

# JOINT ADMINISTRATORS' REPORT FOR THE PERIOD 1 JUNE 2018 TO 30 NOVEMBER 2018

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WEATHERLY INTERNATIONAL PLC (“WEATHERLY”), COMPANY NUMBER: 03954224  
 (“THE COMPANY”)

REPORT COVERING THE PERIOD 1 JUNE 2018 TO 30 NOVEMBER 2018

14 DECEMBER 2018

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## Glossary

<b>Act</b>	Insolvency Act 1986 (as amended)	<b>Rules</b>	Insolvency (England and Wales) Rules 2016
<b>CARN</b>	China Africa Resources Namibia Limited	<b>Secured Lender</b>	Orion Mine Finance (Master) Fund I LP
<b>CVL</b>	Creditors’ Voluntary Liquidation	<b>SIP2</b>	Statement of Insolvency Practice 2
<b>FTI</b>	FTI Consulting LLP	<b>SIP7</b>	Statement of Insolvency Practice 7
<b>Intrepid</b>	Intrepid Mines Limited	<b>SIP9</b>	Statement of Insolvency Practice 9
<b>Joint Administrators / Administrators</b>	Simon Kirkhope and Andrew Johnson	<b>The Group</b>	Weatherly International Plc (“WTI”) and subsidiaries
<b>Numis</b>	Numis Securities Limited	<b>The Period</b>	1 June 2018 – 30 November 2018
<b>OML</b>	Ongopolo Mining Limited	<b>Treadstone</b>	Treadstone Resource Partners
<b>Pembridge</b>	Pembridge Resources Plc	<b>WMNL</b>	Weatherly Mining Namibia Limited
<b>RPS</b>	Redundancy Payments Service	<b>WNSL</b>	Weatherly (Namibia SL) Limited

## 1. Introduction

- 1.1 Simon Kirkhope and Andrew Johnson were appointed as Joint Administrators of the Company on 1 June 2018. We are required to provide creditors with a report setting out what has happened since our appointment and how we intend to progress, and achieve the purpose of, the Administration of the Company.
- 1.2 Full details of the statutory information relating to our appointment are set out in Appendix A.
- 1.3 This report together with the appendices, contain information in relation to the activities undertaken, receipts and payments in the insolvency estate (Appendix B) and the Administrators' time costs in accordance with Statement of Insolvency Practice 9 ("SIP9") (Appendix C) since the date of the Administrators appointment.
- 1.4 Further details surrounding the Administration of the Company can be found in the Administrators' proposals dated 23 July 2018.
- 1.5 This report is a six month progress report prepared pursuant to Rule 18.6 of the Rules to report on the progress of the administrations during the period 1 June 2018 to 30 November 2018 ("the Period").
- 1.6 As Administrators, we are bound by the Insolvency Code of Ethics. Prior to our appointment we considered potential ethical threats in undertaking the administration in accordance with the Code. We did not consider that there were any matters that would prevent us taking the appointment.
- 1.7 Should creditors require any further information in respect of the ethical code, they should request a hard copy either by email [wtishareholders@fticonsulting.com](mailto:wtishareholders@fticonsulting.com) or by writing to FTI Consulting LLP, 200 Aldersgate Street. London EC1A 4HD. Creditors can also use these contact details to request a hard copy of this report if required.
- 1.8 Information about our collection, use and protection of personal data can be found here:  
<https://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>
- 1.9 No Creditors' Committee has been formed in the administration of the Company.
- 1.10 The estimated return to creditors is set out in Section 5 of this report.

### Administrators' remuneration

- 1.11 Our Proposals, dated 23 July 2018, were deemed to have been approved on 8 August 2018, in accordance with Rule 18.16 of the Rules.
- 1.12 In the proposals it was set out that should a creditors' committee not be appointed, the secured lender (and preferential creditors if applicable) of the relevant company shall be asked to fix the basis of the Administrators' remuneration in accordance with Rule 18.18 of the Rules, to be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administration. Consent to draw fees to date on this basis was received from the secured creditor by email dated 11 November 2018, and there was no requirement for the Company's preferential creditors to participate in the fixing of the Administrators fees as they have now been paid in full.
- 1.13 Details of the rules in relation to Administrators' remuneration together with details of our time costs to date are set out in Appendices C and D.
- 1.14 I confirm that the Administrators have incurred the following time costs during the Period in properly dealing with the administration of the Company:
  - Pre-appointment time costs of £21,770 and disbursements of £11, of this amount £15,000 plus VAT has been drawn, following secured creditor approval dated 11 November 2018.
  - Post-appointment time costs of £287,287 and disbursements of £128 have been incurred during the period 1 June 2018 to 30 November 2018, of this balance £190,000 plus disbursements plus VAT has been drawn on account by the Joint Administrators.
- 1.15 A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here:  
[https://www.r3.org.uk/media/documents/publications/professional/Guide\\_to\\_Administrators\\_fees\\_April\\_2017.pdf](https://www.r3.org.uk/media/documents/publications/professional/Guide_to_Administrators_fees_April_2017.pdf)

1.16 Creditors can find further information in respect of insolvency in general here:

<http://www.creditorinsolvencyguide.co.uk/>

1.17 If creditors wish to be supplied with a hard copy of either of these guidance documents they should contact a member of the Administrators' staff at [wtishareholders@fticonsulting.com](mailto:wtishareholders@fticonsulting.com) or by writing to FTI Consulting LLP, 200 Aldersgate Street. London EC1A 4HD. Creditors can also use these contact details to request a hard copy of this report if required.

1.18 Additional information in relation to the Administrators' staffing policies can be found in Appendix E.

### **Creditors' Right to Challenge Remuneration and/or Expenses**

1.19 Any secured creditor or, unsecured creditor with the support of at least 10% in value of the unsecured creditors or with leave of the Court, may apply to the Court for one or more orders (in accordance with Rules 18.36 or 18.37 of the Rules), challenging the amount or the basis of the remuneration which the Administrators are entitled to charge or otherwise challenging some or all of the expenses incurred. Such applications must be made within eight weeks of receipt by the applicant(s) of the report detailing the remuneration and/or expenses in question, in accordance with Rule 18.34 of the Rules.

1.20 I enclose further information in relation to creditors' rights at Appendix G.

### **Creditors' Right to Request Information**

1.21 Any secured creditor or unsecured creditor with the support of at least 5% in value of the unsecured creditors or, with leave of the Court, may, in writing, request the Administrators of the Company to provide additional information regarding remuneration or expenses to that already supplied with this document. Such requests must be made within 21 days of receipt of this report, in accordance with Rule 18.9 of the Rules.

### **Further Reports**

1.22 In accordance with Rule 1.50(a) of the Rules no notice will be provided to creditors of updates placed on the website below. Should creditors wish to receive a hard copy of any of the documents available at the below website or if you have any specific queries in relation to this report or the administration in general, please contact a member of the Administrators' staff at [wtishareholders@fticonsulting.com](mailto:wtishareholders@fticonsulting.com) or 020 3727 1616 or by writing to FTI Consulting LLP, 200 Aldersgate Street. London EC1A 4HD.

<https://www.fticonsulting-emea.com/cip/weatherly-international-plc>

## **2. Background**

- 2.1 The full details of our appointment were included in our proposals dated 23 July 2018 ("Proposals"). A high level summary is included below.
- 2.2 WTI was an AIM listed UK Holding Company with subsidiaries in St Lucia, Namibia and Zambia. The subsidiaries of WTI are not in any insolvency process and continue to operate under the control of their directors. WTI was de-listed from AIM on 10 September 2018.
- 2.3 WTI and its subsidiaries ("the Group") principal activity is mining and production of copper. The Group's main operating company is OML, this entity holds the key assets being the Tschudi open pit copper mine which has been producing copper since 2015. Two immediate holding company's, WNSL and WMNL sit between WTI and OML. Additionally, the Group has two underground copper projects, Otjihase and Matchless. All assets are located in Namibia.
- 2.4 The Group also holds a 90% investment in CARN (65% acquired in June 2018). As a result of the further acquisition the Group now holds a controlling interest over CARN. The principal activity of CARN is the exploration and development of base metals through the Berg Aukas project.
- 2.5 The Secured Lender has provided a number of financing facilities to the Group, totaling c.US\$126m and also holds an equity stake of 24.6% in WTI.
- 2.6 We have also began the process of striking Ralior Limited, one of the dormant subsidiaries, off the register.

## 3. Conduct of administration

### Administration purpose/strategy

- 3.1 The purpose of an administration must be to achieve one of the following statutory objectives:
- Rescuing the company as a going concern;
  - Achieving a better result for the company's creditors as a whole than would be likely if the company were wound up (without first being in administration); or
  - Realising property in order to make a distribution to one or more secured or preferential creditors.
- 3.2 The purpose of the Administration is to achieve a better outcome for the Company's creditors as a whole than would be possible if the Company were wound up (without first being in Administration).

### Receipts and payments during period

- 3.3 A full receipts and payments accounts for the Administrations during the period covered by this report are provided at Appendix E. This has allocated both the receipts and payments between the fixed and floating charge.
- 3.4 The Secured Lender has provided the Administrators with a funding facility of up to £1m to meet the expenses of the Administration. During the period £588k of this funding facility was drawn by the Administrators to meet the anticipated costs of the Company until the year end.
- 3.5 During the period we have received a receipt of £277k in relation to the return of the deposit paid by WTI, on behalf of Ralior Limited in respect of the sale and purchase agreement between Ralior Limited, Blackthorn Resources Pty Ltd and African Investments Pty Ltd for the acquisition of the entire share capital of Intrepid, also referred to as the Kitumba deposit.
- 3.6 The transaction failed to complete, as condition precedents set out in the Sale and Purchase Agreement were not satisfied by 31 March 2018 and no extension to the backstop date was ever agreed.
- 3.7 Payments during the period consist largely of professional fees in respect of the costs of Numis and Treadstone for the sales process being run for the Group's assets, as well as the Joint Administrator and legal fees.
- 3.8 Other significant payments include the consultancy fees and employee costs to enable the continuation of the business at OML level, and the payment of a preferential dividend to the Company's former employees.

### Board Changes

- 3.9 In order to facilitate a stable basis for the Group moving forwards, the administrators have sought to change the composition of the board of directors for a number of WTI's subsidiaries.
- 3.10 In the administrators' capacity as sole shareholder of WNSL, the appointment of Mr. J Sisay as the sole director of WNSL was sought following the resignations of the other directors. Mr. J Sisay has also been appointed as a Director of CARN following the termination of John Bryant's appointment, and the acquisition of the additional shareholding in CARN by the Company.
- 3.11 The other key board changes within the Group included the appointment of Peter Christians to the board of WMNL and OML and the re-appointment of Andrew Thomson to the board of OML. All appointments were effected by either directors' or shareholders' resolutions.

### M&A process

- 3.12 In April 2018 WTI had engaged Numis and Treadstone as its financial advisers to lead a review of strategic alternatives for the Company and its assets where all opportunities for maximising shareholder value were to be considered. This review was put on hold following significant water ingress in the Tschudi mine.
- 3.13 Following the appointment of the Administrators and the subsidiary board changes, the position of the Tschudi mine stabilised and the Administrators engaged Numis and Treadstone as M&A Advisers "(the M&A Advisers)" to recommence the sales process effective 24 September 2018.

3.14 The M&A process is ongoing and to date 90 parties have been contacted by the M&A Advisers and a number of indicative offers have been received. The Administrators currently expect the M&A process to complete in March 2019.

3.15 At the present time, it is not clear whether a potential transaction will be structured as a business and assets sale or the sale of the shares of OML – the subsidiary that owns and operates the Tschudi mine. The Joint Administrators' continue to engage in discussions with both Numis & Treadstone to ensure value for the Company's creditors is maximised.

### **Preferential dividend**

3.16 Under the Act the main classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday pay and pension contributions. Preferential claims have been received by some former employees of WTI

3.17 These preferential claims, totaling £29,541.86 were paid a dividend of 100p in the £ on 26 October 2018.

### **AIM Listing Requirements**

3.18 Following the announcement on RNS of the suspension of trading of the shares in WTI on 1 June 2018, the administrators liaised with their Nominated Adviser Strand Hanson to ensure that all AIM listing requirements are upheld.

3.19 Strand Hanson resigned from the role of Nominated Adviser to AIM on 7 August 2018. Whilst the Administrators noted that there can be some value in an AIM listing, due to the uncertainty surrounding the Company's historic liabilities and the costs required to "cleanse" the entity to make it suitable as a "cash-shell" or other listed investment vehicle, we concluded that the costs, would outweigh the potential rewards.

3.20 As such, the Administrators decided not to seek a replacement for Strand Hanson and the Company's shares were therefore delisted from AIM effective 10 September 2018.

### **Pembridge Shares**

3.21 WTI owns 5,769,232 shares in Pembridge Resources Plc. The shares last traded, pre- suspension at 1.5p per share. The administrators have been liaising with Cooleys LLP, WTI's pre-Administration legal advisers, in relation to the potential sale of the shares as Pembridge is currently undertaking a secondary placing.

3.22 A WTI subsidiary ,Weatherly International Trustee Limited, also holds 2,236 Pembridge Resources plc shares. It is anticipated that this subsidiary will shortly be placed into Members' Voluntary Liquidation with any surplus assets distributed to WTI as the ultimate parent company.

### **Employees**

3.23 On the date of the Administration appointment, 1 June 2018, WTI had five individuals that were paid through the UK payroll. Two of the payroll payments related to non-executive director remuneration and ceased on appointment.

3.24 During the period two employees have been made redundant and another has completed his notice period, following receipt of his resignation dated on 4 July 2018.

### **Taxation**

3.25 We have notified HM Revenue and Customs of our appointment and in due course will meet any filing requirements in respect of Corporation Tax and PAYE. In respect of the Company's VAT a claim for the quarter ending 30 September 2018 has been completed and returned and we have recently received a refund totaling £17,563.

### **Statutory investigations**

3.26 We have undertaken our investigation work in accordance with SIP2 including a review of the accounts of the Company in order to understand the realisable assets of the Company and comparing these to the values in the directors' statement of affairs. We do not consider that there will be any further assets available to the Company other than those set out earlier in this report.

3.27 The data gathered from our initial investigations assisted with our statutory duties pursuant to the Company Directors Disqualification Act 1986.

3.28 We are obliged to review the conduct of all directors who served in respect of the Company in the 3-year period prior to the date of the Administration. The Joint Administrators' as required under statute to report to the Director Conduct Reporting Service within three months of their appointment. The relevant returns have been submitted, the content of these returns remains confidential.

## 4. Estimated outcomes

### Secured creditors

- 4.1 At the date of appointment, the Secured Lenders were owed approximately \$126m by the Group. WTI is a guarantor of this debt. The Secured Lenders hold security dated 7 May 2015 over the Group. As a result, the Secured Lenders have security over all the Groups assets, which includes fixed and floating charges.
- 4.2 As set out earlier in the report the Secured Lender has provided the Joint Administrators' with a drawdown facility of £1m in order to meet the costs of the Administration.
- 4.3 The return to the Secured Lenders is currently uncertain and heavily reliant on the realisations from the sale of the Tschudi mine.

### Preferential creditors

- 4.4 Preferential claims regarding two employees' arrears of wages and holiday pay were received, owing to the employees, HMRC and the RPS respectively.
- 4.5 These preferential claims, totaling £29,541.86 were paid a dividend of 100p in the £ on 26 October 2018.

### Unsecured creditors

- 4.6 Unsecured creditors rank behind both secured and preferential creditors.
- 4.7 Under Section 176A of the Act where after 15 September 2003 the Company has granted a creditor a floating charge, a proportion of the net property of the company achieved from floating charge asset realisations must be made available for the unsecured creditors ("the Prescribed Part").
- 4.8 There are unlikely to be sufficient funds to repay the Secured Creditors, therefore returns to unsecured creditors would only potentially come from the Prescribed Part, up to a maximum of £600k.
- 4.9 We currently have insufficient information to estimate the likely size of the Prescribed Part and the return to unsecured creditors, given that calculation is subject to the total level of floating charge realisations, the costs of realisations and the cost of paying preferential creditors, all of which remain uncertain.
- 4.10 However, given the information that we have to date we do expect a Prescribed Part dividend to unsecured creditors.
- 4.11 Creditors wishing to nevertheless submit a claim should use the creditors statement of claim form provided at Appendix G, with any claims made being supported by copy invoices or other relevant documentation sufficient to allow your claim to be adjudicated.

## 5. Next report and further questions

- 5.1 We are required to provide a further progress report to all creditors within one month of the end of the first twelve months of the Administrations, or when the Administrations come to an end, whichever is sooner.
- 5.2 Should you have any queries in the meantime please do not hesitate to contact a member of the Administrators team on 020 3727 1889 or by email at [WTIShareholders@fticonsulting.com](mailto:WTIShareholders@fticonsulting.com).

Yours faithfully  
For and on behalf of the Company



**Simon Kirkhope**  
Joint Administrator

The affairs, business and property of the Company are being managed by the Joint Administrators. The Joint Administrators act as agents of the Company and without personal liability.

Simon Kirkhope and Andrew Johnson are licensed in the United Kingdom to act as an insolvency practitioner by the Institute of Chartered Accountants in England and Wales, under Section 390A(2)(a) of the Insolvency Act 1986.



## Appendix A – Statutory information

### Company and Appointment Information

Weatherly International PLC

<b>Trading names</b>	Weatherly International Public Limited Company
<b>Registered number</b>	03954224
<b>Registered office</b>	Orion House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH
<b>Director(s)</b>	John Bryant, Craig Thomas and Alan Stephens
<b>Company secretary</b>	Kevin Ellis
<b>Directors' shareholdings</b>	Nil
<b>Court reference</b>	CR-2018-4537
<b>Court</b>	High Court of Justice, Business and Property Courts of England and Wales Insolvency and Companies List (ChD)
<b>Appointment date</b>	1 June 2018
<b>Appointer</b>	The directors of the Company pursuant to Paragraph 22 of Schedule B1 of the Act. Pursuant to Paragraph 29 of the Schedule B1 of the Act, notice of intention to appoint administrators was given to, and waived by the Secured Lenders.
<b>Appointers address</b>	Orion House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH

### Administrators' Information

	Administrator 1	Administrator 2
<b>Name</b>	Simon Kirkhope	Andrew Johnson
<b>Address</b>	200 Aldersgate Street, London EC1A 4HD	200 Aldersgate Street, London EC1A 4HD
<b>Authorising body</b>	ICAEW	ICAEW

The appointment of the Administrators was made by the directors of the Company pursuant to Paragraph 22 of Schedule B1 to the Act.

The security is in favour of Orion Mine Finance (Master) Fund I LP (the Secured Lenders) and was granted on 7 May 2015 and is a fixed and floating charge.

Pursuant to Paragraph 100 of Schedule B1 of the Act, any function of the Administrators may be exercised by any or all of the Administrators named above.

The centre of main interest of the Company is United Kingdom. Therefore, the EC Regulations on Insolvency Proceedings 2000 apply to the Administration. The proceedings are main proceedings as defined by Article 3 of those regulations.

## Appendix B – Administrators' receipts and payments

<b>Weatherly International Plc - Joint Administrators' account of receipts and payments</b>				
<b>£</b>	<b>Statement of Affairs estimated to realise</b>	<b>From To</b>	<b>01/06/2018 30/11/2018</b>	<b>Total</b>
<b>Fixed charge receipts</b>				
Administration Funding			674,000	674,000
<b>Fixed charge payments</b>				
Professional Fees			(133,952)	<b>(133,952)</b>
Travel			(37,907)	<b>(37,907)</b>
Website Maintenance			(1,294)	<b>(1,294)</b>
Payroll Services			(500)	<b>(500)</b>
Consultancy Services			(130,119)	<b>(130,119)</b>
Arrears - Wages and Salaries			(10,827)	<b>(10,827)</b>
Wages and Salaries			(36,076)	<b>(36,076)</b>
PAYE & NI			(3,998)	<b>(3,998)</b>
Bank Charges			(351)	<b>(351)</b>
Employee Expenses			(723)	<b>(723)</b>
Joint Administrators' Fees and Expenses			(149,386)	<b>(149,386)</b>
Legal Fees			(52,050)	<b>(52,050)</b>
Sundry Expenses			(369)	<b>(369)</b>
<b>Total Fixed Charge Payments</b>			<b>(557,551)</b>	<b>(557,551)</b>
<b>Floating Charge Receipts</b>				
Kitumba Deposit	298,234		277,300	<b>277,300</b>
Bank interest			20	<b>20</b>
Cash at bank	6,543		6,978	<b>6,978</b>
<b>Total Floating Charge Receipts</b>			<b>284,299</b>	<b>284,299</b>
<b>Floating Charge Payments</b>				
Legal Fees			(14,195)	(14,195)
Joint Administrators' Fees and Expenses			(40,742)	(40,742)
Sundry Expenses			(101)	(101)
Joint Administrators Pre-Appointment Fees			(15,000)	(15,000)
Specific bond			(264)	(264)
<b>Total Floating Charge Payments</b>			<b>(70,301)</b>	<b>(70,301)</b>
<b>Floating Charge Distributions</b>				
Preferential Creditor Distribution			(29,542)	(29,542)
<b>Total Floating Charge Distributions</b>			<b>(29,542)</b>	<b>(29,542)</b>
<b>Total Surplus/(Deficit)</b>			<b>300,904</b>	<b>300,904</b>
<b>Made up as follows</b>				
Vat Receivable	36,248		65,403	65,403
Floating Charge Account			235,502	235,502
<b>Total</b>			<b>300,904</b>	<b>300,904</b>

## Appendix C – Administrators' time costs and expenses

### Pre-Administration fees

Information in relation to the Joint Administrators' involvement with the Company prior to the date of Administration is detailed below, pursuant to Rule 3.35(10)(a) and Rule 3.36.

FTI Consulting (Australia) Pty Ltd ("FTI Australia") provided advisory services pursuant to a letter of engagement dated 2 December 2017 with Orion Mine Finance Management I Limited, (the "Secured Lender") in relation to an Independent Business Review ("IBR") of the Company.

On 2 February 2018, under a further letter of engagement with the Secured Lender, FTI Australia was requested to assist with providing financial, strategic and restructuring recommendations and analysis. Under the same engagement letter FTI Australia also assisted the Company in preparing the Group's financial model and an information memorandum. Also included was the review of the sale of surplus real estate assets and the Group's process for applying for the extension of mining licences.

On 29 May 2018, under a further letter of engagement, FTI Consulting LLP ("FTI UK") was engaged by the Secured Lender to plan for a potential Administration appointment in respect of the Company.

Time costs of £15,000 plus VAT have been incurred by FTI UK in relation to the planning for a potential Administration appointment. These costs were approved by the Secured Lender pursuant to paragraph 3 of Rule 3.52, and subsequently drawn on 21 November 2018.

### Administrators Fees

The Administrators have incurred the following time costs during the Period in properly dealing with the administration of the Company:

Pre-appointment time costs of £21,770 and disbursements of £11

Post-appointment time costs of £287,287 and disbursements of £128

On 11 November 2018, the Secured Lender authorised a drawing of Administrator's fees related to:

Pre-appointment time costs of £15,000

Post-appointment time costs of £190,000 and expenses of £128

### Administrators' fee basis

Pursuant to Rule 18.16 of the Rules the remuneration of the Administrators can be fixed on the basis of one of the following:

1.23 as a percentage of the value of property with which he has to deal;

1.24 by reference to time properly given by the Administrator and his staff attending to matters arising in the administration; or

1.25 a set amount.

The basis of the Administrators' fees was fixed in accordance with the time properly given by the Administrator and his staff attending to matters arising in the administration. The basis of the Joint Administrators' fees was agreed by the secured lender on 11 November 2018.

### Fee approval

Where the Administrators have made a statement under Paragraph 52(1)(b) of Schedule B1 of the Act, the basis of the Administrators' remuneration may be fixed by approval of:

- Each secured creditor; or
- If the Administrators intend to make a distribution to preferential creditors, with the approval of each secured creditor and a decision of the preferential creditors in a decision procedure.

There is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration as no return is expected to the Company's unsecured creditors. As all preferential creditors were paid 100p in the £ on 26 October 2018 there was no requirement for the preferential creditors to agree the Joint Administrators'. Fee approval is therefore required from the Secured Lender.

Secured Lender approval was sought and provided in relation to the Administrator's drawing of fees on 11 November 2018. Any future fee drawings by the Administrator will require further approval from the Secured Lender.

A copy of the 'Creditors' Guide to Administrators' Fees' is available at:

<http://www.fticonsulting-emea.com/~media/Files/emea--files/creditors-portal/cip-emea-forms-info/guide-to-administrators-fees-6-april-2017-england-wales.pdf>

Creditors can alternatively request a copy from us at the details included at the end of this report, and we will provide a paper copy by post.

### **Post-appointment time costs and expenses**

An analysis of the administrators' time in accordance with the provisions of SIP9, which provides details of the activity costs incurred by staff grade to the above date is enclosed overleaf.

The main areas of our work have been as follows:

The main areas of our work have been set out in the body of the report but can be summarised as follows:

- Supporting board changes and director resignations / appointments
- Liaising with advisers regarding sale process
- Liaising with NOMAD regarding announcements and listing requirements
- Managing insurance and health and safety processes of business
- Cashiering and reconciliation of bank accounts
- Responding to shareholder queries
- Notifications to relevant tax authorities
- Review of relevant accounting and statutory records in accordance with SIP2
- Reporting to the Secured Lender
- Gathering books and records of the business
- Complying with statutory formalities include relevant filings and statutory communications
- Maintaining the Administration record
- Notifying HM Revenue & Customs of our appointment

We have incurred time costs during the period of £283,287 (net of VAT) properly dealing with the Administration of the Company. Secured Lender approval was sought and provided in relation to the Administrator's drawing of £190,000 (Net of VAT) post-appointment fees on 11 November 2018.

For the avoidance of doubt, the fees of FTI Australia in relation to its separate engagement are not included in the time cost analysis in Appendices B and C.

In addition, we have incurred no Category 2 expenses and Category 1 (out-of-pocket) expenses of £128, during the period. After Secured Lender approval, these expenses were paid on 21 November 2018.

Category 1 expenses are not subject to creditor approval. Category 2 disbursements do require approval from creditors and relate to services provided to us by associated companies and costs which are apportioned overheads such as mileage and data storage. Further details in relation to this can be found at Appendix D (if applicable) together with additional information in relation to our policy on staffing, the use of subcontractors, and details of our current charge out rates by staff grade.

### **Administrators' fee estimate**

A breakdown of the fee estimates given in the Proposals and fees incurred to date are as follows:

<b>Weatherly International Plc (in Administration)</b>						
	<b>Incurred to date</b>		<b>To be incurred</b>		<b>Total estimate</b>	
	<b>Hr</b>	<b>£</b>	<b>Hr</b>	<b>£</b>	<b>Hr</b>	<b>£</b>
Administration and Planning	352	146,821	(112)	(46,821)	240	100,000
Investigations	49	15,644	14	4,356	63	20,000
Realisation of assets	147	80,880	53	29,120	199	110,000
Trading	42	22,770	13	7,230	55	30,000
Creditors	28	10,461	93	34,539	121	45,000
Tax	13	4,050	12	15,951	25	20,000
Reporting	12	2,662	215	47,338	227	50,000
<b>Administrators' fee estimate</b>	<b>643</b>	<b>283,287</b>	<b>288</b>	<b>91,713</b>	<b>931</b>	<b>375,000</b>

As shown, fees incurred during the Period are within our fee estimate for the Company.

The Administrators' fee estimate represents the likely time costs that will be incurred in undertaking their duties in respect to the Company during the Administration and, should the administrator become the liquidator, their duties in the liquidation.

Pursuant to rule 18.80 of the Rules, our fees must not exceed our estimate with regard to the Company as set out above without the approval of the Secured Creditor or, if applicable the preferential creditors. It is currently anticipated that the fee estimates previously provided will not be exceeded during the remainder of the administration

The hourly rates charged by the Administrators, and if applicable the subsequent liquidators, is provided at Appendix E.

### **Administrators' expenses**

Estimates of likely costs to be incurred in the administration of the Company were also given in our Proposals. We currently anticipate that administration expenses will be in line with the estimates given.

## Appendix D – Time cost analysis

**Weatherly International PLC - Analysis of Administrators' Time Costs  
In Accordance with SIP9 for the period 1 June 2018 to 30 November 2018**

Task	Senior Managing Director	Managing Director / Sr Director / Director	Senior Consultant / Consultant	Associate	Total Time	Total Cost	Average Cost
<b>Administration &amp; Planning</b>							
Strategy and planning	29.7	5.2	22.4	2.5	59.8	38,387.0	641.9
Initial actions	-	-	-	2.2	2.2	484.0	220.0
Appointment and related formalities	19.9	-	37.8	22.1	79.8	39,165.0	490.8
Receipts and payments accounts	-	-	2.8	20.1	22.9	5,710.0	249.3
Checklist / Reviews / Filing	-	-	21.4	34.8	56.2	17,500.0	311.4
Cashiering and reconciliations	-	0.4	7.2	50.6	58.2	14,688.0	252.4
Administration & Planning	12.1	0.3	32.5	28.0	72.9	30,886.5	423.7
<b>Subtotal</b>	<b>61.7</b>	<b>5.9</b>	<b>124.1</b>	<b>160.3</b>	<b>352.0</b>	<b>146,820.5</b>	<b>417.1</b>
<b>Investigations</b>							
Statement of affairs	-	-	4.6	0.5	5.1	2,226.0	436.5
Reports of Directors' conduct	1.6	-	6.5	4.1	12.2	5,252.0	430.5
Books and records	-	-	4.6	15.5	20.1	5,526.0	274.9
Electronic records	-	-	-	12.0	12.0	2,640.0	220.0
<b>Subtotal</b>	<b>1.6</b>	<b>-</b>	<b>15.7</b>	<b>32.1</b>	<b>49.4</b>	<b>15,644.0</b>	<b>316.7</b>
<b>Realisation of assets</b>							
Cash and investments	-	-	4.0	1.2	5.2	2,104.0	404.6
Sale of business	40.6	2.0	50.7	9.8	103.1	61,348.0	595.0
Property, plant and vehicles	-	-	7.0	0.6	7.6	3,352.0	441.1
Other assets	-	-	1.0	-	1.0	460.0	460.0
Legal issues/litigation	-	-	14.6	-	14.6	6,716.0	460.0
Fixed charge property	-	-	15.0	-	15.0	6,900.0	460.0
<b>Subtotal</b>	<b>40.6</b>	<b>2.0</b>	<b>92.3</b>	<b>11.6</b>	<b>146.5</b>	<b>80,880.0</b>	<b>552.1</b>
<b>Trading</b>							
Ongoing trading / monitoring	9.2	-	32.5	-	41.7	22,770.0	546.0
<b>Subtotal</b>	<b>9.2</b>	<b>-</b>	<b>32.5</b>	<b>-</b>	<b>41.7</b>	<b>22,770.0</b>	<b>546.0</b>
<b>Creditors (correspondence and claims)</b>							
Unsecured creditors	-	-	-	2.1	2.1	462.0	220.0
Secured creditors	1.5	-	4.4	-	5.9	3,299.0	559.2
Employees	-	-	6.8	2.3	9.1	3,634.0	399.3
Shareholders	-	-	2.6	8.5	11.1	3,066.0	276.2
<b>Subtotal</b>	<b>1.5</b>	<b>-</b>	<b>13.8</b>	<b>12.9</b>	<b>28.2</b>	<b>10,461.0</b>	<b>371.0</b>
<b>Tax</b>							
Initial reviews CT and VAT	-	-	2.7	-	2.7	1,242.0	460.0
Pre-appointment VAT	-	-	-	4.0	4.0	880.0	220.0
Post appointment VAT	-	-	-	2.3	2.3	506.0	220.0
Tax advice on transactions	0.5	-	1.5	-	2.0	937.5	468.8
Other post appointment tax	-	-	-	2.2	2.2	484.0	220.0
<b>Subtotal</b>	<b>0.5</b>	<b>-</b>	<b>4.2</b>	<b>8.5</b>	<b>13.2</b>	<b>4,049.5</b>	<b>306.8</b>
<b>Other</b>							
Proposals	-	-	-	0.8	0.8	176.0	220.0
Other statutory reports/meetings	-	-	-	4.3	4.3	946.0	220.0
Secured creditor reports	-	-	-	7.0	7.0	1,540.0	220.0
<b>Subtotal</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.1</b>	<b>12.1</b>	<b>2,662.0</b>	<b>220.0</b>
<b>Total Time by Grade</b>	<b>115.1</b>	<b>7.9</b>	<b>282.6</b>	<b>237.5</b>	<b>643.1</b>		
<b>Total Cost by Grade</b>	<b>97,807.5</b>	<b>4,096.0</b>	<b>129,133.5</b>	<b>52,250.0</b>	<b>283,287.0</b>		
<b>Average by Grade</b>	<b>849.8</b>	<b>518.5</b>	<b>456.9</b>	<b>220.0</b>	<b>440.5</b>		
	<b>Total Time</b>						
	<b>Costs</b>	<b>Category 1</b>	<b>Category 2</b>	<b>Total</b>			
<b>Total Costs to Date</b>	<b>283,287.0</b>	<b>127.5</b>	<b>-</b>	<b>283,414.5</b>			
<b>Amount Billed</b>	<b>190,000.0</b>	<b>127.5</b>	<b>-</b>	<b>190,127.5</b>			
<b>WIP</b>	<b>93,287.0</b>	<b>0.0</b>	<b>-</b>	<b>93,287.0</b>			

## Appendix E – Additional Information in relation to Administrators' fees pursuant to SIP9

Detailed below is FTI's policy in relation to:

- staff allocation and the use of sub-contractors;
- professional advisors; and
- disbursements.

### Staff allocation and the use of subcontractors

Our general approach to resourcing our assignments is to allocate staff with the skills and experience to meet the specific requirements of the case.

The constitution of the case team will usually consist of a Senior Managing Director, Managing Director, Director, Senior Consultant and Consultant. The exact constitution of the case team will depend on the anticipated size and complexity of the assignment.

With regard to support staff, we would advise that time spent by cashiers in relation to specific tasks on an assignment is charged. Only if there is a large block of time incurred by a member of the secretarial team, e.g., report compilation and distribution, do we seek to charge and recover our time in this regard.

### Professional advisors

On this assignment we have used the professional advisors listed below. We have also indicated alongside, the basis of our fee arrangement with them, which is subject to review on a regular basis.

Name of professional advisor	Basis of fee arrangement	Fees paid to date (£) (Net of VAT)
Simmons & Simmons (Legal advice)	Hourly rate and disbursements	56,465
Strand Hanson (NOMAD)	Fixed fee	14,632
ERA Solutions (Employee specialists)	Hourly rate and disbursements	350
Additions Accountants (Bookkeepers)	Fixed fee	500
OME Global Ltd (Website alteration)	Fixed fee	1,294
Numis Securities (M&A advisors)	Fixed fee	25,000
Treadstone Resource Partners (M&A advisors)	Fixed fee	53,208
Doyle Clayton (Immigration advice)	Hourly rate and disbursements	1,063
Grant Thornton	Hourly rate and disbursements	2,714
Link Asset Services Limited	Hourly rate and disbursements	4,000
Cooley (Legal advice)	Hourly rate and disbursements	9,780
Engling, Stritter and Partners (Legal advice)	Hourly rate and disbursements	3,558
Hanburys (Book keeping)	Hourly rate and disbursements	600
EPE Reynell (Statutory advertising)	Fixed fee	79

Our choice was based on our view of their experience and ability to perform this type of work, the complexity and nature of the assignment and the basis of our fee arrangement with them.

We have utilised the services of other teams within FTI Consulting LLP to assist with the Administration processes. The fees of our tax and strategic communications teams have been included in our SIP9 analysis provided to creditors of the Company and allocated to the work streams and entities to which their work related, for approval by those parties approving our fees.

We consider that the rates chargeable for these services are in line with general market practice and that the service is comparable to similar firms of professional advisors. In addition, by working closely with our internal teams, we believe a more coordinated and cost-effective approach to the Administration work streams has been possible.

### Disbursements

Category 1 disbursements do not require approval by creditors. The type of disbursements that may be charged as a Category 1 disbursement to a case generally comprise of external supplies of incidental services specifically identifiable to the case, such as postage, case advertising, invoiced travel and external printing, room hire and document storage. Also, chargeable will be any properly reimbursed expenses incurred by personnel in connection with the case.

Category 2 disbursements do require approval from creditors. These disbursements can include costs incurred which relate to payments due to associated Company for the provision of services to the office holder.

On this assignment we have not yet incurred any category 2 disbursements.

### Charge-out rates

A schedule of FTI's charge-out rates for this assignment is as follows:

Please note our minimum time unit is six minutes.

Grade	£ (Per hour)
Senior Managing Director	850
Managing Director	735
Senior Director	680
Director	610
Senior Consultant	540
Consultant	460
Analyst (experienced)	305
Analyst (junior)	220
Executive Assistant	165



## Appendix F – Creditors' statement of claim form

### Weatherly International Plc

Name and address of creditor: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Amount claimed in the Administration:  
(Including VAT) £ \_\_\_\_\_

Signature of creditor: \_\_\_\_\_

Name of creditor: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

Date: \_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

**Please provide appropriate documentation in support of your claim.**

If you are registered for VAT the amount claimed should include VAT even if VAT bad debt relief has been claimed under the Value Added Tax Act 1994.

**Please return this form when you have completed it to FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD or email it to [wtishareholders@fticonsulting.com](mailto:wtishareholders@fticonsulting.com)**

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Creditors registered for VAT may be able to claim VAT bad debt relief in accordance with Section 36 Value Added Tax Act 1994. In broad terms relief is available when the debt is six months old and "written off" by the creditor entering it on his VAT refunds-for-bad-debts-account.

Claims lodged in the Administration should be gross, including any VAT element. If/when dividends are paid, creditors who have claimed VAT bad debt relief must apportion the dividend between VAT and the net element of their claim and account to HM Revenue and Customs for the VAT element through their VAT return.

Insolvency Practitioners have no role in administering VAT bad debt relief under the Value Added Tax Act 1994. Creditors who are uncertain how to claim should contact their VAT office or take professional advice.

## Appendix G – Extracts from the Rules

### **Creditors' and members' requests for further information in administration, winding up and bankruptcy**

18.9 —(1) The following may make a written request to the office-holder for further information about remuneration or expenses (other than pre-administration costs in an administration) set out in a progress report under rule 18.4(1) (b), (c) or (d) or a final report under rule 18.14—

- a) a secured creditor;
- b) an unsecured creditor with the concurrence of at least 5% in value of the unsecured creditors (including the creditor in question);
- c) members of the company in a members' voluntary winding up with at least 5% of the total voting rights of all the members having the right to vote at general meetings of the company;
- d) any unsecured creditor with the permission of the court; or
- e) any member of the company in a members' voluntary winding up with the permission of the court.

(2) A request, or an application to the court for permission, by such a person or persons must be made or filed with the court (as applicable) within 21 days of receipt of the report by the person, or by the last of them in the case of an application by more than one member or creditor.

(3) The office-holder must, within 14 days of receipt of such a request respond to the person or persons who requested the information by—

- a) providing all of the information requested;
- b) providing some of the information requested; or
- c) declining to provide the information requested.

(4) The office-holder may respond by providing only some of the information requested or decline to provide the information if—

- a) the time or cost of preparation of the information would be excessive; or
- b) disclosure of the information would be prejudicial to the conduct of the proceedings;
- c) disclosure of the information might reasonably be expected to lead to violence against any person; or
- d) the office-holder is subject to an obligation of confidentiality in relation to the information.

(5) An office-holder who does not provide all the information or declines to provide the information must inform the person or persons who requested the information of the reasons for so doing.

(6) A creditor, and a member of the company in a members' voluntary winding up, who need not be the same as the creditor or members who requested the information, may apply to the court within 21 days of—

- e) the office-holder giving reasons for not providing all of the information requested; or
- f) the expiry of the 14 days within which an office-holder must respond to a request.

(7) The court may make such order as it thinks just on an application under paragraph (6).



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020 3727 1889

#### About FTI Consulting

FTI Consulting, LLP. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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