BUILDING FUTURE CAPACITY

WEATHERLY
INTERNATIONAL PLC

ANNUAL REPORT 2014

Contents

Tschudi fully funded, first copper production by the second quarter 2015 and will be producing 17,000 tpa when at full capacity

Two operating copper mines which are self-funding with additional upside identified

Creating Jobs for Namibia

HIGHLIGHTS

Financial

- Tschudi fully funded during the year.
- Tschudi on budget, on time and expected to be in production second quarter 2015.
- US$4.6m raised from equity placements in the year.
- Orion Mine Finance Tranche A loan reduced by US$2.5m in the year.

Operational

- Central Operations moved to owner mining from contractor mining reducing costs with increased capacity.
- Central Operations remains self funding in a difficult trading environment.
- Mobile equipment fleet overhauled and renewed during the year.

Over 5,000 tonnes of copper produced in 2014

Tschudi in production 2nd quarter 2015

Tschudi will add over 17,000 tonnes of copper annually

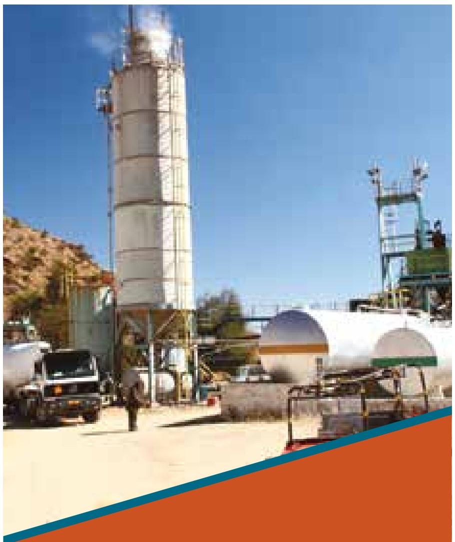
OUR ASSETS

Weatherly's Central Operations, Matchless and Otjihase, reopened in 2011 and produced 5086 tonnes in financial year 2014 with the highest production being seen in the final quarter. These established mines are cashflow positive and continue to increase in production whilst there has been a decline in sustaining costs due to the recent implemented initiatives. The plan is to progressively increase production to a rate of 7,000t of copper per annum. Management is also planning for the regional consolidation of other mines in the Otjihase region.

UNDERGROUND COPPER MINES

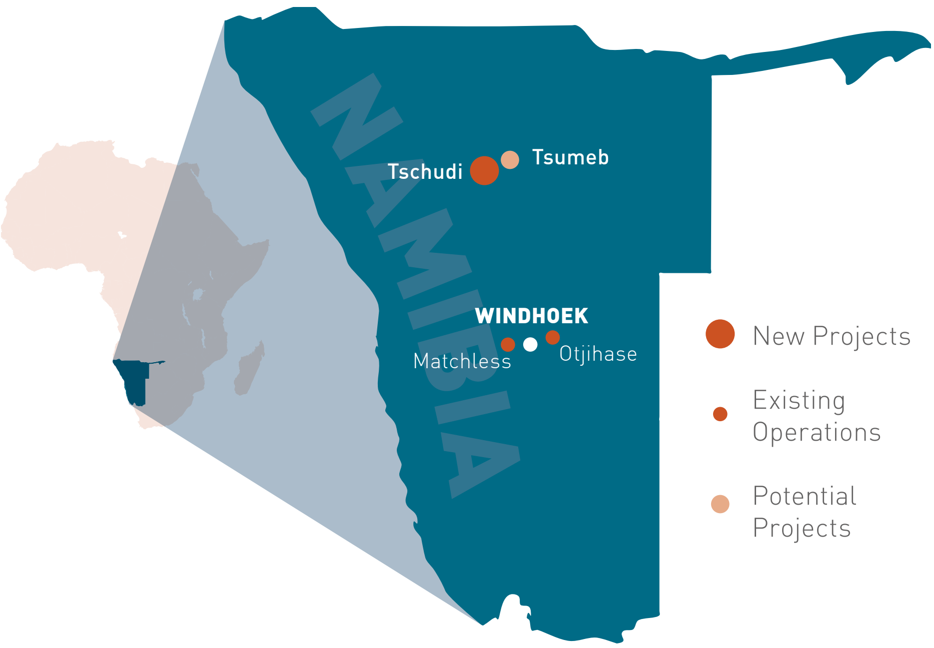
Weatherly's Open Pit Mine project at Tschudi is fully funded with production expected in the second quarter of 2015. Tschudi has a mine life of 11 years and a confirmed JORC ore reserve of 22.7 million tonnes of ore at a grade of 0.95% copper. Tschudi will produce approximately 17,000 tonnes per annum when at full capacity.

TSCHUDI



Weatherly has two projects on granted Mining Licences, Tsumeb West and Tsumeb Tailings, and the prospect area EPL 132A. Weatherly has also strategically invested 25% in the AIM listed China Africa Resources which is currently focused on the development of the lead/zinc project at Berg Aukas in Northern Nambia, estimated to produce 250,000 tonnes of both lead and zinc over 10 years.

OTHER PROJECTS



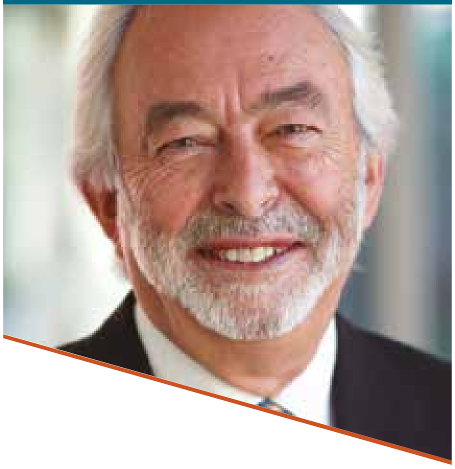
Projects

Weatherly's producing mines, Matchless and Otjihase, are conveniently located near the capital Windhoek which allows for easy transport links.

The development projects, Tschudi and the Tsumeb West and Tailings, have a strategic proximity to the town of Tsumeb, known locally as the 'gateway to the north' of Namibia.

CHAIRMAN'S STATEMENT

JOHN BRYANT
Non-Executive Chairman



Overview

In a pivotal year, we have made significant progress towards bringing our Tschudi operation into production. I want to be extremely clear to our investors, customers and staff about the significance of Tschudi. Once in operation, it will transform the performance of Weatherly and, at the time of writing, we are ahead of schedule and looking forward to Tschudi producing its first copper in the second quarter of 2015.

As well as our 'on the ground' progress we should not overlook the significant achievement of delivering the successful funding of the Tschudi project. We used operating and 'build own operate' (BOO) contracts to both reduce the capital requirement and minimise our own operational risk and then funded the remainder entirely through a debt facility of US$88m from Orion.

This funding arrangement was a significant achievement for a company with a market capitalisation (at the time) of around US$20m and I should like to pay tribute to our CEO Rod Webster and his team for a job very well done. Looking to the future, and once Tschudi is up and running, your Board will examine the possibilities of developing some of the potential copper deposits in the Windhoek area; we believe these may offer us an excellent opportunity to make the most of our Concentrator's idle capacity.

We should also note the benefits of operating in Namibia. The internationally-respected Fraser Institute (which ranks countries according to their disposition towards mining companies) says that Namibia is one of the top three countries in Africa. The country is a stable multi-party democracy with a long-established Mining Act and we can be very proud that, during our eight years in the country, Weatherly has developed strong relationships with all our stakeholders.

Once Tschudi is in operation it will transform the performance of Weatherly

STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

Financial Performance

While copper output and costs were largely unchanged from the previous year, copper prices declined by some 15% further reducing already tight margins. Despite this, the operations remained cashflow positive throughout and were able to meet all ongoing capital and debt repayments. To reduce costs and restore margins in a lower copper price environment, the Company undertook a radical overhaul of its operations aimed at boosting productivity in the second half of the year. Unfortunately, this year investors will only see the costs of these changes while the benefits will accrue in the following year. However, the changes we have introduced should help us take Central Operations closer towards our goal of 7,000 tonnes of copper per year and in doing so restore profitability.

To further improve the Company's cash position, two equity placements totalling $4.6m were made during the year, the second tranche at a significant premium to the prevailing share price.

The Board remains confident about the long-term prospects of copper. Countries around the world will continue the now established trend of urbanisation and, in so doing, will continue to drive demand for copper and its applications in wire, cables, electronics and electric motors. Global copper production is currently running at around 17 million tonnes per year. Worldwide, consumption of copper over the next 24 years is predicted to exceed all of the copper ever mined!

Management

On 31 December 2013 Max Herbert retired as Company Secretary after five years of excellent service. The Board's thanks go to Max and we wish him every success in the future. The Company Secretary duties have now been taken over by our Chief Financial Officer, Kevin Ellis. I would like to thank all of Team Namibia where our local Board and strong management group continue to work diligently to take the Company into its exciting next phase.

China Africa Resources

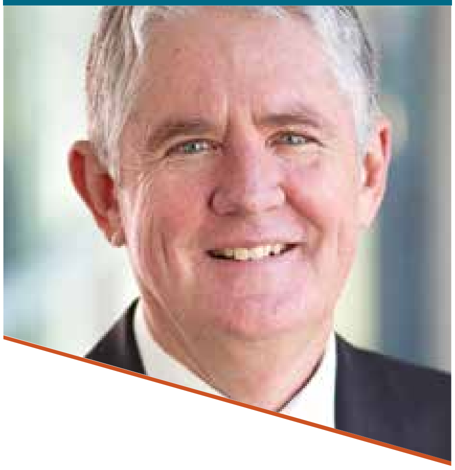
During the year, China Africa Resources plc, in which Weatherly holds a 25% stake, completed a pre-feasibility study for the development of the Berg Aukas lead/zinc mine, also in Namibia. The pre-feasibility study conclusions were that a mine would be viable and that the Company should proceed with the next stage of development.

Finally, it just remains for me to thank all our shareholders for their support during the year. I hope you will share the Board's confidence as we look towards the next 12 months and the successes it should bring.

John Bryant
Chairman
6 October 2014

CHIEF EXECUTIVE'S STATEMENT

ROD WEBSTER
Chief Executive Officer



"Seeing the first ore in the pit at Tschudi brings home how close we are to realising a new mine"

This has been a year of significant progress for the Company as we developed our assets in Namibia; at Tschudi we moved ever closer to production while the performance of our two producing copper mines at Otjihase and Matchless, known as our 'Central Operations', has been enhanced as a result of the changes we introduced.

These assets will take Weatherly one step closer to achieving its medium-term goal of establishing a business producing approximately 25,000 tonnes of copper annually. The development of Tschudi will help us deliver this as we work towards its first production of copper during the second quarter of 2015.

Financial

In the year revenues were down from US$35.6m to US$32.2m. Actual contained copper tonnes shipped rose from 4,485 tonnes to 4,590 tonnes but the average sales price went down from US$8,273 per tonne to US$7,397 per tonne. While this was a reduction on the previous year we benefitted from copper hedges as the average spot price over the period was US$7,014 per tonne.

As the copper price has reduced the Board has chosen to run down its hedges and the Company is now unhedged on both commodity price and currency. The Board regularly reviews this policy.

The lower copper prices received reduced the gross profit to US$0.6m compared with US$4.4m in the previous year resulting in an overall loss of US$5.7m compared with US$1.6m in the previous year.

Production costs in Namibia were on a similar level year-on-year. The C1 cost for the year was US$6,729/tonne (2013, US$6,532) Costs outside Namibia were reduced from US$2.6m to US$2.1m.

At the end of the year, inventory with a sales value of US$8.8m was still awaiting shipment compared to US$5.4m at the previous year end. We only record a sale when the concentrate is aboard ship although the sales price is agreed when the concentrate reaches Walvis Bay, the port in Namibia, and our off-taker pays us a loan equivalent to 95% of the agreed sales price. This is netted against the sales revenue due when the ship departs port.

Working capital increased from US$18.5m to US$23.2m during the year. Inventory increased due to stock at Walvis Bay while cash increased predominately as a result of cash holdings on the Tschudi project. If this is excluded, year-on-year cash was similar on a like-for-like basis.

During the year we raised US$4.6m net of expenses from equity raises. In December we raised US$1.7m from a placement to shareholders at 3p per share and in June, Logiman, the project manager of the Tschudi project, invested US$2.9m at 3.95p per share.

In November 2013 we received our first drawdown against our loan with Orion Mine Finance to build the capital infrastructure for the Tschudi project. The Tschudi project loan is for US$80m with a US$8m over run facility (Tranche C). At year end we had drawn down US$47.8m of the facility and invested US$44.0m into the project.

Orion Mine Finance also assumed the existing loan from Louis Dreyfus which stood at US$3.9m at 30 June 2013. This loan has been reduced during the year by US$2.5m to US$1.4m at year end.

Central Operations

The output from our two underground mines for the year was 5,086 tonnes of copper (2013, 5,182 tonnes) and this is summarised in the table below:

	2013/14	2012/13
Ore Treated (t)	290,081	299,680
Grade (%)	1.88	1.86
Recovery (%)	93.11	93.10
Copper Concentrate (t)	20,994	22,477
Copper Contained (t)	5,086	5,182

The Company's annual production of 5,086 tonnes was similar to last year despite a concerted effort to boost production in the second half of the year. Production in our final quarter (the three months ending 30 June 2014) of 1,507 tonnes was the highest achieved to date since the mines were reopened in 2011. This performance would equate to an annualised rate of over 6,000 tonnes of copper.

The Company's unit cash cost (C1) for the year was US$ US$6,729/tonne. Once again, I would draw shareholders' attention to the final quarter of the year when we achieved the lowest cost level for the last two years. Management believes that the improvements highlighted below should help us take Central Operations towards our target production of 7,000 tonnes of copper per year.

Increasing Efficiency at Central Operations

It had become clear to your management that Central Operations was not sustainable unless productivity was improved and costs reduced and that we had to effect major changes to achieve this. This was done by targeting three specific areas, manning levels and skill requirements, equipment and reliability and mining methods.

Manning and Skills

The first step was to bring the mining functions in house where we would have more control over performance and safety. The changeover from contract mining to owner mining went well and resulted in a 67% productivity increase. It also provided the opportunity to reduce management layers and establish better discipline and accountability throughout the organisation. The Company is now working on restructuring salaries to incorporate a larger productivity-based component which is also linked to increased training and certification. Plans are underway to open a mining school based around the development heading to Hoffnung Fault West. Skills development remains the single most important building block in improving productivity on a sustainable basis.

Mobile Equipment Reliability

Much of the equipment used to reopen the mines in 2010 was rebuilt at the time and, four years on, had become increasingly difficult and costly to maintain, especially in an environment where maintenance skills are at a premium. The Company's response has been to invest heavily in key new equipment and in this respect the Company added three new trucks, two new scoops and a rebuilt drill jumbo during the latter part of the year. Accompanying this has been a programme of rationalising and rebuilding the remaining equipment to optimise the fleet.

A number of expatriate mechanics were employed on a temporary basis to help train and improve maintenance practices at both underground mines. Training


Dina


TEREX

modules are being developed for all heavy mobile equipment and will form the basis of an ongoing in-house programme to train and certify our employees.

Mining Methods

Significant changes to the mining methods at both mines are an important part of the overall strategy to improve productivity. At Otjihase, the plan is to move from costly and complicated pillar recovery to primary mining. A new area known as Hoffnung Fault West, has been accessed and the first ore, albeit low grade fringe material, was mined during the last quarter of the year. This is expected to gradually ramp up both in tonnes and grade as more working faces are established. In the meantime considerable effort has gone into steamlining the pillar recovery activities which are now retreating updip eliminating many of the issues relating to pumping, backfill and support. While the plan is to phase out the pillar recovery as soon as possible, it will still remain the major source of ore for at least the first half of 2015.

At Matchless, the focus during the year was on improving the open stoping method which was introduced to replace the cut and fill method that has traditionally been used. Despite initial difficulties during the changeover, the benefits were demonstrated in the last quarter with significant gains in the production and lower levels of grade dilution.

We believe that the combination of these improvements will enable the Central Operations to operate profitably in the future.

Tschudi

The developments at Tschudi are key to the future of the Company and will help us grow into the '25,000 tonne producer' we aspire to be. Tschudi will transform the Company by adding 17,000 tonnes of copper cathode to existing production from Central Operations; the project is on schedule to deliver its first copper in the second quarter of 2015.

So significant is the progress that we have dedicated a separate section to Tschudi in this report.

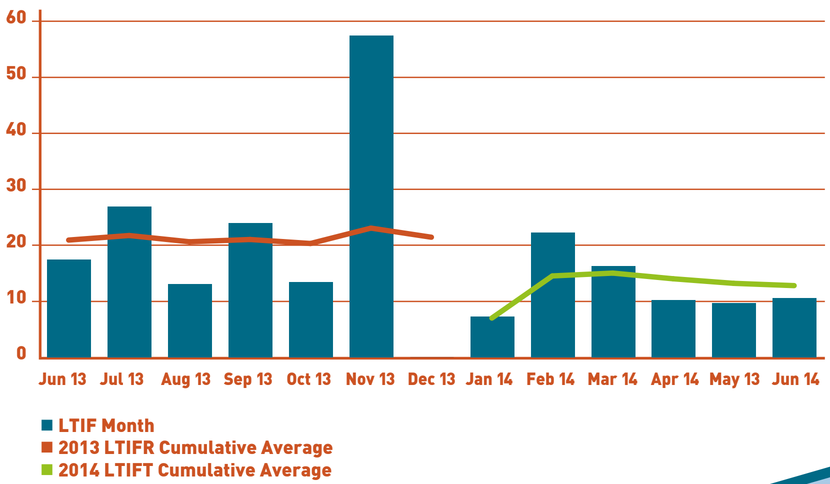
However, in summary, let me state that we have made excellent progress and as at 31 August 2014, the project was 75% complete.

We were also extremely pleased to welcome Logiman, our engineering contractor for the Tschudi project, as a shareholder. This is a great vote of confidence in both the management and the project itself, especially given the fact that Logiman bought the shares at a significant premium to the market.

Safety

Weatherly is committed to the safe production of copper. Our goal is to deliver exceptional shareholder value while respecting the environment, community and safety of our employees and contractors. To raise awareness about our goal a 'Safe Copper' model was developed that includes our vision, mission, values and behaviours. The Safe Copper model is a focal point in educating our workforce that we aim to produce without injuries to our people, without harm to our environment and provide positive contributions to our community and the health and safety of our employees and contractors is paramount in everything we do. We achieve this through effective leadership and teamwork by ensuring that our safety systems, policies and procedures reflect the work we do. Weatherly is committed to the development of an integrated management system aligned to OSHAS 18001 and ISO 14001.

Lost Time Injury Frequency Rate (LTIFR) – Weatherly



World copper consumption over the next 24 years will exceed all the copper that has been mined to date. Industrial and urban growth in China is projected to drive 40% of the future demand for copper, and due to the current extrapolation growth rate of 2% each year, copper reserves could run out in 25 years.

INDUSTRY OVERVIEW

Tschudi Open Pit

Our safety standards improved significantly over the course of the 2014 year. This is shown in a drop in the number of lost time injuries from 36 to 22 for the reporting period. The lost time injury frequency rate (LTIFR) also improved from 21 in June 2013 to 13 at the end of June 2014.

Environment

Weatherly has a proactive approach towards environmental performance. In setting up the Company's Safety Management System we have adopted the international standard ISO 14001 Environmental Management Systems to ensure an integrated approach towards health, safety and the environment. Our commitment to minimising potential environmental impacts extends throughout our management practices, policies and standards.

We are pleased to report that no environmental incidents or fines for non-compliance were received during the reporting period. Some of the environmental initiatives implemented in 2014 include:

- Improved in-house resourcing for environmental specialists
- The development and implementation of the Weatherly land clearing permit system
- Management strategies for the handling and stockpiling of topsoil for closure
- Weed and seed clearance certificates for equipment working on our sites
- Air quality monitoring to ensure our operators understand and manage the risks associated with dust generated from our activities
- Water management strategies for water disposed from old workings

In 2014 we hosted our first environmental forum for Matchless and Tschudi with great success. The Environmental Forum comprises representatives from Weatherly, Government, local councils, communities and neighbouring property owners who review environmental performance relating to our operations.

China Africa Resources plc

The Company has a 25% stake in the AIM listed company, China Africa Resources (CAF), which is currently focused on the development of lead/zinc project at Berg Aukas in Northern Namibia.

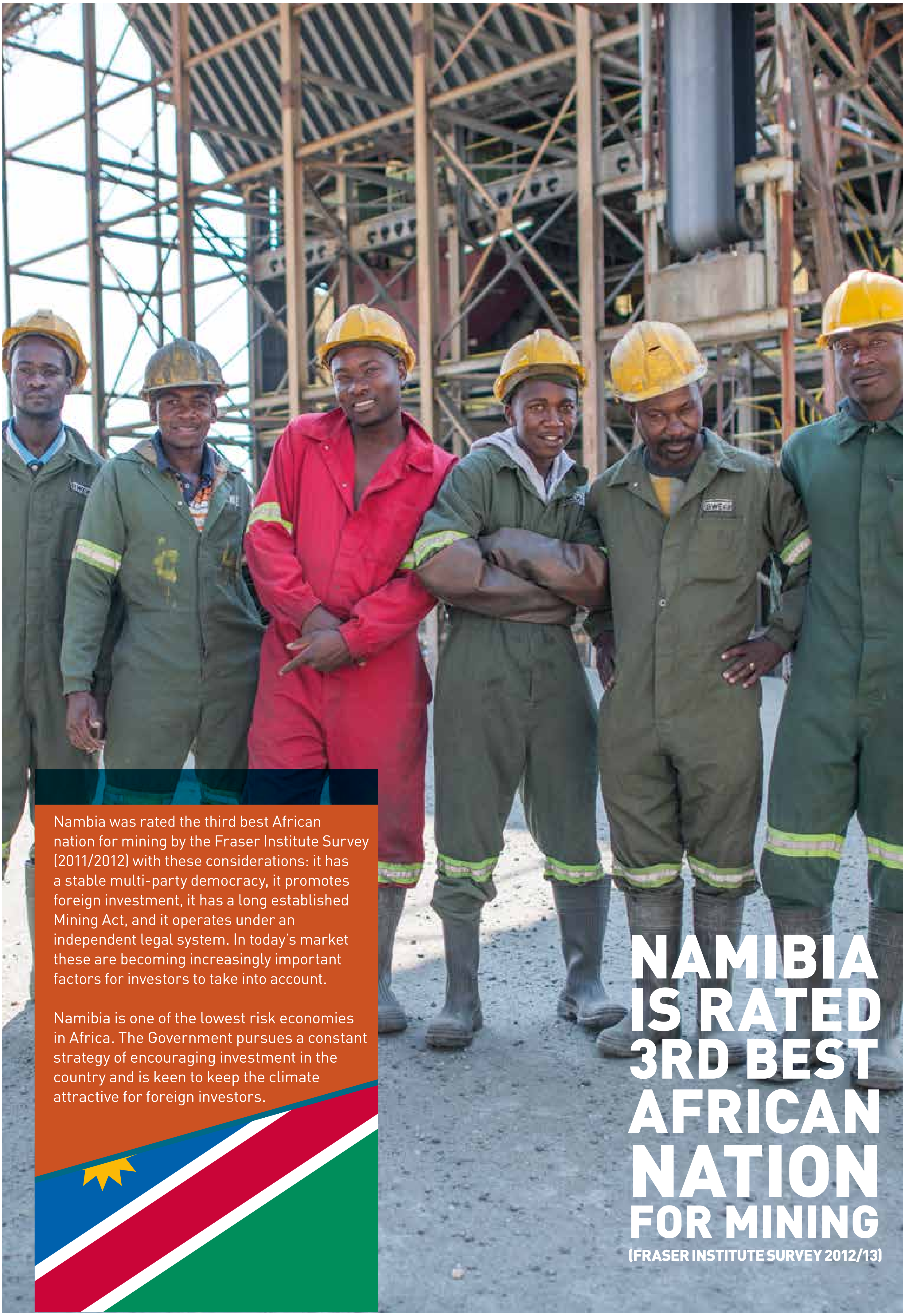
During the year China Africa Resources completed a pre-feasibility study based on a mineable resource of 2.05 million tonnes grading 11.2% zinc, 2.81% lead and 0.2% vanadium oxide. The study looked at a 250,000 tonnes per year underground mine producing approximately 20,000t zinc and 5,000t lead annually over a life of 10 years The initial capital cost was estimated at US$50m and the operating cost was approximately US$1,000/t zinc equivalent. The financial analysis showed a pre-tax Net Present Value (NPV) using a discount rate of 10% of between US$49 million and US$51 million and an IRR of 25%.

Minxcon, who prepared the independent financial evaluation stated that under the current economic environment the 'Project is robust and recommends that the project continue to be advanced'.

Other

No work was carried out on the Company's Northern projects Tsumeb Tailings and Tsumeb West Mine, although the Company's strategic exploration licence (EPL132A) surrounding the Tsumeb – Tschudi strike was renewed for a further two years.

Rod Webster
Chief Executive Officer
6 October 2014



Nambia was rated the third best African nation for mining by the Fraser Institute Survey (2011/2012) with these considerations: it has a stable multi-party democracy, it promotes foreign investment, it has a long established Mining Act, and it operates under an independent legal system. In today's market these are becoming increasingly important factors for investors to take into account.

Namibia is one of the lowest risk economies in Africa. The Government pursues a constant strategy of encouraging investment in the country and is keen to keep the climate attractive for foreign investors.

NAMIBIA IS RATED 3RD BEST AFRICAN NATION FOR MINING

(FRASER INSTITUTE SURVEY 2012/13)

WHY WEATHERLY?

Experienced Board and Management

Weatherly has an experienced management team with both Board and Management in London and Namibia. There is a wealth of experience in mining and resources with the Directors averaging over 30 years' experience in the sector. Weatherly has over 500 employees, including both native and expatriate workers, which will increase significantly when Tschudi comes into operation next year.

Cashflow Positive Underground Mines

Central Ops, Matchless and Otjihase, provide Weatherly with available cashflow to support the development of its operations.

Transformational Open-Pit Project

The exciting Tschudi project is currently ahead of schedule. There is available acid from the smelter, water from local bores, a good grid power supply, a nearby airport, railway headings and established roads. Production is expected in the second quarter of 2015 with a mine life of 11 years based on a confirmed JORC ore reserve of 22.7 million tonnes of ore at a grade of 0.95% copper. Tschudi has a design production rate of approximately 17,000 tonnes per annum.

Low Cost Producer

Tschudi is placed in the lowest quartile of new copper projects in terms of capital expenditure and operating costs; the heap leach process being a particularly low cost way of extracting copper.

Recent initiatives in Central Operations such as increasing the efficiency of mining methods by moving from pillar recovery to primary mining will help to reduce operating costs substantially.

Institutional Support

The Shareholder list on page 36 demonstrates the confidence that large institutional investors have in the assets of the Company.

Financing and Operating structure – reducing risk

Tschudi has been funded through a combination of Contractor Build Own Operate (BOO) and 'non conventional' debt. As a consequence there is a significant sharing of risk given approximately US$40m has been invested by the main contractors Basil Read and B&E International.

Local Namibian Board and Management

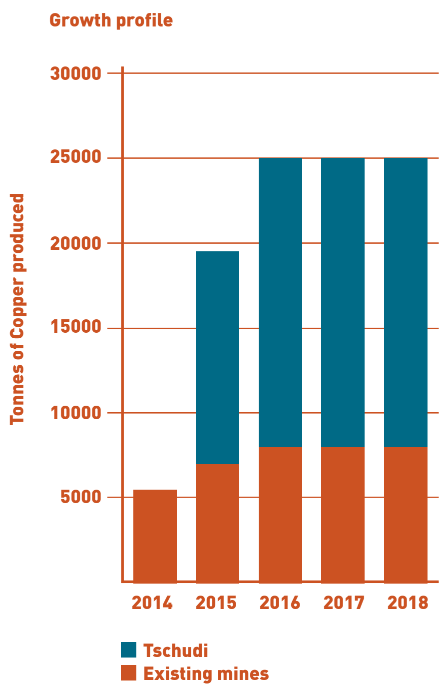
Tschudi has a dedicated Management team headed by the Company's Chief Operating Officer based in Namibia, Craig Thomas.

The local Board comprises a number of Namibian Directors who have strong links with the Namibian Government and a direct understanding of the country's mining culture.

Established Relationships

Weatherly has been operating in Namibia for eight years and maintains strong contacts with the Minister of Mines and other Government members and officials. All of Weatherly's Namibian companies have local boards with predominantly Namibian representation.

OUR GOAL IS 25,000 TONNES OF COPPER ANNUALLY



WHY TSCHUDI?

Tschudi is an open pit that is expected to mine 190 million tonnes per year of ore and waste over its 11-year mine life. The mine has a proven and probable JORC reserve of 22.7 million tonnes of ore at a grade of 0.95% copper.

TSCHUDI WILL PRODUCE 99.99% PURE COPPER

Kipoi Cellhouse (DRC) above and Tschudi Cellhouse inset left

TSCHUDI STORY

Early Days

In 2006, your Company acquired the assets of Ongopolo, a Namibian copper producer, including a major undeveloped resource known as Tschudi.

For shareholders old and new it is worth recounting the history of Tschudi and the progress the Company has made as well as exploring some of the exciting potential which the new mine will offer.

In the wake of the 2008 global financial crisis work on the project was suspended and it was not until December 2009 that we published our preliminary pit optimisation study. Throughout 2011 and 2012 we made progress with feasibility studies which started to show that the ore body, including the deeper ore, was amenable to direct leaching using sulphuric acid. Up until then, it was assumed that the deeper ore would be treated using conventional flotation, smelting and refining. This was a significant breakthrough at the time.

By the end of 2012 we were able to publish our Bankable Feasibility Study (BFS) based on an open pit mine using heap leach, solvent extraction and electro-winning to produce high quality copper cathodes.

The BFS was completed in December 2012 and the financial results were announced together with the funding from Orion Mine Finance (then Red Kite). At the time, the BFS resulted in a Net Present Value (at 8% discount rate) of US$105m based on an average Life of Mine copper price of US$6,067 per tonne of copper.

2013; Contractors Appointed and Ground Breaking

By September 2013 we had made sufficient progress to start appointing the key contactors. All the companies appointed were Namibian subsidiaries of South African organisations.

Basil Read Mining Namibia joined the team as mining contractor while B&E Int. were appointed to carry out the crushing, agglomeration and stacking of the leach pads. Logiman, a boutique engineering contractor, was appointed in charge of the design and construction of the process plant.

As we reported last year, the official ground breaking ceremony was held in Namibia in November 2013, which heralded the official launch of the mine and the start of the plant construction phase.

CRAIG THOMAS
CHIEF OPERATING OFFICER

Craig Thomas is an Australian mining engineer with over 25 years of diverse operational experience. He has played key leadership roles in the start-up and ongoing operations of open pit and underground mines in Botswana, Papua New Guinea and Australia, and has lead Weatherly's operations in Namibia since 2010.

Summary of Feasibility Results – Production	
Mine Type	Open pit
Resources	50.1mt at 0.86% Cu
Reserve	22.7mt at 0.95% Cu
Mining Rate	~17mt/yr
Mine Life	11 years
Stripping Ratio	7.45/1
Processing Method	Solvent Extraction, Electro-Winning (SX-EW)
Processing Rate	2.0-2.6mt/yr ore
Recovered Copper	184,275t
Annual Production	~17,000t/yr

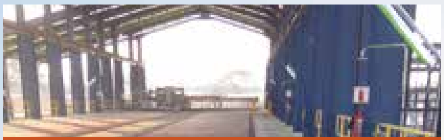
STRATEGIC REPORT
CORPORATE GOVERNANCE
FINANCIAL STATEMENTS

TSCHUDI MILESTONES

2014 Q4

- Commence mining and stockpiling ore
- Commission crushing/ agglomerating and stacking plant

2015 Q1



- Commence irrigation of ore on pads
- Build up copper in solution
- Commission SX-EW plant

2015 Q2

- First copper sales

Tschudi Today

During 2014 our progress has accelerated and we have passed some significant milestones, ahead of schedule.

Civil engineering works and construction commenced in April 2014 and Logiman, our EPC contractor, also became a shareholder. This was a great vote of confidence in both the management and the project itself, especially given the fact that Logiman bought the shares at a significant premium to the market price.

In June, our mining contractor, Basil Read, was mobilised. This was well ahead of the original schedule. Waste stripping commenced, again well ahead of schedule. This augurs well for ensuring that the required stripping will be completed ahead of time resulting in a further de-risking of the project.

B&E has commenced its crushing and agglomeration facility which is being constructed on a build own and operate (BOO) basis. It is estimated that both Basil Read and B&E have invested over US$40m of their own money in establishment costs which can only be recovered from the operating contract payments. The fact that they are prepared to do this is indicative of their commitment to the project.

We have also concluded the main supply contracts for the project; Nampower for the power and Dundee's Tsumeb smelter for the acid required in our leaching process.

All of the main contract cost inputs, mining, crushing, power and acid are estimated to be approximately 10% below those assumed in our BFS which adds to the financial robustness of the project.

The project has made excellent progress and as at the 31st August was approximately 75% complete.

Team

Due to Tschudi's importance to Weatherly, the Company has moved quickly to establish a dedicated management team reporting to the Company's Chief Operating Officer in Namibia, Craig Thomas.

The mining manager, Mike Stuart, the processing manager, Stefan Engelbrecht, the plant maintenance manager, Greg Edmonds and the finance manager, Gary Spinas, are all in place. Recruitment of the mining department's senior staff has been completed and the other departments are well advanced in the recruitment process.

The Future at Tschudi

Tschudi is an open pit that is expected to mine 190 million tonnes of ore and waste over its 11 year mine life. The mine has a proven and probable JORC reserve of 22.7 million tonnes of ore at a grade of 0.95% copper.

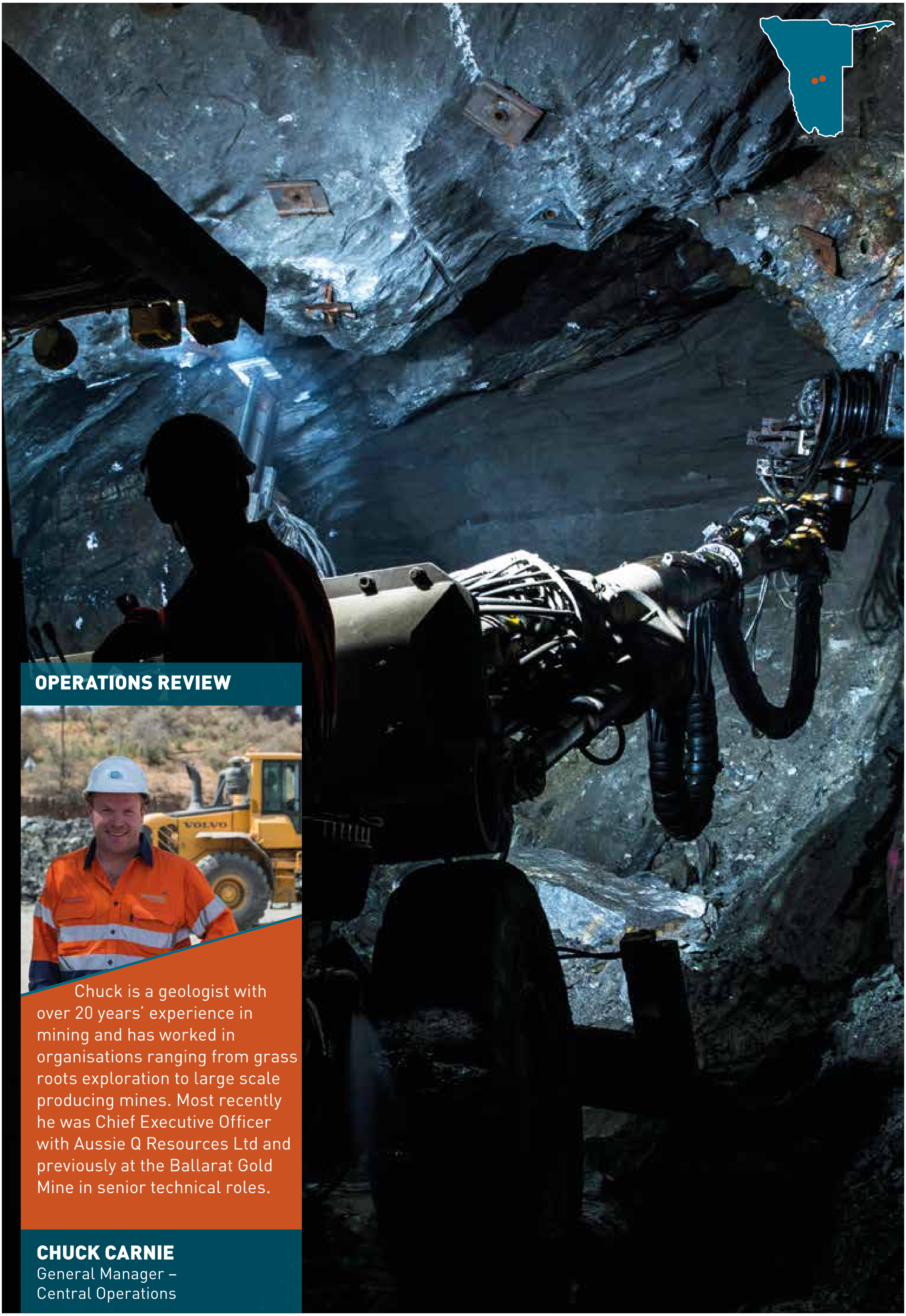
The ore will be processed using acid leaching, solvent extraction, electro-winning (SX-EW) technology. This is a proven process that bypasses the conventional concentrating and smelting steps to produce refined copper. Using this approach, we expect output to average 17,000 tonnes of copper cathode annually.

The process is relatively straight forward and low risk. Once ore is mined it is fed to a three-stage crushing plant. The crushed ore is then agglomerated with sulphuric acid and stacked onto four to six metre high heaps for leaching with dilute sulphuric acid. The resulting 'pregnant' liquor containing the dissolved copper is collected from the base of the pads and upgraded through the SX to a clean high grade electrolyte which is pumped to the EW cell house where copper is plated onto cathodes. The 99.99% pure copper sheets are then stripped from the cathodes, bundled together and transported to the deep water port of Walvis Bay and exported to fabricators around the world. Overall metal recovery is expected to be 85% of the copper contained in the ore.

Towards the end of 2014, we expect to commission the crushing plant and begin building the first ore pads for leaching. In the first quarter of 2015 we will install the plastic pipes and drippers and commence irrigation. We would then expect to commission the SW-EX plant in the same quarter before producing our first copper in the second quarter of the year.

Tschudi is expected to employ approximately 500 people in the operating stage. Tsumeb, the closest town, is well developed with respect to services, amenities and accommodation.

2015 will truly mark the start of a new chapter in the Weatherly story.



OPERATIONS REVIEW

Chuck is a geologist with over 20 years' experience in mining and has worked in organisations ranging from grass roots exploration to large scale producing mines. Most recently he was Chief Executive Officer with Aussie Q Resources Ltd and previously at the Ballarat Gold Mine in senior technical roles.

CHUCK CARNIE
General Manager – Central Operations

CENTRAL OPERATIONS

Otjihase

Located 18km north east of the Capital Windhoek, the Otjihase deposit comprises of five sub-parallel, spatula-shaped, mineralised zones namely Shoot A, Shoot B, Shoot 2, Shoot 3 and Shoot 4. Shoots A and B are known collectively as the Main Shoot in mine terminology because of their close proximity, but geologically they are separate entities. The Otjihase Orebody has a JORC resource of 8.9mt at 1.8% Copper, and a JORC reserve of 2.2mt @ 1.5% Copper.

Matchless

Located 30km south west of Windhoek, Matchless was first opened in 1855. Matchless consists of an East Shoot, West Shoot, River Shoot, (collectively 'Old Matchless') and the MWE Orebody. Old Matchless has a historical reserve of approx 1mt at 2.5% Cu and at the MWE there is a JORC reserve of 0.3mt @ 1.8% Copper.

Current Output

Otjihase and Matchless collectively produced 5086 tonnes of Contained Copper in the past financial year. The final quarter, three months ending 30 June 2014 saw the highest achieved production to date since the mine was opened and would equate to an annualised rate of over 6,000 tonnes of copper per annum.

Future Prospects

At Otjihase there has been a significant reduction in overall manning without loss of capability. There has also been heavy investment in new equipment: three new trucks, two new scoops, and a rebuilt drill jumbo during the latter part of the year. The mining strategy at Otjihase is to move from costly and complicated pillar recovery to primary mining. A new area, known as the Hoffnung Fault West has been accessed and the first ore has been mined. At the same time, considerable effort has gone into steamlining the existing pillar recovery activities.

At Matchless, plans are underway to open a mining school based around the development heading to 'Old Matchless'. The focus during the year has been on improving the open stoping method which was introduced to replace the cut and fill method. This has led to significant gains in the production and a reduction in levels of grade dilution.

Overall these initiatives have led to the previous quarter producing the highest tonnage since the mine reopened in 2011 (1507 tonnes) and the lowest cost for the last two years. These improvements give us further confidence we can achieve our production target of 7,000 tonnes per year and a considerably lower operating cost.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a number of risks and uncertainties which could have a material impact on the performance of the business. The management of these risks is an important part of the day-to-day responsibility of the management team.

The Board recognises the risks below as the principal risks within the business

Nature of Risk	How we manage it
Production Risk at Central Operations The production of copper is dependent on producing sufficient ore with the required copper content. Impact Reduced copper production with subsequent loss of revenues.	We have an annual production plan that we monitor performance against on a daily and monthly basis. The grade of the ore is sampled and estimated in different areas of the mine and metal recovered is reconciled with the plan. Tonnage is affected by a number of factors including: (1) Machinery availability – We ensure machines are over-hauled periodically and replaced as they age. (2) Staff skills – We endeavour to ensure staff are adequate and suitably trained in the latest production techniques.
Construction Risk at Tschudi There is a risk that the Tschudi production plant is completed later than scheduled. Impact There will be a loss of revenue and increased costs due to down time.	The Tschudi development is managed by a professional team from Logiman, in turn overseen by our own project team. We maintain a list of all risk factors associated with the project, rank each risk and what we can do to mitigate it. A weekly meeting is held to look at ways the risk can be reduced or eliminated.
Process Risk Tschudi There is a risk that the leaching process and SX-EW plant does not produce the amount of copper cathode that we expect. Impact A loss of revenue.	During the feasibility stage of the project we drilled a large number of holes to provide samples for testwork to determine the hydro-metallurgical and leaching characteristics of the ore. We modelled our production process around these results to ensure we have the right quantity of each ore type at all times.
Retention of Key Personnel The achievement of the Groups objectives are dependent on the Group attracting and retaining qualified and motivated staff. Impact The efficiency of a particular aspect of the Group's operations would be affected leading to reduced profitability.	The Group management annually review the salaries of its staff in order to ensure pay levels are competitive Senior Management receives share options as determined by the Remuneration Committee to ensure their remuneration is linked to the performance of the Company.

Nature of Risk	How we manage it
Safety and Environmental risk There is a risk that the Group's operations are suspended or terminated due to safety or environmental factors. Impact Reduced copper production at Central Operations or suspension of construction at Tschudi.	The Group employs a Safety Officer to ensure the Company complies with its safety management systems. The Safety Officer records all incidents and assesses the Company's needs with respect to training, procedural changes and ways of improving the Company's overall safety performance. Each site has to submit an Environmental Management Plan (EMP) to the Ministry of Environment and Tourism. All sites have had their EMPs approved and we operate in such a way as to ensure full compliance.
Copper Price and Exchange Rate There is a risk that copper prices and exchange rates move to levels that make our mines uneconomic. Impact The mines would be loss making. More details of these and other financial risks are contained in note 33.	The Group has in the past hedged both the copper price and currency and would again if it felt it was appropriate. The mines generate sufficient cash that under most reasonable scenarios they can continue to operate.
Country Risk Some investors perceive Namibia as a high risk country. Impact Legislative changes could impact on the Company's operations.	The Fraser Institute rates Namibia as one of the top three countries in Africa. The Government pursues a constant strategy of encouraging investment in the country and is keen to keep the climate attractive for foreign investors. Weatherly maintains strong contact with the Minister of Mines and other Government members and officials. Weatherly has been operating in Namibia for eight years and all its Namibian companies have local boards with predominantly Namibian representation.

KEY PERFORMANCE INDICATORS

The Board sets key performance indicators relevant to the stage of operation of the mines. Safety and adherence to environmental legislation are of paramount concern across all our mines. For those mines within Central Operations, Otjihase and Matchless, our cost per tonne and overall production levels are key measures of performance. For Tschudi which is in the development stage, the key measure is being on budget in terms of time and cost. The Board is conscious that shareholder return is of paramount importance and share price is a key measure for the business.

KPI	Measure	Performance
Health and Safety Management	Lost time injury frequency	Reduced by 42% in the year. For further information see page 23.
Environmental Management	Compliance with legislation	We have been fully compliant with legislation in the year. We are currently developing an environmental management system which will meet international standard ISO 14001. For further information see page 23.
Tschudi development	On budget, on time.	Tschudi is currently anticipated to be on budget and first copper is anticipated to be on schedule for the second quarter of the year. For further information see pages 15–17.
Central Operations Production	Ore treated Copper tonnes	Tonnes treated declined by 3.2% while copper tonnes declined by only 1.8% due to improved grade. The Company has reacted by undertaking a number of initiatives to improve efficiency including owner mining, improved mining methods and investing in capital programes. The benefit of these initiatives could be seen in the final quarter of the year. For more information see page 19.
Central Operations costs	C1 cost	There was an increase of US$197/tonne in the C1 cost year-on-year. See Central Operations production above for the initiatives the Group has taken to reduce the C1 cost.
Shareholder return	Share price performance	The share price increased slightly in the year ending at 2.88p from a starting position of 2.62p. The Board believe the value of the Tschudi project is not fully recognised within this share price and would anticipate an increase as the project is de-risked and moves to full production.

CORPORATE AND SOCIAL RESPONSIBILITY (CSR)

Weatherly is committed to complying with all Health and Safety, environmental and social legislation in the countries in which it operates and protecting the Health and general well being of its employees and contractors. It is committed to preserving the environment and the communities in the areas where we operate.

Environment

Concern for the environment is of upmost importance to Weatherly. As well as meeting all the environmental standards required by Namibian legislation it is our policy to reduce to a minimum the potential environmental impact of our activities and have a positive impact on the areas in which we operate.

We have adopted an integrated approach to the way we manage our Environmental responsibilities. The management system (currently under development) will also align to the international standard ISO 14001 Environmental Management Systems to ensure the Company takes a proactive and holistic view towards health, safety and the environment. Our commitment to minimising potential environmental impacts extends throughout our management practices, policies and standards.

For more details of the initiatives that took place in the current year see the environmental section of the Chief Executive report on page 11.

Health, Safety and Security

The health, safety and security of the personnel and communities in which we operate takes priority in the management of our operations. Our goal is to prevent injury and ill health to employees and contractors by providing a safe and healthy working environment and by minimising risks associated with occupational hazards.

Weatherly is developing an integrated management system aligned to OSHAS 18001 and ISO 14001. For more information see the safety section of the Chief Executive report on page 9.

Business Ethics

Weatherly is committed to carrying out all its operations with high moral and legal standards. Weatherly has a well developed Anti corruption and Anti bribery policy in line with the Bribery Act. All staff are made aware of their obligations on recruitment and with periodical updates. The Company maintains a 'whistle blower' programme.

RESERVES AND RESOURCES STATEMENT

All reserves and resources in tables A and B below have been updated by a competent person, A Thomson BSc (Hons) Geology, Country Manager & Technical Director, Weatherly Mining Namibia, member of South African Council for Natural Scientific Professions (registered number 400052/86), in accordance with the Australian Code of Reporting Mineral Resources and Reserves (JORC).

Table A
Weatherly Mining Namibia: Mineral Reserves as at 30 June 2014

		Reserve Tonnes and Grade				Contained Metal		
Deposits	Reserve Category	Tonnes	Cu (%)	Ag (g/t)	Au (g/t)	Cu (t)	Ag (kg)	Au (kg)
Underground (at 1% cut off)								
Otjihase	Proven	921,064	1.74	7.06	0.40	16,084	6,508	374
	Probable	1,230,754	1.28	7.15	0.18	15,762	8,801	218
	Total	2,151,818	1.48	7.11	0.28	31,846	15,309	592
Matchless (West Extension)								
	Proven	–	–	–	–	–	–	–
	Probable	289,190	1.83	–	–	5,295	–	–
	Total	289,190	1.83	–	–	5,295	–	–
Grand Total – Underground		2,441,008	1.52	6.27	0.24	37,141	15,309	592
Net attributable to Weatherly (96.5%)		2,355,573	1.52	6.27	0.24	35,841	14,773	571
Open Pit (at 0.3% cut off)								
Tschudi	Proven	4,360,000	1.14	–	–	49,765	–	–
	Probable	18,340,000	0.90	–	–	164,937	–	–
	Total	22,700,000	0.95	–	–	208,102	–	–
Net attributable to Weatherly (96.5%)		21,905,500	0.95	–	–	215,650	–	–

Table B
Weatherly Mining Namibia: Mineral Resources as at 30 June 2014

							In Situ Metal	
Deposit	Resource Category	Tonnes	Cu (%)	Ag (g/t)	Au (g/t)	Cu (t)	Ag (kg)	Au (kg)
(at 1% cut off)								
Otjihase	Measured	1,279,257	2.32	9.42	0.54	29,786	12,053	693
	Indicated	4,190,379	1.95	7.70	0.32	81,619	32,275	1,330
	Inferred	3,402,131	1.38	5.73	0.23	46,841	19,483	775
	Total	8,871,767	1.78	7.19	0.32	158,246	63,811	2,798
*Matchless (West Extension)								
	Measured	–	–	–	–	–	–	–
	Indicated	280,224	3.14	–	–	8,796	–	–
	Inferred	230,460	2.32	–	–	5,346	–	–
	Total	510,684	2.77	–	–	14,142	–	–
Tsumeb West	Measured	35,255	2.45	13	–	864	458	–
	Indicated	520,400	2.24	20.02	–	11,680	10,417	–
	Inferred	413,200	1.88	16.35	–	7,757	6,757	–
	Total	968,855	2.09	18.20	–	20,301	17,632	–
Grand Total		10,351,306	1.86	7.86	0.27	192,689	81,443	2,798
Net attributable to Weatherly (96.5%)		9,989,010	1.86	7.86	0.27	185,945	81,443	2,798
(at 0% cut off)								
Tschudi	Measured	4,449,000	1.09	11.12	–	48,550	–	–
	Indicated	28,882,000	0.85	10.30	–	247,979	–	–
	Inferred	19,699,000	0.72	9.75	–	142,205	–	–
Net attributable to Weatherly	Total	53,030,000	0.83	10.16	–	438,734	–	–
Tsumeb Tailings	Measured	12,000,000	0.48	12.74	–	57,600	152,880	–
Net attributable to Weatherly (96.5%)		11,580,000	0.48	12.74	–	55,584	152,880	–

Note:
* In addition to the reserves and resources contained in the table above, Old Matchless has a historical (non-compliant) reserve (Chaplin, TCL, 1984) of 812,639t at 2.4% equating to 19,506t of copper.
* Reserves is a sub set of resources and not in addition to them.

Table C
Weatherly Mining Namibia: Historical Resources

Reserves contained in Table C are 'historical' and although most were prepared at the time in accordance with South African reporting standards (SAMREC) they will not comply with current standards until a further process of independent verification has been carried out.

Deposit	Tonnes	Cu (%)	Pb (%)	Zn (%)	Ag (g/t)	Au (g/t)	Cu (t)	Pb (t)	Zn (t)	Ag (kg)	Au (kg)
Old Matchless Mine*	1,060,000	2.50	–	–	–	–	26,500	–	–	–	–
Tsumeb Mine (Open Pit)	150,000	2.96	–	–	61.0	–	4,440	–	–	9,150	–
Uris Mining Area	180,000	2.27	–	–	–	–	4,086	–	–	–	–
Total: Historical Resources	1,390,000	2.51	–	–	6.6	–	35,026	–	–	9,150	–
Net attributable to Weatherly (96.5%)	1,341,350	2.5	–	–	6.6	–	33,800	–	–	8,830	–

*Remaining resource/reserve calculated by Tsumeb Corporation Limited in 1984

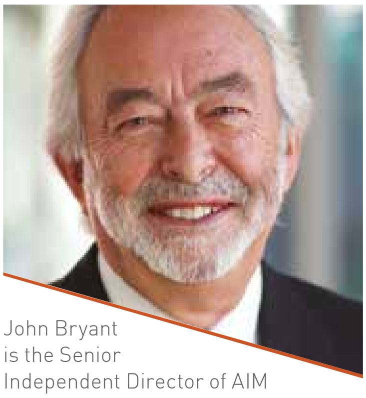
The Strategic Report on pages 2 to 14 was approved by the Board of Directors on 6 October 2014 and was signed on its behalf by Rod Webster, Chief Executive Officer.

Rod Webster
Chief Executive Officer

STRATEGIC REPORT CORPORATE GOVERNANCE FINANCIAL STATEMENTS

UK PLC BOARD

JOHN BRYANT
Non-Executive Chairman



John Bryant is the Senior Independent Director of AIM listed IGas plc and a Non-Executive Director of China Africa Resources. He was previously Chairman of Gas Turbine Efficiency plc, KP Renewables plc and a board member of Attiki (Athens) Gas Company. He also served as President of Cinergy Global Resources Corp, responsible for all international business and global renewable power operations of this US-based electricity and gas utility provider.

ROD WEBSTER[1]
Chief Executive Officer

Rod Webster is a graduate mining engineer from the University of Sydney. He has over 40 years' experience in the resources industry, including 20 years in managing director or chief executive positions. Prior to founding Weatherly, he was with First Quantum Minerals (CEO Kansanshi Mining), Western Metals (CEO & founder), Homestake Gold and BHP Minerals.

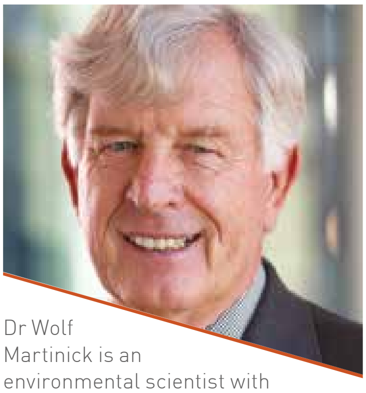
ALAN STEPHENS
Senior Independent Non-Executive Director

Alan Stephens joined Weatherly in July 2008 and has nearly 40 years of experience in the mining industry. Alan is currently President, CEO and Director of Coro Mining Corp, a TSX quoted, Latin American focused, copper development company with an advanced copper-gold project in Argentina and several earlier stage projects in Chile. Alan has experience across Africa, Europe, Asia and Latin America.

CHARILAOS STAVRAKIS
Non-Executive Director

Charilaos Stavrakis served the Republic of Cyprus as Finance Minister from 2008 to 2011 and was the Governor for the Republic of Cyprus at the European Investment Bank (EIB). He has over 25 years' experience in banking, the majority of time spent at the Bank of Cyprus, where he ultimately held the role of Deputy Group CEO from 2005 to 2008. He is a graduate of Economics from the University of Cambridge and holds a MBA from Harvard University.

DR WOLF MARTINICK
Non-Executive Director



Dr Wolf Martinick is an environmental scientist with over 40 years of international experience in the mineral resource industry. He is a Non-Executive Director of a number of ASX companies including Azure Minerals Ltd; Sun Resources Limited; and is Executive Chairman of Oro Verde Limited. Dr Martinick is a Fellow of the Australian Institute of Mining and Metallurgy and was founding chairman of Weatherly.

KEVIN ELLIS[2]
Chief Financial Officer and Company Secretary

Kevin Ellis is a Chartered Accountant and Weatherly's Chief Financial Officer and Group Company Secretary based in our London office. He has lengthy experience in senior financial positions across a number of industries. He worked in Namibia for five years including a year as Financial Controller of Weatherly's Namibia Operations.

1 Rod Webster, Group Director and CEO also Chairman of Weatherly Mining Namibia and subsidiaries.
2 Chief Financial Officer and Company Secretary, also director of Weatherly Mining Namibia and subsidiaries.

WEATHERLY MINING NAMIBIA & SUBSIDIARIES BOARD

CRAIG THOMAS
Managing Director

Craig Thomas is an Australian mining engineer with over 20 years of diverse operational experience in Australia, Botswana and Papua New Guinea, most recently working as General Manager of the Ballarat Gold Mine with Lihir Gold Limited. He has played key leadership roles in the development and production start-up of several underground and open pit mines, including the Pillara and Ballarat mines in Australia, the Porgera mine in Papua New Guinea and the Mupane mine in Botswana.

ANDREW THOMPSON
Technical Director

Andrew Thomson is a Namibian geologist, studied at the University of Natal, South Africa. Mr Thomson has worked in various senior roles from Chief Geologist, General Manager of the Otjihase mine, Technical Director and Country Manager.

CLEOPHAS MUTJAVIKUA
Senior Non-Executive Director

Cleophas Mutjavikua brings a wealth of experience to the Weatherly Board in Namibia. He was General Secretary of the Mineworkers Union in Namibia, in charge of Industrial Relations for the City of Windhoek and is now Regional Governor for the Erongo Region in Namibia. He has held a number of board roles including The Roads Construction Company in Namibia, the Meat Board in Namibia, Labor Investors Holdings, MOBIPAY, Namibia Customer Smelters, Sanlam investment management, and Prime Health Namibia.

FRANS J P NDOROMA
Non-Executive Director

Frans Ndoroma is Managing Director of Telecom Namibia Limited as of 1 November 2002, he was simultaneously Chief Executive Officer of Namibia Post & Telecom Holdings Limited (NPTH), the company under which Telecom Namibia, NamPost and Mobile Telecoms (MTC) reside. Frans is a metallurgical graduate with over 21 years with NAMDEB, and Manager of the Orange River Mines also Assistant General Manager of NAMDEB. He is a director on several boards including Neotel, and De Beers Marine Namibia.

TITUS HAIMBILI
Non-Executive Director

Titus Haimbili has more than 28 years of experience in both the private and public sector in Senior Executive roles; General Manager, Chief Executive and Chairman of the Board. He was most recently employed as the Chief Executive Officer of TransNamib, the Namibian para-statal Rail service provider and is currently serving as a Senior Lecturer in Business Management at the International University of Management (IUM), Namibia. He received a Masters of Business Administration at University of Maastricht, Netherlands and is currently studying a Doctorate of Business Administration at the University of Namibia.

CORPORATE GOVERNANCE REPORT

Introduction

The Board of Directors is committed to high standards of corporate governance.

The Board is accountable to its shareholders for good governance, and the statement below is based on the review of corporate governance that was carried out by the Audit Committee and describes how the principles of good governance have been applied.

Constitution of the Board

During the year ended 30 June 2014, the Board was comprised of the following:

John Bryant	Chairman
Rod Webster	Chief Executive Officer
Alan Stephens	Senior Independent Non-Executive Director
Wolf Martinick	Non-Executive Director
Charilaos Stavrakis	Non-Executive Director

Non-Executive Directors

During the year, the Board had four Non-Executive Directors: John Bryant (Non-Executive Chairman), Alan Stephens, (Senior Independent Non-Executive Director), Wolf Martinick and Charilaos Stavrakis. Alan Stephens, John Bryant and Charilaos Stavrakis were considered to be independent. Due to the size of Wolf Martinick's shareholding of 3.12% he is not considered to be an independent Director. The relatively small number of share options that have been granted to the other three Non-Executive Directors does not, in the opinion of Weatherly's advisers or its Directors, impair their independence.

Committees of the Board

The Board has three Standing Committees, each of which has terms of reference setting out its authority and duties, as follows:

The Audit Committee was made up of Charilaos Stavrakis as Chairman, Alan Stephens and John Bryant for the year ended 30 June 2014.

The Audit Committee meets as required. It reviews the financial reports and accounts and the preliminary and interim statements, including the Board's statement on internal financial control in the annual report, prior to their submission to the Board for approval. The Audit Committee also reviews corporate governance within the Group and reports on this to the Board. In addition, it assesses the overall performance of the external auditor including scope, cost-effectiveness and objectivity of the audit.

The Audit Committee is also charged with reviewing the independence of the external auditor and monitors the level of non-audit fees. These fees are disclosed in note 10 to the accounts. In the opinion of the Audit Committee, which has reviewed these fees and the procedures that Grant Thornton UK LLP have in place to ensure they retain their independence, the auditor's independence is not compromised. The Audit Committee met twice during the period, and all committee members were present on each occasion.

The Audit Committee can meet for private discussion with the external auditor, who attends these meetings as required. The Company Secretary acts as secretary to the Committee.

The Remuneration Committee was made up of Alan Stephens as Chairman, John Bryant and Charilaos Stavrakis.

The Remuneration Committee determines, on behalf of the Board, the Group's policy on executive remuneration and the remuneration packages for Executive Directors. It also approves and administers the executive share option scheme and the grant of options as part of the remuneration package. The Remuneration Committee met once during the period, with all committee members in attendance on each occasion.

The Nominations Committee is made up of John Bryant and Rod Webster with either Wolf Martinick or Alan Stephens.

In addition to its role of considering the appointment of Directors and senior managers, the Nominations Committee is also charged with reporting to the Board on the effectiveness of the Board, its sub-committees and its Directors, and it does this at the end of the annual audit cycle. The Nominations Committee did not meet in the year.

Attendance at Meetings

During the year, there were 13 Board meetings. Directors' attendance at meetings of the Board and its sub-committees during the period was as follows:

John Bryant	Board	13/13	Audit Committee	2/2	Remuneration Committee	1/1
Rod Webster	Board	13/13				
Alan Stephens	Board	13/13	Audit Committee	2/2	Remuneration Committee	1/1
Wolf Martinick	Board	9/13				
Charilaos Stavrakis	Board	11/13	Audit Committee	2/2	Remuneration Committee	1/1

Of the 13 Board meetings, three were of a procedural nature and 10 were substantive meetings.

The Nominations Committee did not meet in the year.

The Board is responsible for reviewing and approving the adequacy and effectiveness of the Group's internal controls, including financial and operational control, risk management and compliance.

In order to establish effective procedures for internal control and communicate these throughout the Group, including its subsidiaries, the Board has issued two important documents to all staff known as the Board Protocol and the Manual of Internal Control.

The key elements of the Group's internal control are set out in these documents, and contain:

- a clearly defined structure for the Group, its subsidiaries and management teams;
- powers which the Board has reserved to itself. These include the approval of all business plans and budgets for the Group and all its subsidiaries, the establishment of subsidiary companies and appointment of Directors to them, and the process for project approval and capital expenditure;
- terms of reference for the Audit, Remuneration and Nominations Committees, which define the roles of their members;
- information about how often the Board should meet (as a minimum) and an annual cycle of meetings. This covers the process for the preparation of Board agendas and Board papers, and their prior consideration by the management team at its weekly meetings;
- detailed business plans and budgets to be approved annually and performance monitored by the management team and the Board at its monthly meetings; and
- procedures for the approval of expenditure, the levels of authority and the management controls.

The Directors acknowledge their responsibility for the Group's system of internal financial control and risk management, and place considerable importance on maintaining this. The Manual of Internal Control and the process for authorisation that it imposes, together with the Board Protocol setting out the process for authorising business plans, budgets and projects, form an important part of our decision-making process; however, this can only provide reasonable and not absolute assurance against material errors, losses or fraud.

There is currently no internal audit function within the Group owing to the small size of the administrative function. There is however a high level of review by Directors and a clear requirement for them to authorise transactions. Should the need for a separate internal audit function become apparent, the Board will establish one.

The Board Protocol and the Manual of Internal Control have both been updated and refined as Weatherly's business evolves and grows.

Bribery Act Compliance

In response to the introduction of the Bribery Act 2010 and in order to ensure compliance, the Board approved a suite of documentation that included a policy statement on anti-corruption and bribery, a code of conduct for employees, a set of management procedures, a note defining responsibilities within the Company and an implementation plan which has been rolled out in the Company. Progress on the implementation has been reported to the Audit Committee. The Audit Committee noted that documentation has been circulated and meetings to explain the procedures have been held with all staff and contractors on site including our operating mines in Namibia. Notices have been displayed at our locations with the 'whistle-blowing' procedure. The implementation and effectiveness of these procedures is continually monitored and reported to the Board. This year members of the senior management team in Namibia were interviewed and confirmed that all new members of staff and all new contractors had been instructed on the Company's policies and procedures for compliance with the Bribery Act and there were no issues arising from this.

Relations with Shareholders

The Company endeavours to maintain regular communications with shareholders through regulatory announcements, via the Weatherly International website and by direct contact with its major shareholders. Rod Webster has taken the opportunity to meet the smaller shareholders at regular investor presentations. The Board values the views of its shareholders and fosters continuing dialogue with investment and fund managers, other investors and equity analysts to ensure that the investing community receives an informed view of the Group's prospects, plans and progress.

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The Company has established a Remuneration Committee which is constituted in accordance with the recommendations of the UK Corporate Governance Code (June 2010). The members of the Committee for the year ended 30 June 2014 were Alan Stephens, John Bryant and Charilaos Stavrakis, who are independent Non-Executive Directors, and the Committee was chaired by Alan Stephens.

None of the members of the Committee has any personal financial interest (other than as a shareholder), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business. The Committee makes recommendations to the Board. No Director plays a part in any discussion about his own remuneration.

Remuneration Policy for the Executive Directors

Executive remuneration packages are designed to attract, motivate and retain Directors of the highest calibre to lead the Company and to reward them for enhancing value to shareholders. The performance management of the Executive Directors and key members of senior management, and the determination of their annual remuneration package, are undertaken by the Committee.

There are five main elements of the remuneration package for Executive Directors and senior management:
- basic annual salary;
- benefits in kind;
- annual bonus payments;
- share option incentives;
- pension arrangements.

The Company's policy is that a substantial proportion of the remuneration of the Executive Directors should be performance related. Executive Directors may earn an annual bonus payment together with the benefits of participation in share option schemes.

Basic Salary

An Executive Director's basic salary is reviewed by the Committee prior to the beginning of each year and when an individual changes position or responsibility. In deciding appropriate levels, the Committee considers the Group as a whole and relies on objective research which gives up-to-date information on a comparable group of companies. In considering the Chief Executive's basic salary, the Remuneration Committee took into account his extensive responsibilities.

Benefits in Kind

The Executive Director receives benefits in kind, principally private medical insurance.

Annual Bonus Payments

The Committee establishes the objectives that must be met for each financial year if a cash bonus is to be paid. In setting appropriate bonus parameters, the Committee refers to the objective research on a comparator group of companies, as noted above. The Committee believes that any compensation awarded should be tied to the interests of the Company's shareholders and that the principal measure of those interests is total shareholder return. Account is also taken of the relative success of the different parts of the business for which the Executive Directors are responsible and the extent to which the strategic objectives set by the Board are being met. The maximum performance-related bonus that can be achieved is 100% of basic annual salary. The strategic objectives, control system and indicators are also aligned to total shareholder return.

Share Options

The Company has issued share options to its staff under an unapproved share option scheme. The Remuneration Committee has responsibility for the administration of the scheme and the granting of options under its terms. This includes setting the performance criteria when appropriate and the strike price of the options. The details of these awards are set out below and their accounting treatment is dealt with in note 31 to the financial statements.

Pension Arrangements

Executive Directors receive pension contributions to their own private pension schemes.

Directors' Contracts

All the Directors have signed contracts with the Company. Rod Webster's appointment does not have a fixed term but is subject to 12 months' notice by either party. The Non-Executive Directors are appointed for a fixed term: John Bryant and Wolf Martinick for two years, Alan Stephens and Charilaos Stavrakis for three years. These may be terminated by giving two months' notice, without compensation for loss of office. All newly appointed Directors are required to offer themselves for election at the next Annual General Meeting of the Company and their appointments are subject to them being so elected. Non-Executive remuneration is determined by the Board within the limits set by the Articles of Association and is based on independent salary surveys of fees paid to Non-Executive Directors of similar companies. The basic salary paid to each Non-Executive Director in the year was £30,000. The Non-Executive Directors receive further fees for additional work performed for the Company on the basis of the number of additional days worked.

Aggregate Directors' Remuneration

The total amounts for Directors' remuneration, paid by Weatherly International plc and its subsidiaries, were as follows:

	Salary US$'000	Other fees US$'000	Bonus US$'000	Benefits in kind US$'000	Pension US$'000	Total US$'000
2014						
Executive						
R J Webster	373	–	83	8	63	527
Non-Executive						
J Bryant	49	86	–	–	–	135
A Stephens	49	–	–	–	–	49
C Stavrakis	49	–	–	–	–	49
W G Martinick	49	–	–	–	–	49
	569	86	83	8	63	809
2013						
Executive						
R J Webster	358	–	–	7	61	426
Non-Executive						
J Bryant	47	82	–	–	–	129
A Stephens	47	–	–	–	–	47
C Stavrakis	21	–	–	–	–	21
W G Martinick	47	–	–	–	–	47
	520	82	–	7	61	670

Directors' Share Options

Aggregate Directors' remuneration disclosed above does not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the Directors. Details of the total number of options granted to date are set out below.

Name of Director	Note	30 June 2014	Warrant/ option price pence
R J Webster	1	2,500,000	3.0
R J Webster	3	3,333,333	3.1
J Bryant	1	750,000	3.0
A Stephens	1	750,000	3.0
C Stavrakis	2	750,000	4.1
W G Martinick	1	750,000	3.0
		8,833,333	

1. Vested one third on 1/4/2011, one third on 1/4/2012, and one third on 1/4/2013.
2. Vest one-third on 11/3/2014, one third on 11/3/2015 and one third 11/3/2016.
3. Vested on 17/6/2014. All options are exercisable for 10 years from the vesting date.

The share price movements during the year were as follows: high of 5.62 pence, low of 2.12 pence and a closing share price at 30 June 2014 of 2.88 pence.

There have been no variations to the terms and conditions or performance criteria for Directors' share options during the financial year.

Approval

This report was approved by the Board of Directors on 6 October 2014 and signed on its behalf by:

Rod Webster
Chief Executive Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors have prepared financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Group for that period. In preparing these financial statements, 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 IFRSs 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditor

Grant Thornton UK LLP have expressed their willingness to continue in office as auditor, and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

During the year ended 30 June 2014 the Board and Audit Committee approved an extension of one year to the period of service of the Senior Statutory Auditor responsible for the audit of Weatherly International plc beyond the normal five-year period set out in the APB Ethical Standards. As a result the year ended 31 March 2014 was the sixth year for which the individual has served.

The Audit Committee determined that following the commencement of the Tschudi project, including the drawdown of the Orion loan and the associated capital programme, and other changes in the senior audit team it had been in the best interest of audit quality that the current audit partner continued in his role for this sixth year. The Audit Committee is satisfied that by the application of safeguards, the extension did not undermine the objectivity and independence of the auditor.

On behalf of the Board:

Rod Webster
Chief Executive Officer
6 October 2014

DIRECTORS' REPORT

Principal Activities

The principal activity of Weatherly International plc during the year was to act as a holding company for the Group's activities in mining and production of base metals, primarily copper.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 19.

Review of the Business and Future Developments

The review of the business and future developments of the group are included within the Chief Executive's report on page 6.

Financial Risk management has been assessed within note 33.

The Directors

The Directors during the year ended 30 June 2014 were:

J Bryant (Non-Executive Chairman)
R J Webster (Chief Executive Officer)
W G Martinick (Non-Executive)
A J Stephens (Senior Independent Non-Executive)
C G Stavrakis (Non-Executive)

Directors' indemnities

Weatherly International plc maintains liability insurance for its Directors and officers during the year and also as at the date of the report of the Directors. This group cover extends to and includes the Directors and officers of the Company.

Going Concern

The Group expects to generate sufficient funds to operate as a going concern for 12 months following the signing of the accounts, based on its projected production levels and prevailing exchange rates and copper prices. The loan facilities available for the capital investment and working capital required for the Tschudi open pit project are believed to be adequate to meet the Group's needs.

Exchange rates and the price of copper will continue to have a significant impact on the Group's cash flow.

Results and Dividends

The consolidated loss for the year after taxation was US$5,730,000 (2013 Profit US$ 1,589,000). No dividends were declared or paid during the year (2013: US$ nil).

Substantial Holdings

Shareholdings of 3% and more of the issued share capital of the Company were extracted from the shareholders' register at close of business on 15 September 2014 as follows:

Major Shareholders' Information

Shareholder Name	Number of Shares	% Holding
Legal & General Investment Mgt	82,722,334	13.42
BlackRock Investment Mgt (UK)	50,603,934	8.21
Logiman CC	43,300,000	7.02
Majedie Asset Management	30,545,561	4.95
Government of the Republic of Namibia	27,364,986	4.44
Roderick John Webster*	27,343,800	4.43
C. Chambers	25,000,000	4.05
Wolf Gerhard Martinick*	19,263,200	3.12

(*Director)
Source: Capita Asset Services

Events Subsequent to Statement of Financial Position Date

There have been no disclosable events subsequent to the date of the statement of Financial Position.

Exchange Rates

The following rates have been used in the compilation of the financial statements and notes supporting the accounts:

	Translation	2014	2013
Year end	1 GBP – USD	1.71	1.52
Average	1 GBP – USD	1.62	1.57
Year end	1 USD – NAD/ZAR	10.60	9.87
Average	1 USD – NAD/ZAR	10.31	8.66

The use of average rates to translate foreign trading is considered appropriate as the revenue and expenditure is relatively stable.

The Directors' report was approved by the board and signed on its behalf.

John Bryant
Chairman
6 October 2014

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEATHERLY INTERNATIONAL PLC

We have audited the Group financial statements of Weatherly International plc for the year ended 30 June 2014, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the Group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the Group financial statements:
- give a true and fair view of the state of the Group's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report in the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters.

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Parent Company financial statements of Weatherly International plc for the year ended 30 June 2014.

Nicholas Page
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
6 October 2014

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Revenue	5	32,222	35,663
Cost of sales		(31,574)	(31,252)
Gross profit		648	4,411
Distribution costs		(2,043)	(2,422)
Other operating income	6	163	154
Administrative expenses		(3,416)	(4,269)
Operating loss	9	(4,648)	(2,126)
Compensation settlement	12	–	2,000
Foreign exchange (loss)/gain		(588)	234
Finance costs	14	(406)	(477)
Finance income	13	70	111
Loss before associated company		(5,572)	(258)
Share of losses of associated company	19(b)	(158)	(167)
Loss before tax		(5,730)	(425)
Tax credit	15	–	–
Loss on continuing operations		(5,730)	(425)
Profit from discontinued operations	8	–	2,014
(Loss)/profit for the year		(5,730)	1,589
(Loss)/profit attributable to:			
Owners of the parent		(5,565)	1,915
Non-controlling interests		(165)	(326)
		(5,730)	1,589
Total and continuing earning per share (US cents)			
(Loss)/earnings from continuing activities	16	(1.00c)	–
Earnings from discontinued activities	16	–	0.36c
Total		(1.00c)	0.36c
Diluted earnings per share (US cents)			
(Loss)/earnings from continuing activities	16	(1.00c)	
Earnings from discontinued activities	16	–	0.36c
Total		(1.00c)	0.36c

The notes on pages 43 to 71 form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

AT 30 JUNE 2014

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
(Loss)/profit for the year	(5,730)	1,589
Items that will not be reclassified subsequently to profit and loss		
Exchange differences on translation of non-controlling interests	–	(79)
	–	(79)
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	(61)	(7,468)
	(61)	(7,468)
Total comprehensive loss for the year	(5,791)	(5,958)
Total Comprehensive loss attributable to:		
Owners of the parent	(5,626)	(5,553)
Non-controlling interests	(165)	(405)
	(5,791)	(5,958)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2014

	Note	As at 30 June 2014 US$'000	As at 30 June 2013 US$'000
Assets			
Non-current assets			
Property, plant and equipment	18	67,735	19,898
Deferred Tax	15	5,239	5,629
Intangible assets	17	–	5,325
Investment in associates	19(b)	2,178	2,396
Trade and other receivables	22	680	731
Total non-current assets		75,832	33,979
Current assets			
Inventories	21	8,750	7,287
Trade and other receivables	22	4,211	3,735
Cash and cash equivalents	24	10,265	7,499
		23,226	18,521
Non-current assets held for sale	20	772	772
		23,998	19,293
Total assets		99,830	53,272
Current liabilities			
Trade and other payables	26	4,541	4,377
Loans	25	1,856	901
Inventory Loans	25	6,984	4,529
Total current liabilities		13,381	9,807
Non-current liabilities			
Loans	25	47,917	3,724
Provisions	27	–	203
Total non-current liabilities		47,917	3,927
Total liabilities		61,298	13,734
Net assets		38,532	39,538
Equity			
Issued capital	28	5,250	4,581
Share premium		9,998	6,092
Merger reserve		18,471	18,471
Share-based payments reserve		605	464
Foreign exchange reserve		(18,831)	(18,770)
Retained earnings		23,115	28,611
Equity attributable to shareholders of the Parent Company		38,608	39,449
Non-controlling interests	29	(76)	89
		38,532	39,538

On behalf of the Board:

R J Webster
Chief Executive Officer
Approved by the Board on 6 October 2014

The notes on pages 43 to 71 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2014

	Issued capital US$'000	Share premium US$'000	Merger reserve US$'000	Share-based payment reserve US$'000	Foreign exchange reserve US$'000	Retained earnings US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 30 June 2012	4,581	6,092	18,471	486	(11,302)	26,526	44,854	494	45,348
Share-based payments	–	–	–	148	–	–	148	–	148
Lapsed options and warrants	–	–	–	(170)	–	170	–	–	–
Transactions with owners	–	–	–	(22)	–	170	148	–	148
Profit/(loss) for the period	–	–	–	–	–	1,915	1,915	(326)	1,589
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(7,468)	–	(7,468)	(79)	(7,547)
Total comprehensive income for the year	–	–	–	–	(7,468)	1,915	(5,553)	(405)	(5,959)
Balance at 30 June 2013	4,581	6,092	18,471	464	(18,770)	28,611	39,449	89	39,538
Issue of Share capital	669	4,046	–	–	–	–	4,715	–	4,715
Share issue costs	–	(140)	–	–	–	–	(140)	–	(140)
Share-based payments	–	–	–	210	–	–	210	–	210
Lapsed options and warrants	–	–	–	(69)	–	69	–	–	–
Transactions with owners	669	3,906	–	141	–	69	4,785	–	4,785
Profit/(loss) for the period	–	–	–	–	–	(5,565)	(5,565)	(165)	(5,730)
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(61)	–	(61)	–	(61)
Total comprehensive income for the year	–	–	–	–	(61)	(5,565)	(5,626)	(165)	(5,791)
Balance at 30 June 2014	5,250	9,998	18,471	605	(18,831)	23,115	38,608	(76)	38,532

The notes on pages 43 to 71 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2014

	Note	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Cash flows from operating activities			
Loss for the year on continuing activities		(5,730)	(425)
Adjusted by:			
Depreciation		3,537	5,537
Share-based payment expenses		210	148
Loss on disposal of assets		–	42
Loss of associated company	19(b)	158	167
Compensation for Tambao claim		–	(2,000)
Finance costs		406	477
Interest received		(70)	(111)
		(1,489)	3,835
Movements in working capital			
Increase in inventories		(1,463)	(4,720)
(Increase)/decrease in trade and other receivables		(476)	1,724
Increase in working capital loans		2,455	3,871
Increase/(decrease) in trade and other payables		458	(987)
Net cash (used by)/generated by continuing activities		(515)	3,723
Net cash generated by discontinued activities	8	–	2,014
Net cash (used by)/generated by operating activities		(515)	5,737
Cash flows generated from investing activities			
Interest received		70	111
Payments for property, plant and equipment		(46,049)	(3,138)
Payments for evaluation of feasibility studies		–	(2,652)
Receipts for Tambao compensation claim	12	–	2,000
Net cash used in investing activities		(45,979)	(3,679)
Cash flows from financing activities			
Net proceeds from issue of share capital		4,575	–
Repayment of loans		(3,089)	(2,381)
Receipt of loans		48,238	–
Interest paid and finance charges		(406)	(477)
Net cash generated by financing activities		49,318	(2,858)
Increase/(decrease) in cash		2,824	(800)
Reconciliation to net cash			
Net cash at 1 July		7,041	7,973
Increase/(decrease) in cash		2,824	(800)
Foreign exchange gains		(39)	(132)
Net cash at 30 June	24	9,826	7,041

The notes on pages 43 to 71 form part of these financial statements.

1. Nature of operations and general information

Weatherly International plc and subsidiaries' ('the Group's') principal activities include the mining and sale of copper.

Weatherly International plc is the Group's ultimate Parent Company. It is incorporated and domiciled in England. The address of Weatherly International plc's registered office, which is also its principal place of business, is 180 Piccadilly, London W1J 9HF. Weatherly International plc's shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange.

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

These consolidated financial statements were approved for issue by the Board of Directors on 6 October 2014.

2. New accounting standards and amendments

Adoption of new and revised International Financial Reporting Standards

In the current year, the Group has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 July 2013.

Changes in accounting policy

At the date of authorisation of these financial statements the following standards and interpretations were in issue but not yet effective and therefore have not been applied in these financial statements:

- IFRS 9 Financial Instruments (effective 1 January 2018) (not yet EU adopted)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2014)
- IFRS 11 Joint Arrangements (effective 1 January 2014)
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2014)
- IAS 27 (Revised), Separate Financial Statements (effective 1 January 2014)
- IAS 28 (Revised), Investments in Associates and Joint Ventures (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)
- Mandatory Effective Date and Transition Disclosures – Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)
- Annual Improvements 2010-2012 Cycle (effective 1 July 2014)
- Transition Guidance – Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2014)
- Investment Entities – Amendments to IFRS 10, IFRS 12 and IAS 27 (effective 1 January 2014)
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36) (effective 1 January 2014)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective 1 January 2014)

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of the Group, with the exception of IFRS 9 which has not yet been finalised and so the Directors are not able to fully assess the potential impact.

3. Significant accounting policies

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The financial statements have been prepared on the historical cost basis other than certain financial instruments which are carried at fair value through the profit and loss. The principal accounting policies are summarised below and are consistent in all material respects with those applied in the previous year, except as otherwise noted.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 30 June each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination (see below) and the amount in excess of the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity are allocated to the non-controlling interest.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances, income and expenses and intra-group unrealised profits and losses are eliminated on consolidation.

Investments in Associates

The Group classifies companies over which it has significant influence, but not control, as associates when they do not meet the criteria to be classified as subsidiaries. When the Group holds, directly or indirectly, 20% or more of the voting power of the Company, it is presumed that the Group has significant influence unless it can be clearly demonstrated that this is not the case.

Associates are accounted for under the equity method. The investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of the acquisition. The Group's share of the profit or loss of the investee is recognised in the Group's profit or loss. Distributions received from the associated Company reduce the carrying amount of the investment.

Exploration and evaluation costs

Expenditure on advances to companies solely for exploration activities and the Group's own regional exploration activities prior to evaluation are capitalised, unless no further future benefit is considered likely whereupon it is written off to profit and loss. Exploration expenditure to define mineralisation at existing ore bodies or within the vicinity of existing ore bodies is considered a mine development cost and transferred to property, plant and equipment upon achieving a bankable feasibility study and are then amortised over the life of the mine. Costs are annually reviewed for impairment.

Revenue Recognition

Revenue represents the amounts derived from the sale of copper and other metals in the production of copper which fall within the Company's ordinary activities, stated net of value added tax. Sales of goods are recognised when goods are delivered and title has passed.

Copper concentrate sales are provisionally priced based on spot prices at the time of sale, and provisional assays indicating the amount of metal within the concentrate. The final revenue varies according to the price at the end of the quotational period and the final agreed assay results. This final agreement can take between 30 and 150 days after delivery to the customer. Ninety-five per cent (95%) of the initial valuation is paid on delivery with the balance paid on final agreement of prices. The provisional pricing arrangements give rise to separate embedded derivatives, This is accounted for by marking to market the provisional selling price as the basis the final invoice will be priced. The gain or loss is recorded in turnover and trade debtors.

The Company mitigates commodity price risk by maintaining forward sales for a period of 15 to 18 months of 200 tonnes of copper per month. In addition, the Company elects to fix all remaining contained copper in each lot in multiples of 25 tonnes, resulting in less than 25 tonnes of copper per lot being open to price variations.

The forward contracts and price fixing arrangements are deemed to be 'own use' contracts outside the scope of IAS39 and do not meet the criteria for hedge accounting.

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

Leases

Operating leases

Where the Group is a lessee in a lease that does not transfer substantially all the risks and rewards of ownership from the lessor to the Group, the total lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

Group as a lessor

Assets leased out under operating leases are included in assets held for sale in the balance sheet while the sale is being finalised. Rental income is recognised on a straight-line basis over the lease term, which will end at the point the sale completes.

Foreign Currency Translation

The individual financial statements of each Group Company are presented in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in US dollars, which is the functional currency of the Parent Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising, if any, are recognised in profit or loss.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences which relate to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on foreign currency borrowings;
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

3. Significant accounting policies continued

On consolidation the balance sheet of foreign operations are translated into the functional currency at year-end rates. Exchange differences arising from the translation of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the Group's foreign currency translation reserve. On disposal of a foreign operation, the cumulative amount of exchange differences relating to that operation is reclassified from equity to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Taxes

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is expected that the temporary difference will not reverse 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.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Tax relating to items recognised in other comprehensive income is recognised in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

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:

Freehold buildings	Fifteen years
Plant and machinery	Three to fifteen years
Development costs	Life of mine
Freehold land	Not depreciated

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, plant and machinery, 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.

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 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.

Development costs relating to major programmes at the existing mines are capitalised. These costs consist primarily of expenditure to expand the capacity of the operating mine. Day-to-day mine development costs to maintain production are expensed as incurred. Initial development and production costs on a new mine, which include site establishment costs, are capitalised until production reaches commercial production which is defined as 60% of budgeted steady-state production, at which time the accumulated costs are transferred to property, plant and equipment. Mining plant and equipment consists of buildings, plant and machinery, which are depreciated over the shorter of the estimated useful life of the asset or the life of the mine.

Impairment

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time, value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

3. Significant accounting policies continued

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Assets Held for Sale

The Group classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than continuing use. The asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable. The sale should be expected to be completed within one year from the date of classification unless the delay is caused by events or circumstances beyond the Group's control.

Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Inventories

Inventories are stated at the lower of cost and net realisable value, using the weighted average cost measurement basis. 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; and
- consumable stores are valued on a moving average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Financial Instruments, Assets and Liabilities

The Group uses financial instruments comprising cash, trade receivables, trade payables, convertible debt, derivatives and other equity investments that arise from its operations.

Financial assets

Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; available-for-sale financial assets and held to maturity assets. Currently the Group only has loans and receivables. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

Loans and receivables are recognised when the Group becomes a party to the contractual provisions of the instrument and are recognised at fair value plus transaction costs.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in profit or loss.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

An assessment for impairment is undertaken at least at each balance sheet date.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

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.

Financial liabilities

The Group's financial liabilities include bank overdrafts, loans, unsecured creditors and trade and other payables.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities categorised as at fair value through profit or loss are recorded initially at fair value, and all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs.

Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to profit or loss on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial liabilities are categorised as at fair value through profit or loss where they are classified as held for trading or designated as at fair value through profit or loss on initial recognition. Such liabilities are measured at fair value. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

All loans and borrowings are initially recognised at the fair value net of issue costs associated with the borrowing.

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.

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.

Forward Contracts

The Group uses forward contracts to mitigate its own risks associated with commodity price fluctuations. As such these are own use contracts outside the scope of IAS39. The gain or loss on the forward contracts is recognised in profit or loss in the period in which it matures. If the contract becomes onerous by the Group not being able to meet its obligations, the difference between the forward price and spot price is debited to profit or loss.

3. Significant accounting policies continued

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.

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

Equity

Equity comprises the following:

- 'issued capital' represents the nominal value of equity shares;
- 'share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- 'merger reserve' represents the excess over nominal value of the fair value of shares issued in a share for share exchange satisfying the conditions of section 612 of the Companies Act 2006;
- 'share-based payment reserve' represents equity-settled share-based employee remuneration until such share options are exercised;
- 'foreign exchange reserve' represents the differences arising from translation of investments in overseas subsidiaries;
- 'retained earnings' represents retained profits less retained losses;
- 'non-controlling interests' represents the amounts not attributable to the Parent Company.

Share-based Payments

Equity-settled transactions

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).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in profit or loss, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in profit or loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in profit or loss.

All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to 'share-based payment reserve'.

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.

Employee Benefits

Defined contribution pension scheme

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

The Group pays contributions to personal pension schemes of employees, which are administered independently of the Group.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgements in Applying the Group's Accounting Policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Going concern

The Group expects to generate sufficient funds to operate as a going concern for the next 12 months, based on its projected production levels and prevailing exchange rates and copper prices. The loan facilities available for the capital investment and working capital required for the Tschudi open pit project are believed to be adequate to meet the Group's needs.

Forward contracts

In applying the Group's revenue recognition accounting policy, commodity forward sale contracts and associated price fixing agreements are deemed to be 'own use' contracts that fall outside the scope of IAS 39 and are not considered to be derivatives.

Sources of Estimation Uncertainty

Revenue

The Group initially receives payment and takes revenue based on the copper, gold and silver content in the concentrate when the concentrate reaches the ship's rail. There are a number of variables in this initial valuation of revenue valuation that may change by the time the final price is agreed.

4. Critical accounting judgements and key sources of estimation uncertainty continued

Metal price: the Group fixes the price of the copper in multiples of 25 tonnes either through forward contracts or through fixing the price at the time of sale. The remaining quantity of copper is initially priced on the spot price of the day. The final price will be based on the average price in either one months' time (M+1) or four months' time (M+4) based on the offtaker's biannual election.

Gold and silver are priced initially at the spot price but the final price will be M+1.

Assay results: the quantity of copper, gold and silver is based on assays taken at the mine in the initial invoice. The final price is based on assays taken by seller and buyer at the port, Walvis Bay. The final price is based on the average assays of the parties. In the event the difference between the assay results exceeds contractual limits an umpire sample is used.

Moisture; the initial invoice is based on the estimated dry metric tonnes (DMT) in the lot. The DMT is based on the wet metric tonnes (WMT) weight of the concentrate at the port and the moisture content measured at the mine. The moisture content on the final invoice is based on the moisture content measured at the port.

The Group recognises revenue based on the initial invoice and amends it when the final invoice is agreed. The offtaker pays 95% of the initial invoice immediately and the balance when the final price is agreed.

Capitalisation and expensing of development expenses

For a new start-up, all pre-production expenditure and any associated income are capitalised until reaching commercial production. The Group defines commercial production as 60% of budgeted steady-state production whereupon it believes the mines have reached a stable level of production. After reaching commercial production, income and expenditure are charged to profit and loss. The capitalised development is amortised over the life of the mine.

The Directors use their judgement to determine the level of production at which the mine will achieve a steady state and the life of a mine.

Where a mine recommences production after being in care and maintenance, all production costs and associated income are charged to profit and loss immediately. Specific development projects, for example to open up new areas of the mine, are capitalised within property, plant and equipment. These development projects are amortised over the period in which the mine will benefit from the development, as discussed below.

Carrying value of property, plant and equipment

All mining assets are amortised where the mine operating plan calls for production from well-defined mineral reserves over proven and probable reserves.

For mobile and fixed plant, the straight-line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proven and probable mineral reserves, as the useful lives of these assets are considered to be limited to the life of the relevant mine.

The calculation of amortisation could be impacted by the estimate of actual production in the future being different from current forecast production based on proven and probable mineral reserves.

The factors affecting estimated mineral reserves include:

- changes in proven and probable mineral reserves;
- possible significant variations in the grade of mineral reserves from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and

- changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is possible that the copper price estimation may change, which may then impact the estimated life of mine determinant and may then require a material adjustment to the carrying value of property, plant and equipment.

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets. If there are indications that impairment may have occurred, estimates are prepared for expected future cash flows for each group of assets. They are significantly affected by a number of factors including published reserves, resources, exploration potential and production estimates, together with economic factors such as spot and future copper prices, discount rates, foreign currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

Fair value of share options

The Directors use their judgement in selecting an appropriate valuation technique for share options, and have selected the Black–Scholes model. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are provided in note 31.

Deferred Tax asset

The Group maintains a deferred tax asset on the basis of anticipated profits in future years. Deferred tax losses are recognised to the extent that future taxable profits are reasonably foreseeable and meet the definition of 'probable'. While the Group made a loss in the current year our cash flow and profit projections based on the Tschudi project that will come into production in 2015, indicate that our deferred tax asset meets this criteria.

5. Revenue

An analysis of the Group's revenue is as follows:

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Sale of goods	32,222	35,663
Total revenue	32,222	35,663

6. Other operating income

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Property rental	108	137
Other	55	17
	163	154

7. Operating segments

In identifying its operating segments, management generally follows the physical location of its mines which is consistent with management's internal reporting.

The activities undertaken by the Central Operations segment include the sale of extracted copper from Otjihase and Matchless mines. The activities undertaken by the Tschudi segment included the construction and acquisition of property plant and equipment to start up the Tschudi Open Pit mine.

Each of these operating segments is managed separately as each of these service lines requires different technologies and other resources as well as marketing approaches.

7. Operating segments continued

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

The revenues of Otjihase and Matchless are indistinguishable as the ore coming from both mines passes through the same concentrator and the two mines are viewed as one operating unit. Assets under construction relating to the Tschudi Open Pit mine have been capitalised as disclosed in note 18.

The Group's operations are located in Namibia and the UK. The Central Operations and Tschudi segments are located in Namibia, while the corporate function is carried out in the UK.

Year ended 30 June 2014

Sales and other operating revenues	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
External sales	32,222	–	32,222
Segment revenues	32,222	–	32,222

Segmental loss	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
Segmental operating profit/(loss)	(2,487)	–	(2,487)
Unallocated corporate expenses			(2,161)
Unrealised foreign exchange loss			(588)
Interest expense			(406)
Interest income			70
Loss before associated company			(5,572)

Segmental costs	Central Operations US$'000	Tschudi US$'000
Depreciation	3,536	–

Revenue by geographical area	US$'000
Switzerland	32,038
Southern Africa	184
	32,222

The Group's revenues were to one customer in Switzerland and three in Southern Africa.

	Central Operations US$'000	Tschudi US$'000	Total US$'000
Segment assets	37,337	53,525	90,862
Unallocated Corporate assets			8,968
Total assets			99,830

Non-current assets by geographic area	Central Operations US$'000	Tschudi US$'000
Namibia	23,769	49,885

Year ended 30 June 2013

Sales and other operating revenues	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
External sales	35,663	–	35,663
Segment revenues	35,663	–	35,663

Segmental loss	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
Segmental operating profit/(loss)	1,068	–	1,068
Profit on Tambao settlement			2,000
Unallocated expenses			(3,194)
Unrealised foreign exchange loss			234
Interest expense			(477)
Interest income			111
Profit before associated company			(258)

Segmental costs	Central Operations US$'000	Tschudi US$'000
Depreciation	5,537	–

Revenue by geographical area	US$'000
Switzerland	35,646
South Africa	17
	35,663

The Group's revenues were to one customer in each country.

	Central Operations US$'000	Tschudi US$'000	Total US$'000
Segment assets	38,092	8,152	46,244
Unallocated Corporate assets			7,028
Total assets			53,272

Non-current assets by geographic area	Central Operations US$'000	Tschudi US$'000
Namibia	20,629	10,954

8. Discontinued operations

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Insurance proceeds from flooding of Kombat mine	–	2,014

On 17 May 2010, the group disposed of the Kombat mine. In the prior year it received final settlement for an insurance claim for the flooding of the mine which occurred in 2006.

9. Operating loss

This is stated after charging/(crediting):	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Depreciation of owned assets	3,536	5,537
Staff costs (see note 11)	4,774	3,399
Loss on disposal of property, plant and equipment	–	42
Operating lease payments – equipment	833	8
Auditor's remuneration (note 10)	118	123

10. Auditor's remuneration

The remuneration of the auditor is further analysed as follows:

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	73	58
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	42	42
Tax services	–	–
Other services	3	23
Total remuneration	118	123

11. Employees and key management

The total Directors' emoluments for the year were US$809,000 (2013: US$670,000) and those of the highest paid Director were US$527,000 (2013: US$425,000). Detailed disclosure of Directors' remuneration is disclosed in the audited sections of the Directors' remuneration report on page 31.

a) Staff numbers

The average number of employees, including Directors

	Year ended 30 June 2014 No.	Year ended 30 June 2013 No.
Group:		
Corporate UK	9	8
Namibia:		
Mining	89	33
Average number of persons employed	98	41

b) Staff costs

Aggregated remuneration comprised:	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Wages and salaries	4,245	2,926
Social security costs	109	78
Pension contributions	166	139
Termination costs	44	108
Share-based payments	210	148
Employment costs	4,774	3,399

c) Key management remuneration

Key Management remuneration	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Short-term employment benefits	1,709	1,500
Post employment benefits	99	96
Share-based payments	40	40
	1,848	1,636

Key management personnel as defined under IAS 24 have been identified as the Board of Directors and further management personnel who have the authority and responsibility for planning, directing and controlling the activities of the Group.

12. Compensation settlement

The Group received US$2m in the prior year as full and final settlement for its claim to the Tambao mine in Burkina Faso.

13. Finance income

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Interest revenue:		
Bank deposits	70	111
Total interest revenue	70	111

14. Finance costs

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Bank	107	83
Orion Mine Finance Tranche A/Louis Dreyfus Commodities Metals Suisse SA loans	299	394
Orion Mine Finance Tranche B	1,764	–
Finance charges capitalised as part of the construction of Tschudi open pit mine	(1,764)	–
Total interest expense	406	477

15. Income tax

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
(Loss)/Profit before tax	(5,730)	(425)
UK corporation tax @ 22.50% (2013: 23.75%)	(1,289)	(101)
Tax effects of:		
Expenses not allowable for tax purposes	114	83
Non-taxable income		
Movement on unrecognised deferred tax	1,175	18
Total income tax expense	–	–
Unrecognised deferred tax provision		
Accelerated capital allowances	7,168	6,144
Other temporary differences	22	(3,363)
Tax losses – UK	(2,441)	(2,374)
Tax losses – Namibia	(33,785)	(30,525)
Unrecognised deferred tax asset	(29,036)	(30,118)
Gross tax losses		
UK	(11,624)	(9,994)
Namibia	(105,167)	(86,798)
	(116,791)	(96,792)

Deferred tax losses are recognised to the extent that future taxable profits are reasonably foreseeable and meet the definition of 'probable'. The Group cash flow and Profit projections based on for the Tschudi project that will come into production in 2015, indicate our deferred tax asset will meet this criteria.

The gross tax losses have no expiry period.

Movement on deferred tax assets	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
At beginning of year	5,629	7,167
Asset recognised during the year	–	–
Exchange movement	(390)	(1,538)
At end of year	5,239	5,629

16. Earnings per share

The calculation of basic and diluted earnings per ordinary share is based on the following data:

	Year ended 30 June 2014 US$'000	Year ended 30 June 2013 US$'000
Basic earnings per share (US cents)		
Earnings from continuing activities	(1.00c)	–
Earnings from discontinuing activities	–	0.36c
Total	(1.00c)	0.36c
Dilutive earnings per share (US cents)		
Earnings from continuing activities	(1.00c)	–
Earnings from discontinuing activities	–	0.36c
Total	(1.00c)	0.36c
Weighted average number of shares for basic earnings per share	558,439,207	536,571,808
Number of dilutive options	–	
Weighted average number of shares for diluted earnings per share	558,439,207	536,571,808

Both the basic and diluted earnings per share have been calculated using the earnings attributable to shareholders of the Parent Company, Weatherly International plc, a loss of US$ 5,565,000 (2013 profit of US$1,915,000) as the numerator, i.e. no adjustment to profit was necessary in either year.

For the year ended 30 June 2014, 22.4 million (2013: 33.0 million) potential ordinary shares have been excluded from the calculations of earnings per share as they are anti-dilutive.

17. Intangible assets

	Evaluation US$'000
Cost and net book value	
At 1 July 2012	3,646
Additions	2,652
Exchange difference	(973)
At 30 June 2013	5,325
At 1 July 2013	5,325
Transfers to assets under construction	(5,325)
At 30 June 2014	–

18. Property, plant and equipment

a)

	Freehold property US$'000	Plant and machinery US$'000	Development costs US$'000	Assets under construction US$'000	Totals US$'000
Cost:					
At 1 July 2012	18,718	22,434	7,270	–	48,422
Additions	17	997	2,124	–	3,138
Disposals	–	(723)	–	–	(723)
Exchange adjustment	(3,328)	(7,139)	(1,292)	–	(11,759)
At 30 June 2013	15,407	15,569	8,102	–	39,078
Depreciation:					
At 1 July 2012	(6,473)	(13,971)	(1,219)	–	(21,663)
Provided during the year	(951)	(2,246)	(2,340)	–	(5,537)
Disposals	–	150	–	–	150
Exchange adjustment	1,689	5,678	503	–	7,870
At 30 June 2013	(5,735)	(10,389)	(3,056)	–	(19,180)
Net book value at 30 June 2013	9,672	5,180	5,046	–	19,898
Cost:					
At 1 July 2013	15,407	15,569	8,102	–	39,078
Transfer from Intangibles	–	–	–	5,325	5,325
Additions	–	1,585	429	44,034	46,048
At 30 June 2014	15,407	17,154	8,531	49,359	90,451
Depreciation:					
At 1 July 2013	(5,735)	(10,389)	(3,056)	–	(19,180)
Provided during the year	(856)	(2,144)	(536)	–	(3,536)
At 30 June 2014	(6,591)	(12,533)	(3,592)	–	(22,716)
Net book value at 30 June 2014	8,816	4,621	4,939	49,359	67,735

The following serve as security for borrowings:

	Carrying Amount 2014 US$'000	Carrying Amount 2013 US$'000	Bond Amount 2014 US$'000	Bond Amount 2013 US$'000
Nature of property, plant and equipment				
Moveable mining assets of Ongopolo Mining Limited	6,947	5,853	10,000	12,000
Fixed plant in Namibia	12,619	–	20,000	–

19. Investments

a) Subsidiaries

The Company's investments at the balance sheet date in the share capital of companies include the following:

Name	% holding	Nature of business	Country of incorporation	Class of shares
Weatherly (SL) Limited	100	Holding company	St Lucia	1,000 ordinary US$1
Puku Minerals Limited (owned by Weatherly (SL) Limited)	100	Mineral exploration	Zambia	100 ordinary US$1
Weatherly (Namibia SL) Limited	100	Holding company	St Lucia	125,381,946 ordinary 20p
Weatherly (Namibian Custom Smelters) Limited	100	Holding company	St Lucia	1,000 ordinary £1
Weatherly Mining Namibia Limited owned by Weatherly (Namibia SL) Limited	99	Mineral exploration, development and production	Namibia	20,000,000 ordinary N$1. 1,000 redeemable preference shares N$1
Weatherly International Trustee Company Limited	100	Trustee company	England and Wales	1 ordinary £1
The following entities are owned by Weatherly Mining Namibia Limited:				
Ongopolo Mining Limited	97.5	Mineral exploration and development	Namibia	95,590,000 ordinary N$0.387
Tsumeb Specimen Mining (Pty) Limited	100	Dormant	Namibia	4,000 ordinary US$1

b) Investment in associates

Weatherly International plc owns 25% of China Africa Resources an AIM listed mining company.

Summary of its financial position is as follows:

	30 June 2014 US$'000	30 June 2013 US$'000
As at beginning of year	2,396	2,684
Loss of CAR in year	(158)	(167)
Exchange movement on translation of foreign operations	(60)	(121)
As at end of year	2,178	2,396
Dividend per share (p)	–	–

The summarised financial statements of CAR are:

	30 June 2014 US$'000	30 June 2013 US$'000
Property plant and equipment	12	17
Intangible assets	6,355	6,153
Total non-current assets	6,367	6,170
Receivables	25	64
Cash	1,471	2,656
Payables	(89)	(239)
	1,407	2,481
Net assets	7,774	8,651
Equity	11,036	11,036
Foreign exchange reserve	(757)	(512)
Retained deficit	(2,505)	(1,873)
Equity and reserves	7,774	8,651
Loss for the period	(632)	(666)

20. Non-current assets held for sale

Assets classified as non-current assets held for sale at June 2011 comprise properties sold at auction on 8 June 2009 and subject only to completion of the division of land. The regulatory approval requires the subdivision of the plots being sold and has proved to be a complex process administratively. It is expected that the process will be completed in the next 12 months. All assets are included in unallocated assets in the segmental analysis.

	Freehold property US$'000
Balance at 30 June 2012	938
Exchange differences	(166)
Balance at 30 June 2013 and 30 June 2014	772

The carrying value above approximates to the selling value, and costs to sell are expected to be minimal.

21. Inventories

	30 June 2014 US$'000	30 June 2013 US$'000
Metal in concentrate on hand	7,835	6,570
Consumables	915	717
	8,750	7,287

The difference between purchase price or production cost of inventories and their replacement cost is not material.

22. Trade and other receivables

	30 June 2014 US$'000	30 June 2013 US$'000
Current trade and other receivables		
Trade receivables	3,078	2,965
Prepayments and other receivables	1,036	752
VAT	97	18
	4,211	3,735
Non-current trade and other receivables		
Receivable for sale of non-controlling share of subsidiary (Note 23)	680	731
	680	731
Total receivables	4,891	4,466

As at 30 June 2014 there were no trade receivables past due (2013: nil).

23. Sale of non-controlling interest in subsidiary

The Group sold a 2.5% minority share of Ongopolo Mining Ltd (OML) to Labour Investment Holdings (Pty) Ltd (LIH) in Namibia. The shareholding was sold for N$7.2 million (US$887,000). The terms of the agreement were that the amount due from LIH will be deducted from any dividends paid by OML. LIH has pledged its shareholding as security for the debt.

The sale has been accounted for as follows:

	US$'000
Receivable from LIH	887
Share of net assets in OML disposed of	(431)
Profit on sale of non-controlling interest recognised in equity	456

The profit on sale of non-controlling interests has been accounted for through retained earnings.

LIH were also given an option to buy a further 2.5% of Ongopolo Mining Limited at a 20% discount on the market value at the time the option was exercised. The option will lapse in September 2016. The balance owed has reduced to US$680,000 at 30 June 2014 (30 June 2013 US$ 731,000) due to exchange differences.

24. Cash

	30 June 2014 US$'000	30 June 2013 US$'000
Cash and short-term deposits	9,826	7,041
Pledged Notice deposit	439	458
	10,265	7,499

For the purpose of the cash flow statement the closing cash and cash equivalents comprise the following:

	9,826	7,041

The notice deposits are pledged in favour of the Namibian electricity supplier, NamPower, as a guarantee of payment.

25. Borrowings

Secured borrowings

	Note	30 June 2014 US$'000	30 June 2013 US$'000
Secured borrowing at amortised cost			
Orion Mine Finance Tranche A: Assumed Louis Dreyfus Commodities Metal Suisse SA working capital loan		1,430	3,888
Short-term portion of loan		(1,430)	(388)
		–	3,500
Orion Mine Finance Tranche B: Funding for Tschudi project		47,801	–
Short-term portion of loan		–	–
		47,801	–
Louis Dreyfus Commodities Metal Suisse SA Inventory loan	(a)	6,984	4,529
Short-term portion of loan		(6,984)	(4,529)
		–	–
First National Bank of Namibia Limited		542	737
Short-term portion of loan		(426)	(513)
		116	224
Total borrowings		56,757	9,154
Short-term portion		(8,840)	(5,430)
		47,917	3,724

(a) If all inventory shipped to Walvis Bay before year-end had also been loaded aboard a ship, this balance would have been recorded as a sale instead of a loan.

The weighted average interest rates paid during the year were as follows:

	30 June 2014 %	30 June 2013 %
Louis Dreyfus Commodities Metal Suisse SA	–	3.28
Orion Mine Finance Tranche A	3.23	–
Orion Mine Finance Tranche B	9.00	–
Louis Dreyfus Commodities Metal Suisse SA	3.75	3.75
First National Bank of Namibia Limited	9.25	9.25

Louis Dreyfus Commodities Metals Suisse SA – Inventory Loan

The loan bears interest at Louis Dreyfus' cost of funds + 2.5% for 60 days and is denominated in US$.

The loan is repayable on sale of copper concentrate stocks at Walvis Bay to Louis Dreyfus.

The loan is secured on the copper concentrate inventory at Walvis Bay.

First National Bank of Namibia Limited

The loan is an asset financing facility and bears interest at a variable rate equal to the First National Bank of Namibia Limited's prime overdraft rate and is denominated in Namibian dollars.

The loan is repayable in 24 equal instalments with the last instalment due in April 2015.

The loan is secured on the assets financed by the facility and a letter of surety by Weatherly International plc.

Orion Mine Finance

The loan is divided into 2 Tranches, A and B. Tranche A bears interest at US$ 3 month libor +3% and is denominated in US$. The loan is repayable by December 2014.

Tranche B bears interest at US$ 3 month libor +7% with libor at a minimum of 2%. The loan is repayable over 6.25 years with an initial two year holiday on repayments.

Repayments are evenly spread over the remainder of the loan except that in the third year they are reduced and are only 44% of the subsequent payments.

The loan is secured by notarial and general bonds over the Namibian assets of the Group totalling US$30m, as well as pledge and cession of the shares of Ongopolo Mining Ltd and its parents below Weatherly International plc.

26. Current trade and other payables

	30 June 2014 US$'000	30 June 2013 US$'000
Trade payables	4,369	3,669
Other payables and accruals	172	708
	4,541	4,377

27. Provisions

	30 June 2014 US$'000	30 June 2013 US$'000
Opening provisions	203	247
Payment	(203)	–
Exchange movement	–	(44)
Closing provisions	–	203

One of the Group's subsidiaries was engaged in a legal dispute with a former contractor. The Company provided for the amount it believed was payable under the contract and the claim was settled for this amount.

28. Share capital

Number of shares issued	30 June 2014	30 June 2013
Number of shares in issue at beginning of the year	536,571,808	536,571,808
Shares issued during year	80,033,337	–
Number of shares in issue at end of the year	616,605,145	536,571,808

Allotted, called-up and fully paid	30 June 2014 US$	30 June 2013 US$	30 June 2014 £	30 June 2013 £
Ordinary shares of 0.5p	5,250,369	4,580,867	3,083,026	2,682,859
	5,250,369	4,580,867	3,083,026	2,682,859

28. Share capital continued

The outstanding warrants/options to subscribe for ordinary shares of the Company as at 30 June 2014 are as follows:

Date of grant	Number of warrants/options	Price per warrant/ option Pence	Expiry date
01 Apr 10	7,250,000	3.00	1 April 2020
05 Aug 10	3,500,000	3.20	5 August 2020
16 Mar 11	1,500,000	10.00	16 March 2021
26 May 11	1,000,000	9.25	26 March 2021
16 Aug 11	1,000,000	8.00	16 August 2021
18 Oct 11	1,000,000	6.00	18 October 2021
03 Dec 12	1,500,000	3.90	3 December 2022
28 Dec 12	2,500,000	5.40	28 December 2022
08 Mar 12	750,000	4.12	8 March 2022
19 Mar 12	1,000,000	5.00	30 October 2024
17 Jun 14	3,333,333	3.13	17 June 2024

29. Non-controlling interests

	US$'000
At 30 June 2012	494
Share of profit of Weatherly Mining Namibia Ltd	(91)
Share of profit in Ongopolo Mining Limited	(235)
Exchange movements	(79)
At 30 June 2013	89
Share of loss of Weatherly Mining Namibia Ltd	(47)
Share of loss in Ongopolo Mining Limited	(118)
At 30 June 2014	(76)

Non-controlling interests represent 1% of Weatherly Mining Namibia Limited and 2.5% of Ongopolo Mining Limited.

30. Capital commitments

	30 June 2014 US$'000	30 June 2013 US$'000
Capital commitments		
Contracted for but not yet recognised in the financial statements	32,296	219

31. Share-based payments

Equity-settled share-based payments: options

The Company has an unapproved share option scheme for eligible employees, including Directors. Options are exercisable at a price equal to the average market price of the Company's shares on the date of grant, with a vesting period of three years. The options are settled in equity when exercised.

If the options remain unexercised after a period of 10 years from the vesting date, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	At 30 June 2014		At 30 June 2013	
	Options	Weighted average exercise price pence	Options	Weighted average exercise price pence
Outstanding at start of period	22,500,000	4.36	17,191,667	5.77
Granted during the year	3,333,333	3.13	6,500,000	4.84
Forfeited/Lapsed during the year	(1,500,000)	7.37	(1,191,667)	15.88
Outstanding at end of the period	24,333,333	4.44	22,500,000	3.43
Exercisable at end of the period	19,500,000	4.30	12,333,334	4.36

Share options outstanding at the end of the year are exercisable within a range of 3p and 10p.

The average life remaining of options over shares is 7.0 years at 30 June 2014 (2013: 8.5).

The fair value of the options was calculated using the Black–Scholes model as US$64,000. The inputs for the current year were as follows:

Date of vesting	Estimated fair value pence	Share price pence	Exercise price pence	Expected volatility	Expected life	Risk-free rate
17 Jun 14	1.5p	3.13p	3.13p	72%	10	1.40%

The dividend yield rate input in each of the above calculations was zero.

The share price movements during the year were as follows: high of 5.62p, low of 2.12p and a closing share price at 30 June 2014 of 2.88p.

The volatility of the Company's share price on each date of grant was calculated as the average of volatilities of share prices of companies in the peer group on the corresponding dates. The share price volatility of each Company in the peer group was calculated as the average of annualised standard deviations of daily continuously compounded returns on the companies' stock, calculated over five years back from the date of grant.

The peer group consists of mining companies quoted on AIM with a market capitalisation of less than £100 million. The risk-free rate is the yield to maturity on the date of grant of a UK gilt strip, with term to maturity equal to the life of the option.

32. Pensions and other post-retirement benefits

The Parent Company has no pension scheme or post-retirement benefits scheme. Contributions are made to the private pension funds of Directors, forming part of their total remuneration.

Ongopolo Mining Ltd contributes 8% of pensionable salaries, while employees are obliged to contribute 1% of pensionable salaries and may contribute more if they wish. The fund is administered on an inclusive basis, meaning the difference between the total contribution of 8% and the total income of the fund accumulates for the retirement fund purposes.

33. Financial instruments

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in note 3.

Categories of financial instruments

The carrying amounts presented in the statement of financial position relate to the following categories of assets and liabilities.

	Carrying value	
Financial assets	30 June 2014 US$'000	30 June 2013 US$'000
Current		
Loans and receivables		
Trade and other receivables	3,083	2,965
Cash and cash equivalents	10,265	7,499
	13,348	10,464
Non-current		
Trade and other receivables	680	731
	14,028	11,195

Financial liabilities		
Current		
Amortised cost	13,381	9,807
Non-current		
Amortised cost	47,917	3,724
	61,298	13,531

As at 30 June 2014 there were no trade receivables that were past due and all are believed to be recoverable.

The fair value is equivalent to book value for current assets and liabilities. Non-current liabilities are discounted at prevailing interest rates for both the long and short-term elements.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Year ended 30 June 2013	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	5,488	3,854	
Non-interest bearing			
Trade and other payables	4,377	–	–

Year ended 30 June 2014	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	8,947	55,535	10,637
Non-interest bearing			
Trade and other payables	4,541	–	–

Liquidity risk

The Directors monitor cash flow on a daily basis and at monthly Board meetings in the context of their expectations for the business, in order to ensure sufficient liquidity is available to meet foreseeable needs. At present, equity funding from share issues and loans from Louis Dreyfus Commodities Metals Suisse SA are the main methods of funding.

Interest rate risk

The Group's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 30 June 2014, the Company was exposed to changes in market interest rates through its Parent Company and bank borrowings, which are subject to variable interest rates.

The following table illustrates the sensitivity of the net results for the year and equity to a reasonably possible change in interest rates of +/-1.0 basis points (2013: +/-1.0 basis points) with effect from the beginning of the year. These changes are considered to be reasonably possible based on observations of current market conditions. The calculations are based on the Company's financial instruments held at each balance sheet date. All other variables are held constant.

	2014 US$'000 +1.0 Base points	2013 US$'000 +1.0 Base points
Net effect on after tax profits	90	92
Equity	90	92

An increase in interest rates will decrease profits.

Substantially all cash resources are invested in fixed-rate interest-bearing deposits – sterling at 0.4% on monthly call and US dollars at 0.14% on monthly call. The Directors seek to get the best rates possible while maintaining flexibility and accessibility. The inter-company loans are set at a rate tied to the market from time to time.

Credit risk

The Group sells copper concentrate to a recognised, creditworthy trading house. The income is paid for with terms of 95% on the concentrate leaving Namibia, with 5% being trade receivables. The maximum credit risk exposure related to financial assets is represented by the carrying value as at the balance sheet date.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts. The Group operates within the UK and southern Africa and most revenue transactions are denominated in US dollars while most costs are denominated in Namibian dollars, resulting in exposure to exchange rate fluctuations. Funds are periodically transferred overseas to meet capital commitments as required.

The carrying amounts of the Group's foreign currency denominated monetary assets (cash, trade and other receivables) and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	30 June 2014 US$'000	30 June 2013 US$'000	30 June 2014 US$'000	30 June 2013 US$'000
British pound	–	–	3,165	474
Namibian dollar	542	737	6,678	3,954
Total	543	737	9,843	4,428

33. Financial instruments continued

Foreign currency sensitivity analysis

The Group is mainly exposed to the currencies of the United Kingdom (British pound) and Namibia (Namibian dollar).

The following table details the Group's sensitivity to a 20% increase and decrease in the US dollar against the relevant foreign currencies. Twenty per cent (20%) is the movement experienced during the current financial year and used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit and equity where the US dollar strengthens 20% against the relevant currency. For a 20% weakening of the US dollar against the relevant currency, there would be an equal and opposite impact on the profit and equity, and the balances below would be negative.

		British pound currency impact		Namibian dollar currency impact	
		30 June 2014 US$'000	30 June 2013 US$'000	30 June 2014 US$'000	30 June 2013 US$'000
Effect on profit	–20%	(633)	(95)	(1,227)	(643)
	+20%	633	95	1,227	643
Effect on equity	–20%	(633)	(95)	(1,227)	(643)
	+20%	633	95	1,227	643

Commodity price risk

The Group fixes the price on all contained copper in lots of 25 tonnes immediately on delivery.

Gold and silver prices are not fixed but are priced on the average monthly price following the month of delivery.

The approximate effects on the Group's results of a 10% movement in the average price achieved for copper in the year, when not covered by forward contracts, would be as follows:

	2014 US$'000	2013 US$'000
Net effect on after tax profits	2,405	1,504
Equity	2,405	1,504

34. Events subsequent to balance sheet date

There were no reportable events subsequent to the balance sheet date.

35. Other related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The following related party transactions occurred with China Africa Resources plc, an associate.

	30 June 2014 US$'000	30 June 2013 US$'000
Related party balances		
Debtors	36	166
Management fees receivable	456	552

36. Capital management policies and procedures

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders

by being able to identify and extract copper for sale at prices that are commensurately with the level of risk.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

Capital for the reporting periods under review is summarised as follows:

	30 June 2014 US$'000	30 June 2013 US$'000
Total equity	38,608	39,449
Borrowings	56,757	9,154
	95,365	48,603

The Group's going concern status is covered in note 4, and the activities of the Company to provide adequate return to shareholders are described in the Chief Executive's Statement on page 6.

STATEMENT OF DIRECTORS' RESPONSIBILITIES – PARENT COMPANY

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, 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 UK 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 Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WEATHERLY INTERNATIONAL PLC

We have audited the Parent Company financial statements of Weatherly International plc for the year ended 30 June 2014 which comprise the Parent Company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 34, the Directors are responsible for the preparation of the Parent Company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Parent Company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion, the Parent Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2013;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the Parent Company financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the Group financial statements of Weatherly International plc for the year ended 30 June 2014.

Nicholas Page
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick
6 October 2014

COMPANY BALANCE SHEET

AT 30 JUNE 2014

	Note	As at 30 June 2014 US$'000	As at 30 June 2013 US$'000
Fixed assets			
Investments	39	39,097	39,097
Total fixed assets		39,097	39,097
Current assets			
Debtors – amounts due greater than 1 year	42	55,851	52,928
Debtors – amounts due less than 1 year	42	410	402
Cash at bank and in hand		5,571	4,163
Total current assets		61,832	57,493
Creditors			
Amounts falling due within one year	43	508	337
		508	337
Net current assets		61,324	57,156
Net assets		100,421	96,253
Capital and reserves			
Called-up share capital	47	5,250	4,581
Share premium	47	9,998	6,092
Merger reserve	47	18,471	18,471
Share-based payments reserve	47	605	464
Profit and loss account	47	66,097	66,645
		100,421	96,253

The parent entity financial statements of Weatherly International plc were approved for issue by the Board of Directors on 6 October 2014 and signed on behalf of the board by Rod Webster.

R J Webster
Chief Executive Officer

The notes on pages 75 to 79 form part of these financial statements.

Company registration no. 3954224

37. Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below and are consistent in all material respects with those applied in the previous year, except as otherwise noted.

38. Accounting policies: parent entity

a. Basis of preparation and change in accounting policy

The parent entity financial statements of Weatherly International plc were approved for issue by the Board of Directors on 6 October 2014.

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

b. Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;
- provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable;
- deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

c. Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than market conditions linked to the price of the shares of the Company.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

38. Accounting policies: parent entity continued

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and the number of equity instruments that will ultimately vest, or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss amount with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

All equity-settled share-based payments are ultimately recognised as an expense in the profit and loss account with a corresponding credit to 'other reserve'.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium.

d. Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period. Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

e. Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and
(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group exchanging a fixed amount of cash or other assets for a fixed number of the Group's own equity instruments.

When shares are issued, any component that creates a financial liability of the Company or Group is presented as a liability in the balance sheet, measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

The remainder of the proceeds on issue is allocated to the equity component and included in shareholders' equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares, based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

f. Investments

Investments are measured at historic cost, less any provision for impairment.

39. Investments

	30 June 2014 US$ '000	30 June 2013 US$ '000
Fixed asset investments		
Opening balance	39,097	39,097
Investments in the year	–	–
Closing balance	39,097	39,097

For a listing of the subsidiaries, see note 19 (a).

40. Operating profit

Auditor's remuneration relating to the parent entity amounted to US$72,000 (2013: US$58,000).

41. Directors' remuneration

	2014 US$'000	2013 US$'000
Emoluments	551	457
Contributions to money purchase schemes	63	61
	614	518
Fees of highest paid Director	269	273

During the year, no Directors (2013: nil) participated in defined benefit pension schemes and one Director (2013: one) participated in money-purchase pension schemes.

42. Debtors

	30 June 2014 US$ '000	30 June 2013 US$ '000
Debtors due within one year		
Trade debtors	119	181
Prepayments and other debtors	194	203
VAT	97	18
Total current	410	402
Debtors due after more than one year		
Amount due from subsidiary undertakings (see note 50)	55,851	52,928
Total non-current	55,851	52,928
Total debtors	56,261	53,330

43. Creditors: amounts falling due within one year

	30 June 2014 US$'000	30 June 2013 US$'000
Trade creditors	338	243
Other creditors and accruals	170	94
	508	337

44. Subsidiaries

Details of the Company's subsidiaries at 30 June 2014 are as included in the consolidated Group accounts under note 19 (a).

45. Financial assets

Loans to other Group entities

At the balance sheet date amounts receivable from the fellow Group companies were US$55.9 million (2013: US$53.5 million). The carrying amount of these assets approximates to their fair value. These amounts owing from Group companies are shown net of an impairment amount of US$10.5 million (2013: US$10.5 million). Following a review by the Directors these are considered due after more than one year as there is no agreed repayment date.

Cash and cash equivalents

These comprise cash held by the Company and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates their fair value.

46. Financial liabilities

Trade and other payables

Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The carrying amount of trade payables approximates their fair value.

Borrowings

The Company had no borrowings during the financial year (2013: US$ Nil)

47. Movement in shareholders' funds

	Issued capital US$'000	Share premium US$'000	Merger reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total equity US$'000
At 30 June 2012	4,581	6,092	18,471	486	65,972	95,602
Profit for the year	–	–	–	–	504	504
Lapsed options and warrants	–	–	–	(169)	169	–
Share-based payments	–	–	–	147	–	147
At 30 June 2013	4,581	6,092	18,471	464	66,645	96,253
Profit for the year	–	–	–	–	(617)	(617)
Lapsed options and warrants	–	–	–	(69)	69	–
Share-based payments	–	–	–	210	–	210
Issue of ordinary shares	669	4,046	–	–	–	4,715
Share issue costs		(140)				(140)
At 30 June 2014	5,250	9,998	18,471	605	66,097	100,421

48. Profit attributable to members of the Parent Company

The loss for the year dealt with in the accounts of the Parent Company, Weatherly International plc, was US$617,000 (2013: profit of US$503,000). As permitted by section 408 of the Companies Act 2006, no separate profit or loss account is presented in respect of the Parent Company.

49. Post balance sheet events

There are no reportable events subsequent to the balance sheet date.

50. Related party transactions

The following related party transactions occurred with Weatherly Mining Namibia Ltd, a non-wholly-owned subsidiary.

	30 June 2014 US$'000	30 June 2013 US$'000
Debtors	55,851	52,928
Management fees received	2,400	2,400
Interest received	246	329

The following related party transactions occurred with China Africa Resources plc, an associated company.

	30 June 2014 US$'000	30 June 2013 US$'000
Debtors	36	166
Management fees received	456	552

The exemption available from disclosing related party transactions with wholly owned subsidiaries has been taken.

COMPANY INFORMATION

Directors
J Bryant (Non-Executive Chairman)
R J Webster (Chief Executive Officer)
W G Martinick (Non-Executive)
A J Stephens (Senior Independent Non-Executive)
C G Stavrakis (Non-Executive)

Secretary
K S Ellis (appointed 1 January 2014)

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