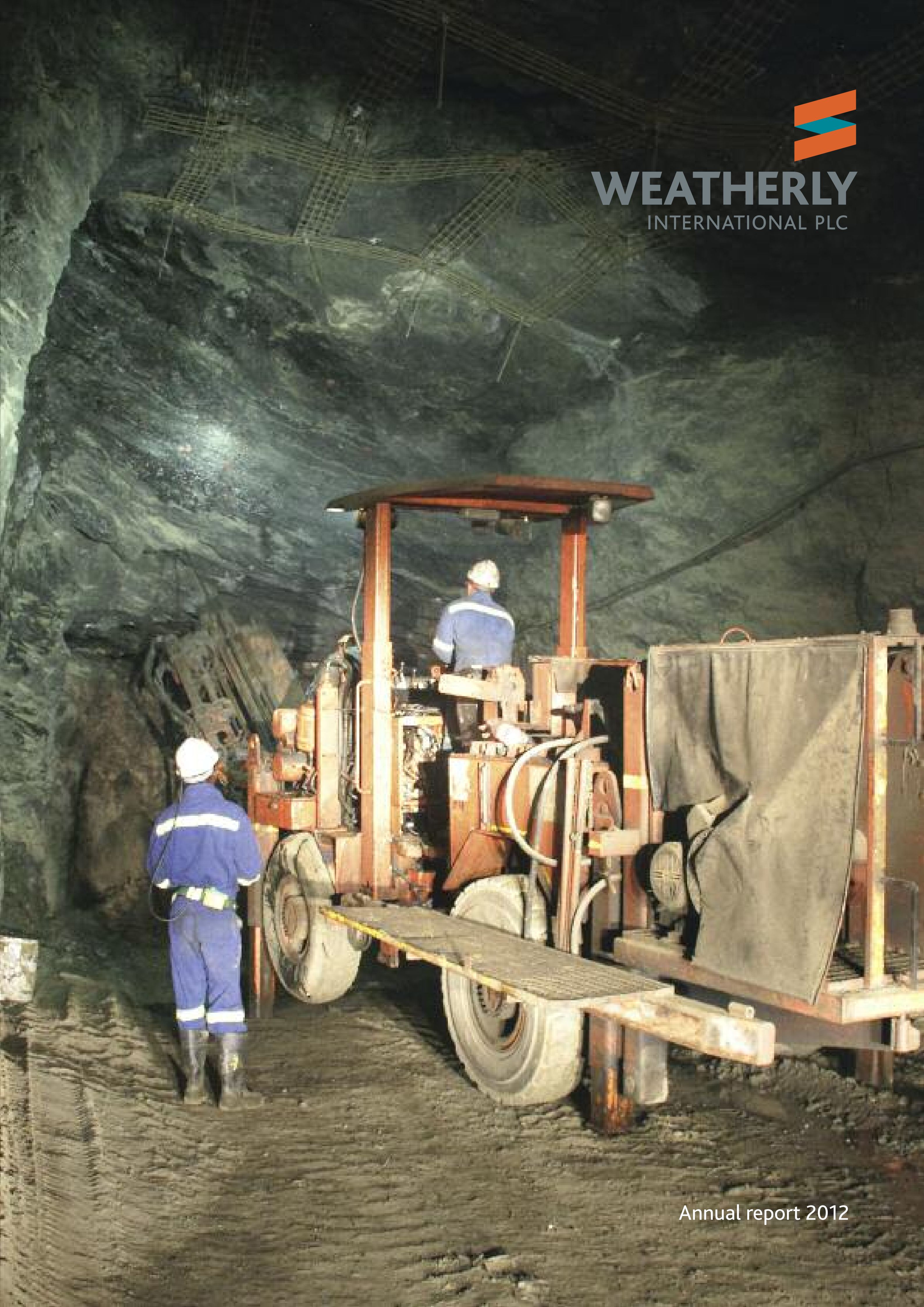
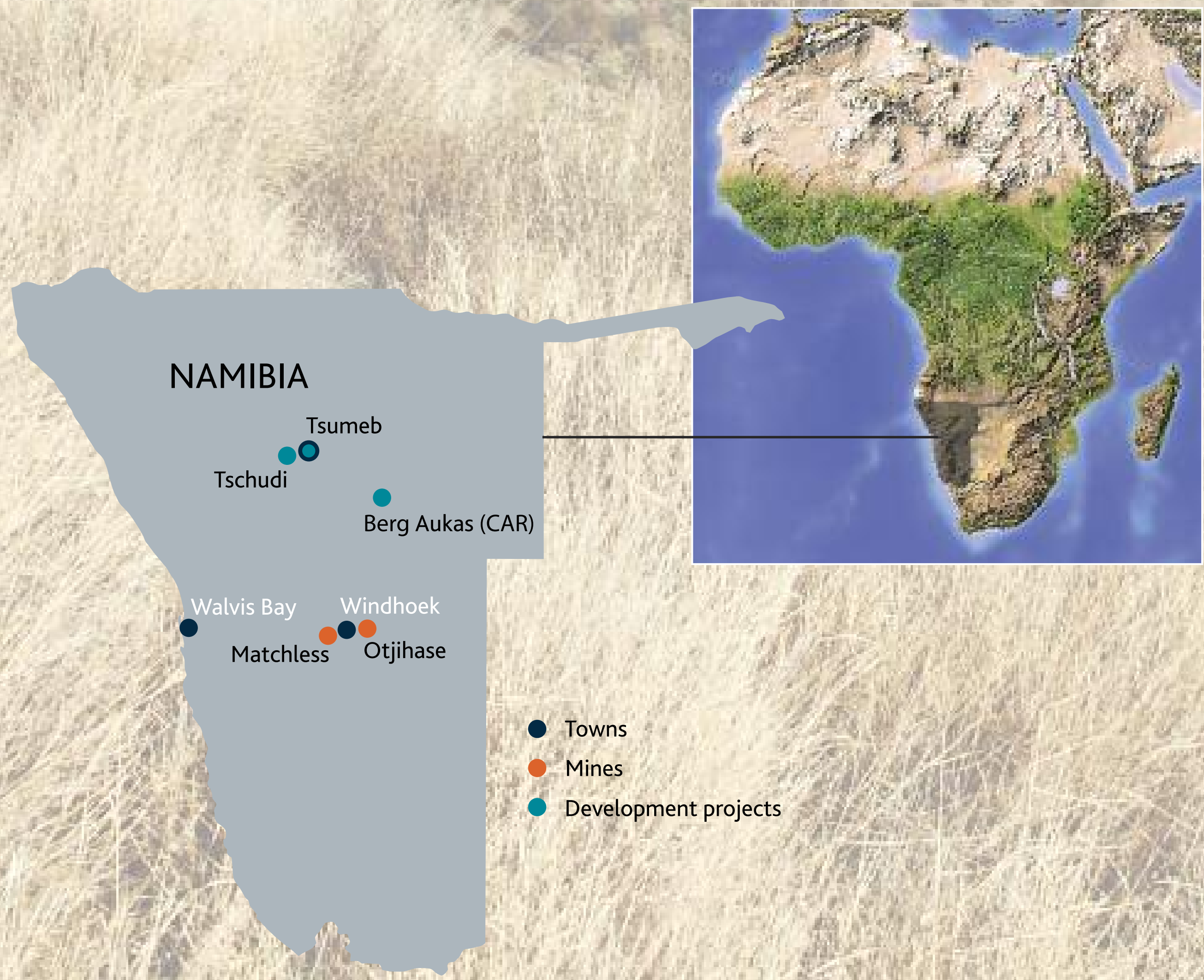


WEATHERLY
INTERNATIONAL PLC

Annual report 2012


NAMIBIA
Tsumeb
Tschudi
Berg Aukas (CAR)
Walvis Bay
Windhoek
Matchless
Otjihase
Towns
Mines
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for the year ended 30 June 2012

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Corporate and Operational

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Maiden Tschudi reserve statement (JORC) released

Tschudi feasibility study nears completion

Sale of Berg Aukas project to China Africa Resources with profit of US$4.1 million

Payment of dividend by 'in specie' distribution of shares in China Africa Resources worth US$1.2 million

Chairman's and Chief Executive's statement

We are pleased to report Weatherly's results for the year ended 30 June 2012.

Financial results

During the year, the group generated a profit after tax of US$21.4 million. Removing the effect of the deferred tax benefit received during the year the group's profit before tax was US$14.2 million (see note 14).

Our Central Operations, the Otjihase and Matchless mines, reached 60% of budgeted steady-state production in July 2011 and revenue has been recognised in those mines from that date. As a result our mining activities in Namibia generated an operating profit of US$10.3 million, while corporate costs of US$3.3 million reduced the group operating profit to US$7.0 million. The group made a profit on the sale of its subsidiary, which owned the Berg Aukas project, to China Africa Resources of US$4.1 million and it released its provision of US$5.2 million against the section 311 compromise creditors as the agreement had expired. The Namibian dollar depreciated against the US dollar by nearly 20% in the year resulting in a foreign exchange loss of US$1.4 million, most of which is unrealised. The group also incurred net interest costs of US$0.4 million.

Our mining activities in Namibia generated an operating profit of US$10.3 million

The group generated US$10.4 million of cash from operating activities and US$0.5 million from the sale of plant. Of this, US$4.0 million was reinvested in property, plant and equipment at Central Operations, US$3.4 million on the Tschudi feasibility study while US$3.1 million was used to repay loans. The group finished the year with US$8.5 million of cash.

Review of the year

Weatherly had two main strategic objectives over the period, namely the consolidation of production from its Central Operations, and the progression of the Tschudi feasibility study. The mining operations continued to be profitable throughout despite some difficulties. Tschudi feasibility study results have reinforced its position as our priority project, albeit one requiring further optimisation.

On 1 August 2011, the ordinary shares of China Africa Resources plc (CAR) were admitted to trading on AIM. East China Mineral Exploration & Development Bureau (ECE) acquired 65% of the shares for £4.7 million (US$7.7 million), and Weatherly sold the Berg Aukas project to China Africa Resources in return for a 35% shareholding. Weatherly distributed 10% of the shares to its shareholders as an 'in specie' dividend leaving it with a 25% holding. This represented the commencement of a formal relationship between Weatherly and a capable and ambitious Chinese company in ECE. During the year, Weatherly's management team administered China Africa Resources under the provisions of a management services agreement under the control of the CAR board. The primary focus of China Africa Resources has been to progress the Berg Aukas feasibility study.

In September 2011, an agreement was executed for the sale of a 2.5% shareholding in our Namibian subsidiary, Ongopolo Mining Limited (OML), to Labour Investment Holdings (LIH), the investment arm of the National Union of Namibian Workers. This agreement was pursuant to a Memorandum of Understanding signed with LIH in 2010, and a Weatherly initiative to promote local participation through direct equity ownership. The sale price of N$7.2 million (approximately US$0.9 million) was provided through a vendor finance facility, where the payment of the consideration is to be deferred and deducted from LIH's future dividends. The agreement also provides an option for LIH to increase its shareholding to 5% by paying cash for additional shares at a price based on an independent valuation of OML at the time of exercise.

The company produced 5,208 tonnes of copper in concentrate from Central Operations

Weatherly continues its prudent risk management strategy of maintaining forward sales of approximately 200 tonnes per month of copper over a 15 – 18 month period. At 30 June 2012, our forward contracts had a mark-to-market value of US$4.9 million. Complementing this, the company has also fixed the exchange rate of converting US$1.5 million per month into N$ over the same period at an average rate of US$1:N$8.68.

Central Operations

The company produced 5,208 tonnes of copper in concentrate from Central Operations, which fell short of our target of 7,000 tonnes for the year. This was due to a series of problems at Otjihase, described in the review of operations (page 5), which necessitated a change in mining contractor and changes to the structure of the contract. The shortfall in production resulted in higher than expected operating costs, but we anticipate that the changes we have made will have a positive impact on production and costs going forward.

Chairman's and Chief Executive's statement

The company was saddened by two fatalities at Otjihase. Investigations were conducted by management and the Chief Mines Inspector into the circumstances of these accidents. The investigation by the Chief Mines Inspector into the first accident has been completed and all recommendations have been adopted; the investigation into the second accident is ongoing. Safety procedures have been reviewed in detail in light of these accidents.

Tschudi project

The company expects to complete the feasibility study by the end of 2012 and be well advanced with the funding arrangements for the project's development. As previously reported, the company is designing an open pit mine containing 22.5mt @ 0.87% Cu (Ore Reserve-Coffey, February 2012) producing on average 15,000 tonnes per annum of copper for 11 years. The process to be utilised is heap leaching followed by solvent extraction and electrowinning to produce a 99.99% pure copper cathode. Subject to funding and environmental approval, the first copper could be produced before the end of 2014.

Management is therefore focusing on improved performance at its operating mines and the development of a new mine at Tschudi

Outlook

Considerable uncertainty exists in the world and it is difficult to predict the course of the copper price in the coming year. Management is therefore focusing on improved performance at its operating mines and the development of a new mine at Tschudi to move the company closer to its stated objective of being a 20,000 tpa copper producer.

We have taken steps to address production issues at the Otjihase mine, both in contractual arrangements and in investment to improve operational flexibility. We will be considering possible future investment at these mines to exploit opportunities that exist to reopen previously mined areas in order to increase production further.

At Tschudi the results that we are obtaining from the optimisation work being carried out by our project team are very encouraging and bode well for the future development of the mine. The completion of the feasibility study and subsequent funding will remain our priority in the coming year.

Whilst it has been a difficult year we would like to thank all our staff for their continuing support and hard work for the benefit of the company.

John Bryant
Chairman

Rod Webster
Chief Executive Officer

12 September 2012

Review of operations

Central Operations

Copper production for the year was 5,208 tonnes, as summarised in the quarterly production table below.

The Matchless mine experienced a speedy ramp up to full production and has been able to maintain solid production performance throughout the year. The mining contractor at Matchless performed well with ore grades and dilution rates meeting expectations.

The Otjihase mine has encountered several issues that have hampered operations. The mine suffered badly from the most severe wet season on record in 2011, equipment downtime interfered with production and sub-standard performance from the primary mining services contractor all contributed to the poor level of production.

In light of this, the operations at Otjihase have been under constant review. A number of steps have been taken throughout the year to deal with issues and improve performance at the mine. Firstly the decision was taken to open up two new working areas in the mine earlier than had been originally planned to afford greater flexibility. Significant work and infrastructure expenditure was incurred in order to bring these areas into production.

The Matchless mine experienced a speedy ramp up to full production and has been able to maintain solid production performance throughout the year.

Secondly, to deal with the poor performance of the mining contractor, it was decided to break up the lead operating contract into three discrete contracts; mining, crushing/conveying and processing, and to replace the lead mining contractor with the contractor who has been performing to a high standard at the Matchless mine. Notwithstanding that these extensive measures inevitably created an element of disruption and cost, their introduction went smoothly.

We are confident that we have taken the necessary steps to deal with the production issues in the Otjihase mine. Pillar recovery is by its nature technically challenging, but can be carried out safely and economically with the right resources. We have taken some tough decisions as outlined above and expect to see the benefits of this in the coming year. Investigations are continuing into optimising the extraction of the remaining resources. Opportunities exist at both Otjihase and Matchless to reopen previously mined areas, and a decision on the advancement of one or more of these opportunities is expected to be made in the coming months.

Cost of production has been higher than targeted for the year. The full year cost of production (C1 cash cost) was US$5,554 per tonne of copper produced. The higher costs are due to a combination of one-off costs associated with the contractual changes, costs associated with opening up new working areas and lower copper production rates at the Otjihase mine.

	Quarter to 30 Sep 2011	Quarter to 31 Dec 2011	Quarter to 31 Mar 2012	Quarter to 30 Jun 2012	Total
Ore treated (t)	101,836	97,958	82,558	85,153	367,505
Grade (%)	1.36	1.56	1.58	1.66	1.53
Recovery (%)	92.55	92.83	92.98	91.52	92.48
Copper concentrate (t)	5,005	5,714	5,148	5,605	21,472
Copper contained (t)	1,281	1,421	1,214	1,292	5,208

Review of operations

Tschudi feasibility study

Work continues on the feasibility study and the company remains on track for its first copper cathode production in 2014. As previously reported, the company is targeting a mine life of 11 years producing an average of 15,000 tonnes per annum of copper cathode. The process to be utilised is heap leaching followed by solvent extraction and electrowinning.

A new project team was appointed in May to investigate opportunities for reducing the capital and operating costs in addition to improving copper recovery. This work has focussed on the:

- re-design of the pit and waste dumps to minimise waste handling;
- re-design of the leach pads to minimise the number of pad lifts and associated costs;
- soliciting tenders for contracting both the mining and crushing activities;
- soliciting tenders for a lump sum bid for building of the solvent extraction and electrowinning plant; and
- optimising ore blends and crush sizes to increase copper recovery and reduce leach times.

While the additional work associated with these initiatives has extended the feasibility study timetable, it is expected to deliver a leaner, more attractive project. The company is expecting to announce the results of the feasibility study by the end of the year.

Berg Aukas and China Africa Resources

Weatherly has a 25% shareholding in China Africa Resources, and administers the business under the provisions of a management services agreement. The primary focus of China Africa Resources has been the progression of the Berg Aukas feasibility study.

Weatherly has a 25% shareholding in China Africa Resources

Safety

The vast majority of mine labour is employed by three major contracting groups although they have changed during the year in question. Weatherly as the principal sets the standards and procedures applying to all contracting groups active at the mine sites. Taking all the contracting groups into account there were 24 lost time injuries and 2 fatalities.

The circumstances of each of these fatalities have been investigated both externally by the Inspector of Mines and internally by the company's management and advisors. The inspector of Mines has delivered his findings on the first fatality where he found no wrongdoing on the part of the company. It did however recommend the replacement of manual scaling with purpose designed equipment, a recommendation that has already been implemented. The company is still awaiting the second finding. Whilst the company has always operated under the appropriate Namibian Safety Standards, the board has taken the decision to upgrade the company's entire safety management system to meet the international standard (OSHAS18001).

Environment

Weatherly is committed to maintaining the highest environmental standards

Weatherly is committed to maintaining the highest environmental standards and during the coming year, the company will be reviewing its environmental management and reporting systems to ensure it continues to do so. Weatherly is in full compliance with all appropriate Namibian legislation at all its sites, and there were no environmental incidents on any of our sites during the year.

As a result of changes in environmental legislation in Namibia (in February 2012), Weatherly, along with all other existing mining companies, has been asked to submit a revised environmental impact statement and management plan for both Central Operations and Tschudi by February 2013. Weatherly has engaged environmental consultants Synergistics to assist with the submissions.

John Bryant
Chairman

Rod Webster
Chief Executive Officer

12 September 2012

Review of operations

Table A: Weatherly Mining Namibia – ore reserves as at 30 June 2012

Deposits	Reserve category	Tonnes	Reserve tonnes and grade Cu (%)	Ag (g/t)	Au (g/t)	Contained metal Cu (t)	Ag (kg)	Au (kg)
Underground (at 1% cut off)								
Otjihase	Proven	2,755,712	1.67	7.06	0.30	45,958	19,468	825
	Probable	287,600	1.01	7.57	0.15	2895	2177	42
	Total	**3,043,312**	**1.61**	**7.11**	**0.28**	**48,853**	**21,645**	**867**
Matchless (West Extension)	Proven	–	–	–	–	–	–	–
	Probable	514,340	1.89	–	–	9,726	–	–
	Total	**514,340**	**1.89**	**–**	**–**	**9,726**	**–**	**–**
Grand Total		**3,557,652**	**1.65**	**6.08**	**0.24**	**58,579**	**21,645**	**867**
Open Pit (at 0.3% cut off)								
Tschudi	Proven	–	–	–	–	–	–	–
	Probable	22,500,000	0.87	–	–	195,750	–	–
	Total	**22,500,000**	**0.87**	**–**	**–**	**195,750**	**–**	**–**

Table B: Weatherly Mining Namibia – mineral resources as at 30 June 2012

Deposits	Reserve category	Tonnes	In situ tonnes and grade Cu (%)	Ag (g/t)	Au (g/t)	Cu (t)	In situ metal Ag (kg)	Au (kg)
At 1% cut off								
Otjihase	Measured	3,342,371	2.37	8.88	0.42	79,239	29,673	1,412
	Indicated	3,828,064	1.94	7.76	0.32	74,217	29,639	1,204
	Inferred	3,718,494	1.41	5.19	0.23	52,335	19,293	839
	Total	**10,888,929**	**1.89**	**7.23**	**0.32**	**205,791**	**78,605**	**3,455**
Matchless (West Extension)*	Measured	–	–	–	–	–	–	–
	Indicated	428,611	2.14	–	–	9,180	–	–
	Inferred	230,460	2.32	–	–	5,346	–	–
	Total	**659,071**	**2.20**	**–**	**–**	**14,526**	**–**	**–**
Tsumeb West	Measured	35,255	2.45	13	–	864	458	–
	Indicated	520,400	2.24	20.02	–	11,680	10,417	–
	Inferred	413,200	1.88	16.35	–	7,757	6,757	–
	Total	**968,855**	**2.09**	**18.20**	**–**	**20,301**	**17,632**	**–**
Grand Total		**12,516,855**	**1.92**	**7.69**	**0.28**	**240,618**	**96,237**	**3,455**
At 0% cut off								
Tschudi	Measured	4,449,000	1.09	11.12	–	48,550	–	–
	Indicated	28,882,000	0.85	10.30	–	247,979	–	–
	Inferred	19,699,000	0.72	9.75	–	142,205	–	–
	Total	**53,030,000**	**0.83**	**10.16**	**–**	**438,734**	**–**	**–**
Tsumeb Tailings	**Measured**	**12,000,000**	**0.48**	**–**	**12.74**	**57,600**	**152,880**	**–**

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

*In addition to the reserves and resources contained in the table above, Old Matchless has a historical (non compliant) reserve (Chaplin, TCL, 1984) of 812,639t at 2.4% equating to 19,506t of copper.

Directors' report

The directors present their report, together with the group and parent company financial statements and auditor's reports, for the year ended 30 June 2012.

Principal activity and review of the business

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 18(a).

A review of business can be found in the Chairman's and Chief Executive's statement on pages 2 to 4 and the review of operations on pages 5 to 9.

The directors

The consolidated profit for the year after taxation was US$21.4 million

The directors during the year ended 30 June 2012 were:

J Bryant (Non-executive Chairman)

R J Webster (Chief Executive Officer)

W G Martinick (Non-executive)

A J Stephens (Senior Independent Non-executive)

Going concern

The company expects to generate sufficient funds to operate as a going concern for the next 12 months, based on its projected production levels and prevailing exchange rates and copper prices. Exchange rates and the price of copper will continue to have a significant impact on the group's cash flow.

The business has taken steps to manage its exposure to the commodity markets; at 30 June 2012 it had sold forward 3,550 tonnes of copper at an average price of US$8,361/tonne of copper, which it is currently delivering. The group maintains forward contracts extending out to between 15 and 18 months. These forward sales were negotiated to preserve the profitability of the mines in the face of an economic crisis similar in scale to that of 2008 – 2009. In addition, the group has fixed the US$:N$ exchange rate for US$1.5 million of revenue per month over the same period at an average exchange rate of 8.68.

The business has a debt financing facility of US$5.9 million with Louis Dreyfus. The loan is linked to an offtake agreement and is structured with repayment terms linked to the production of concentrate at the Central Operations. The board considers this financing model reduces risk by better matching its debt service obligations with projected cash flows.

Results and dividends

The consolidated profit for the year after taxation was US$21.4 million.

Key performance indicators

Production: the board monitors monthly production against budgeted figures, which management monitors on a daily basis. Production concentrate grades are monitored by management on a shipment basis and the board monitors ore grades on a monthly basis. For the year ended 30 June 2012 367,000 tonnes of ore was extracted producing 5,200 tonnes of copper contained in concentrate.

Costs: the board and management monitor actual against budgeted costs on a monthly basis.

Finance: the liquidity requirements of the company are monitored on a weekly basis by management, monthly and quarterly by the board, and semi-annually by external parties.

Key risk factors and mitigations

Commodity price risk and foreign exchange risks: the company's revenues and expenses are affected by changes in the price of copper and exchange rate movements between the US dollar and the Namibian dollar.

Management and directors review trends in the copper price and exchange rates on a regular basis when considering the company's risk management strategy.

367,000 tonnes of ore was extracted producing 5,200 tonnes of copper contained in concentrate

The company mitigates the risk by placing forward contracts to sell approximately 200 tonnes of copper per month and to convert US$1.5 million into Namibian dollars per month for 15 to 18 months. At 30 June 2012 the average price of its forward contracts was US$8,362/tonne of copper and the average exchange rate of the fixed currency conversions was US$1:N$8.68.

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 the share issue and loans from Louis Dreyfus Commodities Metals Suisse SA are the main methods of funding.

Project development risk: all potential projects are subject to an investment appraisal procedure that involves the board at the key stages of initiation, mandate and sanction. Projects are constantly monitored as new data is obtained and reassessed to ensure further expenditure is worthwhile.

Directors' report

Risks relating to investing in Namibia

Political: Namibia is considered one of the lowest-risk economies on the African continent. The government pursues a consistent strategy of encouraging investment in the country, and is keen to keep the climate attractive for foreign investors. Weatherly maintains strong links with the Prime Minister, Minister for Mines, and other government members and officials. The board reviews the strategic impact of political changes within the country on an ongoing basis.

Namibia is considered one of the lowest-risk economies on the African continent

Black Economic Empowerment and local participation: there is currently no Black Economic Empowerment legislation embodied in Namibian law; however, the government encourages local participation through a number of avenues. Weatherly has adopted a proactive stance in making equity in its projects available to appropriate empowerment groups. Accordingly, Labour Investment Holdings Inc (LIH), the investment arm of the National Union of Namibian Workers, hold a 2.5% stake in Ongopolo Mining Ltd, Weatherly's wholly-owned subsidiary which owns and operates our Namibian mines. LIH also have an option to purchase a further 2.5%. Additionally we continue to discuss with the government of Namibia its 5.10% shareholding in Weatherly and its transfer to Epangelo, the state-owned mining company. These arrangements will be for the long-term benefit of the community and the company.

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 31 August 2012 as follows:

Major shareholders' information

Shareholder name	Number of shares	% holding
Legal & General (Unit Trust Managers) Limited	51,000,000	9.50
Blackrock	38,676,781	7.21
Government of the Republic of Namibia	27,364,986	5.10
Rod J Webster*	27,343,800	5.10
Legal & General Group – Direct	25,945,455	4.84
Wolf G Martinick*	19,263,200	3.59
Golden Target Pacific Limited	16,300,000	3.04

*Director

Post balance sheet events

The directors are not aware of any matters or circumstances arising since the end of the financial period not dealt with in the annual financial statements which significantly affect the financial position of the group or the results of the operations.

Future developments

Discussion of future developments can be found in the Chairman's and Chief Executive's statement on pages 2 to 4 and the review of operations on pages 5 to 9.

Company's policy on payment of creditors

It is the group's policy to settle terms of payment with suppliers when agreeing the terms of each transaction, to ensure that suppliers are made aware of these terms of payment, and to endeavour to adhere to them. Trade creditors of the group at 30 June 2012 were equivalent to 42 days' purchases (2011: 37 days), based on the average daily amount invoiced by suppliers during the year. The company does not have significant trade creditor balances.

The company does not have significant trade creditor balances

Exchange rates

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

	Translation	2012	2011
Year end	1 GBP – USD	1.57	1.60
Average	1 GBP – USD	1.58	1.59
Year end	1 USD – NAD	8.11	6.83
Average	1 USD – NAD	7.75	7.01

Directors' report

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 elected to prepare 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, in so far as each of the directors is aware:
- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken 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.

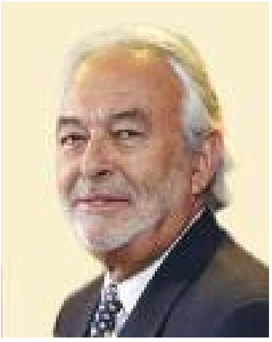
On behalf of the board:

Rod Webster

Rod Webster
Chief Executive Officer

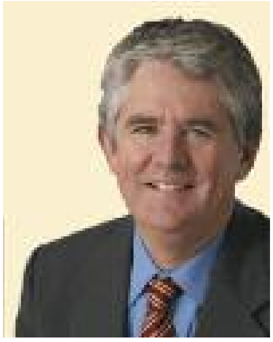
12 September 2012

Board of directors



John Bryant Non-executive Chairman

Mr Bryant is the Senior Independent Director of AIM-listed IGas plc. He was previously Chairman of Gas Turbine Efficiency plc and of KP Renewables plc, and a board member of Attiki (Athens) Gas Company. He also served as President of Cinergy Global Resources Corp, responsible for all international business and global renewable power operations of this US-based electricity and gas utility provider. His earlier professional experience was gained with Midlands Electricity plc as Executive Director, Generation, and with British Sugar plc, Drexel Limited, BOC Limited and Unilever plc. Mr Bryant holds an MSc from Reading University and a BA from Nottingham University, and is a member of the Institute of Directors and a Fellow of the Royal Society of Arts. He is Chairman of the Audit Committee and a member of the Remuneration Committee.



Rod Webster Chief Executive Officer

Mr Webster is a graduate mining engineer from the University of Sydney. He has over 35 years of experience in the resources industry, including more than 15 years in managing director or chief executive officer positions. From 2001 to 2005, he was a senior executive at First Quantum Minerals Ltd (FQM), developing copper mines in Zambia and Mauritania. He was the CEO of Kansanshi Mining Ltd and before that a non-executive director of Mopani Copper Mines Ltd, in which FQM held a major interest. Prior to his involvement with FQM, Mr Webster was a founding director and the CEO of an Australian base metals producer, Western Metals Ltd, and prior to this held senior management positions with Homestake Gold of Australia and BHP Minerals. Mr Webster is a Fellow of both the Australian Institute of Mining and Metallurgy and the Australian Institute of Company Directors. He has been a member of the Executive Committees of the Australian Minerals Council and the International Zinc Association, and a non-executive director of numerous companies.

Alan Stephens Senior Independent Non-executive Director

Mr Stephens joined Weatherly in July 2008. He is President, CEO and Director of Coro Mining Corp, a TSXquoted, Latin American-focused copper development company with an advanced copper-gold project in Argentina and several earlier stage projects in Chile. He is also Chairman of Valley High Ventures, a Vancouver-based junior exploration company with base and precious metals projects in Mexico and Canada. With 32 years of experience in the mining business, Mr Stephens has previously worked as Vice President, Exploration with copper producer First Quantum Minerals and as International Exploration Manager for Cyprus Amax Minerals. He has taken part in operations in a wide variety of geographical zones including Africa, Europe, Asia and Latin America. He is Chairman of the Remuneration Committee and a member of the Audit Committee.

Dr Wolf Martinick Non-executive Director

Dr Martinick is an environmental scientist with extensive experience in the mineral resource industry. He has been involved with mineral exploration and mining projects around the world, especially in Australasia. He is a non-executive director of a number of ASX companies including Azure Minerals Limited, Carbine Resources Limited, Sun Resources Limited and Uran Limited, and is Executive Chairman of ASX-listed Ezenet Limited. Dr Martinick has been associated with the exploration and mining industry for over 40 years, and has particular experience in environmental, water, land access and indigenous people issues. He has conducted due diligence on mining projects globally on behalf of international financial institutions and resource industry companies for a variety of transactions, including listings on international stock exchanges, mergers and debt financing. He has in recent years been active in identifying and assessing mineral projects and prospects in various parts of the world. He is a Fellow of the Australian Institute of Mining and Metallurgy.

Corporate governance report

Introduction

The board of directors is committed to high standards of corporate governance.

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

Constitution of the board

During the year ended 30 June 2012, the board was comprised of the following:

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

Non-executive directors

During the year, the board had three non-executive directors: John Bryant non-executive Chairman), Alan Stephens, (Senior Independent Non-executive Director), and Wolf Martinick. Alan Stephens and John Bryant were considered to be independent. Due to the size of Wolf Martinick's shareholding of 3.59%, he is not considered to be an independent director. The relatively small number of share options that have been granted to the other two non-executive directors does not, in the opinion of Weatherly's advisers or its directors, impair their independence.

Committees of the board

The board has three standing committees, each of which has terms of reference setting out its authority and duties, as follows:

The Audit Committee was made up of John Bryant as Chairman and Alan Stephens for the year ended 30 June 2012.

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

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

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

The Remuneration Committee was made up of Alan Stephens as Chairman and John Bryant during the year, with the Company Secretary serving as secretary.

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, the long-term incentive plan (LTIP) and the grant of options as part of the remuneration package. The Remuneration Committee met four times during the period, with Alan Stephens and John Bryant in attendance on each occasion.

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

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

Attendance at meetings

During the year, there were a large number of substantive board meetings. Directors' attendance at meetings of the board and its sub-committees during the period was as follows:

John Bryant	Board	15/15	Audit Committee	2/2	Remuneration Committee	4/4
Rod Webster	Board	15/15				
Alan Stephens	Board	13/15	Audit Committee	2/2	Remuneration Committee	4/4
Wolf Martinick	Board	13/15				

Of the fifteen board meetings, seven were of a procedural nature and eight were substantive meetings.

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

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

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

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

Corporate governance report

There is currently no internal audit function within the group owing to the small size of the administrative function. However, Ernst and Young were engaged to perform an internal audit review of our procedures in Namibia. There is also a high level of review by directors and a clear requirement for them to authorise transactions. Should the need for a separate internal audit function become apparent, the board will establish one.

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

Bribery Act compliance

In response to the introduction of the Bribery Act 2010 and in order to ensure compliance, the board approved a suite of documentation that included a policy statement on anti-corruption and bribery, a code of conduct for employees, a set of management procedures, a note defining responsibilities within the company and an implementation plan which has been rolled out in the company. Progress on the implementation has been reported to the Audit Committee. The Audit Committee noted that documentation has been circulated and meetings to explain the procedures have been held with all staff and contractors on site including our operating mines in Namibia. Notices have been displayed at our locations with the 'whistle-blowing' procedure. The implementation and effectiveness of these procedures is continually monitored and reported to the board.

Relations with shareholders

The company endeavours to maintain regular communications with shareholders through regulatory announcements, via the Weatherly International website and by direct contact with its major shareholders. Rod Webster has also participated in conference calls with groups of smaller 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 (June 2010). The members of the Committee for the year ended 30 June 2012 were Alan Stephens and John Bryant, who are both independent non-executive directors, and the Committee was chaired by Alan Stephens.

Neither member of the Committee has any personal financial interest (other than as a shareholder), conflicts of interests arising from cross-directorships, or day-to-day involvement in running the business. The Committee makes recommendations to the board. No director plays a part in any discussion about his own remuneration.

In determining the directors' remuneration for the year, the Committee consulted Rod Webster (Chief Executive) and Max Herbert (Company Secretary) about its proposals. The Committee also appointed PricewaterhouseCoopers to provide options valuation advice.

Remuneration policy for the executive directors

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

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

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

Basic salary

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

Benefits-in-kind

The executive director receives benefits-in-kind, principally private medical insurance.

Annual bonus payments

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

Share options

The company has issued share options to its staff under an unapproved share option scheme. The Remuneration Committee has responsibility for the administration of the scheme and the granting of options under its terms. This includes setting the performance criteria when appropriate and the strike price of the options. The details of these awards are set out below and their accounting treatment is dealt with in note 30 to the financial statements.

Directors' remuneration report

On 11 October 2011, the directors agreed to change the rules of the Weatherly International plc 2006 unapproved share option plan under the terms of Rule 25 so that under Rule 23 invested share options that have been awarded will vest immediately on a change of control of ownership of the business.

Pension arrangements

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

Directors' contracts

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

Aggregate directors' remuneration

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

	Salary US$'000	Other fees US$'000	Bonus US$'000	Benefits in kind US$'000	Pension US$'000	Total US$'000
2012						
Executive						
R J Webster	361	–	258*	6	61	686
Non-executive						
W G Martinick	48	–	–	–	–	48
J Bryant	48	80	–	–	–	128
A Stephens	48	–	–	–	–	48
	505	**80**	**258***	**6**	**61**	**910**
2011						
Executive						
R J Webster	363	–	–	4	61	428
Non–executive						
W G Martinick	56	–	–	–	–	56
J Bryant	48	32	–	–	–	80
A Stephens	48	32	–	–	–	80
	515	**64**	**–**	**4**	**61**	**644**

*this relates to period ending 30 June 2011

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. No options have been granted to directors since 2010. Details of the total number of options granted to date are set out below.

Name of director	30 June 2012	Warrant/option price pence
R J Webster	2,500,000	3.0
W G Martinick	750,000	3.0
J Bryant	750,000	3.0
A Stephens	750,000	3.0
	4,750,000	

Each director's options are exercisable as one third on 1/4/2011, one third on 1/4/2012, and one third on 1/4/2013, and remain exercisable over a ten-year period.

The share price movements during the year were as follows: high of 10.4 pence, low of 3.85 pence and a closing share price at 30 June 2012 of 4.1 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 12 September 2012 and signed on its behalf by:

Rod Webster
Chief Executive Officer

Independent auditor's report

To the members of Weatherly International plc

We have audited the group financial statements of Weatherly International plc for the year ended 30 June 2012, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 14, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2012 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the 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 we are required to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the parent company financial statements of Weatherly International plc for the year ended 30 June 2012.

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

12 September 2012

Consolidated income statement

For the year ended 30 June 2012

Year ended	Note	30 June 2012 US$'000	30 June 2011 US$'000
Revenue	5	47,577	16
Cost of sales		(34,211)	(4,054)
Gross profit/(loss)		13,366	(4,038)
Distribution costs		(3,240)	–
Other operating income	6	162	184
Administrative expenses		(3,314)	(4,111)
Operating profit/(loss)	9	6,974	(7,965)
Profit on disposal of subsidiary	18(b)	4,146	–
Release of compromise creditor provision	25	5,187	–
Profit on disposal of investments		–	6,828
Foreign exchange (loss)/gain		(1,443)	227
Finance costs	13	(489)	(188)
Finance income	12	126	52
Profit/(loss) before results of associated company		14,501	(1,046)
Share of losses of associated company		(318)	–
Profit/(loss) before tax		14,183	(1,046)
Tax credit	14	7,167	–
Profit/(loss) on continuing operations		21,350	(1,046)
Profit from discontinued operations	8	–	508
Profit/(loss) for the year		21,350	(538)
Profit/(loss) attributable to:			
Owners of the parent		21,033	(535)
Non-controlling interests		317	(3)
		21,350	(538)
Total and continuing earnings/(loss) per share			
Basic earnings/(loss) per share (US cents)			
Earnings/(loss) from continuing activities	15	3.91c	(0.21c)
Earnings from discontinued activities	15	–	0.10c
Total		3.91c	(0.11c)
Diluted earnings/(loss) per share (US cents)			
Earnings/(loss) from continuing activities	15	3.90c	(0.21c)
Earnings from discontinued activities	15	–	0.10c
Total		3.90c	(0.11c)

The notes on pages 28 to 64 form part of these financial statements.

Consolidated statement of comprehensive income

At 30 June 2012

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Profit/(loss) for the year	21,350	(538)
Exchange differences on translation of foreign operations	(4,326)	2,702
Fair value movement of investments in the year	–	4,675
Reclassification adjustment on disposal of investments	–	(6,828)
Other comprehensive income for the year net of tax	(4,326)	549
Total comprehensive income for the year	**17,024**	**11**
Total comprehensive income attributable to:		
Owners of the parent	16,720	14
Non-controlling interests	304	(3)
	17,024	11

Consolidated statement of financial position

At 30 June 2012

As at	Note	30 June 2012 US$'000	30 June 2011 US$'000
Assets			
Non-current assets			
Property, plant and equipment	17	26,759	32,819
Deferred tax	14	3,815	–
Intangible assets	16	3,646	414
Investment in associates	18(b)	2,684	57
Trade and other receivables	21	887	–
Total non-current assets		37,791	33,290
Current assets			
Deferred tax	14	3,352	–
Inventories	20	3,088	3,367
Trade and other receivables	21	4,928	2,922
Cash and cash equivalents	23	8,525	9,091
		19,893	15,380
Non-current assets held for sale	19	938	1,197
		20,831	16,577
Total assets		**58,622**	**49,867**
Current liabilities			
Trade and other payables	25	5,364	4,364
Unsecured payables subject to a compromise on acquisition	25	–	3,223
Loans	24	2,096	5,548
Total current liabilities		7,460	13,135
Non-current liabilities			
Unsecured payables subject to a compromise on acquisition	25	–	1,964
Loans	24	5,567	6,120
Provisions	26	247	293
Total non-current liabilities		5,814	8,377
Total liabilities		**13,274**	**21,512**
Net assets		**45,348**	**28,355**
Equity			
Issued capital	27	4,581	4,581
Share premium		6,092	6,092
Merger reserve		18,471	18,471
Share-based payments reserve		486	303
Foreign exchange reserve		(11,302)	(6,989)
Retained earnings		26,526	6,138
Equity attributable to shareholders of the parent company		44,854	28,596
Non-controlling interests	28	494	(241)
		45,348	**28,355**

On behalf of the board:

R J Webster
Chief Executive Officer

Approved by the board on 12 September 2012

The notes on pages 28 to 64 form part of these financial statements.

Consolidated statement of changes in equity

For the year ended 30 June 2012

	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 2010	**3,860**	**–**	**18,471**	**556**	**(9,691)**	**13,097**	**26,293**	**(238)**	**26,055**
Issue of share capital	721	6,092	–	–	–	–	6,813	–	6,813
Share-based payments	–	–	–	151	–	–	151	–	151
Lapsed options and warrants	–	–	–	(404)	–	404	–	–	–
Dividend	–	–	–	–	–	(4,675)	(4,675)	–	(4,675)
	721	6,092	–	(253)	–	(4,271)	2,289	–	2,289
Loss for the period	–	–	–	–	–	(535)	(535)	(3)	(538)
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	2,702	–	2,702	–	2,702
Fair value movement in investments	–	–	–	–	–	4,675	4,675	–	4,675
Recycling of investment fair value through profit and loss	–	–	–	–	–	(6,828)	(6,828)	–	(6,828)
Total comprehensive income for the year	–	–	–	–	2,702	(2,688)	14	(3)	11
Balance at 30 June 2011	**4,581**	**6,092**	**18,471**	**303**	**(6,989)**	**6,138**	**28,596**	**(241)**	**28,355**
Issue of share capital	–	–	–	–	–	–	–	–	–
Share-based payments	–	–	–	283	–	–	283	–	283
Lapsed options and warrants	–	–	–	(100)	–	100	–	–	–
Sale of non-controlling interest share of subsidiary (see note 22)	–	–	–	–	–	456	456	431	887
Dividend	–	–	–	–	–	(1,201)	(1,201)	–	(1,201)
Transactions with owners	–	–	–	183	–	(645)	(462)	431	(31)
Profit for the period	–	–	–	–		21,033	21,033	317	21,350
Other comprehensive income									
Exchange differences on translation of foreign operations	–	–	–	–	(4,313)	–	(4,313)	(13)	(4,326)
Total comprehensive income for the year	–	–	–	–	(4,313)	21,033	16,720	304	17,024
Balance at 30 June 2012	**4,581**	**6,092**	**18,471**	**486**	**(11,302)**	**26,526**	**44,854**	**494**	**45,348**

The notes on pages 28 to 64 form part of these financial statements.

Consolidated cash flow statement

For the year ended 30 June 2012

Year ended	Note	30 June 2012 US$'000	30 June 2011 US$'000
Cash flows from operating activities			
Profit/(loss) for the year		21,350	(538)
Adjusted by:			
Depreciation		5,087	3,714
Reverse impairment of development expenditure		–	(2,240)
Deferred tax asset	14	(7,167)	–
Profit on disposal of discontinued businesses	8	–	(621)
Profit on disposal of Dundee shares		–	(6,828)
Share-based payment expenses		282	153
Profit on sale of assets		(200)	(660)
Profit on disposal of subsidiary	18(b)	(4,146)	–
Loss of associated company		318	–
Settlement of legal dispute with pledged cash		344	–
Release of compromise creditor provision		(5,187)	–
Exchange movements in pledged cash		100	–
Finance costs		489	188
Interest received		(126)	(52)
		11,144	**(6,884)**
Movements in working capital			
Decrease/(increase) in inventories		279	(3,315)
Increase in trade and other receivables		(2,006)	(2,343)
Increase in trade and other payables		1,002	1,434
Net cash generated by/(used in) operating activities		**10,419**	**(11,108)**
Cash flows generated from investing activities			
Interest received		126	52
Payments for property, plant and equipment		(4,091)	(9,294)
Payments for evaluation of feasibility studies		(3,419)	(414)
Proceeds from disposal of discontinued businesses	8	–	3,202
Receipts from sales of property, plant and equipment		534	1,398
Investment in associates		–	(57)
Net cash used in investing activities		**(6,850)**	**(5,113)**
Cash flows from financing activities			
Proceeds from issue of equity shares		–	6,813
(Repayment of)/receipts from loans		(3,081)	11,668
Pledged notice deposit recovery/(payment)	23	344	(1,340)
Interest paid and finance charges		(489)	(188)
Net cash (used in)/generated by financing activities		**(3,226)**	**16,953**
Increase in cash		**343**	**732**
Reconciliation to net cash			
Net cash at 1 July		7,751	6,984
Increase in cash		343	732
Foreign exchange gains		(121)	35
Net cash at 30 June	23	**7,973**	**7,751**

The notes on pages 28 to 64 form part of these financial statements.

Notes to the consolidated financial statements

For the year ended 30 June 2012

1. Nature of operations and general information

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

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

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

These consolidated financial statements were approved for issue by the board of directors on 12 September 2012.

2. New accounting standards and amendments

The group has adopted the following new interpretations, revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the group's financial statements:

- IAS 24 "Related Party Disclosures" (amended) effective from 1 January 2011, adopted by the EU on 19 July 2010;
- IFRS 7 "Financial Instruments: Disclosures – Transfers of Financial Assets", effective from 1 July 2011.

The adoption of these new requirements did not have any impact on the financial position or the performance of the group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards applicable to the group have been published but are not yet effective, and have not been adopted early by the group.

IFRS 10 "Consolidated Financial Statements", effective from 1 January 2013, is not yet adopted by the EU. It introduces a new, principle-based definition of control which will apply to all investees to determine the scope of consolidation.

IFRS 13 "Fair Value Measurement", effective from 1 January 2013, is not yet adopted by the EU. It defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard clarifies that fair value is based on a transaction taking place in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. The principal market is the market with the greatest volume and level of activity for the asset or liability.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the group's consolidated financial statements once adopted:

- IFRS 9 "Financial Instruments" effective from 1 January 2015, not yet adopted by the EU;
- IFRS 11 "Joint Arrangements" effective from 1 January 2013, not yet adopted by the EU;
- IFRS 12 "Disclosure of Interests in Other Entities" effective from 1 January 2013, not yet adopted by the EU;
- IAS 1 "Financial Statement Presentation" – Other Comprehensive Income, effective from 1 July 2012, not yet adopted by the EU;
- IAS 19 "Employee Benefits" effective from 1 January 2013, not yet adopted by the EU;
- IAS 27 "Separate Financial Statements" (Revised) effective from 1 January 2013, not yet adopted by the EU;
- IAS 28 "Investments in Associates and Joint Ventures" (Revised).

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

Basis of consolidation

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

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

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

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

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

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of the acquiree's identifiable assets and liabilities, including contingent liabilities, regardless of whether they were recorded in the financial statements prior to acquisition. On initial recognition, the assets and liabilities of the acquired subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the basis for subsequent measurement in accordance with the group's accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the group's share of the identifiable net assets of the acquiree at the date of acquisition. Any excess of identifiable net assets over the fair value of the consideration transferred is recognised in profit or loss immediately after acquisition.

The share of non-controlling interests in the acquiree is initially measured at the non-controlling interests' proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Investments in associates

The group classifies companies over which it has significant influence 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.

3. Significant accounting policies continued

Intangible assets

Computer software

Computer software is accounted for using the cost model, whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives (three years), as these are considered finite. Purchased software and the direct cost associated with the customisation and installation thereof is capitalised. Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and install the specific software.

Costs associated with maintaining computer software, i.e. expenditure relating to patches and other minor updates as well as their installation, are expensed as incurred.

The amortisation charge reported in profit and loss is included in the profit and loss line item "administrative expenses". Expenditure incurred to restore or maintain the originally assessed future economic benefits of existing software systems is recognised in profit and loss.

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.

Revenue recognition

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

Copper concentrate sales are provisionally priced based on spot prices at the time of sale, and provisional assays indicating the amount of metal within the concentrate. The final revenue varies according to the price at the end of the quotational period and the final agreed assay results. This final agreement can take between 30 and 150 days after delivery to the customer. Ninety-five per cent (95%) of the initial valuation is paid on delivery with the balance paid on final agreement of prices.

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

The forward contracts and price fixing arrangements are deemed to be "own use" contracts under IAS39 and do not meet the criteria of 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. They are depreciated over their expected useful lives on a basis consistent with similar owned property, plant and equipment. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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

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

Income taxes

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

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

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the group is able to control the reversal of the temporary difference and it is expected that the temporary difference will not reverse in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the group are assessed for recognition as deferred tax assets.

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

3. Significant accounting policies continued

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 fixed asset may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount exceeds the higher of the asset's fair value less costs to sell or value-in-use.

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 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 average cost principle. Cost includes all direct expenditure and related overheads incurred to the balance sheet date. Cost is determined on the following bases:
- copper concentrate is valued at the average total production cost at the relevant stage of production; and
- consumable stores are valued on a moving average cost basis.

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

Financial instruments, assets and liabilities

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

Financial assets
Financial assets are divided into the following categories: loans and receivables; financial assets at fair value through profit or loss; and available-for-sale financial 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.

All financial assets are recognised when the group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are recognised at fair value plus transaction costs. Financial assets categorised as at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through profit or loss.

Financial assets at fair value through profit or loss include financial assets that are held for trading, which include derivatives. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in profit or loss.

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.

3. Significant accounting policies continued

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in other comprehensive income. Gains and losses arising from investments classified as available-for-sale are reclassified from equity to profit or loss when they are sold or when the investment is impaired.

In the case of impairment of available-for-sale assets, any loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Impairment losses recognised in the profit and loss on equity instruments are not reversed through profit or loss. Impairment losses recognised previously on debt securities are reversed through profit or loss when the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

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

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

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

Financial liabilities
The group's financial liabilities include bank overdrafts, loans, unsecured creditors, convertible debt 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. After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement. Gains and losses on derecognition are recognised in finance charges.

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

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

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 risks associated with commodity price fluctuations. 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 balance sheet date.

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

Equity

Equity comprises the following:

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

Share-based payments

Equity-settled transactions

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

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

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

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

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

3. Significant accounting policies continued

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 company expects to generate sufficient funds to operate as a going concern for the next 12 months, based on its projected production levels and prevailing market conditions. Exchange rates and the price of copper will continue to have a significant impact on the group's cash flow.

The business has taken steps to manage its exposure to the commodity markets; at 30 June 2012 it had sold forward 3,550 tonnes of copper at an average price of US$8,361/tonne of copper, which it is currently delivering. The group maintains forward contracts extending out to between 15 and 18 months. These forward sales were negotiated to preserve the profitability of the mines in the face of an economic crisis similar in scale to that of 2008 – 2009. In addition, the group has fixed the US$:N$ exchange rate for US$1.5 million of revenue per month over the same period at an average exchange rate of 8.68.

The business has a debt financing facility of US$5.9 million with Louis Dreyfus. The loan is linked to an offtake agreement and is structured with repayment terms linked to the production of concentrate at the Central Operations. The board considers this financing model reduces risk by better matching its debt service obligations with projected cash flows.

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

Sources of estimation uncertainty

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

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

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

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

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

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

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

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

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

Carrying value of property, plant and equipment
All mining assets are amortised where the mine operating plan calls for production from well-defined mineral reserves over proven and probable reserves.

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

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

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

The factors affecting estimated mineral reserves include:

- changes in proven and probable mineral reserves;
- possible significant variations in the grade of mineral reserves from time to time;
- differences between actual commodity prices and commodity price assumptions;
- unforeseen operational issues at mine sites;
- changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- changes in mineral reserves could similarly impact the useful lives of assets depreciated on a straight-line basis, where those lives are limited to the life of the mine.

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

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

Fair value of share options

The directors use their judgement in selecting an appropriate valuation technique for share options, and have selected the Black-Scholes model. Details of the assumptions used and of the results of sensitivity analyses regarding these assumptions are provided in note 30.

5. Revenue

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

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Sale of goods	47,577	16
Total revenue	47,577	16

6. Other operating income

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Property rental	105	127
Other	57	57
	162	184

7. Operating segments

In identifying its operating segments, management generally follows the physical location of its mines.

In the previous year, two operating segments were disclosed: mining and smelting. Smelting was a discontinued segment having been disposed of in the previous year. Mining has been split into Central Operations and Northern Operations to reflect the greater activity of the feasibility studies in Northern Operations.

The activities undertaken by the Central Operations segment include the sale of extracted copper from Otjihase and Matchless mines. The activities undertaken by the Northern Operations segment included a valuation of resources relating to the feasibility study for the Tschudi Open Pit mine and Tsumeb Tailings project.

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. Evaluation costs relating to feasibility studies for the Tschudi Open Pit mine and Tsumeb Tailings projects have been capitalised as disclosed in note 16.

The group's operations are located in Namibia and the UK. The mining and smelting segments are located in Namibia, while the corporate function is carried out in London.

7. Operating segments continued

Year ended 30 June 2012	Central Operations US$'000	Northern Operations US$'000	Consolidated US$'000
Sales and other operating revenues			
External sales	47,577	–	47,577
Segment revenues	47,577	–	47,577

	Central Operations US$'000	Northern Operations US$'000	Consolidated US$'000
Segmental operating profit/(loss)	10,705	(375)	10,330
Profit on release of compromise creditors			5,187
Profit on disposal of Berg Aukus mine			4,146
Unallocated corporate expenses			(3,356)
Unrealised foreign exchange loss			(1,443)
Interest expense			(489)
Interest income			126
Profit before associated company			14,501

	Central Operations US$'000	Northern Operations US$'000
Segmental costs		
Depreciation	4,860	227

	US$'000
Revenue by geographical area	
Switzerland	47,550
South Africa	27
	47,577

The group's revenues were to one customer in each country

	Central Operations US$'000	Northern Operations US$'000	Total US$'000
Segment assets	46,908	5,486	52,394
Unallocated corporate assets			6,228
Total assets			58,622

	Central Operations US$'000	Northern Operations US$'000
Non-current assets by geographic area		
Namibia	31,049	2,241

Year ended 30 June 2011	Central Operations US$'000	Northern Operations US$'000	Consolidated US$'000
Sales and other operating revenues			
External sales	16	–	16
Revenue	16	–	16

	Central Operations US$'000	Northern Operations US$'000	Consolidated US$'000
Segmental loss			
Segmental operating loss	(3,462)	(650)	(4,112)
Discontinued business	–	(508)	(508)
	(3,462)	(1,158)	(4,620)
Unallocated corporate expenses			3,710
Interest expense			(188)
Interest income			52
Loss before associated company			(1,046)

	Central Operations US$'000	Northern Operations US$'000
Segmental costs		
Depreciation	3,378	331

	South Africa US$'000
Revenue by geographical area	
Total revenue	16
	16

All the group's revenues were to a single customer

	Central Operations US$'000	Northern Operations US$'000	Consolidated US$'000
Segment assets	39,267	2,655	41,922
Unallocated corporate assets			7,945
Total assets			49,867

	Central Operations US$'000	Northern Operations US$'000
Non-current assets by geographic area		
Namibia	31,049	2,241

8. Discountinued operations

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Cost of sales	–	(117)
Gross loss	**–**	**(117)**
Other operating income	–	4
Loss on discontinued operations	**–**	**(113)**
Profit from disposal of discontinued operations	–	621
	–	508

On 17 May 2010, the group sold the Kombat mine owned by Ongopolo Mining Ltd to Grove Export CC for $N22.8m, approximately $3.2m.

	US$'000
Proceeds	
Cash	3,202
	3,202
Net asset value of assets disposed of	2,581
Profit on disposal	621

	US$'000
The fair value of assets disposed of was:	
Property, plant and equipment	2,581
	2,581

9. Operating profit/(loss)

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
This is stated after charging/(crediting):		
Depreciation of owned assets	5,087	3,714
Amortisation of owned assets	–	3
Staff costs (see note 11)	6,027	3,314
Profit on sale of property, plant and equipment	(200)	(660)
Operating lease payments – equipment	5	3
Auditor's remuneration (note 10)	144	131

10. Auditor's remuneration

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
The remuneration of the auditor is further analysed as follows:		
Fees payable to the company's auditor for the audit of the company's annual accounts	66	79
Fees payable to the company's auditor and its associates for other services:		
The audit of the company's subsidiaries, pursuant to legislation	47	27
Tax services	7	11
Other services	24	14
Total remuneration	144	131

11. Employees and key management

The total directors' emoluments for the year were US$909,000 (2011: US$644,000) and those of the highest paid director were US$686,000 (2011: US$428,000). Detailed disclosure of directors' remuneration is disclosed in the audited sections of the directors' remuneration report on pages 19 to 21.

Year ended	30 June 2012 No	30 June 2011 No
a) Staff numbers		
The average number of employees, including directors		
Group:		
Corporate UK	9	8
Namibia:		
Mining	33	22
Average number of persons employed	42	30

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
b) Staff costs		
Aggregated remuneration comprised:		
Wages and salaries	5,401	2,973
Social security costs	180	82
Pension contributions	163	107
Share-based payments	283	152
Employment costs	6,027	3,314

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
c) Key management remuneration		
Short-term employment benefits	1,600	1,171
Post-employment benefits	97	91
Share-based payments	78	152
	1,775	1,414

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

12. Finance income

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Interest revenue:		
Bank deposits	126	52
Total interest revenue	126	52

13. Finance costs

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Bank	124	46
Louis Dreyfus Commodities Metals Suisse SA	365	142
Total interest expense	489	188

14. Income tax

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Profit/(loss) before tax	14,183	(538)
UK corporation tax @ 25.57% (2011: 28%)	3,627	(148)
Tax effects of:		
Expenses not allowable for tax purposes	118	(214)
Non-taxable income	(2,095)	–
Movement on unrecognised deferred tax	(1,650)	–
Deferred tax asset recognised	7,167	–
Tax losses for future utilisation	–	362
Total income tax credit	7,167	–
Unrecognised deferred tax asset		
Accelerated capital allowances	7,957	8,970
Other temporary differences	(3,060)	1,649
Share-based payments	(27)	(17)
Tax losses – UK	(2,133)	(2,524)
Tax losses – Namibia	(38,155)	(54,380)
Unrecognised deferred tax asset	(35,418)	(46,302)
Gross tax losses		
UK	(9,997)	(9,683)
Namibia	(114,879)	(149,467)
	(124,876)	(159,150)

Deferred tax assets 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 period.

Year ended	30 June 2012 US$'000	30 June 2011 US$'000
Movement on deferred tax assets		
At beginning of year	–	–
Asset recognised during the year	7,167	–
At end of year	7,167	–

US$3.4 million is deemed to be a current asset and US$3.8 million a non-current asset.

15. Earnings/(loss) per share

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

Year ended	30 June 2012	30 June 2011
Basic earnings/(loss) per share (US cents)		
Earnings/(loss) from continuing activities	3.91c	(0.21c)
Earnings from discontinuing activities	–	0.10c
Total	3.91c	(0.11c)
Diluted earnings/(loss) per share (US cents)		
Earnings/(loss) from continuing activities	3.90c	(0.21c)
Earnings from discontinuing activities	–	0.10c
Total	3.90c	(0.11c)
Weighted average number of shares for basic earnings/(loss) per share	536,571,808	507,547,250
Number of dilutive options	2,752,427	–
Weighted average number of shares for diluted earnings/(loss) per share	539,324,235	507,547,250

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company, Weatherly International plc, of US$21,033,000 (2011 loss of US$535,000) as the numerator, i.e. no adjustment to profit was necessary in either year.

For the year ended 30 June 2012, 16.9 million (2011: 26.8 million) potential ordinary shares have been excluded from the calculations of earnings/(loss) per share as they are anti-dilutive.

16. Intangible assets

	Evaluation US$'000	Computer software US$'000	Total US$'000
Cost			
At 1 July 2010	–	97	97
Additions	410	–	410
Exchange difference	4	9	13
Disposals	–	(106)	(106)
At 30 June 2011	414	–	414
Amortisation:			
At 1 July 2010	–	(94)	(94)
Provided during the year	–	(3)	(3)
Exchange differences	–	(12)	(12)
Disposals	–	109	109
At 30 June 2011	–	–	–
Net book value at 30 June 2011	414	–	414
Cost			
At 1 July 2011	414	–	414
Additions	3,419	–	3,419
Exchange difference	(187)	–	(187)
Disposals	–	–	–
At 30 June 2012	3,646	–	3,646
Net book value at 30 June 2012	3,646	–	3,646

17. Property, plant and equipment

	Freehold property US$'000	Plant and machinery US$'000	Development costs US$'000	Totals US$'000
Cost				
At 1 July 2010	20,051	18,870	–	38,921
Additions	–	4,593	4,701	9,294
Reverse impairment (see note 35)	–	–	2,240	2,240
Disposals	(323)	(44)	–	(367)
Exchange adjustment	2,405	4,459	–	6,864
At 30 June 2011	**22,133**	**27,878**	**6,941**	**56,952**
Depreciation:				
At 1 July 2010	(4,891)	(11,227)	–	(16,118)
Provided during the year	(1,163)	(2,551)	–	(3,714)
Disposals	23	44	–	67
Exchange adjustment	(904)	(3,464)	–	(4,368)
At 30 June 2011	**(6,935)**	**(17,198)**	**–**	**(24,133)**
Net book value at 30 June 2011	**15,198**	**10,680**	**6,941**	**32,819**
Cost				
At 1 July 2011	22,133	27,878	6,941	56,952
Additions	87	2,578	1,426	4,091
Disposals	–	(766)	–	(766)
Exchange adjustment	(3,502)	(7,256)	(1,097)	(11,855)
At 30 June 2012	**18,718**	**22,434**	**7,270**	**48,422**
Depreciation				
At 1 July 2011	(6,935)	(17,198)	–	(24,133)
Provided during the year	(1,057)	(2,754)	(1,276)	(5,087)
Disposals	–	503	–	503
Exchange adjustment	1,519	5,478	57	7,054
At 30 June 2012	**(6,473)**	**(13,971)**	**(1,219)**	**(21,663)**
Net book value at 30 June 2012	**12,245**	**8,463**	**6,051**	**26,759**

The following serve as security for borrowings:

	Carrying amount 2012 US$'000	Carrying amount 2011 US$'000	Bond amount 2012 US$'000	Bond amount 2011 US$'000
Nature of property, plant and equipment				
Moveable mining assets of Ongopolo Mining Limited	5,853	6,386	12,000	12,000

18. Investments

a) Subsidiaries

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

Name	Holding %	Nature of business	Country of incorporation	Class of shares
Weatherly (SL) Limited	100	Holding company	St Lucia	1,000 ordinary US$1
Puku Minerals Limited (owned by Weatherly (SL) Limited)	100	Mineral exploration	Zambia	100 ordinary US$1
Weatherly (Namibia SL) Limited	100	Holding company	St Lucia	125,381,946 ordinary 20p
Weatherly (Namibian Custom Smelters) Limited	100	Holding company	St Lucia	1,000 ordinary £1
Weatherly Mining Namibia Limited owned by Weatherly (Namibia SL) Limited	99	Mineral exploration, development and production	Namibia	20,000,000 ordinary N$1 1,000 redeemable preference shares N$1
Weatherly International Trustee Company Limited	100	Trustee company	England and Wales	1 ordinary £1

The following entities are owned by Weatherly Mining Namibia Limited:

Name	Holding %	Nature of business	Country of incorporation	Class of shares
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

On 1 August 2011, Weatherly's associated company, China Africa Resources plc (CAR), listed on AIM. This completed the conditions precedent where East China Exploration and Development Bureau for Non-Ferrous Metals (ECE) paid £4.7 million (approximately US$7.7 million) to maintain their 65% share of CAR and Weatherly sold their subsidiary, China Africa Resources Namibia (Pty) Ltd (CARN), to CAR to maintain their 35% shareholding. CARN's only asset was the Berg Aukas mine in Namibia, which had a book value of $1 at the time of the transfer. CARN was valued at £2.5 million (US$4.1 million) by CAR, calculated as £4.7 million (US$7.7 million) x 35/65.

Immediately after listing, Weatherly issued 10% of their shares as an in specie dividend to the shareholders of Weatherly International plc, leaving the company with 25% of the share capital of CAR. The dividend valuation was calculated at 10/35 of the Weatherly shareholding value of US$4.2 million.

Summary of the financial position of associates are as follows:

	30 June 2012 US$'000	30 June 2011 US$'000
As at 30 June 2011	57	–
Sale of CARN to CAR	4,146	57
	4,203	57
Dividend – disposal of shares	(1,201)	–
	3,002	57
Loss of CAR in year	(318)	–
As at 30 June 2012	2,684	57
Dividend per share (p)	0.22	–

The summarised financial statements of CAR are:

	30 June 2012 US$'000	30 June 2011 US$'000
Property, plant and equipment	27	–
Intangible assets	5,537	–
Total non-current assets	5,564	–
Receivables	138	248
Cash	4,297	61
Payables	(198)	(149)
	4,237	160
Net assets	**9,801**	**160**
Equity	11,036	160
Foreign exchange reserve	(28)	–
Retained deficit	(1,207)	–
Equity and reserves	**9,801**	**160**
Loss for the period	(1,273)	–

19. Non-current assets held for sale

Assets classified as non-current assets held for sale at June 2011 comprise properties sold at auction on 8 June 2009 and subject only to regulatory approval. 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 the Northern Operations segment of the segmental analysis.

	Freehold property US$'000	Plant and machinery US$'000	Totals US$'000
Balance at 30 June 2010	3,403	361	3,764
Disposals	(2,615)	(405)	(3,020)
Exchange differences	409	44	453
Balance at 30 June 2011	1,197	–	1,197
Disposals	(70)	–	(70)
Exchange differences	(189)	–	(189)
Balance at 30 June 2012	938	–	938

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

20. Inventories

	30 June 2012 US$'000	30 June 2011 US$'000
Metal in concentrate on hand	1,905	2,684
Metal in ore stockpile on hand	–	390
Consumables	1,183	293
	3,088	3,367

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

21. Trade and other receivables

	30 June 2012 US$'000	30 June 2011 US$'000
Current trade and other receivables		
Trade receivables	3,473	1,564
Pre-payments and other receivables	1,440	1,301
VAT	15	57
	4,928	2,922
Non-current trade and other receivables		
Receivables for sale of non-controlling share of subsidiary (Note 22)	887	–
	887	–
Total receivables	5,815	2,922

As at 30 June 2012 there were no trade receivables past due (2011: nil).

22. Sale of non-controlling interest in subsidary

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

The sale has been accounted for as follows:

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

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

LIH were also given an option to buy a further 2.5% of Ongopolo Mining Limited at a 20% discount on the market value at the time the option was exercised. The option will lapse in September 2016.

23. Cash

	30 June 2012 US$'000	30 June 2011 US$'000
Cash and short-term deposits	7,973	7,751
Pledged notice deposit	552	1,340
	8,525	9,091

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

	7,973	7,751

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

US$688,000 was pledged for a legal dispute which was resolved with a 50% payment and the balance of US$344,000 returned to the group. The remaining deposit is to guarantee future payments.

24. Borrowings

Secured borrowings

	30 June 2012 US$'000	30 June 2011 US$'000
Secured borrowing at amortised cost		
Louis Dreyfus Commodities Metals Suisse SA Working Capital Loan	5,917	7,000
Short-term portion of loan	(917)	(1,715)
	5,000	5,285
Louis Dreyfus Commodities Metals Suisse SA Inventory Loan	657	3,516
Short-term portion of loan	(657)	(3,516)
	–	–
First National Bank of Namibia Limited	1,089	1,152
Short-term portion of loan	(522)	(317)
	567	835
Total borrowings	7,663	11,668
Short-term portion	(2,096)	(5,548)
	5,567	6,120

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

	30 June 2012	30 June 2011
Louis Dreyfus Commodities Metals Suisse SA – Working Capital Loan	3.40%	3.30%
Louis Dreyfus Commodities Metals Suisse SA – Inventory Loan	3.75%	3.75%
First National Bank of Namibia Limited	9.75%	9.75%

Louis Dreyfus Commodities Metals Suisse SA – Working Capital Loan

The loan bears interest at US$3 per month libor + 3% and is denominated in US$.

The loan is repayable at $50 per dry metric tonne sold to Louis Dreyfus by Ongopolo Mining Ltd (OML). In addition there is a cash sweep where Louis Dreyfus recover 80% of the excess cash of OML.

$0.9 million of the loan matures in March 2013, US$1.5 million in July 2013 and the remaining $3.5 million matures in November 2014.

The loan is secured by a notarial general covering bond up to US$12 million over the moveable assets and receivables of OML and a pledge and cession of the shares of OML.

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 First National Bank of Namibia Limited's prime overdraft rate and is denominated in Namibian dollars.

The loan is repayable in 36 equal instalments.

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

25. Trade and other payables

	30 June 2012 US$'000	30 June 2011 US$'000
Current		
Trade payables	5,106	3,967
Other payables and accruals	258	397
	5,364	4,364
Unsecured payables subject to a compromise on acquisition	–	3,223
Non-current		
Unsecured payables subject to a compromise on acquisition	–	1,964

As part of the acquisition of Ongopolo, the group reached an offer of compromise with unsecured payables to pay the amounts due over five years subject to certain conditions being met. The five years have now expired and the remaining US$5.2 million has been released to profit and loss. An offer of compromise is broadly similar in effect to a scheme of an arrangement to creditors under the Companies Act 2006; the offer of compromise was sanctioned by the High Court of Namibia.

26. Provisions

	30 June 2012 US$'000	30 June 2011 US$'000
Opening provisions	293	262
Exchange movement	(46)	31
Closing provisions	247	293

One of the group's subsidiaries is engaged in a legal dispute with a former contractor. The company provided for the amount it believes is payable under the contract. The contractor is claiming US$588,000. The court has ruled in favour of the group's subsidiary but the contractor is appealing.

27. Share capital

	30 June 2012	30 June 2011
Number of shares issued		
Number of shares in issue at beginning of the year	536,571,808	445,893,427
Shares issued during year	–	90,678,381
Number of shares in issue at end of the year	536,571,808	536,571,808

	30 June 2012 US$	30 June 2011 US$	30 June 2012 £	30 June 2011 £
Allotted, called up and fully paid				
Ordinary shares of 0.5p	4,580,867	4,580,867	2,682,859	2,682,859
	4,580,867	4,580,867	2,682,859	2,682,859

The outstanding warrants/options to subscribe for ordinary shares of the company as at 30 June 2012 are as follows:

Date of grant	Number of warrants/options	Price per warrant/option pence	Expiry date
10/05/2007	166,667	23.50	17 April 2013
10/05/2007	166,667	23.50	17 April 2014
10/05/2007	166,666	23.50	17 April 2015
08/05/2008	25,000	20.50	21 April 2013
10/05/2008	10,500,000	8.00	31 December 2013
01/04/2010	7,250,000	3.00	1 April 2020
05/08/2010	3,500,000	3.20	5 August 2020
16/03/2011	2,666,667	10.00	16 March 2021
26/05/2011	1,000,000	9.25	26 March 2021
16/08/2011	1,250,000	8.00	16 August 2021
18/10/2011	1,000,000	5.00	18 October 2021

28. Non-controlling interests

	US$'000
At 30 June 2010	(238)
Share of Weatherly Mining Namibia Ltd loss	(3)
At 30 June 2011	(241)
Sale of non-controlling interests in subsidiary (see note 22)	431
Share of loss of Weatherly Mining Namibia Ltd	58
Share of profit in Ongopolo Mining Limited	259
Exchange movements	(13)
At 30 June 2012	494

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

29. Capital commitments

	30 June 2012 US$'000	30 June 2011 US$'000
Capital commitments		
Contracted for but not yet recognised in the financial statements	185	293

30. 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:

		30 June 2012		30 June 2011
	Options	Weighted average exercise price pence	Options	Weighted average exercise price pence
Outstanding at start of period	16,300,000	5.81	7,958,334	4.74
Granted during the year	2,250,000	6.67	8,500,000	7.08
Forfeited/lapsed during the year	(1,358,333)	10.19	(158,334)	20.29
Outstanding at end of the period	17,191,667	5.59	16,300,000	5.81
Exercisable at end of the period	9,358,334	5.77	2,966,667	6.75

Share options outstanding at the end of the year are exercisable within a range of 3p and 23.5p.

The average life remaining of options over shares is 8.1 years at 30 June 2012 (2011: 9.43).

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

Date of vesting	Estimated fair value pence	Share price pence	Exercise price pence	Expected volatility	Expected life	Risk-free rate
16/08/2012	2.2p	7.9p	8p	74.0%	10	0.60%
18/10/2012	2.1p	6.1p	5p	67.0%	10	0.57%
18/08/2013	3.1p	7.9p	8p	74.0%	10	0.69%
18/10/2013	2.7p	6.1p	5p	67.0%	10	0.65%
16/08/2014	3.8p	7.9p	8p	74.0%	10	0.92%
18/10/2014	3.1p	6.1p	5p	67.0%	10	0.88%

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

The share price movements during the year were as follows: high of 10.4p, low of 3.85p and a closing share price at 30 June 2012 of 4.1p.

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

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

31. Pensions and other post-retirement benefits

The parent company has no pension scheme or post-retirement benefits scheme. Payments are made to the private pension funds of directors, forming part of their total remuneration.

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

32. 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 2012 US$'000	30 June 2011 US$'000
Financial assets		
Current		
Loans and receivables		
Trade and other receivables	3,473	1,569
Cash and cash equivalents	8,525	9,091
	11,998	10,660
Non-current		
Trade and other receivables	887	–
	12,885	10,660
Financial liabilities		
Current		
Amortised cost	7,460	13,135
Non-current		
Amortised cost	5,567	8,084
	13,027	21,219

As at 30 June 2012 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.

32. Financial instruments continued

The table below summarises the maturity profile of the group's financial liabilities at 30 June 2012, based on contractual undiscounted payments.

Year ended 30 June 2011	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	5,658	6,555	–
Unsecured creditors subject to a compromise on acquisition	3,556	2,569	–
Non-interest bearing			
Trade and other payables	4,364	–	–

Year ended 30 June 2012	Within 1 year US$'000	1-5 years US$'000	More than 5 years US$'000
Floating rate			
Loans	2,141	5,812	–
Non-interest bearing			
Trade and other payables	5,364	–	–

Liquidity risk

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

Interest rate risk

The ggroup's policy is to minimise interest rate cash flow risk exposures on long-term financing. At 30 June 2012, 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 (2010: +/- 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.

	2012 US$'000	2011 US$'000
	+1.0 Base points	+1.0 Base points
Net effect on after-tax profits	77	117
Equity	77	117

An increase in interest rates will decrease profits.

Substantially all cash resources are invested in fixed-rate interest-bearing deposits – sterling at 0.53% on monthly call and US dollars at 0.16% on monthly call. The directors seek to get the best rates possible while maintaining flexibility and accessibility. The inter-company loans are set at a rate tied to the market from time to time.

Credit risk

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

Foreign currency risk management

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

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

	Liabilities		Assets	
	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
United States dollar	6,574	11,668	2,827	2,636
British pound	–	–	1,331	4,085
Namibian dollar	1,089	–	7,840	3,934
Total	7,663	11,668	11,998	10,655

Foreign currency sensitivity analysis

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

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

		British pound currency impact		Namibian dollar currency impact	
		30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
Effect on profit	+ 20%	(266)	(818)	(1,350)	(786)
	– 20%	266	818	1,350	786
Effect on equity	+ 20%	(266)	(818)	(1,350)	(786)
	– 20%	266	818	1,350	786

32. Financial instruments continued

Commodity price risk

The board determines that it is in the group's interest to ensure that we achieve at least a minimum price in Namibian dollars for a proportion of production such that future cash flows are forecast to cover costs even if copper prices fall.

Our policy is to have forward contracts in place for 15 to 18 months to cover the sale of 200 tonnes of contained copper. As the contract is priced in US dollars, we also fix the exchange rate at which this is converted into Namibian dollars for US$1.5 million per month. All forward contracts are subject to achieving target prices.

At 30 June the group had outstanding forward sales of 3,550 tonnes of copper at an average price of US$8,362 and had fixed the exchange rate at which cash is converted to Namibian dollars of US$21 million of revenue at an average price of US$1:N$8.68.

The group also fixes the price on all remaining 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:

	30 June 2012 US$'000	30 June 2011 US$'000
Net effect on after-tax profits	2,249	–
Equity	2,249	–

33. Events subsequent to balance sheet date

The directors are not aware of any matters or circumstances arising since the end of the financial period not dealt with in the annual financial statements which significantly affect the financial position of the group or the results of the operations.

34. Impairment of assets

	30 June 2012 US$'000	30 June 2011 US$'000
Otjihase	–	2,240

Otjihase development expenditure was impaired in 2008 when the mines were put on care and maintenance. With the reopening of the mines, the impairment has been reassessed and the development expenditure reinstated.

The impairment has been reversed to cost of sales within the mining segment.

35. Other related party transactions

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

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

	30 June 2012 US$'000	30 June 2011 US$'000
Related party balances		
Debtors	55	–
Management fees receivable	517	–

36. Capital management policies and procedures

The group's capital management objectives are:

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

by pricing products and services 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 2012 US$'000	30 June 2011 US$'000
Total equity	44,854	28,596
Borrowings	7,663	11,668
	52,517	40,264

The company'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 Chairman's and Chief Executive's statement and the review of operations.

Statement of directors' responsibilities – parent company

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

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

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

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

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Independent auditor's report

To the members of Weatherly International plc

We have audited the parent company financial statements of Weatherly International plc for the year ended 30 June 2012 which comprise the parent company balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement set out on page 64, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the parent company financial statements:
- give a true and fair view of the state of the company's affairs as at 30 June 2012;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the parent company financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters, where the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matter

We have reported separately on the group financial statements of Weatherly International plc for the year ended 30 June 2012.

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

12 September 2012

Company balance sheet

At 30 June 2012

As at	Note	30 June 2012 US$'000	30 June 2011 US$'000
Fixed assets			
Investments	39	39,097	36,152
Total fixed assets		39,097	36,152
Current assets			
Debtors amounts due greater than 1 year	42	53,538	54,233
Debtors amounts due less than 1 year	42	215	494
Cash at bank and in hand		3,123	7,367
Total current assets		56,876	62,094
Creditors			
Amounts falling due within one year	43	371	4,233
		371	**4,233**
Net current assets		56,505	57,861
Net assets		**95,602**	**94,013**
Capital and reserves			
Called up share capital	47	4,581	4,581
Share premium	47	6,092	6,092
Merger reserve	47	18,471	18,471
Share-based payments reserve	47	486	302
Profit and loss account	47	65,972	64,567
		95,602	**94,013**

On behalf of the board:

R J Webster
Chief Executive Officer

Company registration no. 3954224

Approved by the board on 12 September 2012

The notes on pages 67 to 71 form part of these financial statements.

37. Basis of accounting

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

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

38. Accounting policies: parent entity

a. Basis of preparation and change in accounting policy

The parent entity financial statements of Weatherly International plc were approved for issue by the board of directors on 12 September 2012.

The financial statements are prepared under the historical cost convention.

The financial statements are prepared in accordance with applicable accounting standards.

b. Deferred tax

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

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

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

c. Share-based payments

Equity-settled transactions

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

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

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.

38. Accounting policies: parent entity continued

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

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

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

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

d. Interest-bearing loans and borrowings

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

e. Classification of shares as debt or equity

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

(i) there is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable; and

(ii) the instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the group exchanging a fixed amount of cash or other assets for a fixed number of the group's own equity instruments.

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

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

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

f. Investments

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

39. Investments

	30 June 2012 US$'000	30 June 2011 US$'000
Fixed asset investments		
Opening balance	36,152	36,095
China Africa Resources plc (see note 18 (b))	4,146	57
Dividend – disposal of shares (see note 18 (b))	(1,201)	–
Closing balance	39,097	36,152

For a listing of the subsidiaries, see note 18 (a).

40. Operating profit

Auditor's remuneration relating to the parent entity amounted to US$66,000 (2011: US$79,000).

41. Directors' remuneration

	30 June 2012 US$'000	30 June 2011 US$'000
Emoluments	603	429
Contributions to money-purchase schemes	61	61
	664	490
Fees of highest paid director	441	210

During the year, no directors (2011: nil) participated in defined benefit pension schemes and one director (2011: one) participated in money-purchase pension schemes.

42. Debtors

	30 June 2012 US$'000	30 June 2011 US$'000
Debtors due within one year		
Trade debtors	55	308
Pre-payments and other debtors	145	129
VAT	15	57
Total current	215	494
Debtors due after more than one year		
Amount due from subsidiary undertakings (see note 50)	53,538	54,233
Total non-current	53,538	54,233
Total debtors	53,753	54,727

43. Creditors: amounts falling due within one year

	30 June 2012 US$'000	30 June 2011 US$'000
Trade creditors	110	319
Other creditors and accruals	261	398
Louis Dreyfus Commodities Metals Suisse SA	–	3,516
	371	4,233

44. Subsidiaries

Details of the company's subsidiaries at 30 June 2012 are as included in the consolidated group accounts under note 18 (a).

45. Financial assets

Loans to other group entities

At the balance sheet date amounts receivable from the fellow group companies were US$53.5 million (2011: US$54.2 million). The carrying amount of these assets approximates to their fair value. These amounts owing from group companies are shown net of an impairment amount of US$10.5 million (2011: US$10.5 million). Following a review by the directors these are considered due after more than one year as there is no agreed repayment date.

Cash and cash equivalents

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

46. Financial liabilities

Trade and other payables

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

The carrying amount of trade payables approximates their fair value.

Borrowings

The company had no borrowings during the financial year (2011: US$3.2 million).

47. Movement in shareholder's funds

	Issued capital US$'000	Share premium US$'000	Merger reserve US$'000	Share-based payment reserve US$'000	Retained earnings US$'000	Total equity US$'000
At 30 June 2010	**3,860**	**–**	**18,471**	**556**	**64,868**	**87,755**
Loss for the year	–	–	–	–	(705)	(705)
Dividend	–	–	–	–	(4,675)	(4,675)
Revaluation of shares	–	–	–	–	4,675	4,675
Proceeds of issue of shares	721	6,092	–	–	–	6,813
Lapsed options and warrants	–	–	–	(404)	404	–
Share-based payments	–	–	–	150	–	150
At 30 June 2011	**4,581**	**6,092**	**18,471**	**302**	**64,567**	**94,013**
Profit for the year	–	–	–	–	2,507	2,507
Dividend	–	–	–	–	(1,202)	(1,202)
Revaluation of shares	–	–	–	–	–	–
Proceeds of issue of shares	–	–	–	–	–	–
Lapsed options and warrants	–	–	–	(100)	100	–
Share-based payments	–	–	–	284	–	284
At 30 June 2012	**4,581**	**6,092**	**18,471**	**486**	**65,972**	**95,602**

48. Profit/(loss) attributable to members of the parent company

The profit for the year dealt with in the accounts of the parent company, Weatherly International plc, was US$2,507,000 (2011: loss of US$705,000). As permitted by section 408 of the Companies Act 2006, no separate profit or loss account is presented in respect of the parent company.

49. Post balance sheet events

See note 33.

50. Related party transactions

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

	30 June 2012 US$'000	30 June 2011 US$'000
Related party balances		
Debtors	53,538	54,233
Management fees received	2,400	190
Interest received	1,097	881

Company information

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R J Webster (Chief Executive Officer)
W G Martinick (Non-executive)
A J Stephens (Senior Independent Non-executive)

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