

JOINT ADMINISTRATORS' REPORT AND STATEMENT OF PROPOSALS

WEATHERLY INTERNATIONAL PLC (IN ADMINISTRATION) (COMPANY NUMBER: 03954224)
("WTI") ("THE COMPANY")

23 JULY 2018

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Glossary

Act	Insolvency Act 1986 (as amended)	Rules	Insolvency (England and Wales) Rules 2016
CARN	China Africa Resources Namibia Limited	Secured Lender	Orion Mine Finance (Master) Fund I LP
CVL	Creditors’ Voluntary Liquidation	SIP2	Statement of Insolvency Practice 2
FTI	FTI Consulting LLP	SIP7	Statement of Insolvency Practice 7
Intrepid	Intrepid Mines Limited	SIP9	Statement of Insolvency Practice 9
Joint Administrators / Administrators	Simon Kirkhope and Andrew Johnson	the Group	Weatherly International Plc (“WTI”) and subsidiaries
Numis	Numis Securities Limited	the period	1 June 2018 – 13 July 2018
OML	Ongopolo Mining Limited	Treadstone	Treadstone Resource Partners
Pembridge	Pembridge Resources Plc	WMNL	Weatherly Mining Namibia Limited
RPS	Redundancy Payments Service	WNSL	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 send creditors 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 formalities relating to our appointment are set out in Appendix A.
- 1.3 This report together with appendices contains a summary of background information in relation to our appointment, information in relation to the activities undertaken in the period since our appointment on 1 June 2018, and the Administrators' time costs in accordance with SIP9 (Appendices B and C).
- 1.4 A summary of receipts and payments in accordance with SIP7 for the Company is included at Appendix E.
- 1.5 The estimated return to creditors is set out in Sections 2 and 6 of this report.

Purpose of the Administration

- 1.6 The purpose of an Administration must be to achieve one of the following statutory objectives:
 - a. Rescuing the company as a going concern;
 - b. 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
 - c. Realising property in order to make a distribution to one or more secured or preferential creditors
- 1.7 The purpose of the Administration is statutory objective b), achieving 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.
- 1.8 Full details of our rationale for choosing statutory purpose b) is set out in the Section 4 of this report which also covers our actions to date and proposed actions to be undertaken in pursuit of this objective.
- 1.9 We are bound by the Insolvency Code of Ethics. We did not identify any ethical threats in considering our appointment, but a copy of our considerations can be provided on request.

Administrators' remuneration

- 1.10 We propose that we will be remunerated on the basis of time costs incurred by us and our staff properly spent in carrying out the Administration. Details of the rules in relation to Administrators' remuneration together with details of our time costs to date and our fee estimate are set out in Appendices B and C.
- 1.11 Our fees and disbursements are subject to creditor approval. A creditors' guide to administrators' fees setting out creditors' rights to further information and how fees are approved can be found here:
<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>
- 1.12 Our fees will be met out of funding from the Secured Lender, as per the terms of the Administration Funding Agreement dated 1 June 2018, or from realisations of assets into the Administration estate, to the extent available. The Administration Funding Agreement is only repayable to the extent of net asset realisations in the Administration estate. We will seek approval from the Secured Lender and any preferential creditors for the drawing of our fees.
- 1.13 If creditors wish to be supplied with a hard copy of this guidance they should contact us at the details set out at point 1.18 below.
- 1.14 Additional information in relation to our staffing policies can be found in Appendix D.

Meetings of creditors and further information

- 1.15 We do not intend to convene a meeting of creditors, as in accordance with Paragraph 52(1)(b) of Schedule B1 of the Insolvency Act 1986 (as amended) ("the Act"), we consider that the only returns to unsecured creditors (if any) will be from the Prescribed Part, (see section 6 for more details of estimated creditor returns). As such, a meeting is not required, unless requested by creditors totaling 10% of the total claims against the Company, pursuant to Paragraph 52(2)(a) of Schedule B1 of the Act.

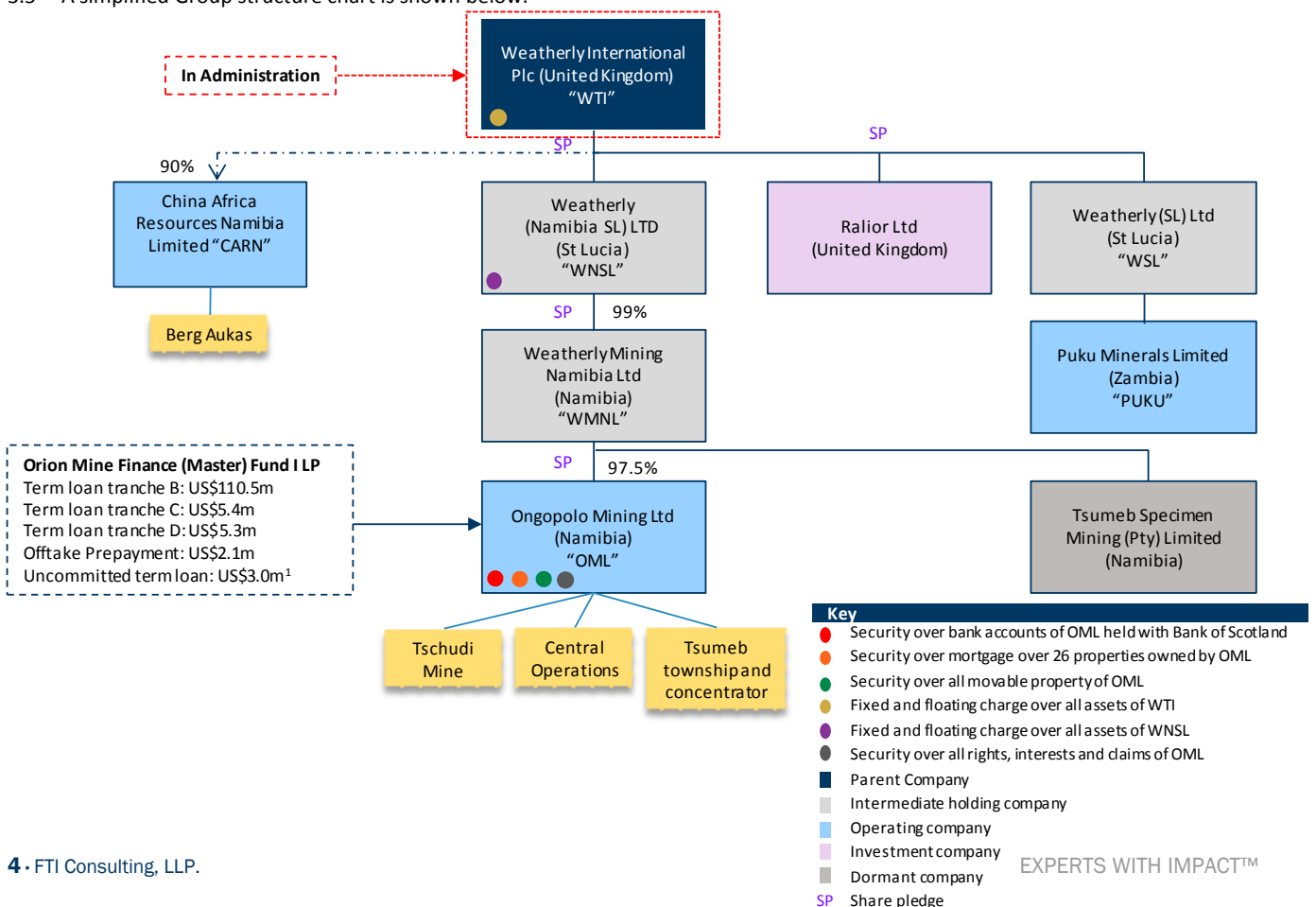
- 1.16 Further information on insolvency processes in general including a step-by-step guide can be found at the following website:
<http://www.creditorinsolvencyguide.co.uk/>
- 1.17 The privacy and security of personal information is very important to us. Information about our collection, use and protection of personal data can be found at <https://www.fticonsulting-emea.com/~media/Files/emea-files/creditors-portal/cip-emea-forms-info/cip-data-privacy.pdf>
- 1.18 If you have any specific queries in relation to this report or the Administration in general, please contact the administrators at Matthew.Moss@fticonsulting.com or on 020 3727 1418. Creditors can also use these contact details to request a hard copy of this report if required.

2. Summary estimated creditor returns

- 2.1 Given the current operational issues with the Group's principal asset (being the Tschudi mine) it is not yet possible to determine the likely returns to creditors, although returns to unsecured creditors are expected to be minimal.
- 2.2 Further details are set out in section 6 of this report.

3. Background

- 3.1 WTI is a 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.
- 3.2 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.
- 3.3 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.
- 3.4 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.
- 3.5 A simplified Group structure chart is shown below.



- 3.6 The Secured Lender has several facilities (detailed above) with OML, as borrower and owner of the Group's main asset. The Secured Lender also has a comprehensive security package across the Group.

Trading history

- 3.7 The Group had been loss-making at a net profit level for a number of years and was reliant on funding from the Secured Lender to continue operating. A summary of the trading profit/loss of the Group is illustrated below. This is based on the last available audited accounts for 2014, 2015, 2016 and 2017.

Consolidated Income Statement (\$k)	2017	2016	2015	2014
Revenue	75,082	63,653	38,054	32,222
Cost of sales	(91,220)	(59,938)	(44,378)	(31,574)
Gross profit/(loss)	(16,138)	3,715	(6,324)	648
Gross margin	(21%)	6%	(17%)	2%
Operating expenses	(16,236)	(2,341)	(6,572)	(5,296)
Operating profit/(loss)	(32,374)	1,374	(12,896)	(4,648)
Operating margin	(43%)	2%	(34%)	(14%)

- 3.8 In 2012 WTI completed the Bankable Feasibility Study for the Tschudi Project and signed a term sheet with the Secured Lender providing 100% debt funding for the project.
- 3.9 In 2013 WTI was granted an Environmental Clearance Certificate for the development of the Tschudi Copper Mine by the Namibian Ministry of Environment and Tourism. Drawdown of the Tschudi loan commenced.
- 3.10 During the start of financial year 2014/2015 (June year-end) the Group was trading well with record breaking production levels being achieved. With the decline in copper prices at the beginning of 2015 operations came under review as production levels achieved were uneconomic. In September 2015 shares were suspended from trading on the AM market until the Group were in a position to quantify the full operational and financial effect and address the short term working capital needs.
- 3.11 With the aid of a sharp weakening of the South African Rand (pegged 1:1 to the Namibia Dollar) in late 2015 the Group was able to deliver improved unit cost results, enabling a more normalised position of the Tschudi mine.
- 3.12 During the course of 2016 the Tschudi mine experienced increased water inflow issues leading to a decrease in ore supply and subsequently lower copper production (10% lower in June quarter and 15% lower in September quarter).
- 3.13 Although operations improved during 2017 and the early part of 2018, in May 2018 significant additional water inflows within the Tschudi mine brought production to a halt, with timing of a recommencement of full mining operations uncertain.
- 3.14 As a result of this material uncertainty, the Secured Lender confirmed to WTI, that they were unlikely to permit further drawdowns under the existing uncommitted loan facility, details of which were announced on 28 July 2017.
- 3.15 As a result, the Directors consider that no reliance could be placed on the Secured Lender supporting the Company financially and the board of directors therefore took the decision to place the Company into Administration on 1 June 2018.

4. Conduct of the Administration

Administration purpose

- 4.1 Pursuant to Paragraph 3 of the Schedule B1 of the Act, the purpose of an Administration must be one of:
- rescuing the company as a going concern, or
 - 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.

- 4.2 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).
- 4.3 We consider that the Administration gives a better outcome than could be achieved in a liquidation as the appointment process could be conducted quickly, with the consent of the Secured Lender, and enabled the administrators to gain rapid control of the operating subsidiaries and ensured that operations continued uninterrupted.

Board Changes

- 4.4 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.
- 4.5 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 several other subsidiaries.
- 4.6 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

- 4.7 On 26 April 2018 WTI announced they 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 (the "Strategic Review"), alongside Strand Hanson, its existing nominated adviser and if required, independent financial adviser for the purposes of Rule 3 of the City Code on Takeovers and Mergers (the "Code").
- 4.8 The scope of the options considered under the Strategic Review included, but were not limited to, the sale of the entire issued, and to be issued, share capital of the Company; the restructuring of the Company's debt; the disposal of certain Company asset(s); or the raising of capital via equity issuance.
- 4.9 As a result of the fundamental uncertainty over the position at the Tschudi mine due to the significant water ingress and the Administration appointment the sales process has been put on hold, pending a full review of the situation.
- 4.10 During the period, the administrators have liaised with both Numis and Treadstone relating to the potential recommencement of the sales process. It is currently anticipated that this process will commence in September 2018 but is largely dependent on the ability to resolve the water inflow issue.

AIM Listing Requirements

- 4.11 Following the announcement on RNS of the suspension of trading of the shares in WTI on 1 June 2018, the administrators have been liaising with Strand Hanson to ensure that all AIM listing requirements are upheld.
- 4.12 Since our appointment the administrators have issued two further RNS announcements. The first announcement on 13 June 2018 related to the acquisition of a further 65% interest in CARN, 100% owner of the high-grade Berg Aukas underground zinc-lead-vanadium project near Grootfontein. The second announcement on 3 July 2018 related to the appointment of Mr. J Sisay to the board of a number of the Group's subsidiaries, as detailed above.

Pembridge Shares

- 4.13 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.

Receipts and payments during the period

- 4.14 The Secured Lender has provided the Administrators with a funding facility of up to £1m to meet the expenses of the Administration. A full receipts and payments accounts for the Administrations during the period covered by this report are provided at Appendix E.
- 4.15 The key receipt of £277k during the period relates 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. 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.

Employees

- 4.16 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.
- 4.17 During the period one employee has been made redundant and another has completed his notice period, following his resignation effective on 4 July 2018.
- 4.18 The one remaining employee remains employed as a Technical Consultant to assist with operational matters and is based in Namibia.

Taxation

- 4.19 We have notified HM Revenue and Customs of our appointment and in due course appropriate filings will be made to support the Company's corporation tax and VAT positions at the date of the Administration.

Statutory investigations

- 4.20 We have undertaken initial 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 are any further assets available to the Company other than those set out earlier in this report.
- 4.21 The data gathered from our initial investigations will assist with our statutory duties pursuant to the Company Directors Disqualification Act 1986. 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.
- 4.22 Should any creditors have any further relevant information in relation to directors' conduct, they should provide details in writing to the Administrators. This request forms part of our normal investigations into directors' conduct and does not imply any criticism of the directors in this particular case. The content of our reports in relation to this are confidential and must be submitted to the Department for Business, Innovation and Skills within six months of our appointment as Joint Administrators.

5. Directors' statement of affairs

- 5.1 Attached at Appendix F are copies of the directors' statement of affairs for the Company as at the date of our appointment, together with a list of creditors at the time of appointment, whose details have been provided by Company staff. Please note that the format of the Statement of Affairs does not include any provision for the costs of the Administration. An estimate of the return to creditors based on the information provided, and from our work to date, is included in the next section of this report.
- 5.2 Our commentary on the Statement of Affairs is included at Appendix F.

6. Estimated outcomes

Secured creditors

- 6.1 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 of the Groups assets, which includes fixed and floating charges.
- 6.2 The return to the Secured Lenders is currently uncertain.

Preferential creditors

- 6.3 Under the Act the main classes of preferential creditor are employees in respect of certain claims in relation to arrears of wages, holiday and pensions contributions.

Joint Administrators' Report and Statement of Proposals

- 6.4 The administrators have paid retained staff their wages to the date of their redundancy. Consequently, there are not anticipated to be any arrears of wages claims. However, it is anticipated that there may be claims in respect of accrued but untaken holiday pay.
- 6.5 We are currently awaiting confirmation from the RPS of the level of preferential claims against the Company. We currently envisage that there will be no funds available to make a distribution to preferential creditors.

Unsecured creditors

- 6.6 Unsecured creditors rank behind both secured and preferential creditors.
- 6.7 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").
- 6.8 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.
- 6.9 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.
- 6.10 However, given the information that we have to date it is unlikely that there will be a dividend to unsecured creditors.
- 6.11 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.

Shareholders

- 6.12 As it is unlikely that there will be sufficient assets to repay the Company's creditors in full it is highly unlikely that there will be any return or distribution to shareholders.

7. Administrators' proposals

- 7.1 The main purposes of the Administration are statutory objective b, achieving a better outcome for each of the Company's creditors as a whole than would be possible if the Company were wound up without first being in Administration.
- 7.2 I am seeking a decision from the creditors to approve my proposals using the deemed consent procedure.
- 7.3 If a creditor agrees with the proposed decision to approve my proposals, then they do not need to do anything. Unless 10% of creditors, who would be entitled to vote at a qualifying decision procedure, object to the decision to approve my proposals they will automatically be approved on 8 August 2018.
- 7.4 If a creditor wishes to object to the decision, they must complete and return the enclosed notice of objection so that it is received by me by no later than 23.59 hours on 8 August 2018. If a creditor has not already submitted proof of their debt, they should complete the enclosed form and return it to me. Objections by a creditor will not count unless they have lodged a proof of debt by no later than 23.59 on 8 August 2018.
- 7.5 It is my responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then I will write to creditors to seek approval for this decision using a qualifying decision process.
- 7.6 The contents of this entire document represent the Administrators' proposals. In order to provide clarity to creditors on the further specific areas for which the Administrators are seeking approval we have set out our specific proposals below, which apply to the Company.

Proposed Strategy, Actions and Activities

- 7.7 We will continue to manage the affairs of the Company in order to achieve the purpose of the Administration.
- 7.8 To do all such other things and generally exercise all of our powers as contained in Schedules B1 and 1 of the Act, as the Administrators consider desirable or expedient to achieve the statutory purpose of the Administration.

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- 7.9 To investigate and as appropriate pursue any claims the Company may have.
- 7.10 We shall be authorised to agree the claims of the secured, preferential and unsecured creditors against the Company unless we conclude, in our reasonable opinion, that the Company will have no assets available for distribution.
- 7.11 We shall be authorised to distribute funds to the secured, preferential creditors and unsecured creditors as and when claims are agreed and funds and circumstances permit.

Creditors Committee

- 7.12 Creditors are also invited to determine whether to form a Creditors' Committee, and a notice of invitation to form a Creditors' Committee and further instructions are enclosed. To enable the creditors to make an informed decision as to whether they wish to either seek to form a Committee, or to nominate themselves to serve on a Committee, further information about of the role of the Committee and what might be expected from its members has been prepared by R3 and can be found is available at the link below:

<https://www.r3.org.uk/media/documents/publications/professional/R3-Guide-to-Creditors-Committees.pdf>

- 7.13 In the event the creditors of the Company so determine, a creditors committee be appointed comprising of not more than five and not less than three creditors.

Proposed Exit Routes

- 7.14 The most likely exit route for each of the Company is moving to dissolution after the completion of its Administration.
- 7.15 Once all assets have been realised, and if there are no funds available to enable a distribution to the unsecured creditors (other than the Prescribed Part) and a liquidation process is not required, the Administrators shall file a notice pursuant to Paragraph 84 of Schedule B1 to the Act together with their final progress report at Court and with the Registrar of Companies for the dissolution of that company.
- 7.16 In the event that the Administrators believe liquidation to be the most appropriate route for a company, for example if there are onerous assets that need to be disclaimed, or there are matters that require further investigation, we will exit the Administration of that company by a compulsory liquidation. The Administrators give notice that on such a petition the Joint Administrators will seek their appointment as liquidators pursuant to Section 140 of the Act, with any liquidator being able to undertake acts required or authorised under any enactment individually. The creditors are entitled to nominate a different person as the proposed liquidator, provided that the nomination is made after the receipt of these proposals and before the proposals are approved.

Discharge of Administrators

- 7.17 We will be discharged from liability in accordance with Paragraph 98(1) of Schedule B1 of the Act immediately upon our appointment as Administrators ceasing to have effect.

Administrators' Remuneration

- 7.18 That the creditors committee, if one is appointed, be asked to agree that the basis of the Administrators' remuneration be fixed by reference to the time properly given by the Administrators' and their staff in attending to matters arising in the Administration, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT, and be asked to agree any category 2 expenses.
- 7.19 That if a creditors' committee is not 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, calculated at the prevailing standard hourly charge out rates used by FTI at the time when the work is performed, plus VAT.

8. Next report and further questions

8.1 We are required to provide a progress report to all creditors within one month of the end of the first six months of the Administration, or when the Administration comes to an end, whichever is sooner.

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.

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 390(2)(a) of the Insolvency Act 1986.

Appendix A – Statutory information

Company and Appointment Information

Weatherly International PLC

Trading names	Weatherly International Public Limited Company
Registered number	03954224
Registered office	Orion House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH
Director(s)	John Bryant, Craig Thomas and Alan Stephens
Company secretary	Kevin Ellis
Directors' shareholdings	Nil
Court reference	CR-2018-4537
Court	High Court of Justice, Business and Property Courts of England and Wales Insolvency and Companies List (ChD)
Appointment date	1 June 2018
Appointer	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.
Appointers address	Orion House Bessemer Road Welwyn Garden City Hertfordshire AL7 1HH

Administrators' Information

	Administrator 1	Administrator 2
Name	Simon Kirkhope	Andrew Johnson
Address	200 Aldersgate Street, London EC1A 4HD	200 Aldersgate Street, London EC1A 4HD
Authorising body	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' 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. No fees have been drawn to date. All pre-administration costs will be paid as an expense of the administration and are subject to approval under Rule 3.52.

Administrators' fee basis and fee approval

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

- a. as a percentage of the value of property with which he has to deal;
- b. by reference to time properly given by the Administrator and his staff attending to matters arising in the Administration; or
- c. a set amount.

The basis of the Administrators' fees will be determined by a creditors committee (if one is established by the creditors of the Company) or by a meeting of creditors of the Company (if one is convened). If no committee is established and no meeting is convened, it is proposed that the remuneration of the Administrators will be fixed in accordance with option b above and that proposed fees will be approved in accordance with Rule 18.18 of the Rules. These rules are outlined below:

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 50% of the preferential creditors who respond to an invitation to consider approval.

There is no requirement for unsecured creditors to pass a resolution in respect of Administrators' remuneration.

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

<https://www.icaew.com/-/media/corporate/files/technical/insolvency/creditors-guides/2017/administration-creditor-fee-guide-6-april-2017.ashx?la=en>

Creditors can alternatively request a copy from us and we will provide a paper copy by post.

Post-appointment time costs and expenses

An analysis of our 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 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 £109,927 (net of VAT) properly dealing with the Administration of the Company. No time costs have been drawn during the period, nor has any approval to draw fees been sought during the period.

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 £13, during the period. No expenses have been drawn during the period, nor has any approval to draw expenses been sought during the period.

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 our fee estimate is provided below.

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 liquidator, their duties in the liquidation. It is important to note that the quantum of remuneration drawn will be limited by the realisations from the Company's assets and as such fees will only be drawn if there are funds in the Administration (in addition to agreed funding provided by the Secured Creditors), or subsequent liquidation, to do so.

Weatherly International Plc (in administration)						
	Incurred to date		To be incurred		Total estimate	
	Hr	£	Hr	£	Hr	£
Administration and Planning	172	91,175	17	8,825	188	100,000
Investigations	23	7,260	41	12,740	64	20,000
Realisation of assets	3	2,550	126	107,450	129	110,000
Trading	3	2,635	32	27,365	35	30,000
Creditors	8	3,100	111	41,900	119	45,000
Tax	-	-	12	20,000	12	20,000
Reporting	6	3,207	83	46,793	89	50,000
Administrators' fee estimate	215	109,927	422	265,073	637	375,000

Simmons & Simmons LLP have estimated that their fees will be £125k (plus VAT) for assisting the Administrators with legal matters during the Administration. The tasks to date have included, preparation of appointment forms, drafting and negotiating the Administration Funding Agreement and completion of appointment formalities on the day of appointment.

Appendix C – Time cost analysis

Weatherly International PLC (In Administration) - Administrators' fees and disbursements for the period 1 June 2018 to 13 July 2018						
	Sr Managing Dir	Managing Dir / Dir	Consultant	Associate	Total Time	Total Cost
Administration & Planning						
Strategy and planning	18.1	-	30.1	-	48.2	29,231
Initial actions	27.1	-	16.4	-	43.5	30,579
Appointment and related formalities	3.1	-	18.2	16.1	37.4	14,549
Receipts and payments accounts	-	-	-	-	-	-
Checklist / Reviews / Filing	-	-	26.4	-	26.4	12,144
Cashiering and reconciliations	-	-	4.8	11.2	16.0	4,672
Subtotal	48.3	0.0	95.9	27.3	171.5	91,175
Investigations						
Statement of affairs	-	-	4.6	-	4.6	2,116
Reports of Directors' conduct	-	-	4.2	-	4.2	1,932
Books and records	-	-	-	11.3	11.3	2,486
Electronic records	-	-	-	3.3	3.3	726
Subtotal	0.0	0.0	8.8	14.6	23.4	7,260
Realisation of assets						
Sale of business	3.0	-	-	-	3.0	2,550
Subtotal	3.0	0.0	0.0	0.0	3.0	2,550
Trading						
Ongoing trading / monitoring	3.1	-	-	-	3.1	2,635
Subtotal	3.1	0.0	0.0	0.0	3.1	2,635
Creditors (correspondence and claims)						
Unsecured creditors	-	-	-	2.8	2.8	616
Employees	-	-	2.8	-	2.8	1,288
Shareholders	-	-	2.6	-	2.6	1,196
Lease creditors	-	-	-	-	-	-
Subtotal	0.0	0.0	5.4	2.8	8.2	3,100
Reporting						
Proposals	-	-	4.2	-	4.2	1,932
Secured creditor reports	1.5	-	-	-	1.5	1,275
Subtotal	1.5	0.0	4.2	0.0	5.7	3,207
Total Time by Grade	55.9	-	114.3	44.7	214.9	
Total Cost by Grade	47,515.0	-	52,578.0	9,834.0		109,927
Average by Grade						
	Time Costs	Cat. 1 Expenses	Cat. 2 Expenses	Total		
Total Costs in Period	109,927	13	-	109,940		
Amount billed to date	-	-	-	-		
Total Outstanding	109,927	13	-	109,940		

The key workstream to date has been in relation to Administration and Planning (£91k). This workstream has involved the initial statutory notifications to interested parties on appointment and relevant filings to the Registrar of Companies and Court. The Administrators have also liaised regularly with the NOMAD regarding announcements and listing requirements.

Appendix D – 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 and on larger, more complex cases, several Senior Consultants/Consultants may be allocated to meet the demands of the case.

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 or intend to use 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 (£)
Simmons & Simmons (legal advice)	Hourly rate and disbursements	Nil
Strand Hanson (NOMAD)	Fixed fee	11,122
ERA Solutions (Employee specialists)	Hourly rate and disbursements	300
Additions Accountants (Bookkeepers)	Fixed fee	450

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 process. 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:

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 E – Receipts and payments

Administrators' Receipts and Payments Account

	Statement of Affairs Expected to Realise (£)	Administration Period 1 June 2018 to 13 July 2018
Receipts		
Administration Funding		86,000
Kitumba Deposit	298,234	277,300
Total	298,234	363,300
Payments		
Professional Fees		(11,131)
Consultancy Services		(25,785)
Arrears - Wages and Salaries		(10,827)
Statutory Advertising		(79)
Wages & Salaries		(13,673)
Bank Charges		(92)
Employee Expenses		(723)
Employee Specialists		(250)
Payroll Services		(375)
Total		(62,935)
Current Surplus		300,365
Represented by:		
Cash at bank		297,998
VAT receivable		2,367
Total		300,365

Appendix F – Directors' statement of affairs

The Directors Statement of Affairs for the Company is shown overleaf.

The Statement of Affairs reflects the directors understanding of the affairs of the Company at the point at which the Company entered Administration.

The Administrators have reviewed the Statement of Affairs and have no comments.

Statement of affairs

Name of Company
WEATHERLY INTERNATIONAL PLC

Company number
03954224

In the HIGH COURT OF JUSTICE
CHANCERY DIVISION
COMPANIES COURT

Court case number
CR-2018-004537

(a) Insert name and address of
registered office of the company

Statement as to the affairs of (a) Weatherly International PLC, Orion House, Bessemer Road, Welwyn
Garden City, Hertfordshire, England, AL7 1HH

(b) Insert date

on the (b) 1 June 2018, the date that the company entered administration.

Statement of Truth

I believe that the facts stated in this statement of affairs are a full, true and complete statement of the
affairs of the above named company as at (b) 1 June 2018, the date that the company entered
administration.

Full name: Kevin Ellis

Signed 

Dated 13 June 2018

A – Summary of Assets

Assets

Assets subject to fixed charge:


Assets subject to floating charge:

Uncharged assets:

Uncharged assets:

	Book Value £	Estimated to Realise £
Bank of Scotland GBP account	530.43	530.43
Bank of Scotland USD account	6,012.09	6,012.09
VAT owed	36,248.44	36,248.44
Rent deposit paid to Devonshire Business Centre	707.50	0.00
Deposit for purchase of CARN Ltd held by Cooley *	433,506.90	433,506.90
Deposit for Kitumba held by Intrepid	298,233.75	298,233.75
Prepayments	8,847.85	0.00
Investment in China Africa Resources Namibia Ltd	100,839.06	100,839.06
Investment in Pembridge Resources plc	73,557.71	73,557.71
Intercompany Receivables	75,790,212.35	0.00
Estimated total assets available for preferential creditors	76,748,696.08	948,928.38

*This is now an asset in the form of a 65% shareholding in China Africa Resources Limited.

Signature  Date 13/6/17

A1 – Summary of Liabilities

	Estimated to realise £
Estimated total assets available for preferential creditors (carried from page A)	£ 948,928
Liabilities	
Preferential creditors:-	£ (50,373)
Estimated (deficiency)/surplus as regards preferential creditors	£ 898,555
Estimated prescribed part of net property where applicable (to carry forward)	£ (182,711)
Estimated total assets available for floating charge holders	£ 715,844
Debts secured by floating charges (Contingent guarantee liability- convert to fixed charges on administration)	£(96,790,051)
Estimated (deficiency)/surplus of assets after floating charges	£(96,074,207)
Estimated prescribed part of net property where applicable (brought down)	£ 182,711
Total assets available to unsecured creditors	£182,711
Unsecured non-preferential claims (excluding any shortfall to floating charge holders)	£(4,029,022)
Estimated (deficiency)/surplus as regards non-preferential creditors (excluding any shortfall to floating charge holders)	£(3,846,311)
£	
Shortfall to floating charge holders (brought down)	£(96,074,207)
	£(99,920,519)
Estimated (deficiency)/surplus as regards creditors	
Issued and called up capital	£ (£5,304,016)
Estimated total (deficiency)/surplus as regards members	£(105,224,535)

Signature *Red*


Date 13/6/18

COMPANY CREDITORS

Note: You must include all creditors and identify all creditors under hire-purchase, chattel leasing or conditional sale agreements *and* customers claiming amounts paid in advance of the supply of goods or services *and* creditors claiming retention of title over property in the company's possession.

Name of creditor or Claimant	Address (with postcode)	Amount of debt £	Details of any security held by creditor	Date security given	Value of security £
REDACTED	REDACTED INFORMATION	10,145.97	Preferential Creditor	None	
REDACTED	REDACTED INFORMATION	1,982.02	Preferential Creditor	None	
REDACTED	REDACTED INFORMATION	14,144.00	Preferential Creditor	None	
REDACTED	REDACTED INFORMATION	24,101.00	Preferential Creditor	None	
REDACTED	REDACTED INFORMATION	628.81	None	None	
Cooley	Dashwood, 69 Old Broad Street, London EC2M 1QS	8,051.40	None	None	
Copyright Licensing Agency	Bernard's Inn, 86 Fetter Lane, London, EC4A 1EN	168.00	None	None	
EE Limited	Trident Place, Mosquito Way, Hatfield, AL10 9BW	104.62	None	None	
Flight Centre	Flight Centre, 6th Floor CI Tower, New Malden, Surrey, KT3 4TE	1,347.00	None	None	
REDACTED	REDACTED INFORMATION	168.30	None	None	
REDACTED	REDACTED INFORMATION	691.47	None	None	

London Stock Exchange	10 Paternoster Square, London, EC4M 7LS	9,480.00	None	None	None
Numis Securities Limited	The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT.	30,000.00	None	None	None
Numis Securities Limited	The London Stock Exchange Building, 10 Paternoster Square, London EC4M 7LT.	1,333.33	None	None	None
Powwownow	Vectra House, 36 Paradise Road, Richmond, TW9 1SE	50.05	None	None	None
Strand Hanson	26 Mount Row, London, W1K 3SQ	9094.40	None	None	None
Treadstone Resource Partners Pty Ltd	Lvl 26, 6-10 O'Connell Street, Sydney, NSW 2064, Australia (Amount due is A\$80,114.14)	45,606.46	None	None	None
Devonshire Business Centres	Orion House, Bessemer Road, Welwyn Garden City, Hertfordshire, AL7 1HH	573.18	None	None	None
Ricoh (2 months rental)	Ricoh Capital ltd, 20 triton Street, London, NW1 3BF.	246.16	None	None	None
Ken Sangster and Associates Ltd	3 Cobbs Place, Fire Tree Lane, Haughley Green, Suffolk, IP14 3RP	5,065.00	None	None	None
PAYE and NI	HMRC Shipley	8,109.08	None	None	None
Ralior Ltd (Inter company creditor)	Orion House, Bessemer Road, Welwyn Garden City AL7 1HH	3,908,305.15	None	None	None
Orion Mine Finance Master Fund I LP (Contingent Guarantee liability)	care of MUFG Fund Services, The Belvedere Building, 69 Pitts Bay Road, Pembroke, HM08 Bermuda	96,790,051.82	Secured by floating charges via various legal agreements that convert to fixed charges on the appointment of an administrator.	17/10/2013 28/10/2013 7/5/2015	
Total		100,869,447.72			

Signature  Date 13/6/18

COMPANY SHAREHOLDERS

INFORMATION REDACTED



Signature _____

Date _____

13/6/18

Appendix G – 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 to FTI Consulting LLP, 200 Aldersgate Street, London, EC1A 4HD or email it to Matthew.Moss@fticonsulting.com

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 Customs and Excise 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 H – Notice of decision by deemed consent

Weatherly International Plc – In Administration

In the High Court of Justice, Business and Property Courts of E&W Insolvency and Companies List (ChD)

Number 004537 of 2018

(Company Number 03954224)

NOTICE IS GIVEN by Simon Kirkhope and Andrew Johnson to the creditors of Weatherly International Plc that the following decision under paragraph 108 of Schedule B1 of the Insolvency Act 1986 is sought from them by way of a Deemed Consent Procedure.

1. That the administrators' proposals are approved.

Please note that unless 10% of the creditors who would be entitled to vote at a qualifying decision procedure object to this decision, then it will be automatically approved on 8 August 2018, the Decision Date.

1. To object to this decision, creditors must send to me at my offices at FTI Consulting LLP, 200 Aldersgate Street, Aldersgate, London, EC1A 4HD, a duly completed notice of objection by no later than 23.59 hours on 8 August 2018, the Decision Date, together with proof of their debt, (if not already been lodged) without which objections will be invalid.
2. Creditors must lodge proof of their debt (if not already lodged), by no later than 23.59 hours on 8 August 2018, without which, objections will be invalid.
3. Creditors should note that it is my responsibility to determine whether any objections received are sufficient for this Deemed Consent Procedure to end without a decision being made. If sufficient objections are received, then I will write to creditors to seek approval for this decision using a qualifying decision process.
4. Creditors with claims of £1,000 or less must have lodged proof of their debt for their vote to be valid.
5. Any creditors who have previously opted out from receiving documents in respect of the insolvency proceedings are entitled to vote on the resolution provided they have lodged proof of their debt.
6. Creditors may, within 5 business days of delivery of this notice to them, request a physical meeting of creditors be held to determine the outcome of the decision(s) above. Any request for a physical meeting must be accompanied by valid proof of their debt (if not already lodged). A meeting will be convened if creditors requesting a meeting represent a minimum of 10% in value or 10% in number of creditors or simply 10 creditors, where "creditors" means "all creditors."
7. Creditors have the right to appeal the decision made by deemed consent by applying to Court under Rule 15.35 within 21 days of 8 August 2018, the decision date.

Creditors requiring further information regarding the above, should either contact me at FTI Consulting LLP, 200 Aldersgate Street, Aldersgate, London, EC1A 4HD, Matthew Moss or contact by telephone on 020 3727 1418, or by email at Matthew.Moss@fticonsulting.com.

DATED THIS 23RD DAY OF JULY 2018



Simon Kirkhope
Joint Administrator

Appendix I - Creditor's request for a meeting

(a) Insert full name and address of the creditor making the request

I (a) _____

(b) Insert full name and address of registered office of the company

request a meeting of the creditors of (b) _____

(c) Insert amount of claim

My claim in the administration is (c) _____

(d) Insert full name(s) and address(es) of creditors concurring with the request (if any) and their claims in the administration if the requesting creditor's claim is below the required 10%

(d) _____

(e) Insert details of the

concur with the above request, and I attach copies of their written confirmation of concurrence.

The purpose of the meeting is (e) _____

Signed _____

Dated _____

Notice of use of website to deliver future documents

Weatherly International Plc ('the Company') – In Administration In the High Court of Justice, Business & Properties Courts England & Wales, Insolvency & Companies List Number 004537 of 2018

Company Number 03954224

Notice is given by Simon Kirkhope and Andrew Johnson, the Joint Administrators, to the creditors of the Company that under rule 1.50 of The Insolvency (England and Wales) Rules 2016, future documentation from the date of this notice, relating to the insolvency of the Company will be made available at <https://www.fticonsulting-emea.com/cip/weatherly-international-plc>

1. Future documentation will be made available for viewing and downloading at the above-mentioned website, without further notice to creditors.
2. The Joint Administrators are not obliged to deliver any particular document to any person unless it is specifically requested.

Hard copies of all documents currently available on the website and all future documents which may be made available on the website can be requested by telephone on 020 3727 1418, or by email at matthew.moss@fticonsulting.com or in writing at c/o Matthew Moss, FTI Consulting LLP, 200 Aldersgate, London, EC1A 4HD.

3. This notice does not apply to the following circumstances:
 - i) Documents where personal delivery is required
 - ii) A notice of intention to declare a dividend
 - iii) Documents that are not being delivered generally, i.e. where they are only be sent to one or a small number of a particular class of members or creditors

Creditors requiring further information regarding the above, should contact this office using the above details.

Signed _____


Simon Kirkhope
Joint Administrator

Dated: 23 July 2018



WTIShareholders@fticonsulting.com
020 3727 1889

EXPERTS WITH IMPACT™

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.

www.fticonsulting.com