Weatherly
INTERNATIONAL PLC

Interim report
July to December 2007

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Company information

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P Redmond (Non-executive)
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I have pleasure in presenting the unaudited accounts for the half year ending 31 December 2007. These are our first accounts prepared in accordance with International Financial Reporting Standards (IFRS). The company achieved revenues for the half year ending 31 December 2007 of $41.5 million and showed a loss of US$1.2 million for the same period.

The major change impacting the company under IFRS results from the different treatment under IFRS of "discount on acquisition" (also known as "negative goodwill"). Under UK Generally Accepted Accounting Practices (GAAP) this sum is amortised over the life of the asset whilst under IFRS this is entered into the profit and loss account in the year it arises. The consequence of adopting IFRS particularly impacts the accounting treatment of the Ongopolo acquisition and results in the restating of the value of those assets which together with other IFRS adjustments gives an increase in last year's profits of US$15.0 million, bringing the total profit for the last full financial year to US$27.4 million.

Despite the modest loss, I am satisfied that its mine and smelter developments leave Weatherly on target to become a long-term, sustainable and fully integrated copper producer.

During the financial period, production costs increased, largely due to underground development work at Otjihase, mine commissioning expenses in our Northern Operational Region, and to a lesser extent, increases in oil, coal and power costs.

At Otjihase, considerable effort was invested in backfilling the mined out areas of a high-grade block known as Karuma. This will allow the safe extraction of remaining pillars during the coming five years. Output of copper from Otjihase fell to 2,687 tonnes for this period, but this is expected to significantly increase in 2008 when the Karuma block comes into full production.

We also began commissioning two mines in our Northern Operational Region. The Tsumeb West mine was commissioned at the beginning of the half year and the nearby Tschudi mine was commissioned in October 2007.

The Tsumeb concentrator was re-commissioned with changes to the circuit progressing which is leading to improved copper recoveries. In addition, work commenced on the conversion of a second concentrator to treat ore from the Tsumeb West mine, thus allowing the Tsumeb concentrator to treat ore from the Tschudi mine. These developments are expected to increase the overall yearly milling capacity of the Northern Operations to approximately 800,000 tonnes.

In December 2007 we reported the suspension of mining at our Kombat mine because of flooding brought about by disruptions of electricity supplies by the South African power utility, Eskom. Since then we have been in discussion with the Namibian Government, Namwater and Nampower to

re-establish a secure power supply that will allow resumption of mining at Kombat and increase the supply of potable water to the greater surrounding region, including the capital Windhoek.

Suspension of mining at Kombat led us to reassess our regional development priorities. Reopening of the Berg Aukas lead/zinc mine near to the town of Grootfontein is an attractive option that will utilise our existing workforce, infrastructure and equipment. We are also taking steps to reduce our dependence on the national power grid to minimise disruptions from future power outages.

Highlights for the period

- Revenue of US$41.5 million
- Net loss of US$1.2 million or US$0.29 per basic share
- Commissioning of two mines in Northern Operational Region
- Re-commissioning of the Tsumeb Concentrator leading to improved copper recoveries
- Two-stage smelter expansion commenced

In summary, during the half year to December 2007 Weatherly spent considerable time and resources on substantial mine development that will provide the platform for increased and more efficient and sustainable mining in the future.

We also embarked on a two-stage smelter expansion. Recommissioning of the first element, the "Ausmelt" furnace, is progressing on schedule. This will increase our yearly smelting capacity to approximately 35,000 tonnes of copper blister. Stage 2 includes the commissioning of an oxygen plant in mid-2009 that will conservatively increase yearly production capacity to approximately 50,000 tonnes. We continue to evaluate appropriate financing options for the completion of these refurbishment works.

To underpin smelter production and profitability we entered into three-year contracts to purchase copper concentrates with high arsenic contents directly from two producers. These concentrates will be smelted on a "cost plus" basis, with recovered arsenic being sold to the wood preservative industry.

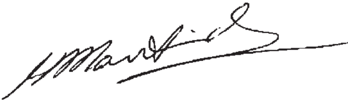
Following our January 2008 announcement, work on leaching remnant metals, especially copper, from historic tailings at Tsumeb continued under the direction of Weatherly's JV partner for this project, Applied Intellectual Capital (AIC). Laboratory scale tests showed promising metal recoveries that will now be followed with on-site leaching work using a production size module of the plant that is being assembled in Tsumeb.

In Zambia, the status of our disputed Luanshya Large Scale Prospecting Licence (PLLS 239) remained unchanged.

In Burkina Faso, work commenced on a feasibility study to bring the large high-grade Tambao manganese deposit into production. In partnership with Dubai-based Wadi Al Rawda Industrial Investments LLC, Weatherly has the opportunity to acquire a majority interest in this project by completing a bankable feasibility study. Worley Parsons, an Australian engineering company, commenced this study in November 2007. We will provide updates on this exciting project as progress milestones are achieved.

During the period to December 2007, copper prices increased steadily and the value of the Namibian dollar, which is equal to the South African rand, depreciated steadily against the US dollar. Both of these trends work in Weatherly's favour as the full benefits of our mining and smelting investments in Namibia are realised.

In February 2008 we announced that Weatherly had received an approach from a third party that may lead to an offer for the issued share capital of the company. We will update the market when appropriate.



Dr Wolf G Martinick
28 March 2008

Condensed consolidated income statement

For the period 1 July 2007 to 31 December 2007

	Notes	6 months to 31 Dec 2007 $,000 Unaudited	6 months to 31 Dec 2006 $,000 Unaudited	Year to 30 June 2007 $,000 Unaudited[1]
Revenue		41,542	31,182	63,158
Cost of sales		(36,649)	(25,034)	(53,453)
Gross profit		**4,893**	**6,148**	**9,705**
Administrative expenses		(5,262)	(5,279)	(10,356)
Other operating income		12	1,492	1,608
Discount on acquisition	8, 9	–	17,725	17,725
Loss on sale of assets		(180)	–	9,530
Operating (loss)/profit		**(537)**	**20,086**	**28,212**
Finance income		*324*	*83*	*350*
Finance charge		*(590)*	–	–
Financial charge – environmental provision		*(361)*	–	*(592)*
(Loss)/profit before taxation		**(1,164)**	**20,169**	**27,970**
Taxation		–	–	–
(Loss)/profit for the period after tax		**(1,164)**	**20,169**	**27,970**
Allocated as follows:				
(Loss)/profit attributable to shareholders of parent entity		(1,145)	20,002	27,371
Minority interests		(19)	167	599
Total (loss)/profit		**(1,164)**	**20,169**	**27,970**
(Loss)/earnings per share	5			
Basic (US cents per share)		(0.29)	6.11	8.21
Diluted (US cents per share)		(0.29)	6.01	8.14

[1] The financial numbers produced are based on audited 30 June 2007 UK GAAP numbers adjusted for unaudited IFRS adjustments.

All operations are continuing.

Condensed consolidated balance sheet

As at 31 December 2007

	Notes	31 Dec 2007 $,000 Unaudited	31 Dec 2006 $,000 Unaudited	30 June 2007 $,000 Unaudited[1]
Assets				
Non-current assets				
Property, plant and equipment	6	116,742	81,169	94,909
Intangible assets (exploration licences)	7	6,175	6,661	6,175
Investment property	6	1,556	1,539	1,534
Total non-current assets		124,473	89,369	102,618
Current assets				
Inventories		2,282	2,590	1,504
Trade and other receivables		21,140	4,607	8,493
Cash and cash equivalents		7,292	10,467	13,280
Total current assets		30,714	17,664	23,277
Current liabilities				
Trade and other payables		(19,552)	(1,181)	(9,587)
Unsecured creditors subject to a compromise on acquisition		(2,701)	(8,766)	(6,963)
Bank borrowings		(3,369)	–	(1,204)
Total current liabilities		(25,622)	(9,947)	(17,754)
Non-current liabilities				
Trade and other payables		–	(4,454)	(381)
Unsecured creditors subject to a compromise on acquisition		(6,281)	(5,575)	(4,321)
Provisions		(4,816)	(3,968)	(4,248)
Total non-current liabilities		(11,097)	(13,997)	(8,950)
Net assets		**118,468**	**83,089**	**99,191**
Equity				
Issued capital		3,519	2,874	3,043
Share premium		71,702	47,820	53,665
Merger reserve		18,471	18,471	18,471
Capital redemption reserve		454	454	454
Share-based payment reserve		625	86	271
Foreign exchange reserve		4,674	998	3,100
Retained earnings		16,807	10,583	17,952
Equity attributable to shareholders of the parent company		116,252	81,286	96,956
Minority interests		2,216	1,803	2,235
Total equity		**118,468**	**83,089**	**99,191**

[1] The financial numbers produced are based on audited 30 June 2007 UK GAAP numbers adjusted for unaudited IFRS adjustments.

Condensed consolidated statement of changes in equity

For the period 1 July 2006 to 31 December 2007

	Issued capital	Share premium	Merger reserve	Capital redemption reserve	Share-based payment reserve	Foreign exchange reserve	Retained earnings	Minority interest	Total equity
	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000	$,000
At 1 July 2006	**2,779**	**27,983**	**6,151**	**–**	**48**	**–**	**(9,419)**	**–**	**27,542**
Exchange differences on translation of foreign operations	–	–	–	–	–	998	–	–	998
Profit/(loss) for the period	–	–	–	–	–	–	20,002	167	20,169
Total recognised income and expenses	**–**	**–**	**–**	**–**	**–**	**998**	**20,002**	**167**	**21,167**
Minority interest recognised directly in equity	–	–	–	–	–	–	–	1,636	1,636
Issue of shares	95	19,837	12,320	454	–	–	–	–	32,706
Share-based payments	–	–	–	–	38	–	–	–	38
At 31 December 2006	**2,874**	**47,820**	**18,471**	**454**	**86**	**998**	**10,583**	**1,803**	**83,089**
Exchange differences on translation of foreign operations	–	–	–	–	–	2,102	–	–	2,102
Profit/(loss) for the period	–	–	–	–	–	–	7,369	432	7,801
Total recognised income and expenses	**–**	**–**	**–**	**–**	**–**	**2,102**	**7,369**	**432**	**9,903**
Issue of shares	169	5,845	–	–	–	–	–	–	6,014
Share-based payments	–	–	–	–	185	–	–	–	185
At 30 June 2007	**3,043**	**53,665**	**18,471**	**454**	**271**	**3,100**	**17,952**	**2,235**	**99,191**
Exchange differences on translation of foreign operations	–	–	–	–	–	1,574	–	–	1,574
Profit/(loss) for the period	–	–	–	–	–	–	(1,145)	(19)	(1,164)
Total recognised income and expenses	**–**	**–**	**–**	**–**	**–**	**1,574**	**(1,145)**	**(19)**	**410**
Issue of shares	476	18,037	–	–	–	–	–	–	18,513
Share-based payments	–	–	–	–	354	–	–	–	354
At 31 December 2007	**3,519**	**71,702**	**18,471**	**454**	**625**	**4,674**	**16,807**	**2,216**	**118,468**

Condensed consolidated cash flow statement

For the period 1 July to 31 December 2007

	6 months to 31 Dec 2007 $,000 Unaudited	6 months to 31 Dec 2006 $,000 Unaudited	Year to 30 June 2007 $,000 Unaudited[1]
Cash flows from operating activities			
(Loss)/profit for the period	(1,164)	20,169	27,970
Adjusted by:			
Depreciation of non-current assets	4,312	3,000	6,742
Discount on acquisition	–	(17,725)	(17,725)
Share-based payment expense	354	38	223
Loss/(profit) on sale of assets	180	–	(9,240)
Charge for environmental provision	361	–	592
Finance charge	590	–	–
Finance income	(324)	(83)	(350)
	4,309	**5,399**	**8,212**
Movements in working capital:			
(Increase)/decrease in inventories	(778)	(1,403)	(313)
(Increase)/decrease in trade and other receivables	(11,413)	5,831	1,960
Increase/(decrease) in trade and other payables	9,964	(13,358)	(12,148)
Net cash (used in)/generated by operating activities	**2,082**	**(3,531)**	**(2,289)**
Cash flows from investing activities			
Interest received	324	391	441
Payments for property, plant and equipment	(23,696)	(15,616)	(33,372)
Receipts from sales of property, plant and equipment	494	–	10,759
Purchase of shares in subsidiary	–	(20,000)	(20,000)
Net cash acquired in subsidiary undertaking	–	14,893	14,893
Payments to acquire investments – acquisition costs	–	(1,942)	(1,942)
Net cash used in investing activities	**(22,878)**	**(22,274)**	**(29,221)**
Cash flows from financing activities			
Proceeds from issue of equity shares	20,007	18,492	27,205
Associated costs of issue of equity shares	(1,494)	(349)	(1,237)
Financing of creditors compromise on acquisition	(2,683)	(2,281)	(3,057)
Interest paid	(590)	(91)	(91)
Advance payments for commodity contracts	(1,234)	–	–
Net cash generated by financing activities	**14,006**	**15,771**	**22,820**
Decrease in cash	**(6,790)**	**(10,034)**	**(8,690)**
Cash at beginning	12,076	18,842	18,842
Decrease in cash	(6,790)	(10,034)	(8,690)
Foreign exchange gains	(1,363)	1,659	1,924
Net cash and cash equivalents at end of the period	**3,923**	**10,467**	**12,076**
Cash at bank	7,292	10,467	13,280
Bank overdrafts	(3,369)	–	(1,204)
Cash and cash equivalents at end of the period	**3,923**	**10,467**	**12,076**

For the period 1 July to 31 December 2007

1. a. Basis of preparation

These interim condensed consolidated financial statements are for the six months ended 31 December 2007. They have been prepared in accordance with IAS 34 "Interim Financial Reporting" and the requirements of IFRS 1 "First-time Adoption of International Financial Reporting Standards" relevant to interim reports, because they are part of the period covered by the Group's first IFRS financial statements for the year ended 30 June 2008. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2007.

These financial statements have been prepared under the historical cost convention, except for revaluation of certain properties and financial instruments.

Weatherly International plc's consolidated financial statements were prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) until 30 June 2006. The date of transition to IFRS was 1 July 2006. The comparative figures in respect of 2006 have been restated to reflect changes in accounting policies as a result of adoption of IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in the reconciliation schedules, presented and explained in note 9.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these condensed consolidated interim financial statements.

The unaudited consolidated interim financial information is for the six-month period ended 31 December 2007. The financial information has been prepared in accordance with the accounting policies set out below which are based on the recognition and measurement principles of IFRS in issue as adopted by the European Union (EU) and are effective at 30 June 2008 or are expected to be adopted and effective at 30 June 2008, our first annual reporting date at which we are required to use IFRS accounting standards adopted by the EU. The interim financial information does not include all of the information required for full annual financial statements.

From 1 July 2006, the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its consolidated financial statements. Comparative financial information previously published under UK Generally Accepted Accounting Principles has been restated on an IFRS basis for the opening balance sheet as at 1 July 2006, interim accounts as at 31 December 2006, and for the year ended 30 June 2007. The change in the Group's reported performance and financial position on adopting IFRS is fully disclosed in these interim consolidated financial statements.

1. a. Basis of preparation continued

The interim financial information has not been audited nor has it been reviewed under ISRE 2410 of the Auditing Practices Board. The financial information set out in this interim report does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The Group's statutory financial statements for the year ended 30 June 2007 prepared under UK GAAP have been filed with the Registrar of Companies. The auditors' report on those financial statements was unqualified and did not contain a statement under Section 237(2) of the Companies Act 1985.

1. b. Nature of operations and general information

Weatherly International plc and subsidiaries' ("the Group's") principal activities include the sale of copper and other metals in the production of copper.

Weatherly International plc is the Group's ultimate parent company. It is incorporated and domiciled in Great Britain. The address of Weatherly International plc's registered office, which is also its principal place of business, is Marble Arch Tower, 55 Bryanston Street, London W1H 7AJ. Weatherly International plc's shares are listed on the Alternative Investment Market of the London Stock Exchange.

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

These consolidated condensed interim financial statements have been approved for issue by the Board of Directors on 28 March 2008.

2. First time adoption

The opening IFRS balance sheet as at the date of transition on 1 July 2006 has been prepared with regard to the measurement and recognition rules of IFRS 1 "First time adoption of International Financial Reporting Standards". The most significant optional exemptions adopted are as follows:

a) *IAS 21 The effects of foreign exchange differences*
Cumulative translation differences on foreign operations which existed at the time of the transition can be transferred into the retained earnings, and the foreign exchange reserve therefore shows only differences arising after transition (IFRS 1 "First time adoption of IFRS").

b) *IFRS 3 Business combinations*
Business combinations prior to the date of transition to IFRS need not be restated (IFRS 1 "First time adoption of IFRS"). Business combinations prior to the date of transition were dealt with by the purchase method of accounting.

c) *IFRS 2 Share-based payments*
IFRS 2 Share-based payments has not been applied to share options granted after 7 November 2002 but which had vested by 1 July 2006, the date of transition to IFRS.

3. Accounting policies

The principal accounting policies adopted by the Group in conformity with the IFRS standards in force at 30 June 2008 are set out below.

Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of over one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated on the date control ceases.

The Group uses the purchase method of accounting for the acquisition of a subsidiary. The cost of an acquisition is measured by the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

The condensed consolidated financial statements consolidate those of the Group and all of its subsidiaries drawn up to the balance sheet date.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated.

Foreign currency translation

a) *Functional and presentational currency*
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The company's functional currency and the Group's presentational currency is US dollars.

b) *Transactions and balances*
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting period-end of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

3. Accounting policies continued

c) Group companies

The results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet;
- Income and expenses for each income statement are translated at the rate of exchange at the transaction date and;
- On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to equity and as previously described, the Group has claimed the transitional exemption from retrospective application of IAS 21 "The effects of changes in foreign exchange rates". This means that equity will show any post-transition foreign exchange differences. Post-transition differences initially brought to equity are realised on the income statement on disposal of the business.

Revenue recognition

Revenue is the fair value of the total amount receivable by the Group in exchange for its performance and is recognised when the significant risks and rewards of ownership have passed to the buyer, usually on despatch of goods. VAT or similar local taxes and trade discounts are excluded.

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

Employee benefits

The cost of pensions in respect of the Group's pension scheme is charged to the income statement in the period in which it is incurred. The Group's pension scheme is a defined contribution scheme.

Intangible assets

Exploration and evaluation expenditure

Exploration and evaluation (E & E) expenditure costs comprise costs associated with the acquisition of mineral rights and mineral exploration and are capitalised as intangible assets pending determination of the feasibility of the project. They also include certain administrative costs that are allocated to the extent that those costs can be related directly to operational activities.

If an exploration project is deemed successful based on feasibility studies, the related expenditures are transferred to development and production (D & P) assets and amortised over the estimated life of the ore reserves on a unit of production basis. Where a project is abandoned or considered to be no longer economically viable, the related costs are written off in the income statement.

Goodwill

Goodwill is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised as an intangible asset and allocated to cash generating units (with separately identifiable cash flows) and is subject to impairment testing on an annual basis or more frequently if circumstances indicate that the asset may have been impaired. Negative goodwill is recognised immediately after acquisition in the income statement.

Property, plant and equipment

Non mining assets

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

Leasehold property	The shorter of the lease term or the life of the mine
Plant and machinery	5 to 15 years

Development and production expenditure

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

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

Development costs relating to major programmes at existing mines are capitalised. These costs consist primarily of expenditure to expand the capacity of the operating mine.

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

Impairment

For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

3. Accounting policies continued

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an indefinite useful life and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount of the asset or cash-generating unit. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Investment property

Investment properties are carried at fair value based on annual revaluation. The changes in fair value are charged to the income statement in the period in which they occur.

Inventories

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

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

Financial assets

Financial assets consist of cash and financial instruments. Financial assets are subdivided into trade receivables and fair value through profit and loss account. Financial assets are assigned to their different categories by management on initial recognition, depending on the purpose for which they were acquired.

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

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that a trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within administrative expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the income statement.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each balance sheet date, whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

Financial liabilities

The Group's financial liabilities include bank overdrafts and trade and other payables.

Financial liabilities are recognised when the Group becomes a party to the contractual agreements of the instrument. All interest-related charges are recognised as an expense in "finance costs" in the income statement.

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

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

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

3. Accounting policies continued

Dividends

Dividend distributions to shareholders are included when the dividends are approved by the shareholders' meeting.

Leases

The Group as a lessor
The Group provides equipment to its customers under operating leases, substantially all the risks and rewards of ownership being retained by the Group; the assets are stated at historical cost less depreciation. Provision for depreciation of all tangible assets of the Group is made in equal annual instalments over their estimated useful lives.

The Group as a lessee
Where the Group retains substantially all the risks and rewards of ownership of an asset subject to a lease, the lease is treated as a finance lease. Other leases are treated as operating leases.

Payments under operating leases are charged to the income statement on a straight-line basis over the lease term.

Income taxes

Current income tax assets and liabilities comprise those obligations to fiscal authorities in the countries in which the Group carries out its operations. They are calculated according to the tax rates and tax laws applicable to the fiscal period and the country to which they relate. All changes to current tax liabilities are recognised as a component of tax expense in the income statement or equity as appropriate.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amount of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity (such as the revaluation of land) in which case the related deferred tax is also charged or credited directly to equity.

Provisions

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

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

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

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

Share-based employee compensation

The Group operates equity-settled share-based compensation plans for remuneration of its employees.

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

All share-based compensation is ultimately recognised as an expense in profit and loss with a corresponding credit to a share-based payment reserve, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment to expense recognised in prior periods is made if fewer share options than originally estimated are ultimately exercised.

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

3. Accounting policies continued

Equity

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

4. Share issue

Shares issued for the period to 31 December 2007 may be summarised as follows:

6 months to 31 December 2007

	Number	US$
At 1 July 2007	356,146,555	75,633,035
Issue of shares	48,375,010	18,513,781
At 31 December 2007	404,521,565	94,146,81

6 months to 31 December 2006

	Number	US$
At 1 July 2006	230,904,593	36,459,275
Issue of shares	108,359,267	33,159,725
At 31 December 2006	339,263,860	69,619,000

Year to 30 June 2007

	Number	US$
At 1 July 2006	230,904,953	36,459,275
Issue of shares	125,241,602	39,173,760
At 30 June 2007	356,146,555	75,633,035

5. Earnings per share

	6 months to 31 Dec 2007 $,000 Unaudited	6 months to 31 Dec 2006 $,000 Unaudited	Year to 30 June 2007 $,000 Unaudited
(Loss)/profit for the period attributable to equity shareholders	(1,145)	20,002	27,371
	US cents per share	US cents per share	US cents per share
Basic (loss)/earnings per share	(0.29)	6.11	8.21
Diluted (loss)/earnings per share	(0.29)	6.01	8.14
	Shares	Shares	Shares
Issued ordinary shares at start of the period	356,146,555	230,904,593	230,904,953
Additions	48,375,010	108,359,267	125,245,962
Issued ordinary shares at end of the period	404,521,565	339,263,860	356,146,555
Weighted average number of shares in issue during the period	391,979,359	327,300,025	333,325,298
Dilutive effect of options in issue	8,196,042	5,763,822	3,082,894
Weighted average number of fully diluted shares in issue during the period	400,175,401	333,063,874	336,408,191

Where a loss has been incurred for the period, the diluted loss per share does not differ from the basic loss per share as the exercise of share options would have the effect of reducing the loss per share and is therefore not dilutive under the terms of IAS 33.

6. Tangible assets, additions and disposals

Consolidated	Investment properties	Freehold land & buildings	Plant and machinery	Development costs	Totals
	US$,000	US$,000	US$,000	US$,000	US$,000
Cost or valuation:					
At 1 July 2006	–	–	–	–	–
Acquisition of subsidiary undertaking	1,503	45,171	23,095	300	70,069
Additions	–	–	12,957	20,415	33,372
Disposals	–	–	(842)	(1,000)	(1,842)
Exchange adjustment	31	1,305	70	(18)	1,388
At 30 June 2007	1,534	46,476	35,280	19,697	102,987
Depreciation:					
At 1 July 2006	–	–	–	–	–
Provided during the year	–	(2,750)	(3,992)	–	(6,742)
Disposals	–	–	323	–	323
Exchange adjustment	–	(55)	(70)	–	(125)
At 30 June 2007	–	(2,805)	(3,739)	–	(6,544)
Net book value at 30 June 2007	1,534	43,671	31,541	19,697	96,443
Net book value at 1 July 2006	–	–	–	–	–

Consolidated	Investment properties	Freehold land & buildings	Plant and machinery	Development costs	Totals
	US$,000	US$,000	US$,000	US$,000	US$,000
Cost or valuation:					
At 1 July 2006	–	–	–	–	–
Acquisition of subsidiary undertaking	1,503	45,171	23,095	300	70,069
Additions	–	–	6,063	9,553	15,616
Disposals	–	–	–	–	–
Exchange adjustment	36	–	–	–	36
At 31 December 2006	1,539	45,171	29,158	9,853	85,721
Depreciation:					
At 1 July 2006	–	–	–	–	–
Provided during the year	–	(1,375)	(1,625)	–	(3,000)
Disposals	–	–	–	–	–
Exchange adjustment	–	(8)	(5)	–	(13)
At 31 December 2006	–	(1,383)	(1,630)	–	(3,013)
Net book value at 31 December 2006	1,539	43,788	27,528	9,853	82,708
Net book value at 1 July 2006	–	–	–	–	-

Consolidated	Investment properties	Freehold land & buildings	Plant and machinery	Development costs	Totals
	US$,000	US$,000	US$,000	US$,000	US$,000
Cost or valuation:					
At 1 July 2007	1,534	46,476	35,280	19,697	102,987
Additions	–	122	5,649	16,851	22,622
Disposals	–	–	(180)	–	(180)
Exchange adjustment	69	1,974	1,338	492	3,873
At 31 December 2007	1,603	48,572	42,087	37,040	129,302
Depreciation:					
At 1 July 2007	–	(2,805)	(3,739)	–	(6,544)
Provided during the year	(46)	(1,437)	(2,875)	–	(4,358)
Disposals	–	–	–	–	–
Exchange adjustment	(1)	(34)	(67)	–	(102)
At 31 December 2007	(47)	(4,276)	(6,681)	–	(11,004)
Net book value at 31 December 2007	1,556	44,296	35,406	37,040	118,298
Net book value at 1 July 2007	1,534	43,671	31,541	19,697	96,443

7. Intangible assets, additions and disposals

	Mining licences
	US$,000
Carrying amount at 1 July 2007	6,175
Carrying amount at 31 December 2007	**6,175**

	US$,000
Carrying amount at 1 July 2006	7,010
Amortisation	(349)
Carrying amount at 31 December 2006	**6,661**

	US$,000
Carrying amount at 1 July 2006	7,010
Amortisation	(835)
Carrying amount at 30 June 2007	**6,175**

8. Business combination

On 19 July 2006, following approval from both Ongopolo and Weatherly, the company completed the purchase of a 97% stake in Ongopolo for consideration of US$35.16 million (including US$2.41m costs), consisting of a cash component and an issue of 47,050,256 new ordinary shares (at 14.75p per share) to the secured creditors of Ongopolo who had exchanged their debt for equity in Ongopolo. The purchase of Ongopolo has been accounted for by the acquisition method of accounting. Advantage has been taken of Section 131 of the Companies Act 1985 on merger relief in respect of the premium on the issue of shares to finance the acquisition.

The acquired assets and liabilities of Ongopolo were as follows:

	Book value	Fair value adjustments[1]	Cash subscribed on acquisition[2]	Effect of 3rd party settlements[3]	Creditors agreements[4]	Fair value
	US$,000	US$,000	US$,000	US$,000	US$,000	US$,000
Non-current assets						
Property plant and equipment	15,869	52,697	–	–	–	68,566
Investment property	–	1,503	–	–	–	1,503
Current assets						
Inventories	1,191	–	–	–	–	1,191
Trade and other receivables	6,713	–	–	–	–	6,713
Bank and cash	805	–	15,743	–	–	16,548
Total assets	24,578	54,200	15,743	–	–	94,521
Non-current liabilities						
Bank loans	(54,689)	–	–	53,034	–	(1,655)
Trade and other payables	(33,511)	–	–	–	8,635	(24,876)
Other creditors	(4,026)	3,057	–	(8,930)	–	(9,899)
Provisions	(3,569)	–	–	–	–	(3,569)
Total liabilities	(95,795)	3,057	–	44,104	8,635	(39,999)
Net assets	(71,217)	57,257	15,743	44,104	8,635	54,522
Total consideration						35,161
Discount on acquisition*						(19,361)
Eliminate minority interest 3%						1,636
Discount on acquisition attributable to Weatherly International plc						(17,725)

* Discount on acquisition (formally negative goodwill under UK GAAP) arose as a result of the fair value of the net assets acquired being greater than the fair value of the purchase consideration paid which is accounted for under IFRS3, Business Combinations. The effect on transition to IFRS is that the discount on acquisition is credited to retained earnings for the 6 months ended 31 December 2006 and year ended 30 June 2007.

[1] **Fair value adjustments:** Land and buildings were fair valued using a professional value and plant and equipment was fair valued on the basis of value in use. The amount shown as property, plant and equipment was further adjusted by an impairment that related to the year ending 30 June 2006 and an amount of fair value allocated to the sale of lease 1496.

[2] **Cash subscribed to on acquisition:** Bank and cash adjusted by the amount subscribed for shares on acquisition, reduced by the interest payable on acquisition. The cash was retained in Ongopolo less the minority interest.

[3] **Effect of third party settlements:** Loans settled with Standard Bank, Bank Windhoek and the Government of Namibia.

[4] **Creditor agreements:** Waiver of tax penalties previously accrued and the discount on settlement under creditors' voluntary arrangement.

Satisfied by:	19 July 2006 US$,000
Issue of shares	12,752
Transaction costs	2,409
Cash	20,000
Total consideration	35,161

During the period from 1 July 2006 to the acquisition date of 19 July 2006, the operating loss of Ongopolo was not material. However, transactions occurred that related to the pre-acquisition results were as follows:

	19 July 2006 US$,000
Waiver of tax penalties previously accrued	4,803
Discounting of settlement under creditors' voluntary arrangement	3,832
Impairment of development costs	(700)
Interest on settlement of hire purchase lease on acquisition	(485)
Total pre-acquisition profits	7,450

The amounts were adjusted in arriving at the fair value of the liabilities acquired.

The business combination resulting in an adjustment under IFRS and has been shown in Note 9 Transition to IFRS. The result of this acquisition under the IFRS impacted the 6 month periods ended 31 December 2006 and year ended 30 June 2007.

9. Transition to IFRS

With effect from 1 July 2006 the Group has adopted International Financial Reporting Standards (IFRS) in the preparation of its financial statements.

The main items contributing to the change in financial information compared with that reported under UK GAAP as at the transition date are shown below:

a) IAS 21 The effects of changes in foreign exchange rates

Under UK GAAP the Group reported differences in exchange rates on consolidation within retained earnings. Under IFRS the Group has claimed the exemption from retrospective application of IAS 21 and is now required to show all post-transition differences on consolidation as a separate item within equity.

b) IFRS 3 Business combinations

Business combinations prior to the date of transition to IFRS need not be restated (IFRS 1 First time adoption of IFRS). Positive goodwill is no longer amortised and is subject to regular impairment testing. Negative goodwill is credited to the income statement in the period in which it occurs.

c) IFRS 2 Share based payments

IFRS 2 Share-based payments has not been applied to share options granted after 7 November 2002 but which had vested by 1 July 2006.

d) IAS 40 Investment property

Under UK GAAP revaluations of Investment property were reflected in equity through a revaluation reserve. Under IFRS they are carried at fair value with gains and losses through the income statement. This has not impacted earlier periods as the properties were acquired in July 2006 and their values did not materially change in the period to 30 June 2007 or 31 December 2007.

Detailed reconciliations between UK GAAP and IFRS of both equity and loss are shown on the following pages:

Reconciliation of equity as at 1 July 2006

	UK GAAP $,000	IFRS Adjustment $,000	IFRS $,000
Assets			
Non-current assets			
Intangible assets (exploration licences)	6,175	–	6,175
Investments	467	–	467
Total non-current assets	6,642	–	6,642
Current assets			
Trade and other receivables	3,740	–	3,740
Cash and cash equivalents	18,842	–	18,842
Total current assets	22,582	–	22,582
Current liabilities			
Trade and other payables	(1,682)	–	(1,682)
Total current liabilities	(1,682)	–	(1,682)
Net assets	**27,542**	**–**	**27,542**
Equity			
Issued capital	2,779	–	2,779
Share premium	27,983	–	27,983
Merger reserve	6,151	–	6,151
Share-based payment reserve	48	–	48
Retained earnings	(9,419)	–	(9,419)
Equity attributable to equity holders of the parent	27,542	–	27,542
Total equity	**27,542**	**–**	**27,542**

9. Transition to IFRS continued

Reconciliation of equity as at 31 December 2006

	UK GAAP[1] $,000	IFRS 3 Adjustment[2] $,000	IFRS 3 Adjustment $,000	IFRS $,000
Assets				
Non-current assets				
Property, plant and equipment	29,093	52,076	–	81,169
Intangible assets	49,065	(58,241)	15,837	6,661
Investment property	1,539	–	–	1,539
Total non-current assets	79,697	(6,165)	15,837	89,369
Current assets				
Inventories	2,590	–	–	2,590
Trade and other receivables	4,607	–	–	4,607
Cash and cash equivalents	10,952	(485)	–	10,467
Total current assets	18,149	(485)	–	17,664
Current liabilities				
Trade and other payables	(18,589)	8,642	–	(9,947)
Total current liabilities	(18,589)	8,642	–	(9,947)
Non-current liabilities				
Trade and other payables	(10,029)	–	–	(10,029)
Provision for liabilities and charges	(3,968)	–	–	(3,968)
Total non-current liabilities	(13,997)	–	–	(13,997)
Net assets	**65,260**	**1,992**	**15,837**	**83,089**
Equity				
Issued capital	2,874	–	–	2,874
Share premium	46,608	1,212	–	47,820
Merger reserve	18,471	–	–	18,471
Capital redemption reserve	454	–	–	454
Share-based payment reserve	86	–	–	86
Foreign exchange reserve	–	998	–	998
Retained earnings	(3,159)	(2,095)	15,837	10,583
Equity attributable to shareholders of the parent entity	65,334	115	15,837	81,286
Minority interests	(74)	1,877	–	1,803
Total equity	**65,260**	**1,992**	**15,837**	**83,089**

[1] Fair value adjustment on acquisition: previous information at 31 December 2006 did not include fair value adjustments which resulted from a valuation of plant and equipment, subsequent to 31 December 2006. In addition there were amendments relating to third party settlements and creditor agreements, which were fair valued on acquisition per IFRS 3.

[2] Discount on acquisition: under UK GAAP the discount on acquisition was previously termed 'negative goodwill' and was allocated under intangible assets. Under IFRS 3 the discount on acquisition must be recognised in the profit and loss account.

Reconciliation of equity as at 30 June 2007

	UK GAAP $,000	IFRS 3 Adjustment[1] $,000	IFRS $,000
Assets			
Non-current assets			
Property, plant and equipment	94,909	–	94,909
Negative goodwill	(14,952)	14,952	–
Intangible assets (exploration licenses)	6,175	–	6,175
Investment properties	1,534	–	1,534
Total non-current assets	87,666	14,952	102,618
Current assets			
Inventories	1,504	–	1,504
Trade and other receivables	8,493	–	8,493
Cash and cash equivalents	13,280	–	13,280
Total current assets	23,277	–	23,277
Current liabilities			
Trade and other payables	(16,550)	–	(16,550)
Bank overdrafts	(1,204)	–	(1,204)
Total current liabilities	(17,754)	–	(17,754)
Non-current liabilities			
Trade and other payables	(4,702)	–	(4,702)
Provision for liabilities and charges	(4,248)	–	(4,248)
Total non-current liabilities	(8,950)	–	(8,950)
Net assets	**84,239**	**14,952**	**99,191**
Equity			
Issued capital	3,043	–	3,043
Share premium	53,665	–	53,665
Merger reserve	18,471	–	18,471
Capital redemption reserve	454	–	454
Share-based payment reserve	271	–	271
Foreign exchange reserve	3,100	–	3,100
Retained earnings	3,000	14,952	17,952
Equity attributable to shareholders of the parent entity	82,004	14,952	96,956
Minority interests	2,235	–	2,235
Total equity	**84,239**	**14,952**	**99,191**

[1] Discount on acquisition: under UK GAAP the discount on acquisition was previously termed 'negative goodwill' and was allocated under intangible assets. Under IFRS 3 the discount on acquisition must be recognised in the profit and loss account.

9. Transition to IFRS continued

Reconciliation of profit for the six months ended 31 December 2006

	UK GAAP $,000	IFRS 3 Adjustment[1] $,000	IFRS 3 Adjustment[2] $,000	IFRS $,000
Revenue	31,182	–	–	31,182
Cost of sales	(25,034)	–	–	(25,034)
Gross profit	**6,148**	**–**	**–**	**6,148**
Administrative expenses	(5,230)	1,839	(1,888)	(5,279)
Other operating income	1,492	–	–	1,492
Discount on acquisition	–	–	17,725	17,725
Operating profit	**2,410**	**1,839**	**15,837**	**20,086**
Finance income	83	–	–	83
Profit before taxation	**2,493**	**1,839**	**15,837**	**20,169**
Taxation	–	–	–	–
Profit for the period after tax	**2,493**	**1,839**	**15,837**	**20,169**
Allocated as follows:				
Profit attributable to shareholders of parent entity	2,326	1,839	15,837	20,002
Minority interest	167	–	–	167
Total profit	**2,493**	**1,839**	**15,837**	**20,169**

[1] Fair value adjustment on acquisition: previous information at 31 December 2006 did not include fair value adjustments which resulted from a valuation of plant and equipment, subsequent to 31 December 2006. In addition there were amendments relating to third party settlements and creditor agreements, which were fair valued on acquisition per IFRS 3.

[2] Discount on acquisition: under UK GAAP the discount on acquisition was previously termed 'negative goodwill' and was allocated under intangible assets. Under IFRS 3 the discount on acquisition must be recognised in the profit and loss account.

Reconciliation of profit for the year ended 30 June 2007

	UK GAAP $,000	IFRS 3 Adjustment [1] $,000	IFRS $,000
Revenue	63,158	–	63,158
Cost of sales	(53,453)	–	(53,453)
Gross profit	**9,705**	**–**	**9,705**
Administrative expenses	(7,583)	(2,773)	(10,356)
Other operating income	1,608	–	1,608
Discount on acquisition	–	17,725	17,725
Profit on sale of assets	9,530	–	9,530
Operating profit	**13,260**	**14,952**	**28,212**
Finance income	350	–	350
Finance expense – charge for environmental provision	(592)	–	(592)
Profit before taxation	13,018	14,952	27,970
Taxation	–	–	–
Profit for the period after tax	**13,018**	**14,952**	**27,970**
Allocated as follows:			
Profit attributable to shareholders of parent entity	12,419	14,952	27,371
Minority interest	599	–	599
Total profit	**13,018**	**14,952**	**27,970**

[1] Discount on acquisition: under UK GAAP the discount on acquisition was previously termed 'negative goodwill' and was allocated under intangible assets. Under IFRS 3 the discount on acquisition must be recognised in the profit and loss account.

Cash flow

The transition to IFRS has resulted in changes being made to the cash flow statement.

The definition of cash under UK GAAP is narrower than under IFRS, where highly liquid investments that are readily convertible to a known amount of cash and with an insignificant risk of a change in value are regarded as cash equivalents.

Under UK GAAP, payments to acquire property, plant and equipment were classified as part of "Capital expenditure and financial investment"; under IFRS, such payments have been reclassified as part of "Investing activities".

There are no other material differences between the cash flow statement presented under IFRS and that presented under UK GAAP.

10. Impairment review of Kombat operation

Property, plant and equipment includes $21.27 million in respect of the development costs at Kombat at 31 December 2007 (see note 11 below). Following the suspension of operations at Kombat, Weatherly's management undertook an impairment review and concluded no write-down was needed of this amount.

The recoverable amount for this cash-generating unit was calculated as $21.37 million and was determined based on forecast value-in-use calculations once the development of Kombat is completed. The projections covered a detailed four-year forecast, followed by an extrapolation of expected cash flows based on JORC-compliant mine model. The discount rate used is 13%.

Weatherly management's key assumptions for the unit include stable copper prices estimated at $7,000 per tonne, which is in line with the current commodity price. Weatherly's management believe that this is the best available input for forecasting this market.

Apart from the considerations described in determining the value in use of the cash generating units described above, the management of Weatherly is not currently aware of any other probable changes that would necessitate changes in its key estimates.

11. Post balance sheet events

- Operational update on Kombat

  Following an extensive review of the company's operations in the Otavi Valley, where dewatering activity at the Kombat mine was disrupted by a series of electricity outages during the reporting period, Weatherly suspended the dewatering programme and is currently in discussion with the Namibian Government, Nampower and Namwater to implement a dependable power and water plan for the region. Provided that a suitable and sustainable solution is identified the company currently expects to resume operations at Kombat.

  The suspension resulted in an impairment test under IAS 36, which concluded that the amount being carried in the accounts relating to Kombat was recoverable and accordingly no impairment loss has been made.

- Long-term supply agreement to smelt copper concentrates

  In January 2008, the company signed a long-term copper concentrate supply agreement with Louis Dreyfus Commodities. Under the agreement, Weatherly will purchase and process up to 50,000 tonnes per annum of Peruvian copper concentrate at its Tsumeb smelter for an initial three-year term. The first shipment of copper concentrate is due to be delivered in the second quarter of 2008.

- Sale of non-core assets

  In February 2008, the company announced the sale of its blast furnace and reverb slag dumps to Emerging Metals Limited (EML) for a total consideration worth approximately £5.7 million, payable in two tranches over 24 months in cash, shares and options in EML.

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