc, all of which are traded on AIM.

**Mr. Richard Armstrong**, Non-Executive Director, aged 57

Mr. Armstrong has many years' experience as an investment analyst and as a corporate stockbroker. He is currently an associate of Fiske plc where he has specialised in raising funds for smaller quoted companies. He is a director of a number of companies including BWA Group plc, Fortfield Investments plc and Future Internet Technologies plc, all of which are traded on AIM.

Prior to Admission, Mr. Armstrong has agreed to resign as a director of the Company. Mr. Armstrong will not be receiving any compensation for loss of office other than payments due under his letter of appointment.

The Company intends to appoint a further Non-Executive Director following Admission.

## **9. The City Code on Takeovers and Mergers**

The terms of the Proposals give rise to certain considerations under the City Code. Brief details of the Panel, the City Code and the protections they afford are described below.

The City Code has not, and does not seek to have, the force of law. It has, however, been acknowledged by government and other regulatory authorities that those who seek to take advantage of the facilities of the securities market in the UK should conduct themselves in matters relating to takeovers in accordance with best business standards and so according to the City Code.

The City Code is issued and administered by the Panel. The City Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed or unlisted public company resident in the UK. The Company is such a company and its Shareholders are entitled to the protections afforded by the City Code.

Under Rule 9 of the City Code, when any person or group of persons acting in concert acquires shares which, when taken together with shares already held by such person or persons, carry 30 per cent. or more of the voting rights of a company which is subject to the City Code such person or persons is normally required to make a general offer to all the remaining shareholders of that company to acquire their shares. Similarly, when any person or persons acting in concert already hold more than 30 per cent., but not more than 50 per cent., of the voting rights of such a company, a general offer will normally be required if any further shares are acquired.

An offer under Rule 9 must be in cash and at the highest price paid within the preceding twelve months for any shares in the company by the person required to make the offer or any person acting in concert with him.

For the purposes of the City Code, a concert party arises where persons acting in concert pursuant to an agreement or understanding (whether formal or informal) actively co-operate, through the acquisition by them of shares in a company, to obtain or consolidate control of that company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give de facto control.

For the purposes of the City Code the Vendors are deemed to be acting in concert with each other.

Following implementation of the Proposals (assuming full subscription under the Placing and that no Warrants are exercised), the members of the Concert Party together will own 63,972,580 ordinary shares representing 44.6 per cent. of the enlarged issued voting share capital of the Company. Following implementation of the Proposals (assuming full subscription under the Placing) and assuming the exercise in full by Dr. Martinick and Mr. Webster of their Warrants (and assuming that no other person exercises any Warrants or any other right to subscribe for shares in the Company), the members of the Concert Party would between them own 68,966,538 ordinary shares representing 46.5 per cent. of the Company's enlarged issued voting share capital. The Warrants are currently exercisable (further details of the terms of the Warrants is set out in paragraph 5 of Part V of this document). Further details of, and information concerning, the Concert Party, including full details of the resultant maximum potential shareholdings of the Concert Party following implementation of the Proposals, is set out in paragraph 2 of Part V of this document.

The Panel has agreed, however, to waive the requirement that would otherwise arise under Rule 9 of the City Code as a result of acquiring shares pursuant to the completion of the Proposals or on the exercise of the Warrants subject to the approval of Independent Shareholders. Accordingly, EGM Resolution 2 is being proposed at the Extraordinary General Meeting and will be taken on a poll.

**Following completion of the Proposals the members of the Concert Party will between them hold more than 30 per cent., but not more than 50 per cent. of the Company's voting share capital and (for so long as they continue to be treated as acting in concert) any further increase in their aggregate shareholding other than as a result of the exercise of the WMEL Warrants will be subject to the provisions of Rule 9.**

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. The Panel has confirmed that the Company will continue to be subject to the requirements of the City Code for the purposes of the implementation of the Proposals. Given the potentially broad scope of the future activities available to the Company and the international nature of its business and its management, it is, however, 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. The Company has agreed to make a further announcement as soon as it becomes aware that the City Code ceases to apply to the Company.

#### **10. Related party transaction**

The Acquisition is a related party transaction for the purposes of Rule 13 of the AIM Rules. The related parties are Dr. Martinick and Mr. Webster each of whom are Directors of the Company, Directors of Puku and Vendors. The Acquisition is on arm's length terms and neither the Company nor Puku currently generates any material turnover. Under the Acquisition, Dr. Martinick and Mr. Webster will sell their shares in Puku (10,000 shares and 45,000 shares respectively) to the Company for consideration of £325,000 and £1,462,500 respectively to be satisfied by the issue by the Company of 4,062,500 and 18,281,250 Consideration Shares respectively. In this regard the Non-Executive Directors (being all of the Directors with the exception of Dr. Martinick and Mr. Webster) having consulted with Libertas Capital, consider the terms of the Acquisition to be fair and reasonable and recommend the Acquisition and the Placing as set out in paragraph 19 below.

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

Following Admission, the Directors (and persons connected and/or associated with them) excluding Mr. Armstrong (whose resignation as director will take effect prior to Admission) will be interested, in aggregate, in 45,857,996 Ordinary Shares representing approximately 32.0 per cent. of the Enlarged Share Capital. Details of these shareholdings are set out in paragraph 9 of Part V of this document. Under the terms of the Lock-in Agreement each of the Directors (excluding Mr. Armstrong) and other related parties (each as defined in the AIM Rules) have undertaken with the Company and Libertas Capital that, save in certain limited circumstances, they will not dispose of any interest in any Ordinary Shares held by them for a period of twelve months from Admission 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.

Ezenet Limited has undertaken to the Company and Libertas Capital that, save in certain limited circumstances, it will not dispose of any interest in any Ordinary Shares held by it for a period of twelve months from Admission.

RAB Capital plc has undertaken to the Company and Libertas Capital that, save in certain limited circumstances, it will not dispose of any interest in any Ordinary Shares held by it for a period of twelve months from Admission.

The provisions of the lock-in and orderly market arrangements will 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.

## **12. Share Option Scheme**

Following the Acquisition, the Directors intend to adopt an employee share option scheme pursuant to which options may be granted to Directors and employees of the Company. It is intended that the total number of shares under option under the scheme, if implemented, will represent a maximum of 10 per cent. of the Company's issued share capital from time to time.

## **13. 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.

## **14. Corporate governance**

Due to the size and nature of the Company, it does not currently comply with the full provisions of the Combined Code. However, the Directors 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.

## **15. 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 Watson, Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 10:00 a.m. on 14 December 2005. The EGM Resolutions will be proposed:

- (1) to approve the Acquisition as a reverse takeover for the purposes of Rule 14 of the AIM Rules;
- (2) to approve the Waiver;
- (3) to approve the Acquisition as a substantial property transaction with the Directors for the purposes of section 320 of the Act;
- (4) to authorise the Directors pursuant to section 80 of the Act to allot relevant securities including, amongst others, the Placing Shares and the Consideration Shares; and
- (5) 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.

EGM Resolutions (1), (2), (3) and (4) will be proposed as Ordinary Resolutions and EGM Resolution (5) shall be proposed as a Special Resolution. EGM Resolution (2) will, as required by the Panel, be decided on a poll of Independent Shareholders.

## **16. 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 Consideration Shares and Placing Shares to be admitted to trading on AIM. Re-admission of the Existing Ordinary Shares and, subject to the Conditions being satisfied, admission of the Consideration Shares and the Placing Shares to trading on AIM is expected to take place on or around 15 December 2005. 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.

#### **17. Additional information**

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

#### **18. 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 10:00 a.m. on 12 December 2005. Completion of the Form of Proxy will not preclude you from attending and voting in person at the meeting should you so wish.

#### **19. Recommendation**

**The Non-Executive Directors, who have been so advised by Libertas Capital, consider that the Proposals and the Waiver are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Non-Executive 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 1,643,340 Ordinary Shares, representing approximately 2.2 per cent. of the Existing Ordinary Shares. In providing advice to the Non-Executive Directors of the Company, Libertas Capital has taken into account the commercial assessments of the Non-Executive Directors.**

Yours faithfully,

**Peter Redmond**

*Non-Executive Director*

**Richard Armstrong**

*Non-Executive Director*

## 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 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 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 the Enlarged Group**

##### *Exploration and development of the Luanshya Copper Project*

Whether or not income will result from the Luanshya Copper Project depends on successful establishment of mining operations. Factors including costs, actual mineralisation, consistency and reliability of ore grades, and mineral prices affect successful project development, as does the design and construction of efficient processing facilities, competent operation and management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced consultants. Even if the Enlarged Group recovers quantities of copper, there is a risk that it will not achieve a commercial return. For example, the Company may not be able to transport the copper to commercially viable markets at a reasonable cost or may not be able to sell the copper to customers at a price and quantity which would cover its operating and other costs.

During the bankable feasibility study these areas will be evaluated in greater detail than has been the case to date. Where appropriate a number of test work programmes will be undertaken. There can be no guarantee that any or all of this work, or the test work programmes, will be successful, or that the results obtained will demonstrate that the projects undertaken by the Enlarged Group will be viable. In this event, the projects undertaken may have to be modified to a greater or lesser extent, or even possibly abandoned.

##### *Risks related to the Luanshya tenements*

The prospecting licences in which the Enlarged Group has an interest will require renewal or conversion from time to time. If for any reason a licence is not renewed then the Enlarged Group may be denied the opportunity to develop the Luanshya tenements. There can be no guarantee that the Enlarged Group will be awarded full mining licences in respect of any applications made regarding areas the subject of prospecting licences in which it is or may become interested.

Prospecting licence PLLS 239 is still subject to surface rights attaching to the previous owner (LCM), although this is being rectified by the Mines Department in accordance with the Mines Act. Consequently, in the short-term, some delays may occur to gaining access to the land containing the mineral rights covered by the prospecting licences, which could impact the development plan for the Luanshya Copper Project.



### ***Geology of the Luanshya tenements***

The delineation of geological conditions and the definition of mineral resources and ore reserves is a complex process requiring specialist input and a high degree of interpretation of the results obtained from exploration programs.

Whilst the Enlarged Group intends to use best industry practice to develop reliable estimates, there remains a risk that when mining commences, geological conditions could be different to those projected. In these circumstances there is a risk that ongoing operations could be adversely affected.

### ***Bankable feasibility study risk***

The Company will seek to use its existing cash assets, along with the net proceeds of the Placing, principally to progress the Luanshya Copper Project to the development stage. This will include the completion of a bankable feasibility study, which has yet to be commissioned. The bankable feasibility study will assist in defining (within the areas covered by the prospecting licences held by the Enlarged Group), amongst other things, the ore reserves, mining and processing methods, initial capital requirements and ongoing operating costs to establish commercial mining operations.

As the Luanshya Copper Project is at an early stage of development, there can be no guarantee that this project will be commercially viable and it is subject to further investigation. Furthermore, there can be no assurance that the result of the bankable feasibility study will be positive or such study can be completed within the timeframe proposed or for the amounts budgeted.

### ***Environmental liabilities related to the Luanshya Copper Project***

If the Enlarged Group converts prospecting licences PLLS 239 and PLLS 240 to mining licences, the Enlarged Group will be required to produce an environmental programme and in particular assume certain environmental liabilities which relate to the decommissioning and closure of existing infrastructure and tailings dams on the areas covered by these licences. As the Enlarged Group intends to progress the Luanshya tenements into a copper producing operation, the Executive Directors believe that these liabilities will crystallise only at the point in which mining ceases and the mine is ready for closure.

No certainty can be placed on either the final amount or the point at which the liabilities may crystallise and they could be subject to change at anytime.

Additionally, there may be unforeseen environmental liabilities resulting from future exploration and mining activities and these problems and liabilities may be costly to remedy.

### ***Copper prices***

The activities of the Enlarged Group and particularly the viability of the Luanshya Copper Project 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 delay in exploration and production or even abandonment of the Luanshya Copper Project should it prove uneconomical to develop.

### ***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 Enlarged Group believes that it 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.

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

The Enlarged Group will require additional financial resources to continue funding the exploration and the development of the Luanshya Copper Project and in particular to progress it into a copper producing

operation. 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.

#### ***Currency risk***

The Enlarged Group will report its financial results in Sterling. However, the activities as currently contemplated by the Enlarged Group would enter into mining contracts in US dollars and incur certain operating expenses in local currency. Consequently, fluctuations in exchange rates between currencies in which the Enlarged Group operates may cause fluctuations in its financial results and may have an adverse effect on income and/or asset values. The Enlarged Group does not contemplate undertaking any currency hedging prior to completion of the bankable feasibility study.

#### ***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 to manage operational and technical aspects of the Luanshya Copper Project. 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.

#### ***City Code and takeover protection***

Although the Company is incorporated in the United Kingdom, the City Code will only continue 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 investing in Zambia**

##### ***Country risk***

The activities currently contemplated by the Enlarged Group are located in Zambia, which introduces both sovereign and Zambian domestic economic risk issues to investors investing in the Company's Ordinary Shares. Investors in the Company should be aware of any specific country risk issues associated with Zambia. As the Enlarged Group could contain a Zambian operating company, the Enlarged Group will be exposed to the risks associated with operating in such an environment.

### ***Economic, political, judicial, administrative, taxation or other regulatory factors***

The Enlarged Group may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors in Zambia, the UK or elsewhere.

### **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.

#### ***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.

**PART III**  
**COMPETENT PERSON'S REPORT**



ACN No. 065 713 724

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Fax: 612 9929 2549  
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12 October 2005

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

The Directors  
Libertas Capital Corporate  
Finance Limited  
16 Berkeley Street  
London W1J 8DZ

The Directors  
Libertas Capital Securities  
Limited  
16 Berkeley Street  
London W1J 8DZ

Dear Sirs

**INDEPENDENT VALUATION OF THE LUANSHYA COPPER PROJECT IN ZAMBIA**  
**BEHRE DOLBEAR AUSTRALIA PTY LIMITED**

**1.0 INTRODUCTION**

Weatherly International plc (“Weatherly”) has requested Behre Dolbear Australia Pty Limited (“BDA”) to prepare a specialist independent technical and valuation report on the Luanshya Copper Project in Zambia (Figure 1) for use and reference by Weatherly, its Directors, advisers and shareholders.

Weatherly is listed on the Alternative Investment Market (“AIM”) of the London Stock Exchange plc and has the opportunity to acquire rights in the Luanshya Copper Project by acquiring Puku Minerals Limited (“Puku”), a private Zambian-incorporated company holding such rights. Weatherly requires an independent valuation in connection with the proposed acquisition and re-admission to AIM of its enlarged issued share capital.

BDA is the Australian subsidiary of Behre Dolbear & Company Inc. (“Behre Dolbear”), an international minerals industry consulting group which has operated continuously world wide since 1911, with offices in Denver, New York, Toronto, Vancouver, Guadalajara, Santiago, Hong Kong, London and Sydney. Behre Dolbear specialises in project evaluation, due diligence studies, independent expert reports, independent engineer certification, project valuations, and technical audits of resources, reserves, mining and processing operations and project feasibility studies.

The resources and reserves defined for the Luanshya Copper Project have been reviewed in the context of the Australasian Code for Reporting Identified Mineral Resources and Ore Reserves prepared by the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004 Edition (“the JORC Code”).

Valuation of mining and exploration properties has been conducted 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 issued in 1995 and updated in 1998 and May 2005.

BDA has determined a value for the Luanshya Copper Project based on a review of comparable transactions and also considering alternative means of estimating value including the yardstick approach.

BDA has reviewed Puku’s development plans, the resources and reserves, the proposed production schedule, and estimated capital and operating costs. BDA has visited the Luanshya project site. BDA has not undertaken an independent review of the status of the Luanshya tenements and licences, as this work is being undertaken by others as part of legal due diligence; BDA has relied on a summary of tenement status provided by Puku.

This BDA report is primarily based on information provided by Puku. BDA’s assessment is based on a technical review of the project data and the project site visit. In compliance with Schedule 2 of the AIM Rules we are responsible for this report as part of the 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. However, any forecasts and projections cannot be assured and factors both within and beyond the control of Puku and Weatherly could cause the actual results to be materially different from BDA's assessments and any projections contained in this report.

The sole purpose of this BDA report is for use by the Directors, advisers and shareholders of Puku and Weatherly in connection with the proposed transaction and for inclusion in an AIM admission document relating to Weatherly and dated on or around the date of this report (the "Admission Document"); it should not be used or relied upon for any other purpose. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any other purpose, without our written consent to the form and context in which it appears.

## **2.0 SUMMARY**

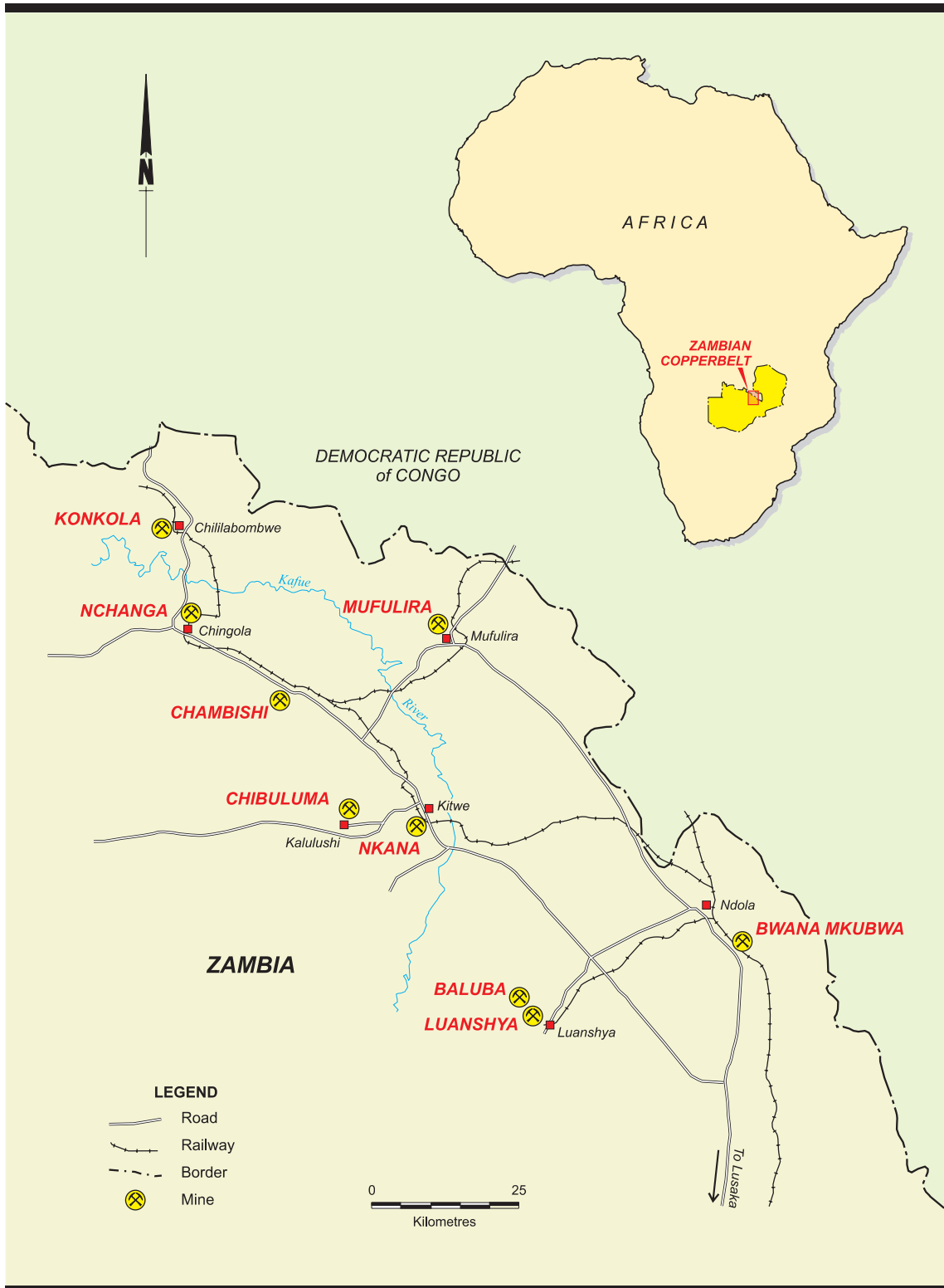
### **2.1 Overview**

BDA has conducted an independent technical review and valuation of the Luanshya Copper Project based on a visit to the project site and data provided by Puku. The site visit was undertaken by Mr Bill Kable of BDA, who was accompanied by Mr Webster, a director of Puku and Weatherly, and Mr Matthew Banda, a representative of the Zambian Ministry of Mines and Minerals Development ("the Mines Department").

Puku was granted two prospecting licences covering the historic Luanshya underground mine and tailings dams in April 2005; a third prospecting licence to the south of Luanshya was granted in June 2005 (Figure 2). The licence over the Luanshya underground mine was granted following the issue of a Certificate of Abandonment to the previous tenement holder in February 2005 by the Mines Department. BDA understands that the Certificate of Abandonment was subsequently the subject of a letter of complaint lodged by the previous tenement holder in June 2005. BDA is advised that the Mines Department has notified the previous tenement holder in writing that the complaint is unfounded, and that there will be no change to the status of either the Certificate of Abandonment, or the granting of the prospecting licences to Puku.

The Luanshya mine (Figure 1) is one of the oldest of the large Zambian Copperbelt mines and past production totalled some 248 million tonnes ("Mt") of ore from 1927 to March 2001 when operations were suspended, producing some 4.8Mt of copper in concentrate. The remnant underground resources are estimated at 41Mt averaging 2.3% copper ("Cu"). In addition, the tailings dam and slag dump material within the Puku leases (Figure 2) are estimated at 154Mt at 0.27% Cu and 9.4Mt at 0.75% Cu respectively, with some 13Mt of low grade material at an estimated grade of 0.4% Cu in 'waste' dumps near the haulage shafts. Mineable underground reserves are estimated at 12.3Mt averaging 1.6% Cu, allowing for mining recovery and mining dilution.

Puku plans to investigate the options for exploiting the tailings and slag materials.



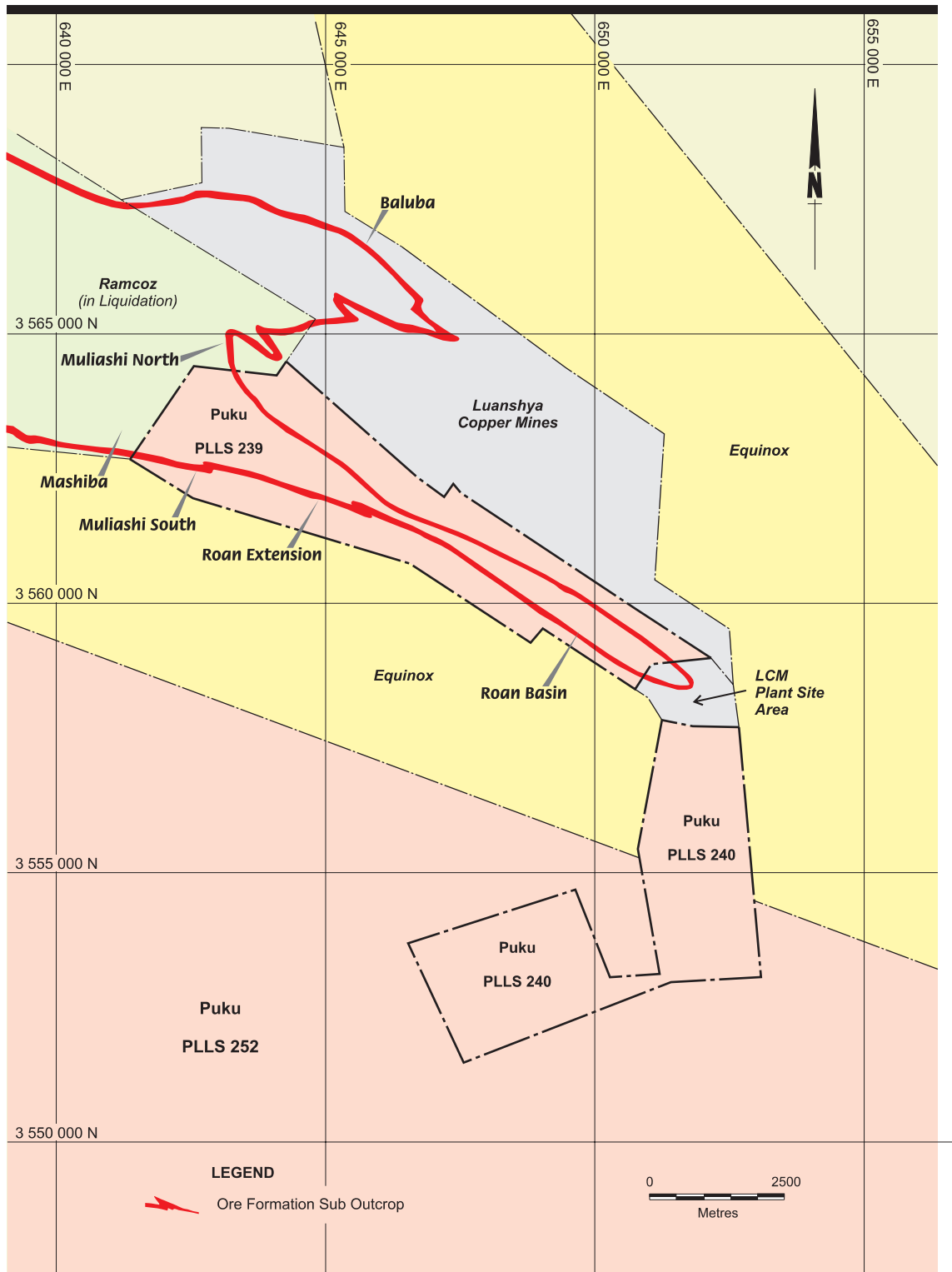
Puku Minerals Ltd

Luanshya Project

Figure 1

**ZAMBIAN COPPERBELT - LOCATION PLAN**

Behre Dolbear Australia Pty Ltd



Puku Minerals Ltd

Luanshya Project

Figure 2

**LUANSHYA - PUKU TENEMENTS**

Behre Dolbear Australia Pty Ltd

*Note: schematic only. Does not show certain surface oxide cappings contained within PLLS 239 and owned by a third party.*

## 2.2 Valuation Methodology

The fair market value of a property as stated in the Valmin Code is the amount a willing buyer would pay a willing seller in an arms length transaction, wherein each party acted knowledgeably, prudently and without compulsion. BDA has considered this principle in deriving a range of values for the Luanshya Copper Project.

BDA has estimated a value for the project based primarily on the ‘related or comparable transaction’ and ‘yardstick’ methods (see Section 3.3). The Luanshya Copper Project was part of a larger package that changed hands in 2003 and this transaction provides a relevant basis for the current valuation.

There have been a number of transactions involving Zambian Copperbelt projects over the last seven years. These transactions relate to comparable ranges of tonnages and grades in similar geographical settings, and provide a reasonable guide to the value that a willing and knowledgeable buyer might pay a willing seller for a Zambian copper property.

The discounted cash flow valuation method has not been adopted in this report, notwithstanding the substantial resource and reserve base, as BDA is of the opinion that insufficient detailed engineering work has been undertaken at this stage to reasonably define capital and operating costs and potential cash flows. BDA has not considered the market value method as there are no directly comparable listed companies; nor are there any recent relevant Independent Expert reports available relating to this Project.

## 2.3 Valuation Results

BDA’s valuation assessment of the Luanshya Copper Project is summarised in Table 2.1 below.

**Table 2.1**  
**Summary of BDA Valuation Results**

Valuation	Low	Valuation Range Most Likely	High	Comments
Expressed in US\$M .....	4.8	6.0	7.2	Currency of Copperbelt transactions
Expressed in £M .....	2.7	3.4	4.1	Currency of Weatherly stock exchange

*Note “M” denotes million*

BDA’s assessment is based on a valuation of the significant resource base, with reference to recent comparable transactions and yardstick values paid for Zambian Copperbelt resources and reserves.

A number of factors could enhance the valuation, specifically:

- the inclusion of the adjacent underground Mashiba resource block lying just beyond the western limit of Puku’s tenement (Figure 2); Puku has requested the boundary be adjusted to incorporate this block as it is accessible by the decline within the tenement area; Puku advises that this request is expected to be granted as the Mashiba block is not currently held by any other party
- a feasibility study on the treatment of available mineralised material would allow an assessment and valuation based on the net present value of the prospective cash flows; potential ore sources would include oxide material, ‘waste’ dumps, tailings re-treatment and any near-surface remnant ore along the 9 kilometres (“km”) of old workings which could be potentially exploited by open pit means
- Puku has been granted an additional prospecting licence to the south of Luanshya and has lodged two additional prospecting licence applications; although there are no delineated resources within these areas, they are considered prospective for copper.

## 3.0 VALUATION METHODOLOGY

### 3.1 Standards and Procedures

This report has been prepared in accordance with the Valmin Code and Guidelines for Technical Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports as adopted by the Australasian Institute of Mining and Metallurgy in 1995 and updated in May 2005.

In addition BDA has reviewed the resource and reserve estimation procedures and categorisations in terms of the JORC Code.



### 3.2 Valuation — General Principles

The fair market value of a property as stated in the Valmin Code (Definition 43) is the amount a willing buyer would pay a willing seller in an arms length transaction, wherein each party acted knowledgeably, prudently and without compulsion.

### 3.3 Valuation Methods

There is no single method of valuation which is appropriate for all situations. Rather, there are a variety of valuation methods, all of which have some merit and are more or less applicable depending on the circumstances. The Australian Securities Commission (“ASC”) in its Practice Note 43 on Valuation Methodology lists the following as appropriate items to be considered:

- discounted cash flow
- amount an alternative acquirer might be willing to offer
- the amount which could be distributed in an orderly realisation of assets
- the most recent quoted price of listed securities
- the current market price of the asset, securities or company

The *discounted cash flow* or net present value method is generally regarded as the most appropriate primary valuation tool for operating mines or mining projects close to development. Valuing properties at an earlier stage of exploration where ore reserves, mining and processing methods, and capital and operating costs, are yet to be fully defined, involves the application of alternative methods. The methods generally applied to exploration properties are the *related transaction* or real estate method, the value indicated by *alternative offers* or by *joint venture terms*, and the *past expenditure* method. *Rules of thumb* or *yardstick values* based on certain industry ratios can be used for both mining and exploration properties. Under appropriate circumstances values indicated by *stock market valuation* should be taken into account as should any *previous independent valuations* of the property.

The valuation methods considered are briefly described below.

#### Net Present Value (“NPV”)

If a project is in operation, under development, or at a final feasibility study stage and reserves, mining and processing recoveries, and capital and operating costs are well defined, it is generally accepted that the net present value of the project cash flows is a primary component of any valuation study. This does not imply that the fair market value of the project necessarily *is* the NPV, but rather that the value should bear some defined relationship to the NPV.

If a project is at a feasibility study stage, additional weight has to be given to the risks, due to uncertainties in costs and operational performance, risks related to the ability to achieve the necessary finance for the project and sometimes a lower degree of confidence in the reserves. In an ongoing operation many of these items are relatively well defined.

BDA considers the Luanshya Copper Project to be at too early a stage to reasonably apply the NPV method. Puku has indicated that the higher grade tailings and slag material could be processed using solvent extraction/electrowinning (“SX/EW”) technology, and that it may be possible to exploit the remnant reserves at Luanshya. However, at this stage, there is inadequate information on which to base potential cashflows.

#### Related Transactions

Of relevance to the valuation of projects and tenements is the price paid in recent comparable transactions. The difficulty is commonly determining to what extent the property or transaction is indeed comparable, unless the transactions involve the specific parties, projects or tenements under review. There can also be substantial change in value with time. BDA has considered the terms of a transaction involving the Luanshya Copper Project within the past two years as a basis for estimation of value.

#### Alternative Offers and Joint Venture Terms

Where discussions have been held with other parties or offers have been made on the project or tenements under review, these values are certainly relevant and worthy of consideration. Similarly, joint venture terms

where one party pays to acquire an interest in a project or spends exploration funds in order to earn an interest provide an indication of value. BDA has enquired of Puku the terms of any recent offers or joint ventures.

### **Rules of Thumb or Yardsticks**

Certain industry ratios are commonly applied to mining projects to derive an approximate indication of value. The most commonly used ratios relate to gold projects and include dollars per ounce of gold in resources, dollars per ounce of gold in reserves, and dollars per ounce of annual production. The ratios used commonly cover a substantial range which is generally attributed to the 'quality' of the ounces in question. Low cost ounces are clearly worth more than high cost ounces. Where a project has substantial future potential not yet reflected in the quoted resources or reserves a ratio towards the high end of the range may be justified.

Similar ratios in terms of contained copper are less commonly used and quoted, but can be derived. BDA has derived such ratios from recent known transactions and has used these as a guide to the value of the Luanshya resources and reserves.

### **Market Valuation**

Commonly a company has several projects at various stages of development, together with a range of assets and liabilities, and in such cases it is difficult to define the value of individual projects in terms of the share price and market capitalisation. However in the case of a one project company or a company with one major asset, the market capitalisation clearly gives some guide to the value that the market places on that asset at that point in time. Certain sectors may trade at premiums or discounts to net assets, reflecting a view of future risk or earnings potential. We have reviewed the market capitalisation of groups whose assets primarily comprise copper properties, but have concluded that none of these assets are directly comparable to the Luanshya Copper Project.

### **Other Expert Valuations**

Where other independent experts or analysts have made recent valuations of the same or comparable properties these opinions clearly need to be reviewed and to be taken into consideration. We have reviewed recent independent expert reports on copper properties but have concluded that none of these reports provide a useful guide to the value of the Luanshya Copper Project.

### **Past Expenditure**

Past expenditure, or the amount spent on exploration of a tenement is commonly used as a guide in determining value and 'deemed expenditure' is frequently the basis of joint venture agreements. The assumption is that well directed exploration has added value to the property. This is not always the case and exploration can also downgrade a property and therefore a 'prospectivity enhancement multiplier' ("PEM"), which commonly ranges from 0.5-3.0, is applied to the effective expenditure. The selection of the appropriate multiplier is a matter of experience and judgement. In BDA's view this method is not applicable to the historic Luanshya Copper Project.

### **Prospectivity**

Over-riding any mechanical or technical valuation method for exploration ground must be recognition of prospectivity and potential, which is the fundamental value in relation to exploration properties. We have considered prospectivity and potential in determining a value for the Luanshya Copper Project.

### **Special Circumstances**

Special circumstances which relate in particular to mining projects or tenements can have a significant impact on value and modify valuations which might otherwise apply. Examples could be:

- *environmental risks* — which can result in a project being subject to extensive opposition, delays and possibly refusal of development approvals
- *social issues* — projects in areas of social significance or of significance to local indigenous peoples could experience prolonged delays, extended negotiations or veto
- *technical* — issues peculiar to an area or orebody such as geotechnical or hydrological conditions, or metallurgical difficulties could affect a project's economics.

We have considered, and have inquired of Puku, whether any such factors apply to the project under review.

#### **4.0 SOURCES OF INFORMATION**

BDA has carried out a site visit to the Luanshya mine site as part of this valuation review. The principal reports and documents reviewed are listed below:

##### **Technical Data**

- Luanshya Mining Area and Baluba Mining Area Ore Reserve Statement for Period Ending 30 June — ZCCM Luanshya Division — 1997 and 2000
- A Brief on the Feasibility Report for the Integrated Project of Muliashi North Mines Heap Leach SX/EW Plant, Kilborn-SNC Lavalin Europe Limited — September 1999
- Luanshya Mine Environmental Impact Statement — Shaft Closure and Decommissioning Report — Oct 2004

##### **Other Documents**

- Certificate of Abandonment issued for the Luanshya Mining Lease LML 50 by the Zambian Ministry of Mines and Minerals Development — 8 March 2005
- Letter to Puku from the Mines Department following the Application for a Prospecting Licence over the Luanshya Mine Area — 8 March 2005
- Prospecting Licences PL 239 and 240 issued to Puku — 4 April 2005
- Letter of Objection from Luanshya Copper Mines plc to the Mines Department — 6 June 2005
- Letter of Reply from Mines Department to Luanshya Copper Mines plc — 30 June 2005
- ‘Selling the Family Silver’ (The Privatisation of the Zambian Copper Mines) — Francis Kaunda — 2003

##### **General Data**

- ASC Practice Note 43 — Valuation Reports and Profit Forecasts, December 1993
- Valmin Code — Code and Guidelines for Assessment and Valuation of Mineral Assets and Mineral Securities for Independent Expert Reports as adopted by the AusIMM, February 1998, update May 2005
- Australasian Code for Reporting of Identified Mineral Resources and Ore Reserves — Report of the Joint Committee of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia, December 2004.

#### **5.0 LUANSHYA COPPER PROJECT**

##### **5.1 Background**

The Luanshya Copper Project comprises two prospecting licences covering the historic Luanshya underground mine and tailings dams located at the southern end of the Zambian Copperbelt, and one prospecting licence to the south of Luanshya (Figures 1 and 2). Puku has made application for two additional exploration areas but these areas have not yet been granted.

The Luanshya processing plant situated at the eastern end of the Roan Basin (Figure 2) is not part of the current project. The processing plant lies on the outskirts of the township of Luanshya which is located some 30 km southwest of Ndola (Figure 1). Ndola is a major Zambian centre serviced by an international airport and situated some 350km northeast of the Zambian capital Lusaka.

The Central African Copperbelt, a 600km long, 50km wide arc of copper mineralisation stretching through Zambia and the Democratic Republic of Congo (“DRC”), is one of the world’s great metallogenic provinces. The Zambian section, referred to as the Zambian Copperbelt, extends some 160km from Konkola in the northwest to Luanshya in the southeast (Figure 1).

The Luanshya deposit was the first “modern” discovery on the Copperbelt in 1902, although ancient workings were evident along the belt. Development of the underground mining operations commenced in 1927 and the concentrator and smelter were commissioned in 1931. The Baluba deposit situated some 15km northwest of the Luanshya plant site (Figures 1 and 2) was developed in 1973. This orebody, unlike Luanshya, contains

cobalt, and separate concentrating facilities were constructed within the Luanshya plant site to process this ore.

In the 1970s and early 1980s Zambia's copper mines were operated by Roan Consolidated Mines Limited ("RCM") and Nchanga Consolidated Copper Mines Limited ("NCCM"), later combined to form the state-owned Zambia Consolidated Copper Mines Limited ("ZCCM"). The assets of ZCCM were subsequently privatised in the late 1990s and the Luanshya tenements were one of the first assets to be sold in 1997. The successful tenderer was a UK-based trading company, a member of the Binani Group of Companies of India. An operating company was established named Roan Antelope Mining Corporation of Zambia plc ("RAMCOZ"). RAMCOZ experienced a number of operating difficulties which were compounded by falling metal prices, and was subsequently placed into receivership at the end of 2000.

Restricted operations continued under the receivership until 2001, when a flooding event occurred at the Luanshya mine as a result of a dam burst, and mining operations were suspended. At the time, the mine utilised two shaft systems, 18 Shaft and 28 Shaft, both located at the western end of the mine (Figure 3). Other shafts along strike had been decommissioned. The 28 Shaft extends to a depth of almost 1,250m (Figure 4) and the lowest level mined was 2800L (853m). This section of the mine is also serviced by decline access with the portal located to the west of 28 Shaft. Both shafts and decline are currently decommissioned.

In 2004 the Luanshya-Baluba operations were acquired by Luanshya Copper Mines plc ("LCM"), a wholly-owned subsidiary of Swiss company J&W Holding AG ("J&W"). After taking possession, LCM focussed on the development of the Baluba mine and deferred indefinitely the re-commissioning of the Luanshya mine. In March 2005, a Certificate of Abandonment was issued for the Luanshya tenement and Puku subsequently applied for and was granted prospecting licences over the abandoned area and the tailings dams.

## 5.2 Tenure

BDA has not carried out legal due diligence on the tenements or tenement applications as this work is being undertaken by others. BDA has relied on documentation provided by Puku.

Puku has been granted three prospecting licences to date. Licence PLLS 239 covers an area of approximately 22 square kilometres ("km<sup>2</sup>") over the Luanshya underground mine workings, with a strike length of over 9km (Figure 2). Puku has submitted an exploration programme with expenditure of US\$1M over 24 months. PLLS 240 covers an area of approximately 18km<sup>2</sup> over three tailings dams (Figure 2). Puku's exploration programme for PLLS 240 calls for the expenditure of US\$100,000 over 24 months. These licences have been granted for a period of two years commencing 4 April 2005, and can either be renewed or converted into mining licences as appropriate. The third licence, PLLS 252, covers a large area of 2,333km<sup>2</sup> to the south of Luanshya and was granted on 20 June 2005. The expenditure commitment for PLLS 252 totals US\$500,000 over 24 months. Puku advises that application has also been made for two other prospecting licences over adjacent areas.

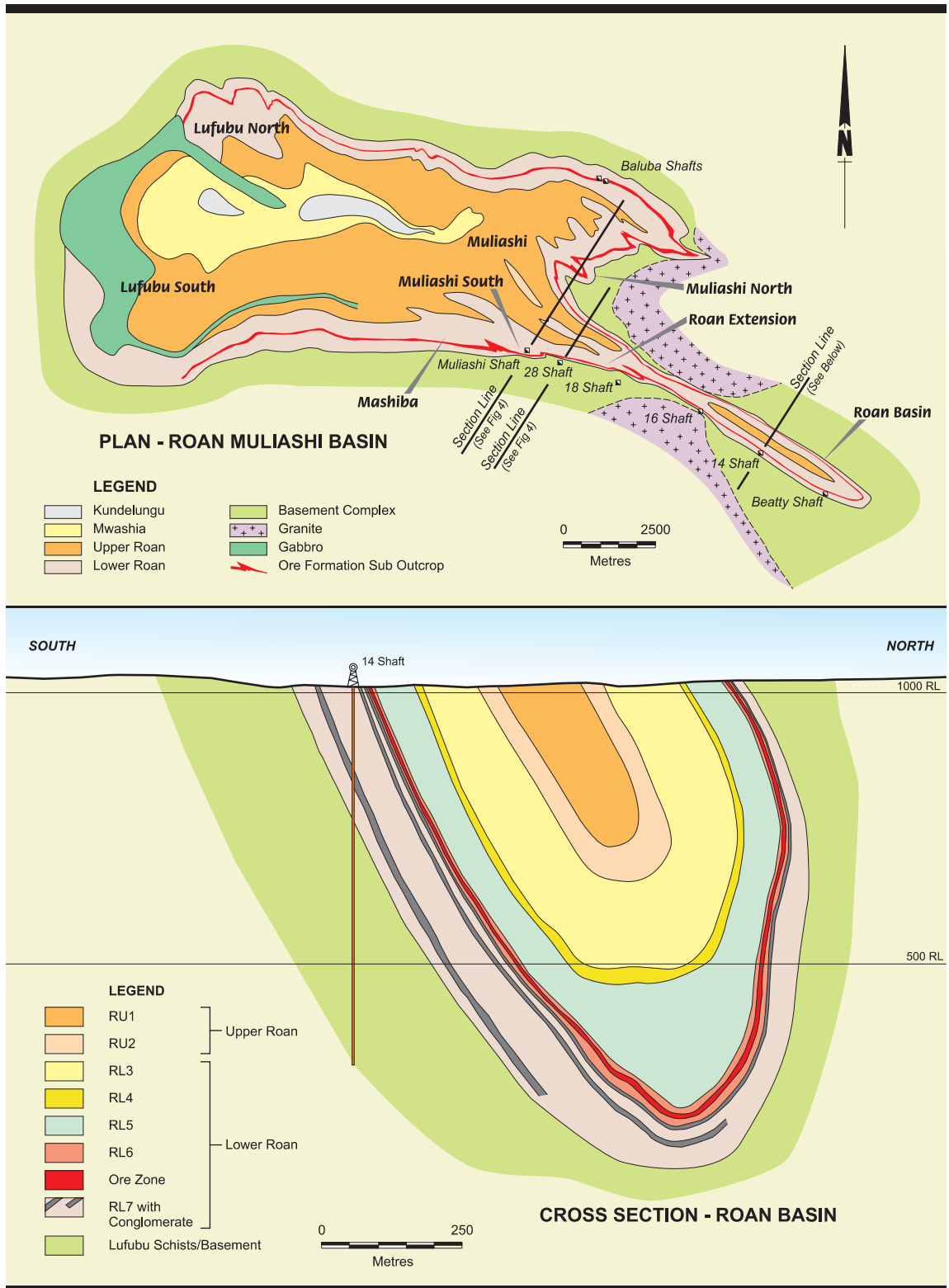
Zambian mining law requires that the holder of a prospecting licence, after the initial two year period, either apply for:

- a further two year extension which requires that the holder reduce the area held by 50%
- a Retention Licence, where the holder has delineated a resource that is significant, but not viable under current conditions
- a Mining Licence, where the holder wishes to develop some of the resources contained within the lease area.

One of the conditions of the prospecting licence is that survey beacons are erected at the corners of the licensed areas and this work has recently been completed for Puku by a survey team from the Mines Department. A further condition is that prospecting work must commence within three months of the issue of the licences; Puku advises that work has commenced and that the survey and the preparation of this report are deemed to be prospecting work.

Puku has advised BDA that LCM, the previous owner of the Luanshya mine and the operator of the Baluba mine, has lodged an objection to the granting of the Certificate of Abandonment and the subsequent issue of the prospecting licences to Puku. The letter of objection to the Mines Department was dated 6 June 2005; the basis of LCM's objection is that it was their intention to apply for closure rather than abandonment of the Luanshya mine.

BDA has viewed various correspondence between Puku, LCM and the Mines Department. It would appear that the Mines Department has a clear view that the Mineral Rights represented by PLLS 239 have been appropriately granted to Puku. PLLS 239 is still covered by surface rights attaching to LCM. Letters from the Director of Mines advise LCM and Puku that the two companies should meet to negotiate access and corridor arrangements such that neither the operation of the Baluba mine nor the development of the Luanshya operations are disadvantaged.



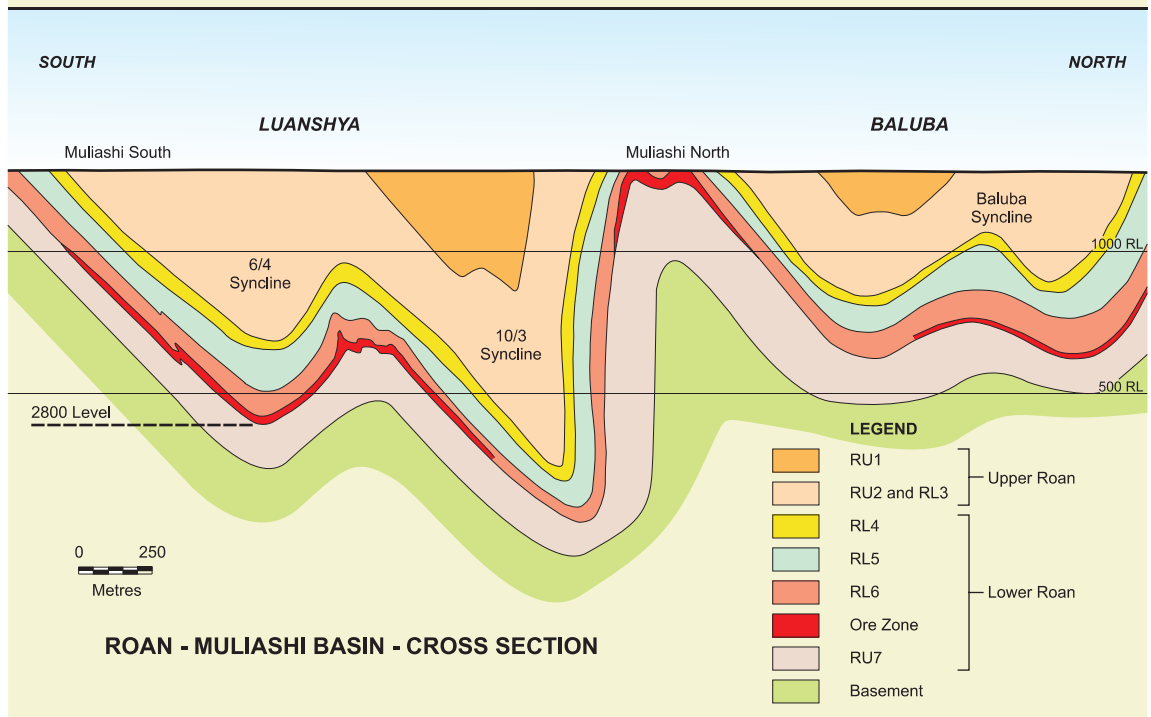
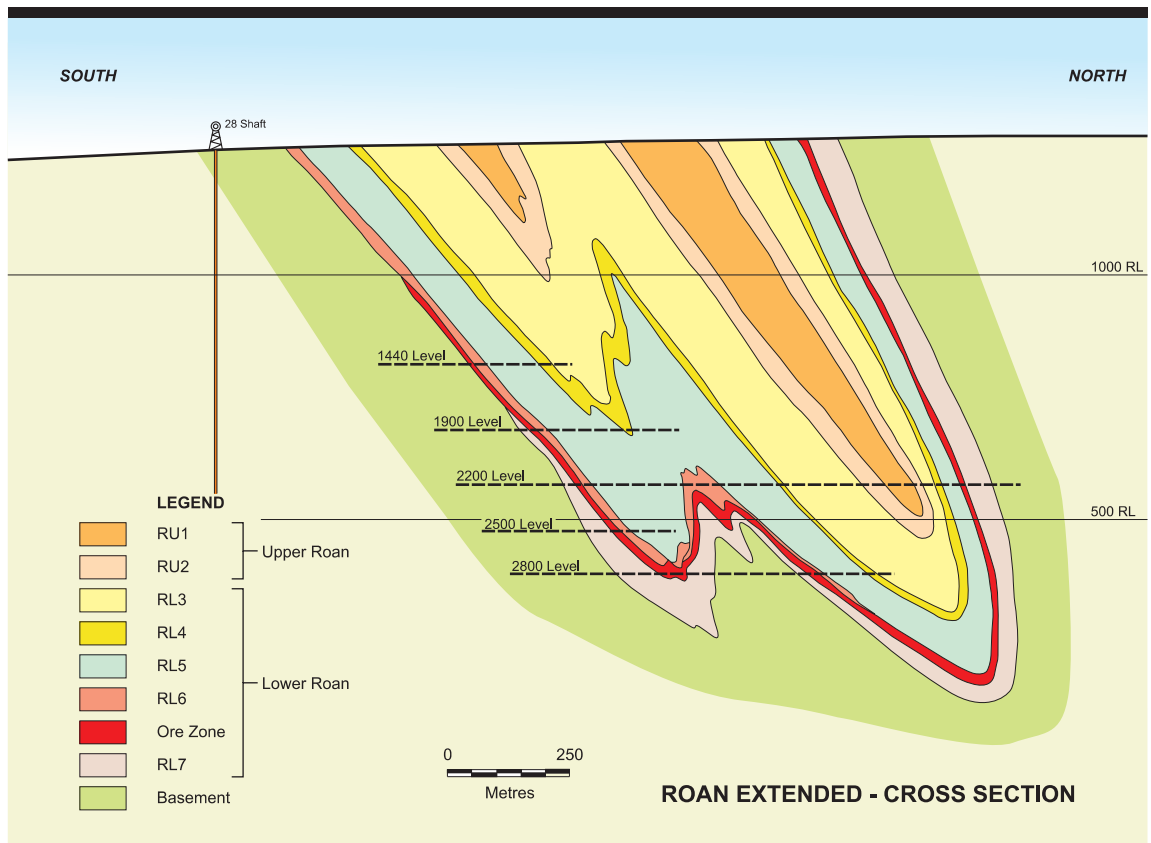
Puku Minerals Ltd

Luanshya Project

Figure 3

**ROAN-MULIASHI BASIN - GEOLOGY**

Behre Dolbear Australia Pty Ltd



Puku Minerals Ltd

Luanshya Project

Figure 4

**ROAN-MULIASHI BASIN - CROSS SECTIONS**

Behre Dolbear Australia Pty Ltd

### 5.3 Geology

The Luanshya deposit occupies the south-eastern portion of the Roan-Muliashi Basin which is situated at the southern end of the Zambian Copperbelt (see Figure 1 and 2). The basin extends over a length of some 27km and has a maximum width of 6.4km, with economic mineralisation occurring over a strike length of 15km.

The basin is a closed synclinorium structure comprised of tightly folded, regionally metamorphosed sediments of the Upper and Lower Roan Groups of the Katanga System (Figures 3 and 4). This system rests unconformably on an irregular surface of granite, schist and quartzite. The sediments include a variety of arenaceous, argillaceous and dolomitic formations.

The ore lies near the bottom of the Lower Roan sedimentary sequence, above an arenaceous and conglomeratic formation (RL7) at the base. The mineralisation occurs generally in two distinct horizons, the Upper and Lower Orebodies, at the top and base respectively of an argillaceous formation, referred to as the RL6 or Ore Formation, or elsewhere on the Zambian Copperbelt as the Ore Shale. This unit varies in thickness from around 15m in the east to over 50m in the west, although locally the thickness can be less due to tight folding.

The Luanshya deposit lies within the Roan Syncline, an isoclinal structure plunging gently westwards and overturned to the southwest (Figure 3). The nose of the syncline outcrops near the township of Luanshya which is where mining operations commenced. The structure is tightly folded in the east and gradually opens up to the west; the mine can be divided into a number of regions based on structure. At the eastern end, the syncline is roughly trough shaped with two distinct limbs, the North and South Limbs. Further westwards, the synclinorium widens and a number of isoclinal folds appear (Figure 4); up to ten limbs have been identified for mining purposes.

The distribution of mineralisation, which is confined almost entirely to the Ore Formation, the absence of wallrock alteration, the age of the mineralisation, and the absence of a source or channel-ways in the host rocks, all support a syngenetic or diagenetic origin for the copper ore.

### 5.4 Resources and Reserves

#### Definitions

A mineral resource is defined in the Australasian JORC Code as an identified in-situ mineral occurrence from which valuable or useful minerals may be recovered. The resource figures represent the tonnage of in-situ mineralisation delineated within the drilled areas and above the defined cut-off. Typically resources are quoted on an all-encompassing basis, including areas where reserves have been defined, with the reserve tonnage being a component of the overall resource; however, resources can also be quoted as a separate additional tonnage to the reserve figure.

Resources are classified in the JORC Code as Measured, Indicated or Inferred according to the degree of confidence in the estimate. A Measured Resource is one which has been intersected and tested by drill holes or other sampling procedures at locations which are close enough to confirm continuity and where geoscientific data are reliably known. An Indicated Resource is one which has been sampled by drill holes or other sampling procedures at locations too widely spaced to ensure continuity, but close enough to give a reasonable indication of continuity and where geoscientific data are known with a reasonable level of reliability. An Inferred Resource is one where geoscientific evidence from drill holes or other sampling procedures is such that continuity cannot be predicted with confidence and where geoscientific data may not be known with a reasonable level of reliability.

The Luanshya resources are categorised according to the Zambian Copperbelt system as Classes 1-5; after review BDA accepts that these classifications are generally equivalent to subsets of the JORC Measured and Indicated classes; Inferred Resources have generally not been included in the estimates. Classes 1 and 2 would generally be considered Measured and Class 3 Indicated; these categorisations are used for areas which are considered economically mineable. Classes 4 and 5 respectively relate to areas which have been defined to a Measured or Indicated level of confidence, but which are not currently considered economic due to grade, depth, location, ground conditions, metallurgical factors or simply where there are no current mining plans in place.

An ore reserve is defined in the Australasian JORC Code as that part of a Measured or Indicated Resource which could be mined and from which valuable or useful minerals could be recovered economically under conditions reasonably assumed at the time of reporting. Reserve figures incorporate mining dilution and allow for mining losses, and are based on an appropriate level of mine planning, mine design and scheduling.

Resources which have been defined to a Measured level of confidence generally transfer to a Proved Reserve and Indicated Resources to a Probable Reserve. The Zambian Copperbelt system does not incorporate a change of terminology between resources and reserves. The Luanshya Class 1, 2 and 3 reserves simply represent Class 1, 2 and 3 resources which are considered economically mineable under the defined parameters, which have undergone the appropriate level of mine planning and design and to which appropriate allowances for mining dilution and mining recovery have been added. The Luanshya Class 1, 2 and 3 reserve classifications are generally equivalent to JORC Proved (Classes 1 and 2) and Probable Reserves (Class 3).

### Resource and Reserve Estimates

The estimated resources within the Luanshya leases are summarised in Table 5.1. The resource estimates include remnant material within the underground mine, plus the tailings dams, slag dumps and 'waste' dumps, and are inclusive of the reserve areas. The resource figures relate to in situ tonnes and grade.

**Table 5.1**  
**Luanshya Resources — March 2001**

<b>Deposit</b>	<b>Status</b>	<b>Tonnage 000t</b>	<b>Grade % Cu</b>	<b>Contained 000t Cu</b>
<b>Underground</b>				
Luanshya East (Roan Extension)	Class 1	342	2.08	7
	Class 2	854	2.09	18
	Class 3	8,370	2.23	187
	Class 4	4,431	2.34	104
	Class 5	5,878	1.73	102
	<i>Sub-total</i>	<i>19,875</i>	<i>2.10</i>	<i>417</i>
Luanshya West (Muliashi)	Class 2	476	2.69	13
	Class 3	7,490	2.50	187
	Class 4	6,848	2.91	199
	Class 5	2,190	1.84	40
	<i>Sub-total</i>	<i>17,001</i>	<i>2.59</i>	<i>440</i>
Sub-total Luanshya	Class 1	342	2.08	7
	Class 2	1,330	2.30	31
	Class 3	15,859	2.36	374
	Class 4	11,276	2.69	303
	Class 5	8,068	1.76	142
	<i>Sub-total</i>	<i>36,876</i>	<i>2.32</i>	<i>857</i>
Mashiba	Class 4	3,565	2.55	91
	Class 5	860	2.18	19
	<i>Sub-total</i>	<i>4,425</i>	<i>2.48</i>	<i>110</i>
Total Underground	Class 1	342	2.08	7
	Class 2	1,330	2.30	31
	Class 3	15,859	2.36	374
	Class 4	14,841	2.65	394
	Class 5	8,928	1.80	161
	<b>Total</b>	<b>41,301</b>	<b>2.34</b>	<b>966</b>
<b>Tailings Dams</b>				
Old Tailings Dam	Unspecified	48,100	0.45	216
Akatiti Dam	Unspecified	44,100	0.25	110
Chonga Dam	Unspecified	61,960	0.14	87
<b>Total</b>		<b>154,160</b>	<b>0.27</b>	<b>413</b>
<b>Slag Dumps</b>				
Old Slag Dump	Unspecified	4,300	0.92	40
New Slag Dump	Unspecified	5,100	0.60	31
<b>Total</b>		<b>9,400</b>	<b>0.75</b>	<b>71</b>
<b>Waste Dumps</b>				
Old Surface Waste Dumps	Unspecified	13,000	0.40	52
<b>Total</b>		<b>13,000</b>	<b>0.40</b>	<b>52</b>

*Note: Mashiba area not yet included in Puku's tenements*



The underground estimates are based on the RAMCOZ tabulations as at March 2000. The key assumptions adopted in the calculations are summarised in Appendix 1. Allowance has been made for mining depletion to March 2001, when mining operations were suspended, and for areas deemed to be inaccessible.

The estimates which are categorised in accordance with the accepted Zambian Copperbelt nomenclature have been reviewed and are considered to be broadly consistent with internationally accepted codes such as the JORC Code. Classes 1 and 2 are considered to be broadly equivalent to a Measured category and Class 3 to an Indicated status; Classes 4 and 5 are also generally defined to a Measured or Indicated level of confidence, but relate to areas which for a variety of reasons are not currently considered to be mineable. Inferred resources are not included in the estimate. The Mashiba resource lies outside the western boundary of PLLS 239. As this area can be accessed by existing development from the decline and 28 Shaft, Puku has applied to have the boundary changed to incorporate the Mashiba resource. In BDA's opinion, it could be argued that this material should not be included in the resource totals until the change of boundary is formally approved. BDA has not included the Mashiba resource in the valuation exercise.

The estimated reserves within the area covered by prospecting licences PLLS 239 and PLLS 240 are summarised in Table 5.2. The reserves are derived from in situ resource estimates using tonnage recovery and dilution factors of 70% and 45% respectively. The Class 1 and 2 categories broadly conform to Proved status and Class 3 broadly conforms to Probable status. The reserves shown in Table 5.2 effectively comprise those portions of the resource considered economically mineable and on which appropriate mine planning and mine design have been undertaken. Under the JORC Code reserves are based on extractability and a plan to mine; while the Luanshya reserves appropriately incorporate mining recovery and dilution factors, the mine is currently decommissioned and there is no detailed mine development plan. In BDA's view, until there is a detailed mine redevelopment plan established, it could be argued that the reserve estimates should technically be reclassified as a resource. The in situ resource on which the reserve of 12.3Mt at 1.62% Cu is based, is 17.5Mt at 2.35% Cu, the total of the Class 1, 2 and 3 resources in Table 5.1 above.

**Table 5.2**  
**Luanshya Reserves — March 2001**

<b>Deposit</b>	<b>Status</b>	<b>Tonnage 000t</b>	<b>Grade % Cu</b>	<b>Contained 000t Cu</b>
Luanshya East (Roan Extension)	Class 1	239	1.44	3.4
	Class 2	598	1.44	8.6
	Class 3	5,859	1.54	90.1
	<i>Sub-total</i>	<i>6,696</i>	<i>1.52</i>	<i>102.2</i>
Luanshya West (Muliashi)	Class 1	—	—	—
	Class 2	333	1.85	6.2
	Class 3	5,243	1.72	90.4
	<i>Sub-total</i>	<i>5,576</i>	<i>1.73</i>	<i>96.6</i>
Total Underground	Class 1	239	1.44	3.4
	Class 2	931	1.59	14.8
	Class 3	11,102	1.62	180.5
	<b>Total</b>	<b>12,272</b>	<b>1.62</b>	<b>198.7</b>

*Note: based on an in situ resource of 17.5Mt at 2.35% Cu*

BDA has not reviewed the resource and reserve estimates in detail. However the work appears to have been diligently undertaken, and drilling, sampling and assaying procedures are in accordance with industry standards.

## **5.5 Evaluation Programme**

Puku plans to develop the available potentially viable resources and has developed a conceptual mining model producing up to 60,000 tonnes per annum ("tpa") of copper. Puku proposes to systematically evaluate the resources, initially focussing on the tailings, slag material and 'waste' dumps.

Of the three tailings dams, the oldest, referred to as the Old Tailings dam, has the highest grade (48Mt at 0.45% Cu). The most recent dam has an average grade of only 0.14% Cu, reflecting the improvement in plant efficiencies over the past 70 years of operation. Similarly, the older slag dump has a higher grade (4.3Mt at 0.92% Cu and 0.45% Co) than the newer dump (5.1Mt at 0.6% Cu and 0.3% Co).

The evaluation programme will involve auger drilling the Old Tailings dam and the slag dumps to verify the overall grade estimates and to determine the stratification of grade, if any, and to provide samples for metallurgical testwork. The mineralogy and grade will determine the viability of reprocessing this material and the optimum process method, possibly using SX/EW technology.

Concurrently, Puku will reassess the economics of exploiting the remnant sulphide resources. All aspects of the mining and extraction methods will be reviewed, in particular focussing on an improvement to the historical recovery and dilution statistics. Puku will also investigate the possibility of open pit extraction of remnant low grade blocks and shaft and crown pillars. This will involve targeted diamond drilling along the 9km strike of the previously mined areas. The planned exploration programme on PLLS 239 and PLLS 240 calls for expenditure of approximately US\$1.1M over 24 months, subject to initial drill results.

## 5.6 Risk Analysis

In reviewing the Luanshya Copper Project, BDA has considered areas where there is a perceived technical risk, particularly where the risk component could materially impact the projected cash flows.

<b>Risk Component</b>	<b>Comments</b>
Resources <i>Low Risk</i>	BDA considers the risks related to the overall resource estimates to be relatively low. The estimates are based on a long history of production and appear to have been rigorously prepared by RAMCOZ.
Reserves <i>Medium/High Risk</i>	BDA considers the risks related to the underground reserve estimates to be medium to high on the basis that the mine is partly flooded and decommissioned and most likely can only be economically exploited if more efficient mining and processing practices can be applied at Luanshya. From the initial project perspective however, this does not represent a significant risk as the exploitation of the tailings and slag material is the initial priority, together with higher grade portions of the 'waste' dumps and possibly near-surface remnant ore blocks that can be extracted by open pit.
Mining <i>Medium Risk</i>	The underground mining risk is assessed as medium. Apart from the resources at the western end of the mine, some of which (the Mashiba resource) are currently outside the Puku tenement boundary, the remaining material is dispersed in the numerous limbs of the western and central mine areas, and at depth. Open pit extraction of selected shaft pillars and remnant crown pillar material, if viable, would represent a relatively low mining risk.
Tailings Retreatment <i>Low/Medium Risk</i>	The retreatment of the tailings is assessed as relatively low risk as similar operations have been carried out successfully at a number of locations worldwide. However, metallurgical testwork is still to be carried out. The Old Tailings dam has a substantial resource of 48.1Mt at 0.45% Cu and could justify the processing capital, possibly a SX/EW plant, depending on the metallurgical characteristics.
Environmental <i>Low/Medium Risk</i>	The environmental risk is assessed as low/medium. Puku has not inherited the old processing facilities, however there are rehabilitation obligations associated with the surface infrastructure on PLLS 239 which have been estimated at around US\$4M. Any new development will comply with industry-accepted practices with respect to the environmental impact.
Social <i>Low Risk</i>	The social risk is assessed as relatively low; BDA is advised that there is strong support at all levels for the resumption of mining at Luanshya. The mine employed about 3,000 people prior to closure and the partial re-employment of this experienced workforce would provide a boost to the depressed local economy.
Tenure	BDA has not conducted legal due diligence on the tenement status and hence makes no formal assessment of risk.
Political	BDA is not expert in this area and hence makes no formal assessment of risk. However, by way of general comment, the political risk is currently assessed as relatively low; Zambia in recent years has been one of the more attractive investment locations in Africa, having enjoyed reasonable stability since independence. Given the chequered recent history of the Luanshya mine, BDA understands that the Zambian Government strongly supports Puku's endeavours to develop the remaining resources using modern mining and processing practices.

## **6.0 VALUATION**

### **6.1 Methodology and Assumptions**

BDA has derived a valuation for the Luanshya Copper Project based primarily on the ‘comparable transaction’ and ‘yardstick’ methods. There have been a number of transactions over the past seven years involving Zambian Copperbelt projects, and these provide a reasonable guide to the value that a willing and knowledgeable buyer might pay a willing seller for Zambian copper assets.

BDA has considered the discounted cash flow method of valuation and has prepared a financial model of the project. However, BDA has come to the view that at this early stage, without any testwork, detailed mining plans or feasibility studies, such an exercise is inappropriate as a basis for valuing the project.

Other possible valuation techniques include past exploration expenditure, the market valuation of comparable copper companies, and other Independent Expert valuations of relevant copper assets. In BDA’s view none of these methods are particularly appropriate or applicable. The long history of mining at Luanshya makes past exploration expenditure largely irrelevant. With respect to the market valuation of companies with copper resources, such companies typically own a range of assets and it is somewhat conjectural how much of the market value is being assigned to a particular resource. BDA has not identified any listed company with strictly comparable assets, or any relevant comparable independent expert valuations.

### **6.2 Related or Comparable Transactions**

BDA considers that a knowledgeable and willing buyer would place significant weight on the amounts paid in recent transactions for Zambian copper properties in deriving an appropriate value for the Luanshya Copper Project.

The Luanshya Copper Project was part of the package acquired by J&W in 2003 for US\$7.5M. As part of this transaction, J&W committed to spending US\$25M on refurbishing Baluba, with a further investment of US\$30M within five years.

On the basis of this transaction the Luanshya property could be ascribed a value of around US\$7.5M, if it were deemed that the J&W purchase was primarily focussed on Luanshya, or somewhere between that figure and zero if J&W’s primary interest was Baluba. From subsequent events it would seem that J&W’s primary interest was in the Baluba mine which produces a copper/cobalt concentrate feed suitable for its Chambishi leach plant. The Luanshya mine was closed following the acquisition and parts of the processing facilities were mothballed, apart from the Baluba concentrator.

J&W effectively paid US\$7.5M for an 85% interest in the Baluba mine and concentrator, plus a commitment to refurbish both assets, and undertake rehabilitation of the Luanshya mine environs. On this basis, very little if any of the purchase price can be allocated to the Luanshya mine, a view supported by the subsequent relinquishment of the Luanshya tenement by J&W and downgrade in tenure from a mining licence to a prospecting licence. However, it should be noted that the tailings dams covered by PLLS 240 were not part of the assets acquired by J&W. The copper price has also firmed significantly since the J&W transaction was completed.

The Luanshya mine was a major past producer and the property still contains a significant resource and reserve. BDA considers that a willing and knowledgeable buyer would certainly ascribe some value to such an opportunity, particularly given the current strong base metal prices.

Puku considers that a viable tailings retreatment operation can be established, based on the material within PLLS 240. BDA has derived a minimum value of US\$2.2M for the tailings material based on the Yardstick Method below. This value will be better defined once appropriate drilling and testwork has been undertaken and a feasibility study completed.

Based on the J&W transaction history, BDA considers that the maximum value that can be ascribed to the Luanshya Copper Project is 20% of the J&W purchase price or US\$1.5M plus the US\$2.2M valuation of the tailings material, giving a comparable transaction value for the Luanshya Copper Project in the range of US\$2.2-3.7M.

### **6.3 Yardstick Method**

BDA has reviewed a number of transactions involving Zambian copper projects to determine if there is a typical yardstick value applicable to these projects, measured in terms of cents per pound of contained copper. Various recent transactions are discussed below.

In August 2004, Vedanta Resources plc (“Vedanta”) acquired a 51% interest in Konkola Copper Mines plc (“KCM”) for US\$48.2M. KCM’s assets included the Nkana smelter and refinery, reserves at Konkola of 21Mt at 3.4% Cu and at Nchanga of 18Mt at 2.7% Cu (underground) and 28Mt at 1.7% (open pit); resources at Konkola totalled 250Mt at 3.8% Cu and at Nchanga 30Mt at 2.6% Cu (underground) and 154Mt at 1.1% Cu (open pit); tailings dumps totalled 84Mt at 0.7% Cu, plus low grade refractory material at Chingola of 151Mt at 0.9% Cu. The purchase price was equivalent to US cents (“USc”) 0.30 per pound of contained copper in resources and reserves, ignoring any value for the processing plant and refractory material. BDA recognises that it is logical, and in line with industry practice, to assign a higher value to contained metal in reserves than resources. This is further discussed below.

In July 2003, J&W purchased the assets of RAMCOZ for US\$7.5M, thereby acquiring an 85% interest in the Luanshya and Baluba mines and the Luanshya processing plant. Based on the remaining (in situ) resources and reserves, the purchase price was equivalent to USc0.24 per pound of contained copper, ignoring any value for the processing plant and the cobalt credits in the Baluba ore.

In August 2001, Canadian-based First Quantum Minerals Ltd (“FQM”) acquired an effective 80% interest in the Kansanshi copper-gold mine from Phelps Dodge Corporation (“Phelps Dodge”) for consideration of approximately US\$33.5M. Phelps Dodge had earlier acquired the project from ZCCM for approximately US\$28M, comprising an upfront payment of approximately US\$3M plus two payments totalling US\$25M to be made at certain development milestones. FQM paid Phelps Dodge an upfront payment of US\$2.5M and 1.4M FQM shares, plus US\$25M to be paid six months after production start-up, with the final settlement determined on the basis of the difference between the FQM share price at the time of settlement and the outstanding US\$25M. In addition, FQM paid ZCCM US\$6M, comprising an upfront payment of US\$2M and US\$4M on the ‘decision to develop’. ZCCM retained a 20% interest of which 5% was free carried. The stated resource at the time was 267Mt at 1.28% Cu and 0.16g/t Au. The purchase price was equivalent to USc0.56 per pound of contained copper (excluding gold credits).

In April 2000, Mopani Copper Mines plc (“Mopani”), a joint venture company comprising FQM, Glencore International AG and ZCCM, purchased 90% of the Mufulira assets, comprising the Mufulira copper mine, concentrator, smelter and refinery, and the Nkana copper-cobalt mine, concentrator and cobalt plant, for US\$20M cash, a deferred cash payment of US\$23M, investment commitments totalling US\$159M, and conditional investment commitments totalling US\$343M. The assets included reserves at Mufulira of 22Mt at 3.0% Cu and at Nkana of 69Mt at 2.2% Cu, and resources at Mufulira of 42Mt at 3.0% Cu and at Nkana of 126Mt at 2.2% Cu. Based on the total cash purchase price of US\$43M, and an effective interest of 90%, the purchase price was equivalent to USc0.35 per pound of contained copper, excluding the processing plants and cobalt credits.

In 1998, China Non Ferrous Metal Industry Corporation (“CNNC”) acquired an 85% interest in the Chambishi copper mine for US\$20M. The underground mine had been on care and maintenance since its closure in 1986. Remaining resources and reserves were estimated at 91Mt at 2.38% Cu, of which some 33Mt were available for extraction using existing facilities. The purchase price was equivalent to USc0.49 per pound of contained copper.

In 1997, a consortium led by South African miner Metorex (Pty) Limited (“the Metorex Consortium”) acquired an 85% interest in the Chibuluma copper mine for US\$17.5M. Chibuluma comprised the operating Chibuluma West underground mine, and the undeveloped Chibuluma South deposit. Chibuluma West was operating unprofitably and had a remaining mine life of around three years, with a remaining reserve of 1.5Mt at 3.63% Cu. The ore was processed at the Nkana concentrator. Chibuluma South had a reported sulphide reserve of 6Mt at 4.35% Cu and oxide reserve of 2.4Mt at +3% Cu. The purchase price was equivalent to around USc2.41 per pound of contained copper in the total reserves.

The above transactions are summarised in Table 6.1.

**Table 6.1**  
**Transactions Involving Zambian Copper Assets — 1997-2004**

Transaction	Interest Acquired	Amount US\$M	Total Reserves/Resources Mt, % Cu, Mt Cu	USc/lb Cu	Comments
Vedanta/Konkola .....	51%	48.2	585Mt @ 2.4% = 14.2Mt	0.30	Ignores processing plant
J&W/Luanshya .....	85%	7.5	71Mt @ 2.4% = 1.7Mt	0.24	Ignores processing plant
FQM/Kansanshi .....	80%	27.5	267Mt @ 1.3% = 3.6Mt	0.56	
Mopani/Mufulira .....	90%	43.0	260Mt @ 2.4% = 6.3Mt	0.35	Ignores processing plant
CNNC/Chambishi .....	85%	20.0	91Mt @ 2.4% = 2.2Mt	0.49	
Metorex/Chibuluma .....	85%	17.5	9.9Mt @ 3.9% = 0.4Mt	2.41	
<b>Range</b> .....				<b>0.24-2.41</b>	

The purchase price for the above transactions ranges from USc0.24-2.41 per pound of contained copper, or USc0.24-0.56 per pound if the Chibuluma transaction is excluded. We have excluded the Chibuluma transaction for this analysis as it is clearly anomalous compared with the other transactions, the tonnages are much smaller, higher grade, and relate primarily to reserves with a reasonable expectation of recovery, whereas the other projects incorporate a significant historical resource base, a significant proportion of which may not be recoverable. These latter cases are considered more akin to the Luanshya case. Excluding the Chibuluma case, the transactions summarised in Table 6.1 give a relatively narrow yardstick valuation range of USc0.24-0.56 per pound of contained copper, with an average of USc0.39 per pound. The high end value of USc0.56 per pound for the Kansanshi transaction may be explained on the basis that this is largely an open pit oxide resource with a reasonable expectation of a relatively high mine recovery; it is noted that Phelps Dodge reported an open pit reserve of 200Mt at 1.5% Cu.

As noted previously, it is industry practice to assign a higher value to contained metal in reserves than contained metal in resources. BDA has reviewed a number of gold project valuation cases and typically a relative value ratio of around 5:1, ounces of gold in reserves to ounces of gold in resources, is used; ie. with resource ounces valued at say US\$10-20 per ounce of contained gold, reserve ounces would typically be valued at US\$50-100 per contained ounce. We have applied a comparable ratio to the reserve/resource transactions in Table 6.1 (excluding the outlier) with resulting values of USc1.20 per pound for reserves and USc0.24 per pound for resources, retaining the average value of USc0.39 per pound.

If we apply these yardstick values to Puku's Luanshya project, the resulting project valuation is as shown in Table 6.2.

**Table 6.2**  
**Summary of Valuation Results — US\$M**

Resource/Reserve	Valuation — US\$M Based on Resources	Valuation — US\$M Based on Resources and Reserves
Luanshya Underground Resources Total .....	4.5	—
Luanshya Underground Resources w/o Reserves .....	—	2.4
Luanshya Underground Reserves .....	—	5.3
Tailings Dams .....	2.2	2.2
Slag Dumps .....	0.4	0.4
Waste Dumps .....	0.3	0.3
<b>Total</b> .....	<b>7.4</b>	<b>10.6</b>

*Note: resource valuation based on US0.24cents/lb contained copper; reserves based on US1.20cents/lb contained copper*

We have adopted the US\$10.6M estimate as the maximum of the valuation range because, in our opinion, the underground reserves at Luanshya will only be mined in the context of a broader development which could include the Mashiba material. With no firm development plan or detailed feasibility study or costing it could be argued that all the Luanshya material would be more appropriately classified as a resource; on this basis, using the above yardstick value, the resulting valuation would be around US\$7.4M, which we have adopted as the minimum valuation range, based on the yardstick measures.

Accordingly, the derived valuation range for the Luanshya Copper Project, using the yardstick method, is US\$7.4 — 10.6M. The resource base on which this valuation is derived excludes the Mashiba resource which lies outside the current Puku tenement boundary.

#### 6.4 Independent Expert Valuations

The Valmin Code notes that an Independent Expert valuation report should refer to other recent valuations undertaken on the company or property. We are not aware of any recent valuations in Independent Expert reports relating to this copper project or directly comparable properties in Zambia. We have inquired of Puku whether any other recent valuations of the company or its assets have been undertaken and have been advised that no relevant independent valuations have been undertaken.

#### 6.5 Summary and Conclusions

Considering both the related transactions and yardstick methods, BDA has adopted an average of the two estimates. On this basis the valuation range for the Luanshya Copper Project, as at August 2005, is US\$4.8 — 7.2M, with a most likely value of US\$6.0M as shown in Table 6.3.

**Table 6.3**  
**Summary of Valuation Results**

Valuation Method	Low	Valuation Range US\$M Most Likely	High	Comment
Related transaction .....	2.2		3.7	As assessed in Section 6.2
Yardstick	7.4		10.6	As assessed in Section 6.3
<b>BDA Valuation .....</b>	<b>4.8</b>	<b>6.0</b>	<b>7.2</b>	<b>Average of both methods</b>
	<b>(£2.7M)</b>	<b>(£3.4M)</b>	<b>(£4.1M)</b>	

At present, the Luanshya underground mine has been decommissioned and is partly flooded, the Luanshya processing facilities are owned by a third party, and substantial expenditure will be required to re-establish a modern mining and processing operation. However, if Puku is successful in securing additional assets in the area, including the Mashiba resource, then a valuation exceeding the upper end of the range could well result. Similarly, if drilling and testwork show that an operation based on tailings retreatment and processing of waste dumps and near-surface remnant ore is viable, then the resulting valuation could also well exceed the upper range.

#### 7.0 STATEMENT OF CAPABILITY

This report has been prepared by Mr Bill Kable, Senior Associate of BDA and Mr Malcolm Hancock, Executive Director of BDA. Mr Kable undertook the site visit and Mr Hancock has reviewed the data and report.

Behre Dolbear has offices in Denver, New York, Toronto, Vancouver, Guadalajara, Santiago, Hong Kong, London and Sydney. The parent company, Behre Dolbear & Company Inc., was founded in 1911 and is the oldest continuously operating mineral industry consulting firm in North America. The firm specialises in mineral evaluations, due diligence assessments, independent expert reports and strategic planning as well as technical geological, mining and process consulting.

The experience of the principal consultants engaged in this review on behalf of BDA is summarised below:

**Mr Malcolm Hancock** (BA, MA, FAusIMM, FGS, MIMM, MGSA, MMICA) is Executive Director of BDA and a geologist with over 30 years experience of exploration and mining projects principally in Australia, Africa and South East Asia. He has extensive experience in the areas of resource/reserve estimation, reconciliation, project feasibility and review, independent expert and due diligence reports, mine geology and mining operations. He has been involved in the feasibility, construction, and commissioning of several mining operations. He has worked on both open pit and underground mines.

**Mr Bill Kable** (CGeol, BEcon, BComm, MAusIMM, SIA(Aff), MPESA) is an economic geologist with over 30 years experience in the minerals, oil and gas and broking industries. His specialisation is financial modelling and due diligence studies for public reports, corporate mergers, acquisitions and company floats. He has wide experience of projects throughout Australia, Africa and South East Asia.

#### 8.0 STATEMENT OF INDEPENDENCE

Neither the principals nor associates of BDA have any material interest or entitlement in the securities or assets of Weatherly or Puku. BDA will be paid a fee for this report comprising its normal professional rates and reimbursable expenses. The fee is not contingent on the conclusions of this report.

## 9.0 LIMITATIONS AND CONSENT

This assessment has been based on data, reports and other information made available to BDA by Puku and referred to in this report. BDA has been advised that the information is complete as to material details and is not misleading. A draft copy of this report has been provided to Puku for comment as to any errors of fact, omissions or incorrect assumptions.

BDA has reviewed the data, reports and information provided and has used consultants with appropriate experience and expertise. The opinions stated herein are given in good faith. BDA believes that the basic assumptions are factual and correct and the interpretations reasonable. However, any forecasts and projections cannot be assured and factors both within and beyond the control of Puku and Weatherly could cause the actual results to be materially different from BDA's assessments and any projections contained in this report.

BDA does not accept any liability other than its statutory liability to any individual, organisation or company and takes no responsibility for any loss or damage arising from the use of this report, or information, data, or assumptions contained therein, save to the extent that such loss or damage arises as a result of fraud, negligence or wilful default by BDA. With respect to the BDA report and use thereof by Weatherly and its advisers, Weatherly has agreed to indemnify and hold harmless BDA, its directors, officers, and associates against any and all losses, claims, damages, liabilities or actions to which they or any of them may become subject under any securities act, statute or common law (save to the extent that such loss or damage arises as a result of the fraud, negligence or wilful default by BDA) and will reimburse them on a current basis for any reasonable legal or other expenses properly incurred by them in connection with investigating any claims or defending any actions.

This report is provided to Weatherly for use and reference by Weatherly in the context of the potential acquisition of Puku and for inclusion in the Admission Document and should not be used or relied upon for any other purpose. This report does not constitute a technical or legal audit. Neither the whole nor any part of this report nor any reference thereto may be included in or with or attached to any document or used for any purpose without our written consent to the form and context in which it appears.

Yours faithfully

**BEHRE DOLBEAR AUSTRALIA PTY LTD**



**Malcolm C Hancock**  
**Executive Director — BDA**



**John McIntyre**  
**Managing Director — BDA**

*Valuation work performed by Bill Kable*

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## APPENDIX 1

The RAMCOZ resource and reserve estimates were determined according to standard Zambian Copperbelt practice. The salient features are noted below.

### 1.1 Definitions

Reserves are estimated for those areas where the ore tonnage is planned to be, or can reasonably be anticipated to be, extracted; resources are estimated based on the in-situ mineralisation within those areas, and within areas outside of the currently planned mining area. Resources can include mineralisation which is outside the scope of current mining, or material where the grade or the metre percent value (grade x true thickness) is not high enough for classification as a reserve, but where the parameters are above the minimum cut offs stipulated for a resource.

### 1.2 Resource and Reserve Parameters

*Resource cut-off grade:* 1.0% sulphide copper

*Minimum block grade:* 1.8-2.0% sulphide copper, depending on orebody position

*Minimum mining width:* minimum metre percent value of 10

*Bulk density:* 2.67 tonnes per cubic metre.

### 1.3 Resource and Reserve Categories

The RAMCOZ resource and reserve estimates adopted the following classification practice:

#### Reserves

*Class 1:* Fully developed ore — ore tonnage within defined sublevel open stoping blocks where at least 95% development sampling has been completed and the ore is available for extraction and anticipated mining recoveries and dilutions have been applied; under the JORC Code this material would be categorised as Proved Reserves.

*Class 2:* Partly developed ore — ore tonnage within defined sublevel open stoping blocks where at least 5% of the development has been excavated and anticipated mining recoveries and dilutions have been applied; under the JORC Code the bulk of this material would be categorised as Proved Reserves.

*Class 3:* Undeveloped ore — ore tonnages indicated by diamond drilling not included in the developed categories and which are extractable through existing facilities or approved planned facilities and anticipated mining recoveries and dilutions have been applied; under the JORC Code the bulk of this material would be categorised as Probable Reserves.

#### Resources

*Class 1, 2 and 3:* As above but based on the in situ tonnes and grade before application of mining recovery and mining dilution factors; Classes 1 and 2 would generally be categorised as Measured and Class 3 as Indicated.

*Class 4:* In situ material which fulfils the reserve cut off criteria but for which there is no current mining plan; the bulk of this material is sufficiently well defined by drilling to be categorised Measured or Indicated under the JORC Code classifications.

*Class 5:* In situ material which has a minimum block grade of 1.5% sulphide copper and metre percentage value of not less than 9; the bulk of this material is sufficiently well defined by drilling to be categorised as Indicated under the JORC Code classification.

*Inferred:* Mineralisation deduced to be present from available geological evidence, structural interpretation and projection, and which has not yet been adequately defined either by diamond drilling or underground development; Inferred mineralisation is not included in any of the resource tabulations in this report.



**PART IV**  
**FINANCIAL INFORMATION**

**A. Accountant's Report on Weatherly International plc**

The Directors  
Weatherly International plc  
7th Floor  
Aldemary House  
10-15 Queen Street  
LONDON  
EC4N 1TX

21 November 2005

Dear Sirs

**WEATHERLY INTERNATIONAL PLC (THE COMPANY)**

We report on the financial information set out in paragraphs 1 to 25 of Part A. This financial information has been prepared for inclusion in the AIM Admission Document dated 21 November 2005 of Weatherly International plc (the "AIM Admission Document") on the basis of the accounting policies set out in paragraph 7 of Part A. This report is required under Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule 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 paragraph 7 to the financial information and in accordance with United Kingdom 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 judgments 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 dated 21 November 2005, a true and fair view of the state of affairs of Weatherly International plc as at the dates stated and of its losses for the periods then ended and of its cash flows for the years ended 31 December 2003 and 31 December 2004 in accordance with the basis of preparation set out in paragraph 7 and in accordance with United Kingdom accounting standards as described in paragraph 2.

**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 paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

Grant Thornton UK LLP

## 1 AUDITED FINANCIAL INFORMATION ON WEATHERLY INTERNATIONAL PLC FOR THE THREE YEARS ENDED 31 DECEMBER 2004

The financial information on Weatherly international plc set out below does not constitute statutory accounts within the meaning of section 240 of the Act. The information for the years ended 31 December 2002, 31 December 2003 and 31 December 2004 is extracted without material adjustment from the audited financial statements of Weatherly International plc, on which the audit opinions were unqualified, but was modified in the year ended 31 December 2002 to refer to the uncertainties surrounding the ability of the company to continue as a going concern.

## 2 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required to prepare financial information for each financial period which gives a true and fair view of the state of affairs of the company and its profit or loss for that period. In preparing the financial information, the Directors are required to:

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

## 3 PROFIT AND LOSS ACCOUNTS

	Note	Year ended 31 December 2002 £	Year ended 31 December 2003 £	Year ended 31 December 2004 £
<b>Turnover</b> .....		—	—	—
Administrative expenses — excluding exceptional items . . .		(92,392)	(16,975)	(31,677)
— exceptional items .....	9	<u>(1,490,148)</u>	<u>(14,979)</u>	<u>(22,960)</u>
<b>Total administrative expenses</b> .....		<u>(1,582,540)</u>	<u>(31,954)</u>	<u>(54,637)</u>
<b>Operating loss</b> .....	8	(1,582,540)	(31,954)	(54,637)
Interest receivable and similar income .....	10	1,103	84	3,465
Interest payable and similar charges .....	11	—	(35)	—
<b>Loss on ordinary activities before taxation</b> .....		(1,581,437)	(31,905)	(51,172)
Tax on loss on ordinary activities .....	12	—	—	—
<b>Loss on ordinary activities after taxation</b> .....	18	<u>(1,581,437)</u>	<u>(31,905)</u>	<u>(51,172)</u>
<b>Basic and diluted loss per share</b> .....	13	<u>(328.44)p</u>	<u>(6.63)p</u>	<u>(0.63)p</u>

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

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

#### 4 BALANCE SHEETS

	Note	As at 31 December 2002 £	As at 31 December 2003 £	As at 31 December 2004 £
<b>Fixed assets</b>				
Investments .....	14	—	—	—
<b>Current assets</b>				
Debtors .....	15	31,951	—	1,175
Cash at bank and in hand .....		31,432	34,604	130,385
		63,383	34,604	131,560
<b>Creditors: amounts falling due within one year</b>	16	(82,852)	(85,978)	(9,155)
Net current (liabilities)/assets .....		(19,469)	(51,374)	122,405
<b>Total assets less current liabilities</b> .....		<u>(19,469)</u>	<u>(51,374)</u>	<u>122,405</u>
<b>Capital and reserves</b>				
Called up share capital .....	17	240,750	240,750	282,417
Share premium account .....	18	4,572,706	4,572,706	4,755,990
Profit and loss account .....	18	(4,832,925)	(4,864,830)	(4,916,002)
<b>Shareholders' (deficit)/funds — equity</b> .....	19	<u>(19,469)</u>	<u>(51,374)</u>	<u>122,405</u>

#### 5 CASH FLOW STATEMENTS

	Note	Year ended 31 December 2003 £	Year ended 31 December 2004 £
<b>Net cash inflow/(outflow) from operating activities</b> .....	20	<u>3,123</u>	<u>(132,635)</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid .....		(35)	—
Interest received .....		84	3,465
		<u>49</u>	<u>3,465</u>
<b>Net cash inflow/(outflow) before financing</b> .....		3,172	(129,170)
<b>Financing</b>			
Issue of ordinary share capital .....		—	250,000
Cost of issue .....		—	(25,049)
		<u>—</u>	<u>224,951</u>
<b>Increase in cash in year</b> .....	21	<u>3,172</u>	<u>95,781</u>

A cash flow statement had not been produced for the year ended 31 December 2002 due to insufficient information regarding the subsidiary company.

#### 6 NOTES TO THE FINANCIAL STATEMENTS

#### 7 ACCOUNTING POLICIES

##### *Basis of preparation and accounting convention*

The financial statements are prepared under the historical cost convention and are prepared in accordance with applicable accounting standards

### *Consolidated financial statements*

The Directors were of the opinion that during 2003 and 2004 the subsidiary was not material for the purposes of giving a true and fair view and therefore, in accordance with section 229(2) of the Companies Act 1985, group accounts have not been prepared.

The company had only one subsidiary during the periods, Weatherly Securities Corporation, which ceased trading in August 2002 and was subsequently placed into liquidation by the US Securities Investor Protection Corporation.

The financial information for all three periods presents information regarding the Company and not the Group.

### *Deferred taxation*

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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.

### *Foreign currencies*

Transactions in foreign currencies were translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial statements of foreign subsidiaries were translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising from the retranslation of the opening net investment in subsidiaries are taken directly to reserves. All other exchange differences are dealt with through the profit and loss account. Prior to 31 December 2001, the company reported its results in US Dollars, its functional currency. Following the cessation of the subsidiary, the Company changed its functional currency to Sterling resulting in the translation adjustment for the exchange difference on conversion of opening balances in 2002 as set out in note 18.

## **8 Operating loss**

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£	£	£
Operating loss is stated after charging:			
Auditors' remuneration .....	<u>2,500</u>	<u>3,000</u>	<u>3,525</u>

## **9 Exceptional items**

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£	£	£
Reorganisation costs .....	—	—	50,323
Creditors written back under the terms of the CVA .....	—	—	(27,363)
Amount written off cost of investments .....	1,199,931	—	—
Amount due from subsidiary written-off .....	<u>290,217</u>	<u>14,979</u>	—
	<u>1,490,148</u>	<u>14,979</u>	<u>22,960</u>

## **10 Interest receivable**

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£	£	£
Bank interest .....	<u>1,103</u>	<u>84</u>	<u>3,465</u>

## 11 Interest payable

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£	£	£
On bank loans and overdrafts .....	—	35	—

## 12 Tax on loss on ordinary activities

	Year ended 31 December 2002	Year ended 31 December 2003	Year ended 31 December 2004
	£	£	£
Current tax charge .....	—	—	—

All losses are extinguished as the company does not trade.

## 13 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 for 2004 was 8,152,703 (2003 and 2002: adjusted 481,500) and the earnings attributable to shareholders, being losses after tax, for 2004 were £51,172 (2003: £31,905, 2002: £1,581,437). The weighted average number of shares in 2003 and 2002 were adjusted for the subdivision and consolidation of the ordinary shares.

## 14 Fixed asset investments

	Subsidiary undertaking £
Cost at 1 January 2002 .....	1,139,931
Additions — capital contribution to subsidiary .....	60,000
Cost at 1 January 2003 and 1 January 2004 .....	1,199,931
Provision against investment at 31 December 2002, 31 December 2003 and 31 December 2004 .....	(1,199,931)
Net book value at 31 December 2002, 31 December 2003 and 31 December 2004 ..	—

Following an impairment review in 2002 the investment in the subsidiary was written down to nil.

The subsidiary undertaking, Weatherly Securities Corporation, ceased trading in August 2002 and was subsequently placed into liquidation by the US Securities Investor Protection Corporation.

## 15 Debtors

	As at 31 December 2002	As at 31 December 2003	As at 31 December 2004
	£	£	£
Other debtors .....	31,951	—	—
Prepayments and accrued income .....	—	—	1,175
	<u>31,951</u>	<u>—</u>	<u>1,175</u>

## 16 Creditors: amounts falling due within one year

	As at 31 December 2002	As at 31 December 2003	As at 31 December 2004
	£	£	£
Trade creditors .....	82,852	—	—
Other creditors .....	—	80,478	5,630
Accruals and deferred income .....	—	5,500	3,525
	<u>82,852</u>	<u>85,978</u>	<u>9,155</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.

## 17 Share capital

	As at 31 December 2002	As at 31 December 2003	As at 31 December 2004
	£	£	£
Authorised			
500,000,000 new ordinary shares of 0.5p each .....	—	—	2,500,000
500,000,000 ordinary shares of 0.1p each .....	500,000	500,000	—
500,000,000 deferred ordinary shares of 0.099p .....	<u>—</u>	<u>—</u>	<u>495,000</u>
	<u>500,000</u>	<u>500,000</u>	<u>2,995,000</u>
Allotted, called up and fully paid			
8,814,801 new ordinary shares of 0.5p each .....	—	—	44,074
240,750,000 ordinary shares of 0.1p each .....	240,750	240,750	—
240,750,000 deferred ordinary shares of 0.099p .....	<u>—</u>	<u>—</u>	<u>238,343</u>
	<u>240,750</u>	<u>240,750</u>	<u>282,417</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. 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.

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.

## 18 Statement of movements on reserves

	Share premium account	Profit and loss account
	£	£
Balance at 1 January 2002 .....	4,700,297	(3,384,098)
Retained loss for the year .....	—	(1,581,437)
Exchange difference on conversion of opening balances .....	<u>(127,591)</u>	<u>132,610</u>
Balance at 31 December 2002 .....	<u>4,572,706</u>	<u>(4,832,925)</u>
Balance at 1 January 2003 .....	4,572,706	(4,832,925)
Retained loss for the year .....	—	(31,905)
Balance at 31 December 2003 .....	<u>4,572,706</u>	<u>(4,864,830)</u>
Balance at 1 January 2004 .....	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)
Balance at 31 December 2004 .....	<u>4,755,990</u>	<u>(4,916,002)</u>

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

	As at 31 December 2002	As at 31 December 2003	As at 31 December 2004
	£	£	£
Loss for the financial year . . . . .	(1,581,437)	(31,905)	(51,172)
Net proceeds from issue of shares . . . . .	<u>60,000</u>	<u>—</u>	<u>224,951</u>
Net addition to/(reduction in) shareholders' funds . . . . .	(1,521,437)	(31,905)	173,779
Opening shareholders' funds/(deficit) . . . . .	<u>1,501,968</u>	<u>(19,469)</u>	<u>(51,374)</u>
Closing shareholders' (deficit)/funds . . . . .	<u>(19,469)</u>	<u>(51,374)</u>	<u>122,405</u>

## 20 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2003	2004
	£	£
Operating loss . . . . .	(31,954)	(54,637)
Decrease/(increase) in debtors . . . . .	31,951	(1,175)
Increase/(decrease) in creditors . . . . .	<u>3,126</u>	<u>(76,823)</u>
Net cash inflow/(outflow) from operating activities . . . . .	<u>3,123</u>	<u>(132,635)</u>

## 21 Analysis of net funds

<u>Year ended 31 December 2003</u>	At 1 January 2003	Cash flow	At 31 December 2003
	£	£	£
Cash at bank and in hand . . . . .	<u>31,432</u>	<u>3,172</u>	<u>34,604</u>
<u>Year ended 31 December 2004</u>	At 1 January 2004	Cash flow	At 31 December 2004
	£	£	£
Cash at bank and in hand . . . . .	<u>34,604</u>	<u>95,781</u>	<u>130,385</u>

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

	2003	2004
	£	£
Increase in cash in the year, being movement in net funds in the year . . . . .	3,172	95,781
Opening net funds . . . . .	<u>31,432</u>	<u>34,604</u>
Closing net funds . . . . .	<u>34,604</u>	<u>130,385</u>

## 23 Employees

There were no employees during the three years ended 31 December 2004 apart from the two executive directors.

## 24 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.

## 25 Post balance sheet events

Since the year ended 31 December 2004 the Company has entered into a conditional agreement to acquire the entire share capital of WM Exploration Limited ('WMEL') for a consideration of £443,767, to be satisfied by way of an issue of 14,792,248 new ordinary shares at an issue price of 3p per share. The WMEL shareholders, Dr. Martinick and Mr. Webster, will also be 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 Company also entered into conditional agreements to appoint Messrs Martinick and Webster as directors of the company and to raise via a placing at 3p per share approximately £792,000 before expenses, of which Messrs Martinick and Webster would subscribe £235,000.

The above proposals were put to shareholders for approval at an Extraordinary General Meeting. In addition, since the proposed directors would secure a shareholding of just over 45% of the enlarged share capital of the Company, shareholders were asked to approve a resolution waiving the requirement under Rule 9 of the Takeover Code for them to make a general offer to the shareholders of the Company.

**B. Unaudited Interim Financials of Weatherly International plc for the six month period ended 30 June 2005**

The financial information has been extracted without material adjustment from Weatherly International plc's unaudited interim results for the period ended 30 June 2005 as released on the Regulatory News Service on 29 September 2005. This information is being incorporated into this document in accordance with Schedule Two of the AIM Rules. The financial information has been prepared in accordance with United Kingdom generally accepted accounting practice.

**PROFIT AND LOSS ACCOUNTS**

	Note	Unaudited 6 months ended 30 June 2005 £	Unaudited 6 months ended 30 June 2004 £	Audited year ended 31 December 2004 £
Administrative expenses .....		(12,613)	(21,807)	(31,677)
<b>Operating loss</b> .....		(12,613)	(21,807)	(31,677)
Exceptional items .....		—	(16,215)	(22,960)
Interest receivable and similar income .....		2,693	296	3,465
<b>Loss on ordinary activities for the period</b> ...		<u>(9,920)</u>	<u>(37,726)</u>	<u>(51,172)</u>
<b>Loss per ordinary share</b> .....	1	<u>(0.11)p</u>	<u>(0.50)p</u>	<u>(0.63)p</u>

There were no recognised gains or losses other than the loss for each period as shown above.

**BALANCE SHEETS**

	Unaudited as at 30 June 2005 £	Unaudited as at 30 June 2004 £	Audited as at 31 December 2004 £
<b>Current assets</b>			
Debtors .....	—	9,152	1,175
Cash at bank and in hand .....	128,375	171,934	130,385
	128,375	181,086	131,560
<b>Creditors: amounts falling due within one year</b> ...	<u>(15,890)</u>	<u>(40,975)</u>	<u>(9,155)</u>
Net current assets .....	<u>112,485</u>	<u>140,111</u>	<u>122,405</u>
<b>Total assets less current liabilities</b> .....	<u>112,485</u>	<u>140,111</u>	<u>122,405</u>
<b>Capital and reserves</b>			
Called up share capital .....	282,417	282,417	282,417
Share premium account .....	4,755,990	4,760,250	4,755,990
Profit and loss account .....	<u>(4,925,922)</u>	<u>(4,902,556)</u>	<u>(4,916,002)</u>
<b>Shareholders' funds — equity</b> .....	<u>112,485</u>	<u>140,111</u>	<u>122,405</u>

## CASH FLOW STATEMENTS

	Unaudited as at 30 June 2005	Unaudited as at 30 June 2004	Audited as at 31 December 2004
	<u>£</u>	<u>£</u>	<u>£</u>
<b>Net cash outflow from operating activities</b> . . . . .	(4,703)	(87,917)	(132,635)
<b>Returns on investments and servicing of finance</b>			
Interest received . . . . .	<u>2,693</u>	<u>296</u>	<u>3,465</u>
<b>Net cash outflow before financing</b> . . . . .	(2,010)	(87,621)	(129,170)
<b>Financing</b>			
Issue of ordinary share capital . . . . .	—	250,000	250,000
Cost of issue . . . . .	<u>—</u>	<u>(25,049)</u>	<u>(25,049)</u>
Net cash inflow from financing . . . . .	<u>—</u>	<u>224,951</u>	<u>224,951</u>
<b>(Decrease)/increase in cash in period</b> . . . . .	<u>(2,010)</u>	<u>137,330</u>	<u>95,781</u>

## NOTES TO INTERIM ACCOUNTS

### 1 EARNINGS PER SHARE

Earnings per share have been calculated on the basis of the loss after taxation of £9,920 (six months ended 30 June 2004: £37,726 loss, year ended 31 December 2004: £51,172 loss,) and the weighted average number of shares in issue in the period of 8,814,801 (six months ended 30 June 2004 adjusted: 7,479,631, year ended 31 December 2004: 8,152,703).

### 2 STATUS OF THIS FINANCIAL INFORMATION

The interim accounts for the six months to 30 June 2005 were unaudited. The financial information set out in this statement does not constitute statutory accounts within the meaning of the Companies Act 1985. The comparative figures for the year ended 31 December 2004 are not the statutory accounts for that year but are extracted from those accounts which have been reported on by the Company's auditors and delivered to the registrar of Companies. The report of the auditors, Orolus Limited, was unqualified and did not contain a statement under section 237 (2) or (3) of the Companies Act 1985.

### 3 POST BALANCE SHEET EVENTS

On 15 July 2005 the Company completed the acquisition of WM Exploration Limited ('WMEL'), by way of an issue of 17,069,748 new ordinary shares at an issue price of 3p per share which equates to a consideration of approximately £512,000. The WMEL directors, Dr. Martinick and Mr. Webster were appointed to the Board and the Company also raised £723,500 before expenses via a placing of 24,116,667 new ordinary shares at 3p per share.

Under the terms of the acquisition of WMEL the Company has secured the 'right of first refusal' to acquire the rights in respect of natural resource projects being investigated by Messrs. Martinick and Webster.

In accordance with this obligation the Company has been provided with the opportunity to acquire a Zambian copper mining project, the relevant rights of which are held by Puku Minerals Limited ('Puku'), a company incorporated in Zambia.

In August 2005, the Company announced a placing of 23.5 million new ordinary shares of 0.5p at an issue price of 6p per share which raised £1.41 million before expenses.

### **C. Accountant's Report on Puku Minerals Limited**

The Directors  
Weatherly International plc  
7th Floor  
Aldemary House  
10-15 Queen Street  
LONDON  
EC4N 1TX

21 November 2005

Dear Sirs

#### **PUKU MINERALS LIMITED (PUKU)**

We report on the financial information of Puku set out in paragraphs 1 to 15 of Part C. This financial information has been prepared for inclusion in the AIM Admission Document dated 21 November 2005 of Weatherly International plc (the "AIM Admission Document") on the basis of the accounting policies set out in paragraph 7 of Part C. This report is required under Schedule Two of the AIM Rules and is given for the purpose of complying with that Schedule and for no other purpose.

#### **RESPONSIBILITIES**

As described in paragraph 2 the Directors of Weatherly International plc are responsible for preparing the financial information on the basis of preparation set out in paragraph 7 to the financial information and in accordance with appropriate 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 dated 21 November 2005 of Weatherly International plc 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 judgments 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 dated 21 November 2005 of Weatherly International plc, a true and fair view of the state of affairs of Puku Minerals Limited as at 31 July 2005 and of its loss and cash flows for the period from 8 March 2005 to 31 July 2005 in accordance with the basis of preparation set out in paragraph 7 and in accordance with appropriate accounting standards as described in paragraph 7.

**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 paragraph (a) of Schedule Two of the AIM Rules.

Yours faithfully

GRANT THORNTON UK LLP

## 1 AUDITED FINANCIAL INFORMATION ON PUKU MINERALS LIMITED FOR THE PERIOD FROM 8 MARCH 2005 TO 31 JULY 2005

The financial information on Puku Minerals Limited, a Zambian company, set out below does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985. The information for the period ended 31 July 2005 is extracted without material adjustment from the audited financial statements of Puku Minerals Limited translated into sterling at the exchange rate at 31 July 2005, on which the audit opinion was unqualified, but was modified to refer to the uncertainties surrounding the ability of the Company to continue as a going concern.

## 2 STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required to prepare financial information which gives a true and fair view of the state of affairs of the company and its profit or loss for that period. In preparing the financial information, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

## 3 PROFIT AND LOSS ACCOUNT

	<u>Note</u>	<u>Period ended 31 July 2005 £'000</u>
<b>Turnover</b> .....		—
<b>Administrative expenses</b> .....		(2)
<b>Loss on ordinary activities before taxation</b> .....		(2)
Tax on loss on ordinary activities .....	8	—
<b>Loss on ordinary activities after taxation</b> .....	11	<u>(2)</u>

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

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

## 4 BALANCE SHEET

	<u>Note</u>	<u>At 31 July 2005 £'000</u>
<b>Creditors: amounts falling due within one year</b> .....	9	(2)
<b>Capital and reserves</b>		
Called up share capital .....	10	—
Profit and loss account .....	11	(2)
<b>Shareholders' deficit — equity</b> .....	12	<u>(2)</u>

## 5 CASH FLOW STATEMENT

	<u>Note</u>	<u>Period ended 31 July 2005 £'000</u>
<b>Net cash inflow from operating activities</b> .....	13	—
<b>Increase in cash in period</b> .....		<u>—</u>

## 6 NOTES TO THE FINANCIAL STATEMENTS

### 7 ACCOUNTING POLICIES

#### *Basis of preparation and accounting convention*

The financial information is prepared under the historical cost convention and in accordance with applicable accounting standards. The shareholders have confirmed that they will provide the necessary financial support for the company to continue its future operations. The financial information was translated from Zambian Kwacha into Sterling.

The company was incorporated on 8 March 2005. The principal activity of the company is to carry out the business of mining and mineral exploration. The company has not yet commenced mining operations.

#### *Deferred taxation*

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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 rate of tax that have been enacted or substantively enacted by the balance sheet date.

#### *Foreign currencies*

Transactions in foreign currencies were translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. The financial information of Puku Minerals Limited was translated at the rate of exchange ruling at the balance sheet date.

### 8 Tax on loss on ordinary activities

No provision has been made for corporation tax as the company has incurred a loss in the period.

### 9 Creditors: amounts falling due within one year

	<b>£'000</b>
Other creditors .....	<u>2</u>

### 10 Share capital

	<b>£'000</b>
Authorised	
100,000 ordinary shares of US\$1 each .....	<u>59</u>
Allotted, called up and fully paid	
Nil ordinary shares of US\$1 each .....	<u>—</u>

### 11 Profit and loss account

	<b>£'000</b>
Retained loss for the period .....	<u>(2)</u>
Balance at 31 July 2005 .....	<u>(2)</u>

### 12 Reconciliation of movements in shareholders' funds

	<b>£'000</b>
Loss for the financial period .....	(2)
Net reduction in shareholders' funds .....	(2)
Opening shareholders' funds .....	—
Closing shareholders' funds .....	<u>(2)</u>



**13 Reconciliation of operating loss to net cash outflow from operating activities**

	<u>£'000</u>
Operating loss .....	(2)
Increase in creditors .....	<u>2</u>
Net cash inflow from operating activities .....	<u>—</u>

**14 Employees**

There were no employees during the period ended 31 July 2005.

**15 Exchange rate**

The financial information was translated from Zambian Kwacha into Sterling at the exchange rate at 31 July 2005 of K8149.72=£1.

**PART V**  
**ADDITIONAL INFORMATION**

**1. Responsibility**

The Company and the Directors, whose names and functions are set out on page 3 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. Information on the Concert Party**

2.1. The names and addresses of the Concert Party are:

Dr. Wolf-Gerhard Martinick, 60 Jutland Parade, Dalkeith, Western Australia 6009, Australia

Roderick John Webster, 22 Bostock Road, Nedlands, Western Australia, Australia

Ezenet Limited, 2 Bulimba Road, Nedlands, Western Australia, Australia

2.2. Further information about Dr. Martinick and Mr. Webster is set out on paragraph 8 of Part I and paragraphs 9 and 10 of this Part V of this document.

- (a) Ezenet Limited, a public listed company on the ASX, is a digital movie supply and distribution company. In the year ended 30 June 2005, Ezenet Limited achieved a loss before taxation of A\$1.5 million (2004: loss of A\$1.3 million) on turnover of A\$1.1 million (2004: A\$1.0 million). As at that date, Ezenet Limited had net assets of A\$0.9 million (2004: A\$2.4 million). Ezenet Limited's 2005 turnover increased as a result of ongoing growth into Ezenet Limited's target markets of hospitality, mining camps and health care.

The directors of Ezenet Limited are:

Dr. Wolf-Gerhard Martinick .....	Executive Chairman
Mr. Richard Archie Burt .....	Managing Director
Mr. Graham Ross O'Dea .....	Non-Executive Director
Mr. David Hamilton Ward .....	Non-Executive Director

The substantial shareholders in Ezenet Limited as at the date of this document, who have notified Ezenet Limited in accordance with section 671B of the Australian Corporations Act 2001 are as follows:

	<u>No. of shares</u>	<u>% of issued capital</u>
Dr. Wolf-Gerhard Martinick .....	10,044,020	16.14%
James Wallace Hope .....	3,304,723	5.31%

The closing price of a tradeable interest in an Ezenet Limited share (as sourced from Bloomberg at the close of business on the day to which such price relates) on 18 November 2005, being the latest practicable date prior to the posting of this document, was A\$ ● .

- (b) Puku is a recently incorporated private company which holds prospecting licences PLLS 239, PLLS 240 and PLLS 252. The shareholdings of Puku are as follows:

	<u>No. of shares</u>	<u>% of issued share capital</u>
Dr. Wolf-Gerhard Martinick .....	10,000	10%
Roderick John Webster .....	45,000	45%
Ezenet Limited .....	45,000	45%

Since incorporation of Puku, there have never been any dealings in its shares and no other person has or is interested in such shares. The Directors of Puku are Dr. Wolf-Gerhard Martinick, Roderick John Webster and Joyce Mulopwe Muwo. Puku's registered address is Plot 30/1494 Makisha-Mwalule Roads, Lusaka, Zambia.

Full details of the resultant maximum potential shareholdings of the Concert Party following implementation of the Proposals are as follows:

**As at the date of this document**

<u>Holder</u>	<u>No. of Ordinary Shares held</u>	<u>% of issued share capital</u>	<u>No. of Warrants</u>
Dr. Wolf-Gerhard Martinick . . . . .	14,284,790	19.43	2,496,980
Roderick John Webster . . . . .	9,062,790	12.33	2,496,978
Ezenet Limited . . . . .	—	—	—
<i>Total</i> . . . . .	<u>23,347,580</u>	<u>31.76</u>	<u>4,993,958</u>

**Immediately following the Proposals**

<u>Holder</u>	<u>No. of Ordinary Shares held</u>	<u>% of enlarged share capital</u>	<u>No. of Warrants</u>	<u>Maximum % shareholding if each member of the Concert Party exercise its Warrants in full and no other Warrants are exercised*</u>
Dr. Wolf-Gerhard Martinick . . . . .	18,347,290	12.79	2,496,980	14.04
Roderick John Webster** . . . . .	27,344,040	19.06	2,496,978	20.10
Ezenet Limited*** . . . . .	18,281,250	12.74	—	12.32
<i>Total</i> . . . . .	<u>63,972,580</u>	<u>44.60</u>	<u>4,993,958</u>	<u>46.46</u>

Notes:

\* This assumes that all the members of the Concert Party exercise their warrants in full but no other person exercises any other Warrants or options. The warrants have been granted with a five year exercise period

\*\* 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

\*\*\* Dr. Wolf Martinick has a 16.1 per cent. shareholding in Ezenet Limited and is its Executive Chairman

**3. The Company and its subsidiaries**

- 3.1. 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.
- 3.2. The principal legislation under which the Company operates is the Act and regulations made thereunder.
- 3.3. 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 2204.
- 3.4. Following the Acquisition, the Enlarged Group's main activity will be that of investment in mining and mineral exploration.
- 3.5. The Company has the following subsidiaries: WM Exploration Limited, which is incorporated in England and Wales and Weatherly (SL) Limited which is incorporated in St Lucia.

- 3.6. Immediately following Admission, the Company will be the holding company of the following subsidiary companies which will be wholly owned:

<u>Name</u>	<u>Date of incorporation</u>	<u>Country of incorporation</u>	<u>100% held by</u>
WM Exploration Limited . .	15 April 2005	England	Weatherly
Weatherly (SL) Limited ("Weatherly SL") . . . . .	28 September 2005	St. Lucia	Weatherly
Puku Minerals Limited . . . .	8 March 2005	Zambia	Weatherly SL

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

#### 4. Share capital of the Company

- 4.1. On incorporation, the Company had an authorised share capital of £400,000 divided into 400,000,000 shares of 0.1p 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 0.1p 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:

- each issued existing ordinary share of 0.1p be subdivided into, and redesignated as, one ordinary share of 0.001p (the "New Sub-divided Ordinary Shares") and one deferred share of 0.099p (the "Deferred Shares");
- 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 0.5p each (the "New Consolidated Ordinary Shares");
- each of the authorised but unissued ordinary shares of 0.1p be consolidated to create one New Consolidated Ordinary Share; and
- 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 3p per New Consolidated Ordinary Shares.

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 0.5p each.

- 4.2. On 22 June 2005, the Company entered into an acquisition agreement (as more particularly described in paragraph 11.1 (d) 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.

- 4.3. The existing authorised and issued share capital of the Company as at the date of this document is:

	<u>Authorised Number</u>	<u>£</u>	<u>Issued (fully paid) Number</u>	<u>£</u>
Ordinary Shares . . . . .	452,331,500	2,261,657	73,502,093	367,510
Deferred Shares . . . . .	240,750,000	238,343	240,750,000	238,343

- 4.4. At an extraordinary general meeting of the Company held on 15 July 2005, the Company resolved that:

- in substitution for all other existing authorities pursuant to section 80 of the Act the directors of the Company be and are hereby generally and unconditionally authorised to exercise all the powers of the company to allot relevant securities (within the meaning of section 80(2) of the Act) up to an aggregate nominal value of £710,950 during the period expiring on the date which is 15 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company after the passing of this Resolution, save that the Company may at any time, before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors of the Company may allot relevant in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;

- (b) in substitution for all other existing authorities pursuant to section 95 of the Act the directors of the Company be and are hereby empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash, as if subsection (1) of section 89 of the Act did not apply to such allotment, save that this power shall be limited to:
- (i) the allotment of equity securities in connection with the placing of up to 24,117,524 Ordinary Shares at 3p each;
  - (ii) the allotment of equity securities in connection with the issue of warrants to Nabarro Wells & Co. Limited, Libertas Capital Ventures Limited and the WMEL Vendors;
  - (iii) the allotment of equity securities in connection with a rights issue or open offer in favour of holders of ordinary shares of the Company and/or other equity securities of the Company where the equity securities respectively attributable to the interests of all the holders of ordinary shares of the Company and/or other equity securities of the Company on a fixed record date are proportionate (as nearly as may be) to the respective numbers of ordinary shares of the Company held, or deemed to be held, by them but subject to such exclusions or arrangements as the directors of the Company may deem necessary or expedient to deal with fractional entitlements arising or any legal or practical problems under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
  - (iv) the allotment of equity securities for cash (otherwise than as mentioned in subparagraphs (i), (ii) and (iii) up to an aggregate nominal value of £500,000

and shall expire on the date which is 15 months from the date of this resolution or, if earlier, the date of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, at any time before such expiry make an offer of agreement which would or might require equity securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

- 4.5. The authorised and issued fully paid up share capital of the Company as it is expected to be immediately following the Proposals (and assuming full subscription under the Placing and no Warrants are exercised) is set out below:

	<u>Authorised Number</u>	<u>£</u>	<u>Issued (fully paid) Number</u>	<u>£</u>
Ordinary Shares . . . . .	452,331,500	2,261,657	143,439,593	717,198
Deferred Shares . . . . .	240,750,000	238,343	240,750,000	238,343

- 4.6. The International Securities Identification Number (ISIN) for the Ordinary Shares is GB0034135532.

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

## 5. Share Options and Warrants

- 5.1. 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.
- 5.2. On 23 January 2004, Seymour Pierce Ellis Limited was granted an option to subscribe for up to 250,000 Ordinary Shares at a price of 3 pence per Ordinary Share. The option is exercisable at any time prior to 23 January 2007.
- 5.3. 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.
- 5.4. 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.
- 5.5. 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.

- 5.6. On 22 June 2005, the Webster Family Trust 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.
- 5.7. On 22 June 2005, the Webster Superannuation Fund 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.
- 5.8. 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.

## **6. Memorandum of Association**

- 6.1. 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.

## **7. Articles of Association**

- 7.1. In this paragraph 7, 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.
- 7.2. The 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.

## 8. Substantial shareholders

- 8.1. 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 Proposals, 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:

	As at the date of this document			Immediately following the Proposals		
	No. of Ordinary Shares	% of issued share capital	No. of warrants	No. of Ordinary Shares	% of issued share capital	No. of warrants
RAB Capital plc . . . .	15,000,000	20.41	—	18,000,000	12.55	—
Matterhorn Investment Management LLP . . .	—	—	—	12,500,000	8.71	—
Resource Investment Trust . . . . .	—	—	—	8,000,000	5.58	—

- 8.2. All shareholders have identical voting rights in respect of the Ordinary Shares held by them.

## 9. Directors' and other interests

- 9.1. 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 18 November 2005 (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:

	As at the date of this document			Immediately following the Proposals		
	No. of Ordinary Shares	% of issued share capital	No. of warrants	No. of Ordinary Shares	% of issued share capital	No. of warrants
Wolf Martinick . . . .	14,284,790	19.43	2,496,980	18,347,290	12.79	2,496,980
Rod Webster* . . . . .	9,062,790	12.33	2,496,978	27,344,040	19.06	2,496,978
Peter Redmond . . . . .	166,666	0.23	—	166,666	0.12	—
Richard Armstrong . .	1,476,674	2.01	—	1,476,674	1.03	—

Note:

- \* 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



- 9.2. Save as disclosed in paragraphs 2 and 9.1 above of this Part V of this document, neither Puku nor any of its subsidiaries, nor the directors of Puku, their immediate families, any related trust nor any connected persons nor any persons acting in concert with Puku (including, without limitation, any subsidiary or associated company of Puku or any pension fund of Puku or of any of its subsidiaries or associated companies, any person whose investments are managed on a discretionary basis by a fund manager) connected with Puku, any connected adviser of Puku and any person controlling, controlled by or under the same control as such connected adviser) nor any person with whom Puku has an arrangement of the kind referred to in 9.6 paragraph below owned or controlled or (in the case of the directors of Puku and their immediate families, related trusts and connected persons) was interested in any relevant securities (whether by interests, rights to subscribe or short positions) on the last day of the disclosure period, nor has any such person dealt for value therein during the disclosure period.
- 9.3. Save as disclosed in paragraphs 2 and 9.1 above of this Part V of this document, neither Weatherly nor any of its subsidiaries, nor the Directors, their immediate families, any related trust nor any connected persons owns or controls or (in the case of the Directors, their immediate families, related trusts and connected persons) is interested in any relevant securities (whether by interests, rights to subscribe or short positions), nor has any such person dealt for value therein during the disclosure period.
- 9.4. Save for Merchant House Group plc (the parent company of Merchant Capital plc, see paragraph 11.1(h) of this Part V of this document) which as at the date of this document holds 1,999,998 Ordinary Shares representing 2.72 per cent. of the issued share capital of the Company, none of the subsidiaries of Weatherly nor any associate of Weatherly nor any pension fund nor any employment benefit trust of Weatherly or any of its subsidiaries or associated companies nor any connected adviser to Weatherly or any of its subsidiaries or associated companies nor any person acting in concert with the Directors nor any person controlling or controlled by or under the same control as any such connected adviser (except for an exempt principal trader or an exempt fund manager) nor any person who has an arrangement of the kind referred to in paragraph 9.6 below with Weatherly or any person who is an associate of Weatherly by virtue of sub-paragraphs (a) (i) to (iv) below (inclusive) of paragraph 9.7 below owned or controlled or was interested in as at the last day of the disclosure period any relevant securities (whether by interests, rights to subscribe or short positions) nor has any such person dealt for value therein during the disclosure period:
- 9.5. Save as disclosed in paragraph 2 of Part I and paragraphs 2.2 and 9.1 above of this Part V of this document, none of the Concert Party (nor any of their immediate families or related trusts) have dealt for value in relevant securities during the disclosure period nor owns or was interested in any relevant securities (whether by interests, rights to subscribe or short positions) and there is no agreement, arrangement or understanding that exists between the Concert Party (or any member of the Concert Party) and any third party whereby any relevant securities currently held by or to be acquired by the Concert Party (or any member of the Concert Party) pursuant to the Acquisition will be transferred to any other party.
- 9.6. Save as disclosed in paragraph 5 of this Part V of this document, neither Puku nor any person acting in concert with Puku nor any member of the Concert Party nor any person acting in concert with the Concert Party nor Weatherly nor any of its associates has borrowed or lent, or has any arrangement in relation to relevant securities. For these purposes, “arrangement” includes any indemnity or option arrangement and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing.
- 9.7. For the purposes of this paragraph 9, references to:
- (a) an “associate” of a company (including Weatherly or Puku) are to:
    - (i) subsidiaries and associated companies of the company and companies of which any such subsidiaries or associated companies are associated companies (“relevant companies”);
    - (ii) banks, financial and other professional advisers (including stockbrokers) to the company or any relevant company, including persons controlling, controlled by or under the same control as such banks, financial or other professional advisers;

- (iii) the directors of the company and of any relevant company above (together in each case with their close relatives and related trusts);
  - (iv) the pension funds of the company or of any relevant company;
  - (v) an investment company, unit trust, or other person whose investments an associate (as otherwise defined in this paragraph) manages on a discretionary basis, in respect of relevant investment funds;
  - (vi) a person who owns or controls five per cent. or more of any class of relevant securities issued by the company, including a person who as a result of any transaction owns or controls five per cent. or more; and
  - (vii) a company having a material trading arrangement with the company.
- (b) “associated company” means an offeror’s or the offeree company’s parent, subsidiaries and fellow subsidiaries, and their associated companies, and companies of which such companies are associated companies (for this purpose ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status.
- (c) “connected adviser” means:
- (i) in relation to the offeror or the offeree company:
    - A. an organisation which is advising that party in relation to the offer; and
    - B. a corporate broker to that party;
  - (ii) in relation to a person who is acting in concert with the offeror or with the directors of the offeree company, an organisation which is advising that person either
    - A. in relation to the offer; or
    - B. in relation to the matter which is the reason for that person being a member of the relevant concert party; and
  - (iii) in relation to a person who is an associate of the offeror or of the offeree company by virtue of paragraph (1) of the definition of associate, an organisation which is advising that person in relation to the offer.
- (d) the “disclosure period” means the 12 months prior to the date of this document ending on the date of this document.
- (e) “relevant securities” mean Ordinary Shares or shares in Puku or any securities convertible into or exchangeable for, or rights to subscribe for, Ordinary Shares or shares in Puku, options (including traded options) over, or derivatives referenced to, any Ordinary Shares or shares in Puku, as the context requires.

## **10. Director’s consultancy agreements and letters of appointment**

- 10.1. 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 currently provided to the Company through a service contract he entered into with WM Exploration Limited (a company subsequently acquired by the Company) on 22 June 2005. This agreement provides that Dr. Martinick is entitled to a fee of £10,000 per annum for devoting 50% of his working time to the company’s group and it is terminable on the giving of one month’s notice such notice not to take effect until the twelve month anniversary of the agreement. The agreement is subject to a review upon the acquisition of a first project.

From Admission, Dr. Martinick’s services are to be provided to the Company pursuant to a consultancy agreement entered into between the Company and Martinick Investments Pty Ltd (the “Consultant”) on the date of this document and conditional upon Admission. 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.

*Roderick John Webster*

Mr. Webster's services are currently provided to the Company through a service contract he entered into with WM Exploration Limited (a company subsequently acquired by the Company) on 22 June 2005. This agreement provides that Mr. Webster is entitled to a fee of £30,000 per annum for devoting 100% of his working time and it is terminable on the giving of one month's notice such notice not to take effect until the twelve month anniversary of the agreement. The agreement is subject to a review upon the acquisition of a first project.

From Admission, Mr. Webster's services are to be provided to the Company pursuant to a consultancy agreement entered into between the Company and Trowbridge Holdings Pty Ltd (the "Consultant") on the date of this document and conditional upon Admission. 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.

Non-Executive Directors

*Peter Redmond*

Mr. Redmond entered into a letter of engagement with the Company dated 22 June 2005 whereby he has agreed to act as Chairman. Following the announcement on 3 August 2005, Peter Redmond resigned as Chairman but remains on the Board as a non-executive director. He is entitled to a fee of £5,000 for the three month period commencing 15 July 2005 and ending three months thereafter. From Admission, Mr. Redmond's services are to be provided to the Company pursuant to a letter of engagement entered into on the date of this document and conditional upon Admission. 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.

*Richard James Armstrong*

Mr. Armstrong has entered into a letter of engagement with the Company dated 22 June 2005 whereby he has agreed to act as non-executive director. He is entitled to a fee of £5,000 for the three month period commencing 15 July 2005 and ending three months thereafter. Mr. Armstrong has agreed to resign as a director of the Company to be effective prior to Admission.

- 10.2. 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.
- 10.3. Save as disclosed in paragraph 10.1, 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.
- 10.4. The aggregate remuneration paid and benefits in kind granted to the Directors for the year ended 31 December 2004 was nil. It is estimated that the aggregate remuneration paid and benefits in kind granted to the Directors for the year ending 31 December 2005, under the arrangements in force at the date of this document, will amount to approximately £68,000.

10.5. 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.

<u>Director</u>	<u>Current Directorships</u>	<u>Past Directorships</u>
Dr. Wolf Gerhard Martinick . . . . .	Ezenet Limited and subsidiaries Martinick Bosch Sell Pty Ltd Martinick Holdings Pty Ltd Martinick Investments Pty Ltd Martinick Management Services Pty Ltd MBS Environment Pty Ltd Puku Minerals Limited (Zambia) Sun Resources NL WM Exploration Limited	Basin Minerals Limited Olympia Resources Limited
Roderick John Webster . . . . .	Puku Minerals Limited (Zambia) WM Exploration Limited Trowbridge Holdings Pty Ltd Investar Holdings Pty Ltd	Kansanshi Mining plc (Zambia) Mopani Copper Mines Ltd (Zambia) Western Metals Ltd (Australia)
Peter Redmond . . . . .	Bella Media plc BWA Group plc Fortfield Investments plc Future Internet Technologies plc Merchant House Group plc Petsome plc Stratus Holdings plc Synigence plc	Victoria Oil & Gas Central Asia Ltd
Richard James Armstrong . . . . .	BWA Group plc Crescent Hydropolis Resorts plc Crescent Technology Ventures plc Fortfield Investments plc Future Internet Technologies plc Merchant House Group plc	Bella Media plc Briar Abbey Services Limited Holroyd Consultants Limited Parallel Media Group plc Victoria Oil & Gas Central Asia Ltd Zoa Corporation plc

10.6. 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 Stratus Holdings Plc, BWA Group Plc, Bella Media plc, Weatherly International Plc and Synigence plc, all of which companies are or were recently subject to CVAs.

Mr. Armstrong was a director of Bella Media plc and is a director of BWA Group Plc and Weatherly International Plc all of which companies are or were recently subject to CVAs. Both Mr Redmond and Mr Armstrong 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.

- 10.7. 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.

## **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 in the two years prior to the date of this document, and are, or may be, material:
- (a) On 23 January 2004 the Company entered into a deed with Jack Najarian pursuant to which 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 expires on 23 January 2007.
  - (b) On 23 January 2004 the Company entered into a deed with Seymour Pierce Ellis Limited pursuant to which Seymour Pierce Ellis Limited was granted an option to subscribe for up to 250,000 Ordinary Shares at a price of 3 pence per Ordinary Share. The option expires on 23 January 2007.
  - (c) 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.
  - (d) 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.
  - (e) On the date of this document the Company entered into the Acquisition Agreement with the Vendors pursuant to which the Company agreed to acquire and the Vendors agreed to sell the entire issued share capital of Puku for a consideration of £3.25 million to be satisfied by the issue, credited as fully paid, of the Consideration Shares to the Vendors. The Acquisition Agreement is conditional on the Conditions being satisfied or waived by 31 December 2005 or such later date as the Company shall agree and contains warranties and indemnities given by the Vendors in connection with Puku.
  - (f) 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, (iii) a fee of £25,000 on completion of a further acquisition and (iv) a commission of 5% of the gross amount of capital placed by Libertas Capital in connection with the Placing. 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.

- (g) On 14 November 2005 the Company issued the Placing Letters to the Placees, pursuant to which, Placees returning confirmations of acceptance agree to subscribe for Placing Shares under the Placing. The Placing is conditional upon the Conditions being satisfied or waived. Under the Placing Letters and the confirmations of acceptance, the Placees give certain customary warranties, undertakings and confirmations to the Company in connection with the Placing.
- (h) On 26 October 2005 the Company entered into an agreement with Merchant Capital plc pursuant to which Merchant Capital plc agreed to act as financial adviser to the Company for a fee of £15,000 on completion of the Acquisition.
- 11.2. The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by Puku in the two years prior to the date of this document, and are, or may be, material:

**(a) *Prospecting Licence Number PLLS 239 (“Licence PLLS 239”)***

*Date, Parties and Scope*

Licence PLLS 239 was entered into pursuant to the Mines Act on 4 April 2005 between Puku Minerals Limited as Licensee and the Republic of Zambia Mines Development Department as Licensor.

Licence PLLS 239 provides for a licence to develop the area and carry on mining operations relating to copper and base minerals in the Luanshya area comprising PLLS 239 (more particularly described in Schedule 2 to Licence PLLS 239).

*Term*

Licence PLLS 239 is effective for an initial period of two years beginning on 4 April 2005. There is a condition requiring the holder to apply for a renewal of his licence not later than 90 days before expiry.

*Programme of Operations*

The programme of prospecting operations involves the expenditure of up to US\$1,000,000 on PLLS 239 and a further US\$100,000 on PLLS 240. A general outline of the programme is contained in paragraph 5.5 of the Competent Person’s Report in Part III of this document.

*Conditions*

Licence PLLS 239 is subject to the following special conditions as set out in Schedule 1 to Licence PLLS 239:

1. the holder to submit a programme for employing and training of citizens of Zambia for jobs held or to be held by non-citizens, as accepted by the Director of Mines, Mines Development Department (the “Director of Mines”) (Annexure 1);
2. the holder to commence prospecting operations within three months of the issue of the licence and to develop the prospecting area, and carry on mining operations, with due diligence and in accordance with the programme of prospecting operations (Annexure 2);
3. the holder to give notice of discovery of minerals in his area (Annexure 3);
4. the holder to erect beacons at the corners of the licensed area as required by the Director of Mines (Annexure 4);
5. the holder to provide and maintain security in his area and to ensure that no illicit mining or trading of minerals take place within his area (Annexure 5);
6. the holder to submit to such persons at such intervals, such reports and such affidavits containing such information and supported in such manner as may be prescribed (Annexure 6);
7. the holder to comply with any directive given under Part IX of the Mines Act regarding protection of the environment (Annexure 7);

8. no contracts or agreements will be entered in between holder/owner and any other operations in the area without consent of the Director of Mines, including change of shareholding and directorship of the company and where such contracts or agreements regarding transfer of licence or permit or transfer of control of company, the holder shall comply with sections 54 and 55 of the Mines Act respectively (Annexure 8);
9. the holder to apply for a renewal of his licence or retention licence not later than 90 days before expiry of his/her licence and to comply with the abandonment procedures and requirements of his/her area in terms of the Mines Act (Annexure 9);
10. the holder to comply with any directive given under sections 39 and 45 of the Mines Act regarding conversion of the licence to a large mining licence (Annexure 10);
11. the holder to notify the Director of Mines every time he changes his/her business address, telephone number, facsimile numbers etc. (Annexure 11);
12. the holder to pay area charges on the grant of the licence and thereafter annually on the anniversary thereof until the termination of the licence (Annexure 12); and
13. the holder to accept any additional conditions that maybe imposed by the Director of Mines (Annexure 13).

#### *Transfer of Licence*

In order to transfer a licence or permit or transfer of control of a company holding a licence, the holder shall comply with sections 54 and 55 of the Mines Act. Section 54 of the Mines Act provides that no (prospecting) licence shall be transferred without the consent of the Director of Mines. The usual practice in Zambia is that provided the transferee satisfies the general requirements of Section 7 of the Mines Act, then unless there are special reasons or unusual characteristics relating to the transferee, the consent of the Director of Mines will be usual in the ordinary course of events. Section 55 of the Mines Act provides that a company holding a prospecting licence shall not register a transfer of shares or enter into an agreement to give a person control of the company without the written consent of the Minister for Mines. The usual practice in Zambia is that provided the transferee satisfies the general requirements of Section 7 of the Mines Act, then unless there are special reasons or unusual characteristics relating to the transferee, the consent of the Director of Mines will be usual in the ordinary course of events.

#### *Abandonment*

The abandonment procedures and requirements are set out in the Mines Act. Section 49 of the Mines Act provides the holder of a licence or permit who wishes to abandon all or any part of the land subject to the licence or permit shall apply to the Director of Mines for a certificate of abandonment. Subject to section 49 the Director shall issue to the applicant a certificate of abandonment either unconditionally or subject to such conditions relating to the abandoned land as the Director may determine.

#### *Conversion*

The holder of a licence must comply with any directive given under the Mines Act regarding conversion of the licence to a large mining licence. Section 19 of the Mines Act provides that the holder of a prospecting licence may apply for the grant of a retention licence on the grounds that the holder has identified a mineral deposit within the prospecting area which is potentially of commercial significance. The application for retention licence is accompanied by studies and assessments acceptable to the Minister. Section 25 of the Mines Act provides that the holder of a prospecting licence may apply for a large scale mining licence in respect of the whole or part of the prospecting area and that the Minister shall grant the licence provided the requirements for the large scale mining licence are satisfied. The Minister may not reject an application without giving the applicant details and an opportunity to remedy the defects.

***(b) Prospecting Licence Number PLLS 240 (“Licence PLLS 240”)***

*Date, Parties and Scope*

Licence PLLS 240 was entered into pursuant to the Mines Act on 4 April 2005 between Puku Minerals Limited as Licensee and the Republic of Zambia Mines Development Department as Licensor.

Licence PLLS 240 provides for a licence to develop the area and carry on mining operations relating to copper and base minerals in the Luanshya Old Dams area comprising PLLS 240 (more particularly described in Schedule 2 to the Licence PLLS 240).

*Term*

Licence PLLS 240 is effective for an initial period of two years beginning on 4 April 2005. There is a condition requiring the holder to apply for a renewal of his licence not later than 90 days before expiry.

*Further provisions*

Licence PLLS 240 is subject to the same further terms (as regards prospecting operations, special conditions, transfer of licence, abandonment and conversion) as Licence PLLS 239 described above.

***(c) Prospecting Licence Number PLLS 252 (“Licence PLLS 252”)***

*Date, Parties and Scope*

Licence PLLS 252 was entered into pursuant to the Mines Act on 20 June 2005 between Puku Minerals Limited as Licensee and the Republic of Zambia Mines Development Department as Licensor.

Licence PLLS 252 provides for a licence to develop the area and carry on mining operations relating to base metals in the Luanshya District of Copperbelt Province area.

*Term*

Licence PLLS 252 is effective for an initial period of two years beginning on 20 June 2005. There is a condition requiring the holder to apply for a renewal of his licence not later than 90 days before expiry.

*Further provisions*

Licence PLLS 252 is subject to the same further terms (as regards prospecting operations, special conditions, transfer of licence, abandonment and conversion) as Licence PLLS 239 described above.

*Programme of Operations*

An initial programme of exploration involving surface sampling and geophysical surveys is expected to precede diamond or reverse circulation drilling of any significant copper anomalies. Total expenditure is estimated at US\$500,000 for the two year period.

*Conversion*

As described for Licence PLLS 239.

Licence PLLS 252 is subject to the additional condition to acknowledge acceptance of the conditions more particularly described in Schedule 3 and arrange for a survey of the Luanshya mine area to avoid any future conflicts with other existing licences around the area within 30 days from the letter dated 27 June 2005, as set out in Schedule 3 to the Licence PLLS 252. The required survey was completed in July 2005.



## 12. The Share Option Scheme

- 12.1. The Directors believe that it is important that directors and key personnel are appropriately motivated and rewarded and accordingly the Company intends to adopt, as soon as practicable following Admission, a share option scheme in which qualifying personnel and directors will be eligible to participate. The Directors intend that a total of no more than 10 per cent. of the issued share capital of the Company from time to time will be available under any such share option arrangements for directors and employees.

## 13. Working capital

- 13.1. 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

- 14.1. 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 preceeding the date of this document a significant effect on the Company's financial position or profitability.

## 15. Taxation

The following information is based upon law and practice currently in force in the United Kingdom. Except when expressly stated, it applies to persons resident in the United Kingdom for tax purposes. The information is of a general nature 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 should consult a professional adviser concerning his tax position in respect of the acquisition, holding or disposal of Placing Shares.**

### *(a) Dividends — UK resident shareholders*

Under current United Kingdom taxation legislation no withholding tax applies 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 the individual recipients' 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 lower or 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 at the lower or basic rate.

The rate of income tax applied to dividends received by individual shareholders liable to income tax at the higher rate will be the Schedule F upper rate (currently 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 net dividend.

A corporate shareholder will not be liable to UK corporation tax on any dividend received from the Company.

Shareholders who are not liable to income tax on the dividend income cannot reclaim payment of the tax credit from the Inland Revenue.

### *(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 or agency and has used, held or acquired the Placing Shares for the purposes of such trade, profession or vocation or such branch or agency 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. The agreement to transfer such shares or warrants will 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.

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. Other information**

16.1. There is no agreement, arrangement or understanding between any of the members of the Concert Party, and any of the Directors, recent directors, shareholders or recent shareholders of Weatherly having any connection with or dependence upon the completion of the Proposals.

16.2. The following table sets out the middle market quotation for the Ordinary Shares as derived from the Daily Official List for the first business day of each month from 1 June 2005 to 18 November 2005 (the latest practicable date prior to the posting of this document).

<u>Date</u>	<u>Price</u>
1 June 2005 . . . . .	3p
1 July 2005 . . . . .	4.75p
1 August 2005 . . . . .	9p
1 September 2005 . . . . .	8p
3 October 2005 . . . . .	9.25p
1 November 2005 . . . . .	8.25p
18 November 2005 . . . . .	● p

16.3. There is no intention that the payment of any interest on repayment of or security for any liability of the Concert Party or Puku (contingent or otherwise) will depend to any significant extent on the business of Weatherly.

- 16.4. There is no agreement, arrangement or understanding whereby the beneficial ownership of the Ordinary Shares to be acquired by the Vendors pursuant to the Proposals will be transferred to any other person.
- 16.5. 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 £400,000 (including any irrecoverable VAT).
- 16.6. 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.
- 16.7. 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 or Puku since respectively the last published audited accounts of the Company and the audited accounting information on Puku set out in Part IV of this document.
- 16.8. Save as disclosed in this document, the Directors are not aware of any exceptional factors which have influenced the Company's activities.
- 16.9. There has been no significant or material change in the financial or trading position of the Company since the last published accounts except as set out in section B of Part IV of this document or any member of the Enlarged Group since incorporation.
- 16.10. 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 2004, Orolus Limited, First Floor, 7 Queen Street, Liverpool, L2 4TZ.
  - (b) for the year ended 31 December 2003, Hamilton-Burke Dufau Limited, 2 Church Road, Liverpool, L15 9EG.
  - (c) for the year ended 31 December 2002, Ian Pratt & Co, 2 Fawn Court, Hatfield, Herts, AL9 5DJ
- All of the auditors listed above are members of the Institute of Chartered Accountants of England and Wales.
- 16.11. 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.
- 16.12. Save as disclosed in this document and in particular paragraph 10 of Part I of this document, there have been no related party transactions entered into by the Company prior to the date of this document.
- 16.13. The Company's accounting reference date is 31 December.
- 16.14. There has been no public takeover bid for the whole or any part of the share of the Company or any member of the Enlarged Group prior to the date of this document. There are no mandatory takeover bids and/or squeeze out and sell out rules in relation to the Ordinary Shares.
- 16.15. The Placing is not being underwritten and no paying agents are involved with the Placing.

- 16.16. 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 Puku. Neither the Company nor any member of the Enlarged Group have made any other firm commitment in respect of any other investments.
- 16.17. 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.
- 16.18. 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.
- 16.19. Behre Dolbear Australia Pty Limited 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.
- 16.20. Grant Thornton UK LLP has given and not withdrawn its written consent to the inclusion of its reports in the form set out in Part IV of this document and the references to such reports in the form and context in which they appear and accepts responsibility for such reports.
- 16.21. 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.
- 16.22. 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.
- 16.23. Merchant Capital plc 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.
- 16.24. Orolus 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.
- 16.25. 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 Behre Dolbear Australia Pty Limited and Grant Thornton UK LLP), no facts have been omitted from this document which would render the information inaccurate or misleading.

## **17. Documents available for inspection**

- 17.1. 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 Watston, Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB.
- 17.2. the memorandum and articles of association of the Company;
- 17.3. the published accounts of Weatherly for the period ended 31 December 2004;
- 17.4. the Accountant's Reports set out in Part IV;
- 17.5. the material contracts referred to in paragraph 11 above;
- 17.6. the letters of consent referred to in paragraph 16 above;
- 17.7. the report set out in Part III of this document;
- 17.8. the consultancy agreements and letters of appointment referred to in paragraph 10 above;
- 17.9. the memorandum and articles of association of Puku; and
- 17.10. this document.

Dated: 21 November 2005

## **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 Watson, Farley & Williams LLP, 15 Appold Street, London, EC2A 2HB at 10:00 a.m. on 14 December 2005 for the purposes of considering and, if thought fit, passing the following resolutions which will be proposed in the case of resolutions (1), (2), (3) and (4) as ordinary resolutions and in the case of resolution (5) as a special resolution.

#### **ORDINARY RESOLUTIONS**

- (1) THAT the Acquisition by the Company (the “Acquisition”) of the entire issued share capital of Puku Minerals Limited (“Puku”) 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 waiver granted by the Panel on Takeovers and Mergers, conditional on the passing of this resolution on a poll, of the obligation that would otherwise arise on the part of the concert party (being the vendors of Puku, Dr. Wolf-Gerhard Martinick, Mr. Roderick John Webster and Ezenet Limited) to make a general offer to the shareholders of the Company pursuant to Rule 9 of the City Code on Takeovers and Mergers as a result of the issue of new ordinary shares in the Company pursuant to the Acquisition or on the exercise of any of the warrants, be and is hereby approved.
- (3) THAT the Acquisition of Puku from Dr. Wolf-Gerhard Martinick, Mr. Roderick John Webster (who are directors of the Company) and Ezenet Limited (who may be considered to be a connected person of those directors) be and is hereby approved as a substantial property transaction with the directors for the purposes of Section 320 of the Companies Act 1985 (“the Act”).
- (4) 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 £1,500,000 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 2006, 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 RESOLUTION**

- (5) 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 4 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 2006, 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 £1,500,000.

21 November 2005

*Registered Office:*  
7th Floor  
Aldermary House  
10-15 Queen Street  
London EC4N 1TX

By Order of the Board  
John Anderson Norris

*Company Secretary*

Notes:

Resolution (2) will be decided on a poll by independent shareholders of the Company, as required by the Panel on Takeovers and Mergers. Each of Dr. Martinick and Mr. Webster have undertaken not to vote on Resolution (2).

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.

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.

