



30 July 2010

('The Weather Lottery', 'TWL' or the 'Company')

Placing & Updates

The Weather Lottery plc (AIM: TWL) is pleased to announce that it has today placed 53,333,334 new ordinary shares of 0.1p each ("Ordinary Shares") at a price of 0.3p per share (the "Placing"). The Placing has raised gross proceeds of £160,000 for the Company, which will be used to finance the provision of in-stadia betting services to football clubs and for other working capital purposes. An application has been made for the new Ordinary Shares, which rank pari passu with the Company's existing issued Ordinary Shares, to be admitted to trading on AIM and it is expected that dealings will commence on 4 August 2010. Following the Placing, the Company's issued share capital will consist of 185,971,405 Ordinary Shares.

In January 2010 the new Board of TWL prepared the Company for a two stage fundraising: an initial £100,000 at 0.3p to provide additional working capital was completed in May; the second stage is to provide the capital necessary to expand the Company into the on-line gaming sector under its new brand FC Betz.com, which together with its new lottery brand FC Lotto, enables the company to offer, almost uniquely, a combined gaming and lottery product to its targeted football club market.

Meetings with prospective investors took place in June and early July on the basis of an investment at the price of 0.3p again, which was around the bid price of the shares in the market at that time. In addition to the Placing, the major shareholders Jeffrey Williams and John Botros have given irrevocable undertakings to subscribe or procure subscribers for shares at 0.3p to raise £70,000 (seventy thousand pounds) each within 30 working days. The gross proceeds of the Placing, together with those that will be available under the irrevocable undertakings, will amount to £300,000 in total and complete the second stage of the fundraising.

Following the Placing, Rock (Nominees) Limited will hold 16,666,667 Ordinary Shares (8.96% of the Enlarged Share Capital), MCI Services Limited will hold 13,333,333 Ordinary Shares (7.17% of the Enlarged Share Capital) and SVS Securities plc will hold 20,261,718 Ordinary Shares (10.90% of the Enlarged Share Capital).

Keith Milhench has agreed to subscribe for 1,666,667 new Ordinary Shares under the Placing bringing his total interest to 9,666,667 shares representing 5.20 per cent. of the Company's enlarged issued ordinary share capital. The independent directors (being Lord Razzall, Andy Moore and Ross White), having consulted with the Company's nominated adviser, believe that the terms of the subscriptions by Mr Milhench and SVS Securities plc and of the potential subscriptions by Messrs. Williams and Botros, are fair and reasonable insofar as shareholders are concerned. Mr Williams is a director of the Company's subsidiary, Chameleon Limited and Mr Botros is the Company Secretary for the Company and its subsidiaries.

The Weather Lottery's Chairman, Lord Razzall, said:

"We are delighted in the confidence that investors have shown in our plans and look forward to our expansion into the football sector delivering attractive returns for shareholders."

Updates:

Since the board and management changes earlier this year, the Directors believe that the core TWL business has been stabilised and is now poised for growth. The Company's management team has been strengthened, with individuals who bring relevant contacts and sector experience to TWL. A core lottery development programme has been commenced and discussion with high profile clients is ongoing.

The Directors believe that they have identified an opportunity to substantially grow the Company's income stream from lotteries without unduly increasing overheads and intend to expand the Company's activities into gaming as well as lotteries to create an internet-based online gaming group encompassing the current core business, which will be branded 'FCBetz.com' ("FCBetz"). The Company plans for FCBetz to relocate to the Isle of Man, which is currently more tax efficient for Sports and Betting Tax, with a prevailing rate of taxation of 2%, versus the equivalent rate of 15% for the UK. An application for an Isle of Man Gaming License has been commenced by the Company. The Company's CEO, Keith Milhench, will also be relocating.

Additionally, the Company has agreed the terms of a sub-license with an established gaming software provider, which the Directors believe has a proven track record, to provide all online gambling services including sportsbook, casino and poker under the FCBetz brand. Gaming revenues are expected to commence in the current quarter. The Board also proposes to pursue mobile gaming revenue via an affiliate agreement.

In addition to those three already announced, negotiations continue with certain Premiership and Championship Football Clubs to become their "Betting Partner". The Directors believe that the football clubs' fan base and footprint will provide access to a broad demographic user group with an appetite for online gambling with the potential for significant incremental revenues and margins, through multi-year contracts with established football clubs. The Board believes that average annual revenues, over three years, of approximately £300,000 per football club could be achieved, although there will be variations between clubs. The Board has a minimum target of 10 clubs within the next three years, inclusive of those already announced.

In order to take advantage of these opportunities, the Company is strengthening its management team with the appointment of Ian Smith as Head of Club Fulfilment. Mr Smith is an experienced commercial manager, who was previously with two football clubs, with relevant media/marketing skills to drive activity at the contracted football clubs.

The Board believes that there is potential for a significant increase in revenue from a new "football lottery" developed, created and owned by TWL and early development discussions have been held with The Football League about the possible rollout of this "football lottery" to their 82 Clubs in UK. The Board believes that lottery revenue from these activities could be increased by a minimum of 50% over revenue from current activities.

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