ANNUAL REPORT 2016

Weatherly International plc
Company No. 03954224

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2016 Highlights

Operational

- Tschudi ramp-up completed in the year, achieving Commercial Production from 1 October 2015 and achieving design nameplate production rate in December 2015.
- Tschudi exceeded nameplate production rate by 4% in Q3.
- Production adversely affected by excessive groundwater inflow in Q4.
- Produced 15,884 tonnes of copper cathode at Tschudi for the financial year.
- Tschudi C1 unit costs of US$4,199 per tonne achieved from the commencement of Commercial Production on 1 October 2015 to 30 June 2016 – below the bottom end of guidance.
- Copper price continued to decline until January 2016, reaching a level approximately 40% below that existing when the Feasibility Study was finalised, and over 30% below that prevailing during funding and construction.
- Central Operations converted to project development status in September 2015.
- Released option on Tsumeb tailings facility for consideration of US$4m via discounted sulphuric acid purchasing, bringing immediate cash flow benefit into the Company.

Corporate

- Restructuring of corporate overheads delivered 25% cost saving.
- Dr Wolf Martinick and Mr Charilaos Stavrakis have retired from the Board and will not be replaced.

Financial

- Group operating profit of US$1.4m.
- Group loss of US$10.6m at the profit before tax level.
- All loan repayments which fell due during the year have been deferred by agreement with Orion.
- Tranche C loan repayment which fell due after financial year end has also been deferred.

CHAIRMAN'S STATEMENT

Introduction

The operating environment for the Company has changed markedly over the last two years with the significant reduction in the copper price. We started from a situation with cash-generative underground mines and a copper price environment of above US$7,500/t when the Tschudi feasibility study was prepared, and copper prices remaining at around US$7,000 per tonne during Tschudi funding and construction. The year which saw the transition through commissioning and ramp-up to nameplate production rates at Tschudi coincided with a fall in price by over 30% to below US$4,700 for the second half of the financial year.

The Company has had to adapt to this major change. Successful implementation of the Tschudi project remained critical, and I am pleased to say it was delivered. Enhanced cost discipline throughout the business became an equally critical imperative, and important decisions were taken and implemented accordingly by the Board and by management. As always, the Company must strive to improve operational safety performance, and I am particularly pleased with the progress made in this regard.

Management and Board changes

This has been Craig Thomas's first year as CEO of Weatherly. His new position commenced with the start of the financial year on 1 July 2015, following almost five years working for the company in Namibia as its Chief Operating Officer.

In December, the Company was delighted to appoint Peter Christians to the management team. Mr Christians joined Weatherly as the General Manager for Tschudi and significantly strengthens the Weatherly team.

During the period the Company was advised by Orion that Mr Ray Jenner, their representative on Weatherly's Board, would be resigning. As a result Mr Jenner did not stand for re-election at the Company's AGM. The Board would like to thank Mr Jenner for his contribution and to wish him well in his retirement.

Subsequent to the AGM, Mr Edwin Bennett was appointed to the Board as the representative of Orion. Already Mr Bennett has contributed immensely to the efforts of the Company to navigate challenging market conditions, and we look forward to a long and constructive relationship.

As part of continuing efforts to minimise costs mentioned above, in July the Company also announced that Dr Wolf Martinick, the founding Chairman of the Company, and Mr Charilaos Stavrakis have retired from the Board, and will not be replaced in the near term. The Company would like to thank both Directors for their commitment, guidance and advice throughout their time on the Board which has been most valuable and greatly appreciated.

Conclusion

Whilst the Board is confident in the Company's assets and its management team, the external environment and prevailing sentiment surrounding copper remains challenging. Optimising the strategic foundation that Tschudi provides while seizing all available opportunities to conserve cash are top priorities at this point in time. However the Company will also cautiously advance plans to realise value from all other assets in its portfolio wherever it is prudent to do so, and the Board will continue to seek to position the Company well to extract maximum advantage from higher copper prices.

I would like to take this opportunity to thank all the Company's staff for their hard work and continued support, especially during the recent adversities as a result of the groundwater issues at Tschudi. I would also like to thank the Company's shareholders for their continued support during this time. This is especially the case for Orion, our largest shareholder, who have continued to support and work with the Board with a view to building a successful copper producing business.

John Bryant
Chairman

13 October 2016

Copper price has fallen by over 30% during commissioning and ramp-up phases
Copper Price US$/t
DFS complete
Study >$7500/t
Funding drawdown & ground-breaking
Funding & Construction $7000/t
Commence mining
First Copper
Commission
Suspend Central Ops
Commercial Production
Ramp-up
Nameplate
Production
9000
8500
8000
7500
7000
6500
6000
5500
5000
4500
4000
Sep11
Dec11
Mar12
Jun12
Sep12
Dec12
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Dec15
Mar16
Jun16

CHIEF EXECUTIVE OFFICER'S REPORT

Summary

Our operational safety performance has improved greatly over the last few years, and our continuous improvement plans will ensure we manage these and other business risks even better in the future.

Tschudi made the transition from commissioning into ramp-up, and went on to reach nameplate production rates by December as planned. Tschudi then briefly demonstrated it's true potential before suffering a short-term setback towards the end of the financial year when excessive groundwater was encountered.

The tough copper price environment made it clear that the Central Operations could not continue in their current form, and in the first quarter we took decisive action to preserve their future value to shareholders.

The same tough price environment has meant that for now our focus is squarely on stabilising Tschudi at nameplate production rates while taking all available measures to conserve and/or unlock cash.

Operational Review

Our flagship Tschudi mine produced first copper ahead of schedule in February 2015, but then encountered some significant challenges due to the poor leaching characteristics of the shallow ore available for heap leaching during the commissioning period.

In July 2015 the Company issued revised production guidance for the Tschudi ramp up, and we have delivered on those commitments.

For the ramp up, we committed to 10,000 tonnes of copper from Tschudi in CY2015 and to reach the 17,000 tonnes per annum nameplate rate by December 2015. We delivered 6% better, with 10,659 tonnes for the calendar year, achieving commercial production on 1 October 2015, and hitting nameplate production rates for the first time in December 2015 as committed.

Once in commercial production, we guided that we would operate with C1 costs for the financial year to June 2016 of US$4,250-4,350 per tonne, and we delivered a C1 cost of US$4,199 per tonne.

The quarter to March 2016 demonstrated what Tschudi can do – we produced copper at rates 4% higher than nameplate, and at C1 costs below US$3,500 per tonne.

A sharp weakening of the South African Rand (pegged 1:1 to the Namibia Dollar) in the preceding quarter did assist in delivering this exceptional unit cost result, and subsequent escalation of imported input costs (and a modest recovery by the Rand) have since normalised the position. However, a strong focus on productivity and cost discipline by the on-site team also played a valuable role in this satisfying outcome.

As a result, up until the third quarter we had been able to meet or beat Tschudi guidance on all fronts. The operating team at Tschudi had successfully dealt with the challenges of variable leaching characteristics of heavily-oxidised shallow ore, and had delivered a new first-class mining and processing operation capable of producing 17,000 tonnes per annum of LME A Grade copper cathode. Many of their achievements – in terms of safety, productivity, product quality and cost efficiency – rank with best-in-class performance and they should be congratulated on their achievements to date. We are particularly proud of the fact that Tschudi achieved over 500 consecutive days and over 2.4 million man-hours worked without any Lost Time Injuries.

In the fourth quarter, the open pit at Tschudi encountered groundwater at the depth expected. While well prepared to deal with the highest rates of groundwater inflow contemplated in the DFS, we encountered significantly higher rates of inflow than these, and production rates were compromised. Ore delivery from the pit to the crushing plant was reduced while groundwater management systems and capability were upgraded. The June quarter production result was 10% below nameplate as a result, and the September 2016 quarter production is expected to be approximately 15% below nameplate, before returning to nameplate production levels by the end of the December 2016 quarter. Despite this, we still aim to achieve the nameplate 17,000 tonnes of copper cathode production for the financial year to June 2017 via above-nameplate production rates during the latter portion of the period. C1 costs for the full financial year to June 2017 are expected to be in the range of US$ 4,100 to US$4,200 per tonne, despite relatively high C1 costs in the first part of the year while dealing with groundwater issues.

The operating team reacted as quickly as possible to the high groundwater inflow rates and quickly initiated short- and long-term remedial strategies. We are now confident that we have the ability to control the groundwater in the long term.

We are disappointed to have been unable to anticipate such high groundwater inflow rates, and as a result to have spoiled our track record of beating Tschudi guidance. Our operating team are totally focussed on meeting or beating the new revised guidance and on demonstrating what they and the Tschudi operation are capable of.

Throughout the entire period since first copper at Tschudi, we have faced growing headwinds in terms of the global copper price. The sharp fall in price in January 2015 just prior to Tschudi's first copper compounded the operational challenges being faced at Tschudi and Central Operations at the time. This was followed by further price declines until January 2016, followed by a period of moderately volatile pricing slightly higher than the January low. These copper price headwinds necessitated the decision to suspend production from the Central Operations in September 2015, and to convert the operations to Project Development status. The suspension was carefully implemented, and the operations are being maintained in a safe condition, ready for a future resumption of production. Safety and cost discipline during this period of suspension are high priorities for the team tasked with the care-and-maintenance functions.

The Central Operations – Otjihase, Matchless West and Old Matchless – still represent a significant opportunity for the Company. Plans are being prepared to support a future resumption of operations at higher production rates and lower unit costs than previously achieved, taking full advantage of the installed processing plant capacity and the geological resources available. An important part of these plans include the skills development required to ensure high levels of safety and productivity for future underground mining. When the outlook for copper price improves, we expect to be able to deliver significant shareholder value from these operations.

Cost management remains a high priority during these challenging times for copper producers. Every opportunity to conserve cash and/or recover value from peripheral assets is being pursued vigorously.

To this end we seized an opportunity to realise value from our rights over the Tsumeb tailings facility from Dundee Precious Metals Tsumeb (Dundee). Dundee supplies sulphuric acid to Tschudi, and retaining title to the tailings facility formed part of its smelter optimisation plans. Dundee agreed to provide consideration of US$4m to retain ownership of the facility, to be satisfied by applying a credit of US$40 per tonne of sulphuric acid supplied to Tschudi. This brought an immediate cash flow benefit from an asset which would otherwise take several years and significant further investment investigating potential processing routes in order to know if any cash value might be obtained in future.

We also sought opportunities to reduce head-office costs wherever possible, reducing the number of corporate brokers engaged, relocating the office outside London, reducing the total cost of Directors remuneration, reducing the UK office headcount, and removing the COO position.

Beyond the immediate imperative to stabilise Tschudi at nameplate production rates while conserving cash wherever possible, we were able to further optimise the life-of-mine plan for Tschudi. Additional Advanced Grade Control drilling results plus updated resource and reserve estimation led to additional copper in reserves (after allowing for depletion), lower strip ratios, and lower unit costs. In addition we identified a low cost low risk expansion opportunity whereby production could potentially be expanded by 18% to 20,000 tonnes per annum via upfront investment of US$1.2m.

Financial Review

(a) Revenue, costs and profitability

Copper prices have been declining for several years. The average spot price in FY2014 was over US$6,800 per tonne, falling by more than 30% to below US$4,700 for the second half of FY2016. The resulting loss of revenue has severely impacted our profit margins within the last year. We have partially mitigated this with the assistance of Orion by placing some short-term hedges on Tschudi offtake achieving an average price of US$4,780 per tonne compared to an average spot price of US$4,720 per tonne and contributing US$0.7m of profit.

As a Group, revenue increased to US$63.7m compared to US$38.1m in the previous year, with Tschudi production volumes more than offsetting the loss of volume from the suspension of Central Operations in the first quarter and the significant year on year decline in copper price.

Revenue and costs relating to Tschudi were fully capitalised until it reached Commercial Production on 30 September 2015. From that point Tschudi made an operating profit of US$5.6m over nine months. Production and distribution costs (meeting the definition of C1 costs for the mine) averaged US$4,199 per tonne during this time which compared to an average spot price of US$4,765 per tonne. This period includes the fourth quarter when groundwater issues meant that production weakened while costs increased. The result was that in that fourth quarter C1 cost averaged US$4,689 compared to an average spot price of US$4,728 per tonne.

Central Operations losses for the first half were US$5.2m, including the period of operation until production was suspended in September 2015, the subsequent costs of implementing the suspension, and on-going care and maintenance costs to December. Central Operations losses for the second half were US$1.1m which was made up of care-and-maintenance cash costs, and continuing depreciation on property, plant and equipment. Cash costs ran at approximately US$0.15m per month.

Corporate costs for the year have been reduced from US$2.4m in FY2015 to US$1.8m for FY2016, with further reductions implemented post-FY2016 expected to bear further fruit next year. The Group also recorded a profit on disposal of its rights to the Tsumeb Tailings Facility of US$3.8m.

Overall the profits of Tschudi and the Tsumeb Tailngs Facility disposal exceeded the losses in Central Operations and Corporate costs and the Group reported an operating profit of US$1.4m for the year. Included within the operating profit was depreciation of US$14.2m.

The operating profit becomes a loss of US$10.6m at the profit before tax level after the inclusion of US$8.0m of finance charges on loans largely relating to Tschudi construction and US$3.9m of losses due to depreciation of the Namibia Dollar against the US Dollar. The losses also incorporate our share of the losses of China Africa Resources plc, in which the Group has a 25% share.

The Group provided US$4.5m for the costs of decommissioning Tschudi on completion of the project. The cost is being charged to the income statement based on production and being increased annually in line with Namibian CPI.

(b) Loans and cash

On 15 September 2015 the Group announced an amendment to its master facility agreement to enable Weatherly to drawdown US$4m under facility C and on 25 November 2015 an amended agreement provided for a new Tranche D of a further US$4m. The repayment terms of the loans with Orion have been revised at various times in the year and can be summarised as follows:

Tranche	Drawdown value	Key terms
B	US$80 million	Repayment revised to be 13 equal instalments starting from 28 February 2017. Effective until 28 February 2017. As a loan rescheduling fee, Orion will receive, inter alia, the right to buy 700 tonnes of cathode each month from Ongopolo Mining Limited for the period from 1 July 2016 to 31 May 2017 at a price of US$5,000 per tonne. The loan attracts interest at libor plus 7% with libor set at a minimum of 2%.
C	US$4 million	Repayment due on 28 February 2017. The loan attracts interest at libor plus 9% with libor set at a minimum of 2%. An arrangement fee of US$280,000 payable on maturity of the loan.
D	US$4 million	Repayment due on 9 December 2016. The loan attracts interest at libor plus 9% with libor set at a minimum of 2%. An arrangement fee of US$280,000 payable on maturity of the loan.

The production problems resulting from the unexpected excessive groundwater volumes at Tschudi in the last quarter of the financial year meant that production in the quarter, and June in particular, fell to levels that triggered defaults in the Orion loan. As a result the loan is classified as short-term in the Statement of Financial Position. Despite this treatment in the Financial Statements, Orion have remained supportive and on 31 August 2016 they agreed to defer the repayment date of Tranche C which was falling due on that day to 28 February 2017 as shown above.

The Group had an operating outflow of US$2.3m in the year and had to invest US$5.7m in Tschudi during the ramp up stage before it reached full Commercial Production on 1 October 2015. The short fall was funded with increased loans from Orion.

As a result of the depressed copper prices and the groundwater issues experienced in the last quarter, the Group generated insufficient cash during the year to repay any portion of any of the loans, although it ended the year with US$5.7m of cash.

(c) Potential Fraud within Central Operations

The Group identified a potential fraud within Central Operations in the early part of the year and engaged forensic auditors to confirm whether a fraud had indeed occurred. It is believed any fraud was contained within Central Operations prior to ceasing production and processing in September 2015 and any loss to the Company associated with this potential fraud is contained within the income statement (nearly all in the prior year) and that the Statement of Financial Position is unaffected. The staff suspected to be involved are no longer with the Group. The Group is currently reviewing its options with its lawyers and the forensic auditors.

(d) Disposal of Tsumeb Tailings dam

On 8 January 2016 the Group announced the release of its option to purchase the Tsumeb Tailings Facility from Dundee Precious Metals Tsumeb (pty) Ltd for US$4m. Payment is to be settled by applying a credit at the rate of US$40 per tonne against the cost of sulphuric acid being supplied by Dundee and by 30 June the debtor had been reduced by US$1.7m to US$2.3m.

Conclusion

The combination of falling copper prices, relatively high-cost production from our underground mines, and the challenges of bringing a new heap leach copper mine on stream have certainly lead to a challenging first year as CEO. While disappointed to have fallen short on production targets in the final quarter due to groundwater issues, at year end I am pleased with how all of the challenges faced have been dealt with so far, particularly by the operational team at Tschudi.

The Tschudi management team was greatly strengthened during the year with the appointment of Peter Christians as General Manager in December. Peter is a Namibian mining engineer with over 30 years of international mining experience. Peter has held senior management positions across the globe in Namibia, Tanzania, Russia, Mali, Ghana, Australia and the USA with companies including Rio Tinto, AngloGold Ashanti, Bannerman Resources, Uranium One, ARMZ, Goldfields and Deep Yellow. Peter and his 100% Namibian Tschudi management team are tremendous assets to the Company.

Tschudi is a quality asset with a quality team in place, and I am confident that we will be able to extract the maximum value available from this asset and capitalise on future opportunities by building on the foundation Tschudi provides. I would like to thank all of our employees for all of their hard work to date.

Throughout the period, we have enjoyed tremendous support from our lender and largest shareholder, Orion, in the form of additional loans, rescheduling of repayments plus constructive contributions via their Board representation. Our loss-making financial results are of course disappointing, but in context with the prevailing copper market conditions and our opening debt position, we have fared far better this year than may have been the case without such strong support.

I would also like to take this opportunity to thank all of our shareholders and especially Orion, for being so supportive through the period and for your patience in what continues to be a trying time for copper producers. We look forward to better prices in the future and in the meantime we will position ourselves to take advantage of the opportunities that are only available to those who adapt well in tough times.

Craig Thomas
Chief Executive Officer
13 October 2016

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 volume and ore grade 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. We monitor volume mined and ore grade on a daily basis. The grade of the ore is tested in different areas of the mine and production is monitored against it to minimise dilution.
Leach times and metallurgical recovery 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.	We constantly monitor leaching characteristics of the ore going onto the heap leach pads and monitoring output against expectations and can turn cells on and off as appropriate.
Reliance on third party contractors The Company is reliant on a few key third party contractors. There can be no assurance that such parties will be able to provide such services in the time scale and cost anticipated. Impact- Increased cost or loss of contractor.	The Company has designated management responsible for monitoring the performance of our contractors and liaising with their management and staff.
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 30.	We endeavour to take the opportunity to fix the copper price at rates that meet operational needs of the Group. Current prices and exchange rates are unlikely to allow the Group to meet its loan requirements and this is discussed further in the Going Concern note in note 3.
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 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 may receive share options as determined by the Remuneration Committee to ensure their remuneration is linked to the performance of the Company.
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.	The Group employs appropriate safety and environmental management professionals to assist line management to ensure the Company complies with its integrated management systems. These professionals record all incidents and assist line management with assessing risks proactively, and in the development, implementation, and continuous improvement of the integrated management system. 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.
Uninsured risks There is a risk that there may be circumstances where the Company's insurance will not cover or be adequate to cover the consequences of certain events. Impact- Losses will be uninsured	The Company maintains insurance which the Directors consider to be appropriate for the nature of the business.
Country risk Africa is often perceived as a higher risk environment than other areas of the world. Impact- Legislative changes could impact on the Company's operations.	The Fraser Institute consistently rates Namibia as one of the top five countries in Africa in terms of minerals policy perception. The Government pursues a strategy of encouraging foreign direct investment in the country to help it achieve its objectives. Weatherly has been operating in Namibia for ten years and all its Namibian companies have local boards with strong Namibian representation. Weatherly's CEO has resided in Namibia for the last six years. Tschudi's management team is 100% Namibian and is led by a Namibian General Manager with over 30 years of diverse international experience plus a very strong track record in Namibian stakeholder management.

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. As Tschudi has progressed from project development to nameplate production, the additional key performance indicators have now shifted from project development being on time and on budget to production output and unit costs. The Board is conscious that shareholder return is of paramount importance and share price is a key measure for the business.

KPI	Measure	Performance
Tschudi Operations	Cathode produced	Tschudi produced 15,884 tonnes in the year. After achieving Commercial Production at the end of September 2015 Tschudi went on to produce 4,442 tonnes in the March quarter (Q3), exceeding the annualised nameplate production rate of 17,000 tonnes to by over 4 per cent. In Q4 we experienced higher than expected groundwater inflow rates and production fell back to 3,812 tonnes in the quarter. However after reaching nameplate production rates for the first time in December 2015, the following six months of operations have delivered 97% of nameplate output.
Tschudi costs	C1 cost	From when Commercial Production commenced on 1 October 2015 to 30 June 2016 an average C1 unit costs of US$4,199 per tonne were achieved which was below guidance. The higher than expected groundwater inflow rates in the last quarter increased the C1 to US$4,689 for that period in isolation.
Central Operations	C1 cost	Central Operations was unable to produce copper at costs that made it economic to keep the mines producing. In light of the declining copper price the Board took the decision in September 2015 to convert Central Operations to project development status.
Health and Safety Management	Lost time injury frequency	Tschudi achieved zero lost time injuries during the financial year.
Environmental Management	Compliance with legislation	No sanctions for non-compliances were received.
Share Holder return	Share price performance	The share price declined in the year ending at 0.58p from a starting position of 1.05p. The Board believe this value reflects the continuing depressed copper price environment plus the impact this has on the Company's ability to service it's debt obligations.

Safety, Environment and Corporate Social Responsibility

Weatherly is committed to the production of what we call “Safe Copper”. Our Vision is to be known by everyone everywhere as “the Safe Copper Company” – a team of great people, working according to our Safe Copper values to reliably deliver the Safe Copper results we promise.

Safe Copper is about more than workplace safety.

Safe Copper is:

- Safe for our people - Copper produced without injury
- Safe for our environment - Copper produced without environmental harm
- Safe for our communities - Copper valued by our community for its positive contribution
- Safe for our shareholders - Copper delivering strong and reliable returns for shareholders
- Safe for our future - Copper that offers secure long-term employment

We use our Safe Copper values to define the required behaviours in the workplace, which are in turn used to drive delivery of the outcomes we require from the business as a whole. These values and behaviours assist us with management of all risks faced by the business. We fully recognise that positive management of safety, environment and social risks have concrete positive impacts on the performance of the business. We further believe that these same values and behaviours play an important direct role in managing the risks affecting delivery of the operational and commercial results we set out to achieve.

Weatherly’s commitment to the production of Safe Copper includes a clear policy statement that we will conduct our business in a manner that protects and promotes the occupational safety and health of our employees and contractors, safeguards the environment as a whole, and improves the overall quality of life at work and in our communities. Our policy position also makes clear that we will ensure responsible stewardship of the natural resources over which we have control or influence, and that we will manage our activities to minimise disturbance to the environment.

In 2013 we committed to improve our safety management system to align with OSHAS18001. In 2014 we expanded this plan to development of an integrated management system aligned with OSHAS18001 for occupational safety and health, and ISO14001 for environmental aspects. In the same year we also developed the Safe Copper model referred to above.

As a result of these measures, over the last few years our safety performance has improved significantly. Lost time injury frequency rates have fallen by 90%, and at the end of the 2015-16 financial year Tschudi had achieved over 500 consecutive days and over 2.4 million hours worked without a Lost Time Injury.

In 2015-16 the Environ module of the Company's Integrated Management System software was rolled out, including automated monitoring schedules, improved ability to track and trend data associated with environmental performance, and improved tools for ensuring continued compliance with all legislative environmental requirements.

The Environmental Clearance Certificate for Tschudi which must be renewed every three years has been successfully renewed. Quarterly Environmental Forum meetings continued wherein the results of environmental monitoring are shared publicly with interested stakeholders representing national, regional and local government; the local community; and neighbouring property owners.

During the year which saw Tschudi operations ramp up to commercial production, we strengthened our team with the appointment of a Safety, Health and Environment Manager, Mr Raymond Beukes, plus an Environmental Officer, Ms Lapaka Kaimbi, both based on site at Tschudi.

Late in 2015-16, we encountered excessive rates of groundwater inflow to the Tschudi open pits. The Company is liaising with all appropriate Namibian authorities to determine the best long term response while maintaining compliance with our existing Environmental Clearance Certificate.

Business Ethics

Consistent with our Safe Copper values, 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.

Benefits to Namibia and Corporate Social Responsibility

Weatherly's operations in Namibia benefit the adjacent and wider Namibian community through the creation of substantial direct and indirect employment.

Development of the Tschudi project into a mine which produces pure refined copper on site for the first time on a commercial scale in Namibia is supportive of the Government's stated strategic objectives relating to maximising value-addition by beneficiation of mineral resources entirely within the country.

Further Weatherly's projects benefit Government's development and social objectives via the direct contribution made to Namibia's fiscus via royalties and taxation, and via benefits the Government of the Republic of Namibia will obtain by virtue of its significant shareholding in Weatherly International.

Additional benefits provided by Weatherly in line with Government's stated objectives relate to the significant training and skills creation activities which take place.

The 2015-16 year saw the launch of Government's Harambee Prosperity Plan. Weatherly is committed to supporting Government in delivery of this plan wherever it has the means to do so, and in line with that support has committed to assist the local Tsumeb Municipality Council with the transfer of land currently occupied by some of the most disadvantaged members of the Tsumeb community.

Reserves and Resources Statement

Current Operations- Tschudi

All reserves and resources in tables A and B below have been updated to 30 June 2016 and are reported in accordance with the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code") and estimated by a Competent Person as defined by the JORC Code (as described more fully below).

Table A: Weatherly Mining Namibia, Tschudi Mine: Ore Reserves Estimate as at 30 June 2016

Deposit	Classification	Tonnes (Mt)	Grade (Cu%)	Contained Metal (kt)
TSCHUDI (0.3% Cu cut-off)	Proved	6.1	0.94	57.4
	Probable	16.6	0.81	134.3
	Total Ore Reserve	**22.7**	**0.85**	**191.8**
Net Attributable to Weatherly (96.5%)		21.9	0.85	185.1

The Ore Reserves have been estimated by depletion and are reported above a copper cut-off grade of 0.3%, and based on a copper price of US$5,950/tonne (US$2.70/lb).
Current surface stockpiled ore has been excluded from the reserve estimate. Approximately 161kt of ore at 0.43% Cu was stockpiled at the end of June 2016 containing 687t Cu metal.
The above tables are subject to rounding errors and may not cast.

Competent Persons Statement- Tschudi Ore Reserve Estimate. The information in this report that relates to the Tschudi Ore Reserves Estimate is based on information compiled by Mr Anthony Cameron, BE (Mining), Grad Dip Bus, M Comm Law, FAusIMM, a Competent Person who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Cameron is the Principal Mining Engineer of Cameron Mining Consulting Ltd. Mr Cameron has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Cameron consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

Table B: Weatherly Mining Namibia, Tschudi Mine: Mineral Resources Estimate as at 30 June 2016

Deposit	Classification	Tonnes (Mt)	Grade (Cu%)	Contained Metal (kt)
TSCHUDI (0.3% Cu-cut-off)	Measured	5.7	0.99	56.8
	Indicated	21.8	0.84	183.1
	Measured & Indicated	**27.5**	**0.87**	**239.9**
	Inferred	22.2	0.72	160.0
	Total Mineral Resource	**49.7**	**0.80**	**399.9**
Net Attributable to Weatherly (96.5%)		48.0	0.80	385.9

The Mineral Resources have been estimated by depletion and are reported above a copper cut-off grade of 0.3%.
The Measured and Indicated Mineral Resources are inclusive of Ore Reserves.
The above tables are subject to rounding errors and may not cast.

Competent Persons Statement - Tschudi Mineral Resources Estimate. The information in this report that relates to the Tschudi Mineral Resources Estimate is based on information compiled by Mr Michael Stuart, MBA, MSc, BSc(Hons), MIMMM, a Competent Person who is a Professional Member of the Institute of Materials, Mineral and Mining, which is Recognised Professional Organisation ('RPO'). Mr Stuart is a full-time employee of the Company. Mr Stuart has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stuart consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

Resources and Reserves Statement- Development Projects

All reserves and resources in tables C & D below were updated to 30 June 2014 and are reported, in accordance with the Australasian Code of Reporting Mineral Resources and Ore Reserves (the "JORC Code") and were estimated by a Competent Person as defined in the JORC Code (as described more fully below). They have not been updated to 30 June 2016. However the only activity that occurred on these sites from 1 July 2014 to 15 September 2015 which would affect these figures was mining and processing of ore from Otjihase and Matchless Western Extension. During the period 1st July 2014 to 15 September 2015 the following ore was mined and processed from these projects:
Otjihase: 210kt at 1.53% Cu containing 3,220 tonnes Cu metal.
Matchless (Western Extension): 172kt at 1.90% Cu containing 3,090 tonnes Cu metal.

Table C: Weatherly Mining Namibia, Development Projects: Ore Reserves as at 30 June 2014

Deposit	Classification	Tonnes	Grade			Contained Metal		
		(Mt)	Cu (%)	Ag (g/t)	Au (g/t)	Cu (kt)	Ag (t)	Au (t)
OTJIHASE (1% Cu Cut-off)	Proved	0.9	1.75	7	0.41	16	7	0.4
	Probable	1.2	1.28	7	0.18	16	9	0.2
	Total Ore Reserve	**2.2**	**1.48**	**7**	**0.28**	**32**	**15**	**0.6**
MATCHLESS (1% Cu cut-off)	Proved	-	-	-	-	-	-	-
(Western Extension)	Probable	0.3	1.83	-	-	5	-	-
	Total Ore Reserve	**0.3**	**1.83**	-	-	**5**	-	-
Grand Total - DEVELOPMENT PROJECTS	**Ore Reserves**	**2.4**	**1.52**	**-**	**-**	37	**15**	**0.6**
Net attributable to Weatherly (96.5%)		2.4	1.52	-	-	36	15	0.6

The above tables are subject to rounding errors.

Table D: Weatherly Mining Namibia, Development Projects: Mineral Resources as at 30 June 2014

Deposit	Classification	Tonnes	Grade			Contained Metal		
		(Mt)	Cu (%)	Ag (g/t)	Au (g/t)	Cu (kt)	Ag (t)	Au (t)
OTJIHASE (1% Cu Cut-off)	Measured	1.3	2.33	9	0.54	30	12	0.7
	Indicated	4.2	1.95	8	0.32	82	32	1.3
	Measured & Indicated	**5.5**	**2.04**	**8**	**0.37**	**111**	**44**	**2.0**
	Inferred	3.4	1.38	6	0.23	47	19	0.8
	Total Mineral Resource	**8.9**	**1.78**	**7**	**0.32**	**158**	**64**	**2.8**
MATCHLESS (1% Cu cut-off) (Western Extension)	Measured	-	-	-	-	-	-	-
	Indicated	0.3	3.14	-	-	9	-	-
	Measured & Indicated	**0.3**	**3.14**	-	-	**9**		-
	Inferred	0.2	2.32	-	-	5	-	-
	Total Mineral Resource	**0.5**	**2.77**	-	-	**14**	-	-
TSUMEB WEST (1% Cu cut-off)	Measured	0.04	2.45	13	-	0.9	0.5	-
	Indicated	0.5	2.24	20	-	12	10	-
	Measured & Indicated	**0.6**	**2.26**	**20**	-	**13**	**11**	-
	Inferred	0.4	1.88	16	-	8	7	-
	Total Mineral Resource	**1.0**	**2.10**	**18**	-	**20**	**18**	-
Grand Total - DEVELOPMENT PROJECTS		10.4	1.85	-	-	192	82	2.8
Net attributable to Weatherly (96.5%)		10.4	1.85	-	-	185	79	2.7

Reported in accordance with 2004 Edition of the JORC Code.
The Measured and Indicated Mineral Resources are inclusive of Ore Reserves.
The above tables are subject to rounding errors and may not cast.

Competent Persons Statement- Ore Reserves and Mineral Resources The information in this report that relates to the Ore Reserve and Mineral Resource estimates is based on information compiled by Mr Andrew Thomson BSc (Hons) Geology, Country Manager and Technical Director, Weatherly Mining Namibia, member of South Africa Council for Natural Scientific Professions (registered number 400052/86), a Competent Person. Mr Thomson has sufficient experience that is relevant to the styles of mineralisation and type of deposits under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Thomson consents to the inclusion in the Annual Report of the matters based on his information in the form and context in which it appears.

Weatherly Mining Namibia: Historical Estimates

The estimates in Table E are "historic estimates" and although most were prepared at the time in accordance with South African reporting standards (SAMREC) they are not reported in accordance with the current JORC code of 2012. At this stage no competent person has done sufficient work to report these "Historic estimates" in accordance with the JORC code (2012). It is uncertain that following evaluation and/or further exploration that the "historic estimates" will be able to be reported as mineral resources in accordance with JORC Code (2012).

Table E: Weatherly Mining Namibia: Historical Resources

	Tonnes (Mt)	Grade Cu (%)	Grade Ag (g/t)	Contained Cu (kt)	Metal Ag (t)
Old Matchless Mine*	1.1	2.50	-	27	-
Tsumeb Mine (open Pit)	0.2	2.96	61	4	9
Uris Mining Area	0.2	2.27	-	4	-
Total Historical	**1.4**	**2.52**	-	**35**	**9**
Net attributable to Weatherly (96.5%)	1.3	2.52	-	34	9

* Remaining resource/reserve calculated by Tsumeb Corporation Limited in 1984.
The above tables are subject to rounding errors and may not cast.

The Strategic Report on pages 2 to 16 was approved by the Board of Directors on 13 October 2016 and was signed on its behalf by Craig Thomas, Chief Executive Officer.

Craig Thomas
Chief Executive Officer

Corporate Governance Report

Introduction

Whilst we do not comply with the UK Corporate Governance Code ("the Code"), the Board of Directors is committed to maintaining 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 2016, the Board was comprised of the following:

John Bryant	Chairman
Craig Thomas	Chief Executive Officer (appointed 1 July 2015)
Rod Webster	Business Development Director
Alan Stephens	Senior Independent Non-executive Director
Wolf Martinick	Non-executive Director (Resigned 22 July 2016)
Charilaos Stavrakis	Non-executive Director (Resigned 22 July 2016)
Krzysztof Szymczak	Non-executive Director (appointed 1 July 2015)
Ray Jenner	Non-executive Director (appointed 1 July 2015, resigned 29 January 2016)
Edwin Bennett	Non-executive Director (appointed 29 January 2016)

Non-executive Directors

During the year, the Board had seven non-executive directors: John Bryant (Non-executive Chairman), Alan Stephens, (Senior Independent Non-executive Director), Wolf Martinick, Charilaos Stavrakis, Krzysztof Szymczak, Ray Jenner and Edwin Bennett. Alan Stephens, John Bryant and Charilaos Stavrakis were considered to be independent. They have a relatively small number of shares and share options that does not, in the opinion of Weatherly's advisers or its directors, impair their independence. Due to the size of Wolf Martinick's historic shareholding he is not considered to be an independent director. Ray Jenner was and Edwin Bennett is employed by Orion Mine Finance and Krzysztof Szymczak is a director of Logiman (pty) Ltd. Both companies are shareholders of Weatherly owning 24.6% and 11.4% respectively and so Ray Jenner, Edwin Bennett and Krzysztof Szymczak are not considered independent.

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 2016.

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 9 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 four times during the year.

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.

Subsequent to year end Charilaos Stavrakis resigned from the Board and John Bryant took over as Chairman of the Audit Committee.

The Remuneration Committee was made up of Alan Stephens as Chairman, John Bryant, Charilaos Stavrakis and Krzysztof Szymczak throughout the year.

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.

The Nominations Committee
John Bryant and Craig Thomas served throughout the year. Ray Jenner served from 1 July 2015 until his resignation on 29 January 2016 and was replaced on the committee by Edwin Bennett from 1 March 2016.

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.

Since year end the Board have set up a ***Disclosure Committee*** to deal with the requirements of the Market Abuse Regulations which were brought into effect on 4 July 2016. The main activity of the Committee will be ensuring we are making correct and timely disclosure with regard to both the London Stock Exchange rules as applied to AIM and the Market Abuse Regulations. John Bryant will chair the committee with Alan Stephens, Edwin Bennett and Craig Thomas will serve as members.

Attendance at Meetings

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

John Bryant	Board	8/9	Audit Committee	3/4
Craig Thomas	Board	9/9		
Rod Webster	Board	8/9		
Alan Stephens	Board	7/9	Audit Committee	4/4
Wolf Martinick	Board	7/9		
Charilaos Stavrakis	Board	9/9	Audit Committee	4/4
Krzysztof Szymczak	Board	6/9		
Ray Jenner	Board	4/5		
Edwin Bennett	Board	4/4		

Of the nine Board meetings, one was of a procedural nature and eight were substantive meetings.

The Nominations or Remuneration Committees 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 staff known as the Board Protocol and the Accounting Procedures Manual.

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 Accounting Procedures Manual 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 Accounting Procedures Manual 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. We reaffirmed compliance with the Bribery Act with senior management team in Namibia during the year.

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. 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 (September 2014). The members of the Committee for the year ended 30 June 2016 were Alan Stephens, John Bryant, Charilaos Stavrakis and Krzysztof Szymczak. All except Krzysztof Szymczak are independent non-executive directors, and the Committee was chaired by Alan Stephens.

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

No benefits in kind were payable to directors in the current year.

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 27 to the financial statements.

Directors' Contracts

All the directors have signed contracts with the Company. Craig Thomas' appointment does not have a fixed term but is subject to 6 months' notice by the Company. The non-executive directors are appointed for a fixed term: John Bryant for two years, and other Director's 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	Other Fees	Bonus	Benefits in kind	Pension	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
2016						
Executive						
C R Thomas	376	-	-	-	-	376
Non-Executive						
R J Webster	44	98	-	-	-	142
W G Martinick	44	-	-	-	-	44
J Bryant	44	57	-	-	-	101
A Stephens	44	-	-	-	-	44
C Stavrakis	44	-	-	-	-	44
	596	155	-	-	-	751
2015						
Executive						
R J Webster	467	-	14	9	45	535
Non-Executive						
W G Martinick	50	-	-	-	-	50
J Bryant	50	80	-	-	-	130
A Stephens	50	20	-	-	-	70
C Stavrakis	50	-	-	-	-	50
	667	100	14	9	45	835

E W Bennett, R W Jenner and K Szymczak received no remuneration for their directorships.

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.

Option price (p)	3.00	4.12	3.16	3.20	3.38	Total
C R Thomas	-	-	-	2,000,000	2,800,000	4,800,000
R J Webster	2,500,000	-	3,333,333	-	4,000,000	9,833,333
W G Martinick	750,000	-	-	-	400,000	1,150,000
J Bryant	750,000	-	-	-	400,000	1,150,000
A Stephens	750,000	-	-	-	400,000	1,150,000
C Stavrakis	-	750,000	-	-	400,000	1,150,000
	4,750,000	750,000	3,333,333	2,000,000	8,400,000	19,233,333

All options are fully vested except 1,866,666 of Craig Thomas' 3.38p options, half of which vest on 13 October 2016 and half on 13 October 2017.

The share price movements during the year were as follows: high of 1.15 pence, low of 0.225 pence and a closing share price at 30 June 2016 of 0.575 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 13 October 2016 and signed on its behalf by:

John Bryant
Chairman

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.

On behalf of the Board:

John Bryant
Chairman

13 October 2016

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 16.

Review of the Business and Future Developments

The review of the business and future developments of the Group are included within the Chief Executive Officer's Review on page 5.

Financial risk management has been assessed within note 30.

The Directors

The directors during the year ended 30 June 2016 were:

J Bryant (Non-executive Chairman)
C R Thomas (Chief Executive Officer) Appointed on 1 July 2015
A J Stephens (Senior Independent Non-executive)
R J Webster (Non-executive)
W G Martinick (Non-executive) (Resigned 22 July 2016)
C G Stavrakis (Non-executive) (Resigned 22 July 2016)
K Szymczak (Non-executive) Appointed 1 July 2015
R W Jenner (Non-executive) Appointed 1 July 2015 and retired on 29 January 2016
E W Bennett (Non-executive) Appointed 29 January 2016

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 incurred a loss before tax of US$10.6m during the year ended 30 June 2016 and, at that date, had net current liabilities of US$93.0m.

Orion Mine Finance (Master) Fund I LP ("Orion"), Weatherly's largest shareholder and lender, have confirmed it has agreed to defer the repayments on Tranche B and C of its loan until 28 February 2017. The first payment of Tranche B was originally due on 30 November 2015 with payments due quarterly thereafter. Tranche C was repayable on 31 August 2016. If copper prices remain at current levels it is unlikely that the Group will generate sufficient surplus cash to meet the revised loan repayments schedule and the Group's and parent company's ability to continue as a going concern will be dependent on Orion's continued support, of which there is no certainty.
The directors believe that with the support of Orion to defer loan repayments, Tschudi can generate sufficient surplus funds for the Group and parent company to remain as a going concern. However there are a number of uncertainties around the assumptions that have a potentially negative impact on the Group's ability to deliver the forecast cash flows.

These are:

- That Tschudi is able to maintain nameplate production levels of 1,400t of copper cathode a month throughout the period. The risks of not achieving this revolve around not being able to mine and process sufficient ore tonnes to achieve this output as well as the leach time and metallurgical recovery rates remaining in line with the feasibility study as we mine into different types of ore. The Group has announced it has experienced higher than expected water levels at the mine which resulted in lower production below name plate in the final quarter of the 2015/16 financial year.
- Copper price fluctuations not having a further material adverse effect on the Group's profitability.
- As the Group's revenue streams are converted from US dollars to Namibia dollars exchange rate fluctuations could have a material adverse effect on the Group's profitability.
- The timing of income is uncertain. Sales are dependent on the date our customer, Orion, ships the copper cathode.
- The Group recovers VAT receipts in Namibia, the timing of repayment are outside the Group's control. At 30 June 2016 eight months VAT repayments were outstanding amounting to US$6.1m.

The likely ongoing need for Orion's support along with the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group and parent company financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

Results and Dividends

The consolidated loss for the year after taxation was US$10,612,000 (2015 loss US$13,544,000). No dividends were declared or paid during the year (2015: US$ 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 25 September 2016 as follows:

Major Shareholders' Information

Shareholder Name	Number of Shares	% Holding
Orion Mine Finance (Master) Fund I LP	260,778,350	24.6
Logiman CC	118,164,832	11.1
Legal & General Investment Mgt	100,150,877	9.4
Polo Investments	54,852,859	5.2
Christopher Chambers	45,150,000	4.3

Events Subsequent to Statement of Financial Position Date

1. On 31 August 2016 the Company announced that Orion Mine Finance has agreed to defer the repayment date of Tranche C of its loan of US$4m to 28 February 2017. The loan was originally repayable on 31st August 2016.

2. The Company announced on 22 July 2016 that Dr Wolf Martinick and Mr Charilaos Stavrakis have retired from the Board, and will not be replaced in the near term.

Exchange Rates

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

	Translation	2016	2015
Year end	1 GBP – US$	1.34	1.57
Average	1 GBP – US$	1.48	1.53
Year end	1 US$ – NAD/ ZAR	14.77	12.21
Average	1 US$ – NAD/ ZAR	14.49	11.45

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
13 October 2016

Independent Auditor's report to the Members of Weatherly International Plc

We have audited the financial statements of Weatherly International Plc for the year ended 30 June 2016 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Parent statement of Financial Position, the Consolidated and Parent Statement of Changes in Equity, the Consolidated and Parent 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 (IFRSs) as adopted by the European Union and, as regards the Parent Company Financial Statements, as applied in accordance with the provisions of the Companies Act 2006.

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 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 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/auditscopeukprivate.

Opinion on financial statements
In our opinion:

- The Financial Statements give a true and fair view of the state of the Group's and Parent Company's affairs as at 30 June 2016 and of the Group's loss for the year then ended;
- The Group's Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- The Parent company Financial Statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006 and
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern
In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3 to the financial statements concerning the Group's and parent company's ability to continue as a going concern. The Group incurred a loss before tax of US$10.6m during the year ended 30 June 2016 and, at that date, had net current liabilities of US$93.0m including the loan from Orion Mine Finance (Master) Fund I LP ("Orion"). If copper prices remain at current levels it is unlikely that the Group will generate sufficient surplus cash to meet the revised loan repayment schedule and the Group's and parent company's ability to concern will be dependent on Orion's continued support, of which there is no certainty.

These conditions, along with the other matters explained in note 3 to the Group financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group and parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and parent company was unable to continue as a going concern.

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 where the Companies Act 2006 requires us 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.

Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
13 October 2016

Consolidated Income Statement

For the year ended 30 June 2016

	Note	Year ended 30 June 2016	Year ended 30 June 2015
		US$'000	US$'000
Revenue	5	63,653	38,054
Cost of sales		(59,938)	(44,378)
Gross profit / (loss)		3,715	(6,324)
Distribution costs		(1,736)	(3,214)
Other operating income	6	167	192
Administrative expenses		(772)	(3,550)
Operating profit / (loss)	8	1,374	(12,896)
Foreign exchange loss		(3,905)	(238)
Finance costs	12	(8,031)	(280)
Finance income	11	74	55
Loss before associated Company		(10,488)	(13,359)
Share of losses of associated Company	16 (b)	(124)	(185)
Loss before tax		(10,612)	(13,544)
Tax charge	13	-	-
Loss for the year		(10,612)	(13,544)
Loss attributable to:			
Owners of the parent		(10,389)	(13,234)
Non-controlling interests		(223)	(310)
		(10,612)	(13,544)
Earnings per share			
Loss per share	14	(0.98c)	(1.77c)
Diluted loss per share	14	(0.98c)	(1.77c)

The notes on pages 33 to 68 form part of these financial statements.

Consolidated Statement of Comprehensive Income

At 30 June 2016

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Loss for the year	(10,612)	(13,544)
Items that will not be reclassified subsequently to profit and loss		
Exchange differences on translation of non-controlling interests	-	-
	-	-
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translation of foreign operations	(218)	(91)
	(218)	(91)
Total comprehensive loss for the year	**(10,830)**	**(13,635)**
Total comprehensive loss attributable to:		
Owners of the parent	(10,607)	(13,325)
Non-controlling interests	(223)	(310)
	(10,830)	(13,635)

The notes on pages 33 to 68 form part of these financial statements.

Consolidated Statement of Financial Position

At 30 June 2016

	Note	As at 30 June 2016 US$'000	As at 30 June 2015 US$'000 (restated)
Assets			
Non-current assets			
Property, plant and equipment	15	120,736	125,914
Deferred tax	13	3,760	4,549
Investment in associates	16(b)	1,560	1,902
Trade and other receivables	19	487	590
Total non-current assets		126,543	132,955
Current assets			
Inventories	18	10,205	3,332
Trade and other receivables	19	11,285	11,271
Cash and cash equivalents	21	5,843	6,772
		27,333	21,375
Non-current assets held for sale	17	772	772
		28,105	22,147
Total assets		**154,648**	**155,102**
Current liabilities			
Trade and other payables	23	14,877	20,301
Loans	22	105,378	89,407
Total current liabilities		120,255	109,708
Non-current liabilities			
Provisions	24	4,457	4,751
Total non-current liabilities		4,457	4,751
Total liabilities		**124,712**	**114,459**
Net assets		**29,936**	**40,643**
Equity			
Issued capital	25	8,676	8,676
Share premium		22,132	22,132
Merger reserve		18,471	18,471
Share-based payments reserve		746	707
Foreign exchange reserve		(19,140)	(18,922)
Retained earnings		(340)	9,965
Equity attributable to shareholders of the parent company		30,545	41,029
Non-controlling interests	26	(609)	(386)
		29,936	**40,643**

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On behalf of the Board:

C Thomas

Chief Executive Officer

Approved by the Board on 13 October 2016

The notes on pages 33 to 68 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Issued capital	Share premium	Merger reserve	Share-based payment reserve	Foreign exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 30 June 2014	**5,250**	**9,998**	**18,471**	**605**	**(18,831)**	**23,115**	**38,608**	**(76)**	**38,532**
Issue of Share capital	3,426	12,590	-	-	-	-	16,016	-	16,016
Share issue costs	-	(456)	-	-	-	-	(456)	-	(456)
Share-based payments	-	-	-	186	-	-	186	-	186
Lapsed options and warrants	-	-	-	(84)	-	84	-	-	-
Transactions with owners	3,426	12,134	-	102	-	84	15,746	-	15,746
Loss for the period	-	-	-	-	-	(13,234)	(13,234)	(310)	(13,544)
Other comprehensive income									
Exchange differences on translation of foreign operations	-	-	-	-	(91)	-	(91)	-	(91)
Total comprehensive income for the year	-	-	-	-	(91)	(13,234)	(13,325)	(310)	(13,635)
Balance at 30 June 2015	**8,676**	**22,132**	**18,471**	**707**	**(18,922)**	**9,965**	**41,029**	**(386)**	**40,643**
Share-based payments	-	-	-	123	-	-	123	-	123
Lapsed options and warrants	-	-	-	(84)	-	84	-	-	-
Transactions with owners	-	-	-	39	-	84	123	-	123
Loss for the period	-	-	-	-	-	(10,389)	(10,389)	(223)	(10,612)
Other comprehensive income									
Exchange differences on translation of foreign operations	-	-	-	-	(218)	-	(218)	-	(218)
Total comprehensive income for the year	-	-	-	-	(218)	(10,389)	(10,607)	(223)	(10,830)
Balance at 30 June 2016	**8,676**	**22,132**	**18,471**	**746**	**(19,140)**	**(340)**	**30,545**	**(609)**	**29,936**

The notes on pages 33 to 68 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 30 June 2016

	Notes	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Cash flows from operating activities			
Loss for the year on continuing activities		(10,612)	(13,544)
Adjusted by:			
Depreciation		14,258	4,768
Impairment of expenditure on development		-	3,192
Share-based payment expenses		123	186
Loss on disposal of assets		-	69
Loss of associated Company	16(b)	124	185
Finance costs		8,031	280
Interest received		(74)	(70)
		11,850	**(4,934)**
Movements in working capital			
(Increase)/Decrease in inventories		(6,873)	5,418
Increase in trade and other receivables		(14)	(7,060)
Decrease in working capital loans		(980)	(6,004)
(Decrease)/Increase in trade and other payables		(5,424)	16,931
Net cash (used by)/generated by operating activities		**(1,441)**	**4,351**
Cash flows generated from investing activities			
Interest received		74	70
Payments for property, plant and equipment		(6,462)	(61,560)
increase in pledged cash		216	(1,267)
Receipts from disposals of property, plant and equipment		-	103
Net cash used in investing activities		**(6,172)**	**(62,654)**
Cash flows from financing activities			
Net proceeds from issue of share capital		-	15,560
Repayment of loans		(219)	(1,737)
Receipt of loans		8,000	40,391
Interest paid and finance charges		(116)	(280)
Net cash generated by financing activities		**7,665**	**53,934**
Increase/(Decrease) in cash		**52**	**(4,369)**
Reconciliation to net cash			
Net cash at 1 July		5,211	9,826
Increase/(Decrease) in cash		52	(4,369)
Foreign exchange gains		(765)	(246)
Net cash at 30 June	21	**4,498**	**5,211**

The notes on pages 33 to 68 form part of these financial statements.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2016

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 Orion House, Bessemer Road, Welwyn Garden City, AL7 1HH. 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 13 October 2016.

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 2015.

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 5 Non-Current assets held for resale and discontinued operations (effective 1 January 2016)
- IFRS 7 Financial instrument: disclosures (effective 1 January 2016)
- IFRS 10 Consolidated Financial Statements (effective 1 January 2016)
- IFRS 11 Joint Arrangements (effective 1 January 2016)
- IFRS 12 Disclosure of Interest in Other Entities (effective 1 January 2016)
- IFRS 14 Regulatory deferral accounts (effective 1 January 2016)
- IFRS 15 Revenue from Contracts from Customers (effective 1 January 2017)
- IAS 1 Presentation of Financial Statements (effective 1 January 2016)
- IAS 16 Property, Plant and Equipment (effective 1 January 2016)
- IAS19 Employee Benefits (effective 1 January 2016)
- IAS 27 Consolidated and Separate Financial Statements (effective 1 January 2016)
- IAS 28 Investments in Associates and Joint Ventures (effective 1 January 2016)
- IAS 34 Interim Financial Reporting (effective 1 January 2016)
- IAS 38 Intangible Assets (effective 1 January 2016)

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.

Going Concern

The Group incurred a loss before tax of US$10.6m during the year ended 30 June 2016 and, at that date, had net current liabilities of US$93.0m.
Orion Mine Finance (Master) Fund I LP ("Orion"), Weatherly's largest shareholder and lender, have confirmed it has agreed to defer the repayments on Tranche B and C of its loan until 28 February 2017. The first payment of Tranche B was originally due on 30 November 2015 with payments due quarterly thereafter. Tranche C was repayable on 31 August 2016. If copper prices remain at current levels it is unlikely that the Group will generate sufficient surplus cash to meet the revised loan repayments schedule and the Group's and parent company's going concern will be dependent on Orion's continued support, of which there is no certainty.
The directors believe that with the support of Orion to defer loan repayments, Tschudi can generate sufficient surplus funds for the Group's and parent company to remain as a going concern. However there are a number of uncertainties around the assumptions that have a potentially negative impact on the Company's ability to deliver the forecast cash flows.
These are:

- That Tschudi is able to maintain nameplate production levels of 1,400t of copper cathode a month throughout the period. The risks of not achieving this revolve around not being able to mine and process sufficient ore tonnes to achieve this output as well as the leach time and metallurgical recovery rates remaining in line with the feasibility study as we mine into different types of ore. The Company has announced it has experienced higher than expected water levels at the mine which resulted in lower production below name plate in the final quarter of the 2015/16 financial year.
- Copper price fluctuations not having a further material adverse effect on the Company's profitability.
- As the Group's revenue streams are converted from US dollars to Namibia dollars exchange rate fluctuations could have a material adverse effect on the Group's profitability.
- The timing of income is uncertain. Sales are dependent on the date our customer, Orion, ships the copper cathode.
- The Group recovers VAT receipts in Namibia, the timing of repayment are outside the Group's control. At 30 June 2016 eight months VAT repayments were outstanding amounting to US$6.1m.

The likely ongoing need for Orion's support along with the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group's and Parent Company's financial statements do not include the adjustments that would result if the Group and parent company was unable to continue as a going concern.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The Group has the opportunity (which the buyer can decline) to fix the price of copper cathode at the time of sale at the spot copper price less a discount. The discount varies on a sliding scale depending on the copper price varying from zero below a spot copper price of US$4,900 per tonne to US$300 if the spot price exceeds US$6,500 per tonne. In the event that the copper price is not fixed in this way the copper price is based on the lowest quotation period of the average price of the month preceding the month of shipment (M-1), the month of shipment (M), the month after the month of shipment (M+1) and the second month after the month of shipment (M+2). In practise all sales have been fixed to 30 June 2016.

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 may mitigate commodity price risk by fixing the price up to 6 months in advance for its copper cathode sales. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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. Borrowing costs associated with the Tschudi project are capitalised until the project reaches commercial production. They will then be expensed over the life of the project.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 cathode and 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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 year end date.

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

All provisions are reviewed at each year end date and adjusted to reflect 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;

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

- “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 incurred a loss before tax of US$10.6m during the year ended 30 June 2016 and, at that date, had net current liabilities of US$93.0m.

Orion Mine Finance (Master) Fund I LP ("Orion"), Weatherly's largest shareholder and lender, have confirmed it has agreed to defer the repayments on Tranche B and C of its loan until 28 February 2017. The first payment of Tranche B was originally due on 30 November 2015 with payments due quarterly thereafter. Tranche C was repayable on 31 August 2016. If copper prices remain at current levels it is unlikely that the Group will generate sufficient surplus cash to meet the revised loan repayments schedule and the Group's and parent company's ability to continue as a going concern will be dependent on Orion's continued support, of which there is no certainty.
The directors believe that with the support of Orion to defer loan repayments, Tschudi can generate sufficient surplus funds for the Group and parent company to remain as a going concern. However there are a number of uncertainties around the assumptions that have a potentially negative impact on the Group's ability to deliver the forecast cash flows.

These are:

- That Tschudi is able to maintain nameplate production levels of 1,400t of copper cathode a month throughout the period. The risks of not achieving this revolve around not being able to mine and process sufficient ore tonnes to achieve this output as well as the leach time and metallurgical recovery rates remaining in line with the feasibility study as we mine into different types of ore. The Group has announced it has experienced higher than expected water levels at the mine which resulted in lower production below name plate in the final quarter of the 2015/16 financial year.
- Copper price fluctuations not having a further material adverse effect on the Group's profitability.
- As the Group's revenue streams are converted from US dollars to Namibia dollars exchange rate fluctuations could have a material adverse effect on the Group's profitability.
- The timing of income is uncertain. Sales are dependent on the date our customer, Orion, ships the copper cathode.
- The Group recovers VAT receipts in Namibia, the timing of repayment are outside the Group's control. At 30 June 2016 eight months VAT repayments were outstanding amounting to US$6.1m.

The likely ongoing need for Orion's support along with the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group and parent company financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

Sources of Estimation Uncertainty

Revenue

The Group initially receives payment and takes revenue based on the copper cathode when it reaches the ship's rail. In the event that the price is not fixed the final price is dependent on the average price over the next two months and final revenue will also be dependent on movements in exchange rates.

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.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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.

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 came into production in 2015, indicate that our deferred tax asset meets this criteria.

Prior Year Adjustment- Environmental Liability
In preparing the financial statements for the year ended 30 June 2016 the Directors identified that an environmental liability for decommissioning Tschudi on closure should have been included in the prior year. The prior year has been restated accordingly and an environmental liability of US$4.8m recognised. The initial provision was charged to Property Plant and Equipment and there was no effect on the income statement in the prior year.

The environmental liability is based on the anticipated cost of decommissioning and restoring the mine at the end of its life in 10 years time. This liability is based on anticipated costs which may over time need to reviewed and amended.

All costs associated with the environmental liability up to achieving Commercial Production on 30 September 2015 were capitalised and charged to Property Plant and Equipment. Any costs associated with operating activities after that date will be accounted for via inventory as per IFRIC 20 and expensed to cost of sales accordingly.

5. REVENUE

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

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Copper cathode	56,991	-
Copper concentrate	6,654	38,049
Pyrite	8	5
Total revenue	63,653	38,054

6. OTHER OPERATING INCOME

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Property rental	84	116
Other	83	76
	167	192

7. OPERATING SEGMENTS

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

The activities undertaken by the Central Operations segment include the sale of extracted copper from Otjihase and Matchless mines in the form of copper concentrate. The activities undertaken by the Tschudi segment include the sale of extracted copper in the form of copper cathode.

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.

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. Revenue and costs associated with the Tschudi Open Pit mine were capitalised until reaching commercial production on 30 September 2015.

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 2016

Sales and other operating revenues	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
External sales	6,662	56,991	63,653
Segment revenues	6,662	56,991	63,653

Segmental loss	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
Segmental operating (loss)/profit	(6,316)	5,653	(663)
Unallocated corporate expenses			(1,752)
Disposal of option to buy Tsumeb tailings dam			3,789
Unrealised foreign exchange loss			(3,905)
Interest expense			(8,031)
Interest income			74
Loss before associated Company			(10,488)

Segmental costs	Central Operations US$'000	Tschudi US$'000
Depreciation and impairment	3,105	11,153

Revenue by geographical area	US$'000
Switzerland	6,654
Southern Africa	8
USA	56,991
	63,653

The Group's revenues were to one customer in each of Switzerland, Southern Africa and USA.

	Central Operations US$'000	Tschudi US$'000	Total US$'000
Segment assets	10,602	142,217	152,819
Unallocated Corporate assets			1,829
Total assets			154,648

Non-current assets by geographic area	Central Operations US$'000	Tschudi US$'000
Namibia	8,624	116,359

Year ended 30 June 2015	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
Sales and other operating revenues			
External sales	38,054	-	38,054
Segment revenues	38,054	-	38,054

Segmental loss	Central Operations US$'000	Tschudi US$'000	Consolidated US$'000
Segmental operating loss	(10,500)	-	(10,500)
Unallocated expenses			(2,396)
Unrealised foreign exchange loss			(238)
Interest expense			(280)
Interest income			55
Profit before associated company			(13,359)

Segmental costs	Central Operations US$'000	Tschudi US$'000
Depreciation	4,768	-

Revenue by geographical area

	US$'000
Switzerland	38,049
South Africa	5
	38,054

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

	Central Operations US$'000	Tschudi US$'000	Total US$'000
Segment assets (Restated)	17,530	131,436	148,966
Unallocated Corporate assets			6,136
Total assets			155,102

Non current assets by geographic area (restated)	Central Operations US$'000	Tschudi US$'000
Namibia	11,813	119,240

8. OPERATING LOSS

This is stated after charging/(crediting):	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Depreciation of owned assets	14,258	4,768
Impairment of development expenditure	-	3,191
Staff costs (see note 10)	5,950	6,408
(Profit)/Loss on disposal of assets	(3,789)	69
Operating lease payments- equipment	402	1,734
Auditor's remuneration (note 9)	102	107

9. AUDITOR'S REMUNERATION

The remuneration of the auditor is further analysed as follows:

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Fees payable to the Company's auditor for the audit of the Company's annual accounts	56	60
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries, pursuant to legislation	46	47
Other services	-	-
Total remuneration	102	107

10. EMPLOYEES AND KEY MANAGEMENT

The total directors' emoluments for the year were US$751,000 (2015: US$835,000) and those of the highest paid director were US$376,000 (2015: US$535,000). Detailed disclosure of directors' remuneration is disclosed in the audited sections of the directors' remuneration report on pages 20 to 22.

a) Staff numbers

The average number of employees, including directors	Year ended 30 June 2016	Year ended 30 June 2015
Group:	No.	No.
Corporate UK	9	8
Namibia		
Mining	227	275
Average number of persons employed	236	283

Staff costs

Aggregated remuneration comprised:	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Wages and salaries	5,982	9,039
Social security costs	239	143
Pension contributions	223	177
Termination costs	189	-
Share-based payments	123	186
	6,756	9,545
Capitalised as part of the construction of the Tschudi open pit mine	(806)	(3,137)
Employment costs	5,950	6,408

Key Management remuneration	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Short-term employment benefits	1,312	1,656
Post employment benefits	36	82
Share-based payments	31	43
	1,379	1,781

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.

11. FINANCE INCOME

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Interest revenue:		
Bank deposits	74	55
Total interest revenue	74	55

12. FINANCE COSTS

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Bank	40	217
Louis Dreyfus Commodities Metals Suisse SA loans	76	63
Orion Mine Finance Tranche B	9,481	6,426
Environmental liability	269	-
Finance charges capitalised as part of the construction of Tschudi open pit mine	(1,835)	(6,426)
Total interest expense	8,031	280

13. INCOME TAX

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Loss before tax	(10,612)	(13,544)
UK corporation tax @ 20% (2015: 20.75%)	(2,122)	(2,810)
Tax effects of:		
Expenses not allowable for tax purposes	975	147
Non taxable income	-	4,434
Movement on unrecognised deferred tax	1,147	(1,771)
Total income tax expense	-	-
Recognised deferred tax provision		
Tax losses - Namibia	-	-
	-	-
Unrecognised deferred tax provision		
Accelerated capital allowances	21,271	4,220
Other temporary differences	-	1,778
Tax losses - UK	(2,023)	(2,331)
Tax losses - Namibia	(37,854)	(37,793)
Unrecognised deferred tax asset	(18,606)	(34,126)
Gross tax losses		
UK	(11,240)	(11,655)
Namibia	(111,039)	(100,838)
	(122,279)	(112,493)

Deferred tax losses are recognised to the extent that future taxable profits are reasonably foreseeable and meet the definition of “probable”. The gross tax losses have no expiry date.

Movement on deferred tax assets	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
At beginning of year	4,549	5,239
Exchange movement	(789)	(690)
At end of year	3,760	4,549

14. EARNINGS PER SHARE

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

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Basic earnings per share (US cents)	(0.98c)	(1.77c)
Dilutive earnings per share (US cents)	(0.98c)	(1.77c)
Weighted average number of shares for basic earnings per share	1,060,803,193	746,091,794
Number of dilutive options	-	-
Weighted average number of shares for diluted earnings per share	1,060,803,193	746,091,794

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$10,389,000 (2015: loss of US$13,234,000) as the numerator, i.e. no adjustment to profit was necessary in either year.

For the year ended 30 June 2016, 41.1 million (2015: 44.6 million) potential ordinary shares have been excluded from the calculations of earnings per share as they are anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

a)

	Freehold property	Plant and machinery	Development costs	Environmental Asset	Assets under construction	Totals
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
			(see below)	(restated)		(restated)
Cost:						
At 1 July 2014	15,407	17,154	8,531	-	49,359	90,451
Additions	950	12,707	28,669	4,751	20,799	67,876
Transfer	5,012	59,086	4,711	-	(68,809)	-
Write off of development	-	-	(8,661)	-	-	(8,661)
Disposals	-	(215)	-	-	-	(215)
						-
At 30 June 2015	21,369	88,732	33,250	4,751	1,349	149,451
Depreciation:						
At 1 July 2014	(6,591)	(12,533)	(3,592)	-	-	(22,716)
Provided during the year	(944)	(3,512)	(1,877)	-	-	(6,333)
Write off of development	-	-	5,469	-	-	5,469
Disposals	-	43	-	-	-	43
At 30 June 2015	(7,535)	(16,002)	-	-	-	(23,537)
Net book value at 30 June 2015	**13,834**	**72,730**	**33,250**	**4,751**	**1,349**	**125,914**
Cost:						
At 1 July 2015	21,369	88,732	33,250	4,751	1,349	149,451
Additions	24	2,740	6,038	278	-	9,080
Transfer	-	1,349	-	-	(1,349)	-
At 30 June 2016	**21,393**	**92,821**	**39,288**	**5,029**	**-**	**158,531**
Depreciation:						
At 1 July 2015	(7,535)	(16,002)	-	-	-	(23,537)
Provided during the year	(1,412)	(9,855)	(2,614)	(377)	-	(14,258)
At 30 June 2016	**(8,947)**	**(25,857)**	**(2,614)**	**(377)**	-	**(37,795)**
Net book value at 30 June 2016	**12,446**	**66,964**	**36,674**	**4,652**	**-**	**120,736**

Included within development, the following table shows the reconciliation of capitalised stripping costs incurred in the production phase:

	2016 US$'000	2015 US$'000
Balance beginning of the year	-	-
Additions	6,561	-
Depreciation charge	(176)	-
Balance at the end of the year	6,385	-

In preparing the financial statements for the year ended 30 June 2016 the Directors identified that an environmental liability for decommissioning Tschudi on closure should have been included in the prior year. The prior year has been restated accordingly. The initial provision was charged to Property Plant and Equipment (see note 24) as an environmental asset and there was no effect on the income statement in the prior year. The environmental liability has been capitalised within Property plant and equipment up until reaching Commercial Production on 30 September 2015. From that date the environmental asset is being depreciated over the life of the mine.

In accordance with IAS36 "Impairment of asset", the continued decline in the price of copper is considered an indication of impairment. On this basis an impairment review has been performed on the Group's two cash-generating units ("CGU") being Central Operations and Tschudi.

Central Operations

The Board took the decision in September 2015 to suspend mining and processing ore from Central Operations and convert it to project development status until copper prices have recovered.

As at 30 June 2016 the carrying value of the Central Operation CGU was US$8.6m. The impairment assessment was based on a value in use calculation assessing cash-flows from 2016 to 2025. A period of 10 years has been chosen as this is consistent with the level of reserves and hence potential production. No impairment has been identified.

Key assumptions used in determining value in use are:

- Copper price. Budgeted copper prices have been based on the mean of publicly available, independent forecasts from a variety of well-known institutions. Using this mean, the budgeted copper price for 2016/17 is US$4,814 and for 2017/18 it is US$4,981. Prices are assumed to average US$5,855 over the 10 year period.
- The majority of costs are incurred in local Namibian currency and hence movements in the US$ have an impact. Using publicly available, independent forecasts, the exchange rate in June 2017 is 15.9, June 2018 is 17.2 and over the 10 years averages 22.5.
- Costs have been inflated using publicly available forecast CPI increases. These average 7.5% over the life of the project.
- The pre-tax discount rate used in the value in use calculation was 15%.

Management has performed a sensitivity analysis on the key variables such as copper price, exchange rates and production levels and the model is robust up to 5% on all variables. However adverse short-term movements may have a detrimental effect on the Company's going concern. These are discussed further in note 3.

Tschudi

The impairment assessment was based on a value in use calculation assessing cash-flows from 2016 to 2025. A period of 10 years has been chosen as this is consistent with the level of reserves and hence potential production.
Key assumptions used in determining value in use are:

- Copper price. Budgeted copper prices have been based on the mean of publicly available, independent forecasts from a variety of well-known institutions. Using this mean, the budgeted copper price for 2016/17 is US$4,814 and for 2017/18 it is US$4,981. Prices are assumed to average US$5,855 over the 10 year period.
- The majority of costs are incurred in local Namibian currency and hence movements in the US$ have an impact. Using publicly available, independent forecasts, the exchange rate in a June 2017 is 15.9, June 2018 is 17.2 and over the 10 years averages 22.5.
- Costs have been inflated using publicly available forecast CPI increases. These average 7.5% over the life of the project.
- The pre-tax discount rate used in the value in use calculation was 11%.

The carrying value of the Tschudi CGU was US$107.5m. Management has performed a sensitivity analysis on the key variables such as copper price, exchange rates and production levels and the model is most sensitive to a drop in production to 96.5% of nameplate. However management believe they can exceed nameplate by more than 10% on a consistent basis and have achieved more than nameplate in the past. The model was robust to around 5% on other variables. However adverse short-term movements may have a detrimental effect on the Company's going concern. These are discussed further in note 3.

The following serve as security for borrowings:

Nature of property, plant and equipment	Carrying Amount 2016 US$'000	Carrying Amount 2015 US$'000	Bond Amount 2016 US$'000	Bond Amount 2015 US$'000
Moveable mining assets	12,446	6,947	10,000	10,000
Fixed plant	66,964	12,619	20,000	20,000

16. 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
Ralior Limited	100	Investment company	England and Wales	100 ordinary £1
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
Tschudi Mining (pty) Limited owned by Weatherly (Namibia SL) Limited	100	Mining services	Namibia	100 ordinary shares of N$1.00 each.
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 (CAR) an AIM listed mining company.

Summary of its financial position is as follows:

Investment in associates

	30 June 2016 US$'000	30 June 2015 US$'000
As at beginning of year	1,902	2,178
Loss of CAR in year	(124)	(185)
Exchange movement on translation of foreign operations	(218)	(91)
As at end of year	1,560	1,902
Dividend per share (p)	-	-

The summarised financial statements of CAR are:

	30 June 2016 US$'000	30 June 2015 US$'000
Property, plant and equipment	2	6
Intangible assets	3,336	4,194
Total non-current assets	3,338	4,200
Receivables	46	33
Cash	203	765
Payables	(59)	(104)
	190	694
Net assets	**3,528**	**4,894**
Equity	10,985	10,985
Foreign exchange reserve	(3,770)	(2,899)
Retained deficit	(3,687)	(3,192)
Equity and reserves	**3,528**	**4,894**
Loss for the period	(495)	(740)

17. NON-CURRENT ASSETS HELD FOR SALE

Assets classified as non-current assets held for sale 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.

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

18. INVENTORIES

	30 June 2016 US$'000	30 June 2015 US$'000
Metal in concentrate on hand	8,876	1,996
Consumables	1,329	1,336
	10,205	3,332

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

19. TRADE AND OTHER RECEIVABLES

	30 June 2016 US$'000	30 June 2015 US$'000
Current trade and other receivables		
Trade receivables	2,575	496
Prepayments and other receivables	2,594	10,726
VAT	6,116	49
	11,285	11,271
Non-current trade and other receivables		
Receivable for sale of non-controlling share of subsidiary (Note 20)	487	590
	487	590
Total receivables	11,772	11,861

As at 30 June 2016 there were no trade receivables past due (2015: nil).

20. 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 in September 2011. The shareholding was sold for N$7.2m (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 balance owed has reduced to US$487,000 at 30 June 2016 (30 June 2015 US$590,000) due to exchange differences.

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 lapsed in September 2016.

21. CASH

	30 June 2016	30 June 2015
	US$'000	US$'000
Cash and short-term deposits	4,498	5,211
Pledged Notice deposit	1,345	1,561
	5,843	6,772

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

	30 June 2016	30 June 2015
	4,498	5,211

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

22. BORROWINGS

Secured borrowings

	30 June 2016 US$'000	30 June 2015 US$'000
Secured borrowing at amortised cost		
Orion Mine Finance Tranche B	96,426	88,192
Short-term portion of loan	(96,426)	(88,192)
	-	-
Orion Mine Finance Tranche C	4,572	-
Short-term portion of loan	(4,572)	-
	-	-
Orion Mine Finance Tranche D	4,364	-
Short-term portion of loan	(4,364)	-
	-	-
Louis Dreyfus Commodities Metal Suisse SA Inventory loan	-	980
Short-term portion of loan	-	(980)
	-	-
First National Bank of Namibia Limited	16	235
Short-term portion of loan	(16)	(235)
	-	-
Total borrowings	105,378	89,407
Short-term portion	(105,378)	(89,407)
	-	-

22. BORROWINGS *(continued)*

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

	30 June 2016 %	30 June 2015 %
Orion Mine Finance Tranche B	9.00%	9.00%
Orion Mine Finance Tranche C	11.00%	-
Orion Mine Finance Tranche D	11.00%	-
Louis Dreyfus Commodities Metal Suisse SA	-	3.75%
First National Bank of Namibia	9.25%	9.25%

Orion Mine Finance
The loan is divided into three tranches, B, C and D.

Tranche B bears interest at US$ 3 month libor +7% with libor at a minimum of 2%. The loan's repayment terms were revised in May 2016 and the first repayment has been deferred until 28 February 2017. The facility B Final Maturity Date remains unchanged at 29 February 2020 and each facility B repayment will be increased such that the Facility B loans will be repayable in 13 equal repayments. The Company was not in compliance with some of the loan covenants at 30 June 2016 and as a consequence the loan is disclosed as short-term.

Tranche C is repayable on 28 February 2017 and tranche D is repayable on 9 December 2016. Both bear interest at US$ 3 month libor +9% with libor at a minimum of 2%.
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.

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 Namibia dollars.
The loan is repayable in 24 equal instalments.
The loan is secured on the assets financed by the facility and a letter of surety by Weatherly International plc.

23. CURRENT TRADE AND OTHER PAYABLES

	30 June 2016 US$'000	30 June 2015 US$'000
Trade payables	13,319	20,187
Other payables and accruals	1,558	114
	14,877	20,301

24. PROVISIONS

	2016 US$	2015 US$ (restated)
Initial environmental provision	4,751	-
Additions	261	4,751
Interest	264	-
Exchange movement	(819)	-
	4,457	4,751

In preparing the financial statements for the year ended 30 June 2016 the Directors identified that an environmental liability for decommissioning Tschudi on closure should have been included in the prior year. The prior year has been restated accordingly. The initial provision was charged to Property, Plant and Equipment (see note 15) and there was no effect on the income statement in the prior year.

25. SHARE CAPITAL

Number of shares issued	30 June 2016	30 June 2015
Number of shares in issue at beginning of the year	1,060,803,192	616,605,145
Shares issued during year	-	444,198,047
Number of shares in issue at end of the year	1,060,803,192	1,060,803,192

Allotted, called up and fully paid	30 June 2016 US$	30 June 2015 US$	30 June 2016 £	30 June 2015 £
Ordinary shares of 0.5p	8,675,595	8,675,595	5,304,016	5,304,016
	8,675,595	8,675,595	5,304,016	5,304,016

16,527,832 shares were purchased by Logiman, for the value of US$500,000 on 9 June 2015, payment to be offset against the final retention payment due to them in respect of the engineering, procurement and construction of Tschudi. The contractual conditions for payment of this retention to Logiman have not yet been fulfilled and in any event, the Group has claims in respect of inadequate work on the project by Logiman which exceed the retention. Once matters are finally resolved the Group does not expect any part of the retention to be payable to Logiman.

The outstanding warrants/options to subscribe for ordinary shares of the Company as at 30 June 2016 are as follows:

Date of grant	Number of warrants/options	Price per warrant/ Option Pence	Expiry date
01-Apr-10	5,750,000	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
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	750,000	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
13-Oct-14	13,800,000	3.38	13 October 2024
09-Dec-14	8,200,000	3.38	9 December 2024

26. NON-CONTROLLING INTERESTS

	US$'000
At 30 June 2014	(76)
Share of loss of Weatherly Mining Namibia Ltd	(113)
Share of loss in Ongopolo Mining Limited	(197)
At 30 June 2015	(386)
Share of loss of Weatherly Mining Namibia Ltd	(64)
Share of loss in Ongopolo Mining Limited	(159)
At 30 June 2016	(609)

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

27. CAPITAL COMMITMENTS

	30 June 2016 US$'000	30 June 2015 US$'000
Capital commitments		
Contracted for but not yet recognised in the financial statements	537	2,397

28. 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 ten 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 2016		At 30 June 2015	
	Options	Weighted average exercise price pence	Options	Weighted average exercise price pence
Outstanding at start of period	44,583,333	4.28	24,333,333	4.44
Granted during the year	-	-	23,000,000	3.38
Forfeited/Lapsed during the year	(3,500,000)	5.41	(2,750,000)	5.69
Outstanding at end of the period	41,083,333	3.68	44,583,333	3.82
Exercisable at end of the period	31,883,333	3.77	19,333,333	4.23

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 6.8 years at 30 June 2016 (2015: 7.7).

The share price movements during the year were as follows: high of 1.15 pence, low of 0.225 pence and a closing share price at 30 June 2016 of 0.575 pence.

29. 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's employees are all required to belong to a retirement fund. The Company negotiated on behalf of the employee' to form a defined contribution provident fund. The Company makes a fixed contribution on behalf of the employees to the fund or to another fund of the employees choice and employees may contribute additionally on a voluntary basis.

30. 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	
	30 June 2016 US$'000	30 June 2015 US$'000
Financial assets		
Current		
Loans and receivables		
Trade and other receivables	2,575	496
Cash and cash equivalents	5,843	6,772
	8,418	7,268
Non-current		
Trade and other receivables	487	590
	8,905	7,858
Financial liabilities		
Current		
Amortised cost	120,255	109,708
Non-current		
Amortised cost	-	-
	120,255	109,708

As at 30 June 2016 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.

30. FINANCIAL INSTRUMENTS *(continued)*

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

Year ended 30 June 2015

	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	89,407	-	-
Non interest bearing			
Trade and other payables	20,301	-	-

Year ended 30 June 2016

	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	105,378	-	-
Non interest bearing			
Trade and other payables	14,877	-	-

30. FINANCIAL INSTRUMENTS *(continued)*

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 Orion Mine Finance 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 2016, 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 (2015: +/- 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.

	2016 US$'000	2015 US$'000
	+1.0 Base points	+1.0 Base points
Net effect on after tax profits	90	90
Equity	90	90

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 two recognised, creditworthy trading house. The income has been paid for with terms of 95% and 100% on the concentrate leaving Namibia, with 5% and 0% 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 Namibia 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 2016 US$'000	30 June 2015 US$'000	30 June 2016 US$'000	30 June 2015 US$'000
British pound	61	-	134	594
Namibian dollar	13,274	236	8,201	8,184
Total	13,335	236	8,335	8,778

30. FINANCIAL INSTRUMENTS *(continued)*

Foreign currency sensitivity analysis
The Group is mainly exposed to the currencies of the United Kingdom (British pound) and Namibia (Namibia 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 2016 US$'000	30 June 2015 US$'000	30 June 2016 US$'000	30 June 2015 US$'000
Effect on profit	-20%	(15)	(119)	1,015	(1,590)
	+20%	(15)	119	(1,015)	1,590
Effect on equity	-20%	(15)	(119)	1,015	(1,590)
	+20%	(15)	119	(1,015)	1,590

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:

	2016 US$'000	2015 US$'000
Net effect on after tax profits	6,365	3,805
Equity	6,365	3,805

31. EVENTS SUBSEQUENT TO STATEMENT OF FINANCIAL POSITION DATE

1. On 31 August 2016 the Company announced that Orion Mine Finance has agreed to defer the repayment date of Tranche C of its loan of US$4m to 28 February 2017. The loan was originally repayable on 31st August 2016.

2. The Company announced on 22 July that Dr Wolf Martinick and Mr Charilaos Stavrakis have retired from the Board, and will not be replaced in the near term.

32. 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 2016	30 June 2015
	US$'000	US$'000
Accounts receivable	24	48
Management fees receivable	240	330

The following related party transactions occurred with Orion Mine Finance (Master) Fund I LP, a 24.6% shareholder of Weatherly International plc.

	30 June 2016	30 June 2015
	US$'000	US$'000
Sales of cathode (accounted for as a reduction in development costs)	14,860	13,106
Sales of cathode (accounted for as income)	56,991	-
Finance charges	9,481	6,426
Loans	105,363	88,192

The following related party transaction occurred with Logiman (pty) Ltd ("Logiman"). Logiman have a 11.4% shareholding of Weatherly and became a related party on 1 July 2015 by virtue of Krzysztof Szymczak, Managing Director of Logiman, joining the Board of Weatherly.

	30 June 2016	30 June 2015
	US$'000	US$'000
Retention	535	-

The Group holds a retention of US$535,000 in respect of the engineering, procurement and construction of Tschudi. The contractual conditions for payment of this retention to Logiman have not yet been fulfilled and in any event, the Group has claims in respect of inadequate work on the project by Logiman which exceed the retention amount. Once matters are finally resolved the Group does not expect any part of this retention amount to be payable to Logiman.

33. 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 2016	30 June 2015
	US$'000	US$'000
Total equity	30,545	41,029
Borrowings	105,378	89,407
	135,923	130,436

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 Officer's Report, starting on page 5.

Parent Company Statement of Financial Position
At 30 June 2016

	Note	As at 30 June 2016 US$'000	As at 30 June 2015 US$'000 (Restated)	As at 30 June 2014 US$'000
Non-Current Assets				
Investments	38	44,297	44,297	39,097
Trade and other receivables	39	1,558	55,312	55,851
Total non-current assets		45,855	99,609	94,948
Current assets				
Trade and other receivables	39	92	676	410
Cash at bank and in hand		150	2,851	5,571
Total current assets		242	3,527	5,981
Total assets		46,097	103,136	100,929
Creditors				
Amounts falling due within one year	40	165	362	508
		165	362	508
Non-current liabilities				
Trade and other payables	41	5,200	5,200	-
Total liabilities		5,365	5,562	508
Net assets		**40,732**	**97,574**	**100,421**
Capital and reserves				
Called up share capital		8,676	8,676	5,250
Share premium		22,132	22,132	9,998
Merger reserve		18,471	18,471	18,471
Share-based payments reserve		746	707	605
Retained (losses)/earnings		(9,293)	47,588	66,097
		40,732	**97,574**	**100,421**

The parent entity financial statements of Weatherly International plc were approved for issue by the Board of Directors on 13 October 2016 and signed on behalf of the Board by Craig Thomas.

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C Thomas
Chief Executive Officer

The notes on pages 72 to 77 form part of these financial statements.

Company registration no. 03954224

Parent Company Statement of Changes of Equity

At 30 June 2016

	Issued capital	Share premium	Merger reserve	Share-based payment reserve	Retained earnings	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 30 June 2014	**5,250**	**9,998**	**18,471**	**605**	**66,097**	**100,421**
Issue of Share capital	3,426	12,590	-	-	-	16,016
Share issue costs	-	(456)	-	-	-	(456)
Share-based payments	-	-	-	186	-	186
Lapsed options and warrants	-	-	-	(84)	84	-
Transactions with owners	3,426	12,134	-	102	84	15,746
Loss for the period	-	-	-	-	(18,593)	(18,593)
Total comprehensive income for the year	3,426	12,134	-	102	(18,509)	(2,847)
Balance at 30 June 2015	**8,676**	**22,132**	**18,471**	**707**	**47,588**	**97,574**
Share-based payments	-	-	-	123	-	123
Lapsed options and warrants	-	-	-	(84)	84	-
Transactions with owners	-	-	-	39	84	123
Loss for the period	-	-	-	-	(56,965)	(56,965)
Other comprehensive income						
Exchange differences on translation of foreign operations	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	(56,965)	(56,965)
Balance at 30 June 2016	**8,676**	**22,132**	**18,471**	**746**	**(9,293)**	**40,732**

The notes on pages 72 to 77 form part of these financial statements.

Parent Company Cash Flow Statement

	Year ended 30 June 2016 US$'000	Year ended 30 June 2015 US$'000
Cash flows from operating activities		
Loss for the year	(56,965)	(18,593)
Adjusted by:		
Impairment of loans to subsidiaries	57,250	17,228
Non cash items in loans to subsidiaries	(1,154)	(1,485)
Share based payment expenses	123	186
Interest received	(2)	(6)
	(748)	**(2,670)**
Movements in working capital		
Increase in trade and other receivables	51	267
Decrease in trade and other payables	(197)	(146)
Net cash used by operating activities	**(894)**	**(2,549)**
Cash flows generated from investing activities		
Interest received	2	6
Loans to subsidiaries	(1,820)	(15,422)
Loans from subsidiaries	65	5,200
Net cash used in investing activities	**(1,753)**	**(10,216)**
Cash flows generated from financing activities		
Proceeds from issuance of shares	-	10,360
Net cash used in financing activities	**-**	**10,360**
Decrease in cash	**(2,647)**	**(2,405)**
Reconciliation to net cash		
Net cash at 1 July	2,851	5,571
Decrease in cash	(2,647)	(2,405)
Foreign exchange losses	(54)	(315)
Net cash at 30 June	**150**	**2,851**

The notes on pages 72 to 77 form part of these financial statements.

Notes to the Parent Company Financial Statements

For the year ended 30 June 2016

34. BASIS OF ACCOUNTING

The separate financial statements of the Company are presented as required by the Companies Act 2006. In the current year the Parent Company Financial Statements were prepared under IFRS as adopted by the EU (IFRS) for the first time. A statement of Financial Position has been presented as at 30 June 2014 as required by first time adopters of IFRS. The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

In preparing the financial statements under IFRS there were no reconciling adjustments that had to be made between the previously reported figures under UK GAAP and those under IFRS with regard to equity or total comprehensive income.

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

35. ACCOUNTING POLICIES: PARENT COMPANY

a. Basis of preparation and change in accounting policy

The Parent Company financial statements of Weatherly International plc were approved for issue by the Board of Directors on 13 October 2016.

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with International Financial Reporting Standards.

Going Concern

The Group incurred a loss before tax of US$10.6m during the year ended 30 June 2016 and, at that date, had net current liabilities of US$93.0m.

Orion Mine Finance (Master) Fund I LP (“Orion”), Weatherly’s largest shareholder and lender, have confirmed it has agreed to defer the repayments on Tranche B and C of its loan until 28 February 2017. The first payment of Tranche B was originally due on 30 November 2015 with payments due quarterly thereafter. Tranche C was repayable on 31 August 2016. If copper prices remain at current levels it is unlikely that the Group will generate sufficient surplus cash to meet the revised loan repayments schedule and the Group’s and parent company’s ability to continue as a going concern will be dependent on Orion’s continued support, of which there is no certainty.

The directors believe that with the support of Orion to defer loan repayments, Tschudi can generate sufficient surplus funds for the Group and parent company to remain as a going concern. However there are a number of uncertainties around the assumptions that have a potentially negative impact on the Group’s ability to deliver the forecast cash flows.

These are:

- That Tschudi is able to maintain nameplate production levels of 1,400t of copper cathode a month throughout the period. The risks of not achieving this revolve around not being able to mine and process sufficient ore tonnes to achieve this output as well as the leach time and metallurgical recovery rates remaining in line with the feasibility study as we mine into different types of ore. The Group has announced it has experienced higher than expected water levels at the mine which resulted in lower production below name plate in the final quarter of the 2015/16 financial year.
- Copper price fluctuations not having a further material adverse effect on the Group’s profitability.
- As the Group’s revenue streams are converted from US dollars to Namibia dollars exchange rate fluctuations could have a material adverse effect on the Group’s profitability.
- The timing of income is uncertain. Sales are dependent on the date our customer, Orion, ships the copper cathode.
- The Group recovers VAT receipts in Namibia, the timing of repayment are outside the Group’s control. At 30 June 2016 eight months VAT repayments were outstanding amounting to US$6.1m.

The likely ongoing need for Orion’s support along with the above conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group’s and parent company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Group and parent company financial statements do not include the adjustments that would result if the Group and parent company were unable to continue as a going concern.

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; and
- 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.

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.

The cost of share based payments to employees and directors of subsidiary companies are recognised in the accounts of the parent company

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.

36. AUDITOR'S REMUNERATION

Auditor's remuneration relating to the parent entity amounted to US$56,000 (2016: US$60,000).

37. DIRECTORS' REMUNERATION

During the year, no directors (2015: nil) participated in defined benefit pension schemes and one director (2015: one) participated in money-purchase pension schemes.

	2016 US$'000	2015 US$'000
Emoluments	472	613
Contributions to money purchase schemes	-	45
	472	658
Fees of highest paid director	142	316

38. INVESTMENTS

	30 June 2016 US$ '000	30 June 2015 US$ '000	30 June 2014 US$ '000
Fixed asset investments		(Restated)	(Restated)
opening balance	44,297	39,097	39,097
investments in the year	-	5,200	-
closing balance	44,297	44,297	39,097

For a listing of the subsidiaries, see note 16(a).

In accordance with IAS 36 "Impairment of Assets", the continued decline in the price of copper is considered an indication of impairment. On this basis an impairment review has been performed on the Group's investment in subsidiaries. Amounts due from subsidiaries have also been included in that assessment.

The impairment assessment was based on a value in use calculation assessing subsidiary cash-flows from 2016 to 2025. A period of 10 years has been chosen as this is consistent with the level of reserves in subsidiary mines and hence potential production.

An impairment was identified and has been taken against the non-current portion of inter-Company debtors. The amount of the impairment was US$57,250,000. In the previous year an impairment of US$17,228,000 was identified.

The prior year balance has been restated to include the investment in Ralior.

39. TRADE AND OTHER RECEIVABLES

	30 June 2016	30 June 2015	30 June 2014
Due within one year	US$ '000	US$ '000	US$ '000
Trade receivables	47	65	119
Prepayments and other receivables	29	562	194
VAT	16	49	97
Total current	92	676	410
Due after more than one year			
Amount due from subsidiary undertakings (see note 47)	1,558	55,312	55,851
Total non-current	1,558	55,312	55,851
Total trade and other receivables	1,650	55,988	56,261

40. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30 June 2016 US$'000	30 June 2015 US$'000	30 June 2014 US$'000
Trade payables	59	248	338
Other payables and accruals	106	114	170
	165	362	508

41. TRADE AND OTHER PAYABLES: AMOUNTS FALLING DUE AFTER ONE YEAR

	30 June 2016	30 June 2015	30 June 2014
Payables due more than 1 year	US$'000	US$'000 (Restated)	US$'000
Amount due to subsidiary undertakings	5,200	5,200	-
	5,200	5,200	-

42. SUBSIDIARIES

Details of the Company's subsidiaries at 30 June 2016 are as included in the consolidated Group accounts under note 16(a).

43. FINANCIAL ASSETS

Loans to other Group entities
At the balance sheet date amounts receivable from the fellow Group companies were US$1.6m (2015: US$55.3m). 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$84.9m (2015: US$27.7m). 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.

44. 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 (2015: US$ nil)

45. 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, and was US$56,965,000 (2015: loss of US$18,593,000). As permitted by section 408 of the Companies Act 2006, no separate profit or loss account is presented in respect of the Parent Company.

46. POST BALANCE SHEET EVENTS

The Company announced on 22 July that Dr Wolf Martinick and Mr Charilaos Stavrakis have retired from the Board, and will not be replaced in the near term.

47. RELATED PARTY TRANSACTIONS

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

	30 June 2016	30 June 2015
	US$'000	US$'000
Debtors	1,558	55,312
Management fees received	2,400	2,400
Interest received	626	289

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

	30 June 2016	30 June 2015
	US$'000	US$'000
Debtors	24	48
Management fees received	240	330

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

Company Information

Directors	J Bryant (Non-executive Chairman) C R Thomas (Chief Executive Officer) A J Stephens (Senior Independent Non-executive) R J Webster (Non-executive) E W Bennett (Non-executive) K Szymczak (Non- executive)
Secretary	K S Ellis
Registered office	Orion House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH
Registered number	03954224 (England and Wales)
Auditor	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Bankers	Bank of Scotland St James's Gate 14–16 Cockspur Street, London SW1Y 5BL
Solicitors	Cooley (UK) LLP Dashwood 69 Old Broad Street London SW1Y 5BL
Nominated adviser and Broker	RFC Ambrian Condor House 10 St Pauls Churchyard London EC4M 8AL
Registrars	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
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