WOLF MINERALS (UK) LIMITED

Company Registration Number: 06358670

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2017

CONTENTS

Directors	Richard Lucas	(appointed 28 April 2017)
	Russell Clark	(resigned 28 April 2017)
	Nick Clarke	
	Alan Fearon	(resigned 11 May 2017)
	Don Newport	
Company Secretary	Pauline Carr	
Registered Office and Principal Place of Business	Drakelands Mine Drakelands Plymouth Devon PL7 5BS	
Registered Number	06358670	
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD	

The Directors present their Strategic Report for the year ended 30 June 2017.

REVIEW OF OPERATIONS

Managing Director's Review of Operations

This year has seen a number of changes during the first full year of operations at Drakelands, with Wolf rising to the challenge of becoming a leading tungsten producer.

Sustainability

Wolf's corporate values emphasise the importance of safety, the environment and community engagement, with a commitment to continuous improvement for the benefit of all stakeholders.

There are over 250 people working at Drakelands on a daily basis, including 100 contractors, many of whom live in the local area. The Company is committed to supporting employment and economic growth in the wider community, with many services sourced from local businesses. Wolf is also in regular contact with community leaders, including Parish Councils and local business groups and agencies, to provide updates on activity at the site. The Company has most recently sponsored a 'Wolf Academy' in partnership with a local secondary school to support careers advice and guidance for young people.

The safety of all people working with or visiting Wolf is of core importance and a critical driver of success. The Company achieved an injury free period of 169 days, however the Lost Time Injury Frequency Rate (**LTIFR**) increased from 4 to 12 over the year (with 11 lost time incidents, up from three in 2015/16). In response, the Company has renewed its emphasis on safety across all areas of the business and, as part of its intensified focus on a safety-first philosophy, has recruited additional safety specialists, provided further training and introduced a behavioural based program to encourage greater personal awareness and preventative action amongst all team members.

Following an annual audit in May 2017, Wolf retained the ISO 14001 certification for its Environmental Management System for the third successive year. Certification of the Environmental Management System at Drakelands provides confidence that the Company has procedures and practices in place to manage the environment to international standards. There have been no significant environmental incidents during the year.

Wolf's application to extend the Drakelands planning permission expiry date from 2021 to 2036 and to implement permanent seven day operational working was approved in November 2016. This approval has the potential to increase production and reduce unit costs, in addition to generating additional employment opportunities and helping to ensure the longevity of the operation. The revised planning permission was subsequently issued following agreement of a Unilateral Undertaking which included the additional monitoring requirements of Wolf.

Work has continued to focus on reducing noise from the processing plant, in particular low frequency noise (**LFN**), to minimise the impact on the community. Wolf has established a community working group to communicate the progress of technical solutions being pursued on LFN in an action plan agreed with the Environment Agency (**EA**). The working group is chaired by an independent community mediator and includes representatives from the EA and local residents. The Company values its relationship with the community and is committed to delivering a comprehensive LFN solution whilst meeting operational requirements during this important period of production improvements. Subsequent to the year end, the Company implemented temporary changes to our weekend operating arrangements while we work through technical solutions to address this issue.

Ground vibrations and noise levels from blasting remain well below prescribed levels, however Wolf continues to work with an independent expert in the field of blasting, along with County, District and Parish Councils on best practice blast design to minimise impact on the community.

REVIEW OF OPERATIONS (continued)

Production

Mining

The open pit mining activities at Drakelands are undertaken using a mining contractor, CA Blackwell owned by Hargreaves Services plc. Hargreaves is an AIM listed supplier of solid fuels and bulk material logistics and is one of the largest developers and operators of surface mines in the UK.

Mining has continued to drop the working levels in the open pit, with a corresponding improvement in harder ore feed for the processing plant. The Company completed a resource definition drilling program to provide more detailed information on the next two years of ore feed, which has been utilised to enhance the ore body geological model and further optimise the mine plan.

A total of 2,266,958 tonnes of ore and 1,440,921 bank cubic metres (**BCM**) of waste was mined during the year with the open pit dropping approximately 15 metres. There are 4-5 blasts being undertaken each week, reflecting the transition into harder granite. The particle size distribution within the ore feed is improving, assisting efforts in the processing plant to enhance recoveries, and the reconciliation of the grade of ore (%WO3) extracted to date continues to be positive when compared to the grade expected from the ore reserve.

Good progress has been made at the Mining Waste Facility (**MWF**) throughout the year with a total of 1.9 million cubic metres of material placed to provide the necessary storage capacity. Construction of a new public road to replace a section of Lee Moor Road located at the base of the MWF has been completed and was opened in April 2017, allowing the next stage of the MWF to commence development.

Processing

The processing plant at Drakelands was developed through an Engineering-Procurement Construction (**EPC**) contract with GR Engineering Services (**GRES**). Run time and recovery were identified as the fundamental areas for further performance improvements during the year, with the change of ore feed into the processing plant having a positive impact on run time in the crushing and screening circuit. However, recovering fine tungsten in the ore and generated in circuit, along with downstream processing of recovered fines, remain key challenges.

An operating turnaround plan was developed, utilising a range of leading specialists on gravity recovery methods and refinery systems to obtain a consensus on effective solutions to reach or exceed name plate production. The operating turnaround plan was centred upon three trial periods in June, August and October 2017, initially targeting baseline production improvements from the current processing plant, followed by specific equipment changes. The first trial period in June provided encouraging production results through improved operating procedures and process control.

The operating turnaround plan is on schedule, with further changes to come targeting availability and recoveries in the dense media separation and gravity fines circuits and availability and throughput in the refinery.

The processing plant treated 1,918,170 tonnes of ore during the year at an average tungsten grade of 0.22% WO3 and produced 112,270 mtu of tungsten in concentrate and 194 tonnes of tin in concentrate.

REVIEW OF OPERATIONS (continued)

Corporate

On 7 April 2017, the Board announced a leadership transition with the appointment of Company CFO and executive team member, Richard Lucas, as interim Managing Director to replace Russell Clark. The Board also announced the appointment of Calum Semple, a highly experienced chartered engineer, on a short-term contract based into the new role of Chief Operating Officer.

Subsequently, Mr Lucas has relocated to the UK and is based in Plymouth. These changes have provided a greater onsite executive team commitment to ensure the long term successful operation at Drakelands.

Senior Debt Restructure and Bridge Loan Facility

In October 2016, the Company agreed a standstill and restructure of the Senior Debt. The standstill provides that a limited number of events of default shall apply under the Senior Debt, along with certain waivers of, and amendments to, the Senior Debt conditions for any non-compliance and grants relief from financial and other covenants. The terms of the debt restructure provide that all Senior Debt principal repayments are deferred until January 2018 and the tenor of the Senior Debt is extended until June 2023.

In conjunction with the debt restructure, the Company agreed a £20 million 12 month secured bridge loan facility (**Bridge Loan Facility**) with Resource Capital Fund VI L.P. (**RCF VI**), a major shareholder and an associate of Wolf's other major shareholders, Resource Capital Fund V L.P. and RCF V Annex Fund. After further negotiations, the Bridge Loan Facility was subsequently increased to £30 million in March 2017 and £40 million in June 2017, with the potential for this to be increased to £45 million upon the release of a further £5 million uncommitted tranche at RCF VI's discretion.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks include:

Operational Risk

The processing of mineral deposits involves significant risks which can be minimised by a combination of careful evaluation, experience and knowledge. The commercial viability of a deposit is dependent upon a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure; current and future market prices which can be cyclical; government regulations including those relating to prices, taxes, royalties, land tenure, land use and environmental protection.

The effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the Company not receiving an adequate return on invested capital.

There is no assurance the Company will be able to adhere to the current production forecasts or that operating expenditure will be accurate. The Company's operational plans may be adversely affected by the failure to obtain or maintain the necessary approvals, licences or permits to continue production or experience technical difficulties which are beyond the Company's control. Operational risks and hazards include: unexpected maintenance, technical problems or delays in obtaining machinery and equipment, interruptions from adverse weather conditions, industrial accidents, power or fuel supply interruptions and unexpected variations in geological conditions.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Operational Risk (continued)

The risks inherent in operating the Company's deposit are mitigated through the significant test work conducted as part of the Definitive Feasibility Study, pre-production grade control drilling, establishment of management systems for each key business activity and use of subcontractors that possess the relevant knowledge and experience.

Regulatory and Legal Risk

There is no assurance that the Company will be able to comply with all new laws, rules and regulations applicable to its mining operations or any changes in laws, rules and regulations. The Company's existing licences and permits could be revoked or terminated under certain circumstances, including failure to comply with the conditions imposed by the licences and permits, obtaining sufficient insurance coverage, adherence to the permitted extraction of mineral resources or complying with the obligations relating to environmental protection and health and safety regulations. Failure to obtain, retain or renew the relevant licences and permits required on a timely basis may also potentially have a material adverse affect on the Company's financial condition.

Regulatory and legal risk is mitigated by management through close monitoring and enforcing an environment of compliance. Drakelands is also subject to regular inspections and updates by the local authorities.

Economic Risk

The profitability of the Company's operations may be significantly affected by changes in the market prices for tungsten and tin and is affected by numerous factors beyond the Company's control. The level of interest rates, the rate of inflation, world supply and the stability of exchange rates can all cause fluctuations in the price. Metal prices have fluctuated in recent years and future significant price declines could cause future commercial production to be uneconomic and have a material adverse affect on the Company's financial condition.

Economic risk is continually evaluated, based on experience and other factors, including expectations of future events and action undertaken by management as necessary.

The Company currently has a comprehensive program of insurance, but may still be subject to unforeseen hazards or events for which the Company has not or could not insure. The payment of such liabilities may have a material adverse effect on the Company's financial condition.

Financial Risk

A strong risk management culture exists across the Company with appropriate policies, controls and procedures. These are reviewed periodically by the Group Audit Committee whose Chairman is independent of the full time, executive directors.

The Company's operations expose it to a number of financial risks. These are discussed under 'Financial Risk Management' within the Notes to the Financial Statements.

FUTURE DEVELOPMENTS

Expectations for 2018

The ramp up of the Project to its nameplate capacity is continuing and our initial focus in the 2018 financial year will be to complete the operating turnaround plan to improve availability, throughput and recoveries in a safe and sustainable manner. The additional experience and knowledge gained through this process will be invaluable for developing further operational improvements in the processing plant.

The site is also investigating additional opportunities to improve the mine plan and ore feed quality through further optimisation programs, along with cost reduction initiatives across the business.

We are also working with the EA and the community to resolve LFN and return to 7 days per week operations to maximise the production capability at Drakelands, lower the costs of production and take advantage of the improving tungsten market.

The Company will secure further funding of £10 million to support the operating turnaround plan and progress further plans to meet any remaining funding requirements over the next 12 months, including potential opportunities to improve operational cashflows through additional revenue streams, cost reduction initiatives and release of cash escrowed amounts on the balance sheet. In addition, rescheduling of the Senior Debt principal repayments is to be addressed with the Lenders to ensure ongoing compliance with Senior Debt financial ratios.

Environmental Obligations

The Company has an extensive list of environmental legislation, regulations and guidelines that directly and indirectly apply to the activities of Drakelands.

The obligations have been captured and recorded in an Environmental and Social Management System (**ESMS**), along with other conditions the Company must comply with contained in individual permits and consents. The ESMS is regularly reviewed and updated resulting in an Environmental and Social Action Plan which is utilised by management to ensure compliance with environmental obligations and reporting.

The Company is aware of its environmental obligations with regards to its development and operating activities and confirms that it complies with all regulations when carrying out any work.

Significant Changes in State of Affairs

Other than disclosed in Note 30 and the Going Concern section of Accounting Policies, no matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

By Order of the Board

Richard Lucas
Director
28 September 2017

The Directors present their Annual Report and the audited Financial Statements of the Company for the year ended 30 June 2017.

The Company is a private limited company incorporated and domiciled in England and Wales. The parent undertaking is Wolf Minerals Limited, a limited company listed on the Australian Securities Exchange (**ASX**) and the Alternative Investment Market (**AIM**) of the London Stock Exchange.

The address of the registered office is shown on page 1: Company Information.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was tungsten and tin mining in the United Kingdom.

RESULTS AND DIVIDEND

The results for the year and the Company's financial position at the reporting date are shown in the attached Financial Statements. The Directors do not recommend the payment of a dividend for the current or prior year.

DIRECTORS

The names of Directors in office at any time during or since the year ended 30 June 2017 are:

Russell Clark	(resigned 28 April 2017)
Richard Lucas	(appointed 28 April 2017)
Nick Clarke	
Alan Fearon	(resigned 11 May 2017)
Don Newport	

DIRECTORS' INSURANCE

Throughout the year, Directors' liability insurance covering Wolf Minerals (UK) Limited was maintained by its parent company.

EVENTS AFTER THE REPORTING PERIOD

On 17 August 2017, the Company provided an update on the operating turnaround plan at Drakelands which included improvements in processing plant reliability in the crushing circuit and performance of the refinery to enhance production levels, along with providing temporary changes to weekend operating arrangements whilst technical solutions are being implemented to address LFN emissions. In addition, the Company had decided to notify GRES of its intention to recover the cost of the LFN rectification works from the Performance Bond under the construction contract if GRES did not take all necessary actions to do so at its own cost. That remains the current position.

On 31 August 2017, the Company announced that RCF VI had agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital. The funds were subsequently received on 11 September 2017.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that they ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

INDEPENDENT AUDITOR

Under section 487 of the Companies Act 2006, PKF Littlejohn LLP will be deemed to have been reappointed as auditor 28 days after these Financial Statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the Registrar, whichever is earlier. PKF Littlejohn LLP has indicated their willingness to continue in office.

By Order of the Board

Richard Lucas
Director
28 September 2017

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Financial Statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements.

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

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

Independent Auditor's Report to the Members of Wolf Minerals (UK) Limited

Opinion

We have audited the financial statements of Wolf Minerals (UK) Limited (the 'Company') for the year ended 30 June 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw your attention to Significant Accounting Policies 'Going Concern' in the financial statements, which details events and conditions that may cast significant doubt on the Company's ability to continue as a going concern. As stated in that note, these events and conditions, along with other matters disclosed in the Annual Report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information
The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. This description forms part of our auditor's report.

Alistair Roberts (Senior statutory auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

28 September 2017

	Notes	2017	2016
		£	£
Continuing Operations			
Revenue	2	14,696,260	4,205,419
Cost of sales	3	(45,379,910)	(24,553,708)
Gross Loss		(30,683,650)	(20,348,289)
Corporate and technical services		(2,967,000)	(2,508,006)
Other income	6	784,024	5,983
Other losses	6	(4,526,297)	(2,940,912)
Operating Loss		(37,392,923)	(25,791,224)
Finance income	7	74,126	134,010
Finance costs	8	(6,333,177)	(11,039,517)
Finance income/costs - net		(6,259,051)	(10,905,507)
Loss before Income Tax		(43,651,974)	(36,696,731)
Income tax	10	-	-
Loss for the Year		(43,651,974)	(36,696,731)
Other Comprehensive Income			
Items that may be subsequently reclassified to profit or loss			
Cash flow hedges		2,531,709	(5,669,970)
Other Comprehensive Income for the Year Net of Tax		2,531,709	(5,669,970)
Total Comprehensive Loss for the Year		(41,120,265)	(42,366,701)

The Accounting Policies and Notes on pages 18 to 45 form part of these Financial Statements.

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	Notes	As at 30 June 2017 £	As at 30 June 2016 £
Assets			
Non-Current Assets			
Mine properties and development	11	3,296,443	3,049,433
Property, plant and equipment	12	155,715,556	154,155,524
Other receivables	13	10,163,239	9,920,619
Total Non-Current Assets		169,175,238	167,125,576
Current Assets			
Trade and other receivables	13	1,604,362	3,439,864
Cash and cash equivalents	15	1,864,099	10,225,276
Inventories	16	1,829,547	997,961
Total Current Assets		5,298,008	14,663,101
Total Assets		174,473,246	181,788,677
Shareholders' Capital and Reserves			
Share capital	17	158,346,918	149,346,918
Cash flow hedge reserve	18	(2,818,783)	(5,350,492)
Retained losses	18	(90,892,018)	(47,240,044)
Total Equity		64,636,117	96,756,382
Liabilities			
Non-Current Liabilities			
Borrowings	19	57,316,720	47,329,722
Provisions for other liabilities and charges	20	3,966,408	3,386,843
Derivative financial instruments	14	216,652	2,574,907
Total Non-Current Liabilities		61,499,780	53,291,472
Current Liabilities			
Borrowings	19	32,101,675	14,193,080
Trade and other payables	21	13,753,903	12,566,095
Derivative financial instruments	14	2,481,771	4,981,648
Total Current Liabilities		48,337,349	31,740,823
Total Liabilities		109,837,129	85,032,295
Total Equity and Liabilities		174,473,246	181,788,677

The Financial Statements were approved and authorised for issue by the Board of Directors on 28 September 2017 and were signed on its behalf by:

Richard Lucas
Director

The Accounting Policies and Notes on pages 18 to 45 form part of these Financial Statements.

	Share Capital £	Cash Flow Hedge Reserve £	Retained Losses £	Total £
Balance as at 30 June 2015	26,832,595	319,478	(10,543,313)	16,608,760
Loss for the year	-	-	(36,696,731)	(36,696,731)
Other comprehensive income for the year	-	(5,669,970)	-	(5,669,970)
Total comprehensive income for the year	-	(5,669,970)	(36,696,731)	(42,366,701)
Share capital issued	122,514,323	-	-	122,514,323
Total transactions with owners, recognised directly in equity	122,514,323	-	-	122,514,323
Balance as at 30 June 2016	149,346,918	(5,350,492)	(47,240,044)	96,756,382
Loss for the year	-	-	(43,651,974)	(43,651,974)
Other comprehensive income for the year		2,531,709		2,531,709
Total comprehensive income for the year	-	2,531,709	(43,651,974)	(41,120,265)
Share capital issued	9,000,000	-	-	9,000,000
Total transactions with owners, recognised directly in equity	9,000,000	-	-	9,000,000
Balance as at 30 June 2017	158,346,918	(2,818,783)	(90,892,018)	64,636,117

The Accounting Policies and Notes on pages 18 to 45 form part of these Financial Statements.

	Notes	2017 £	2016 £
Cash Flows from Operating Activities			
Receipts from customers		13,949,685	4,079,226
Cash used in operations		(35,770,765)	(15,649,365)
Other income		784,024	5,983
Net cash used in Operating Activities	1	(21,037,056)	(11,564,156)
Cash Flows from Investing Activities			
Payments for exploration and development		(4,756,689)	(17,364,439)
Purchase of property, plant and equipment		(6,194,326)	(139,569)
Payments made in respect of bonds and collateral deposits		(323,408)	-
Interest received		154,914	55,794
Net cash used in Investing Activities		(11,119,509)	(17,448,214)
Cash Flows from Financing Activities			
Proceeds from borrowings		-	15,000,000
Payments for borrowing costs		(5,600,891)	(3,955,254)
Repayment of borrowings		(2,751,000)	(3,248,000)
Proceeds from the issue of shares		9,000,000	18,720,904
Financial instrument payments		(6,852,721)	(1,281,140)
Loan from parent undertaking		30,000,000	-
Net cash inflow from Financing Activities		23,795,388	25,236,510
Decrease in Cash and Cash Equivalents		(8,361,177)	(3,775,860)
Cash and Cash Equivalents at Beginning of Year	2	10,225,276	13,837,117
Foreign exchange loss on cash and cash equivalents		-	164,019
Cash and Cash Equivalents at End of Year	2	1,864,099	10,225,276

The Accounting Policies and Notes on pages 18 to 45 form part of these Financial Statements.

1. **Cash used in Operations**

	2017	2016
	£	£
Loss before income tax	(43,651,974)	(36,696,729)
Foreign exchange on operating activities	-	(164,019)
Depreciation	10,246,648	5,643,872
Finance income	(74,126)	(134,010)
Finance costs	6,333,177	5,210,313
Discount note expense	-	5,829,204
Amortisation of mine properties	230,950	222,003
Fair value losses on derivative financial instruments	4,526,297	2,940,912
Changes in working capital:		
- Trade and other receivables	395,502	(1,958,554)
- Inventories	(831,586)	(997,961)
- Trade and other payables	1,788,056	8,540,813
Cash used in operations	(21,037,056)	(11,564,156)

2. **Cash and Cash Equivalents**

The amounts disclosed on the statement of cash flows in respect of cash and cash equivalents are in respect of the Statement of Financial Position amounts:

	2017	2016
	£	£
Cash and cash equivalents (Note 15)	1,864,099	10,255,276

3. **Non-Cash Transactions**

Year ended 30 June 2017
There were no significant non-cash transactions during the year ended 30 June 2017.

Year ended 30 June 2016
During the year the Company repaid an outstanding Discount Note owed to a related party, Wolf Minerals LLP, through the issue of shares to the parent undertaking. Refer to Note 17 and Note 28 for further details.

Significant Accounting Policies

Basis of Preparation

The principal accounting policies applied in the preparation of the Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. These Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS as adopted by the EU), IFRIC Interpretations and those parts of the Companies Act 2006 applicable to Companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments through profit or loss.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Statements are disclosed on pages 27 and 28.

The functional and presentational currency of the Company is Pound Sterling and accordingly the amounts in the Financial Statements are denominated in that currency.

Going Concern

The Annual Report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Company incurred a loss after tax of £43,651,974 for the year ended 30 June 2017 (2016: £36,696,731). Furthermore the Company has a working capital deficit of £43,039,341 as at 30 June 2017 (2016: £17,077,722).

The ability of the Company and its parent undertaking to maintain compliance with its debt obligations and covenants and continue to pay its debts as and when they fall due is dependent upon receiving additional funding support, successfully ramping up production to nameplate capacity and rescheduling fixed debt repayments with senior debt lenders.

On 31 August 2017, the Company announced that RCF VI has agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital.

Following the utilisation of the £5 million of the Bridge Loan Facility, further funding of £10 million is required early in the December 2017 quarter to complete the operating turnaround plan and negotiations are advanced in this regard.

In addition to the further funding amount of £10 million, the Directors have appropriate plans in place to meet the remaining funding shortfall over the next 12 months. This potentially includes opportunities to improve operational cashflows through additional revenue streams, cost reduction initiatives and release of cash escrowed amounts on the balance sheet. This plan will also require the Directors to reschedule fixed debt repayments with the senior debt lenders to avoid any non-compliance with senior debt conditions and financial ratios.

The Directors believe it is appropriate to prepare the Financial Statements on a going concern basis. The Directors believe the Company is able to raise the additional funds as required, based on the improvement in the operating performance of the Drakelands mine and the strength of the APT price, along with the continued support from Wolf's major shareholders and its offtakers and Lenders, and a proven track record of being able to raise funding as and when required.

Significant Accounting Policies

Going concern (continued)

In the event that the Company and its parent undertaking do not achieve the above outcomes, there exists a material uncertainty that casts significant doubt as to whether the Company and its parent undertaking will be able to continue as going concerns and realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company and its parent undertaking not continue as going concerns.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Company:

All new standards and amendments to standards and interpretations effective for annual periods beginning on or after 1 July 2016 are not material to the Company and therefore not applied in preparing these financial statements.

Significant Accounting Policies (continued)

(b) New and amended standards issued but not yet effective and not early adopted:

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Financial Statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Directors are assessing the possible impact of the following standards on the Company's Financial Statements:

Standard		**Effective Date**
IAS 7 Amendments	Disclosure Initiative	*1 January 2017
IAS 12 Amendments	Recognition of Deferred Tax Assets for Unrealised Losses	*1 January 2017
IFRS 9	Financial Instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 16	Leases	*1 January 2019
Annual Improvements	2014 - 2016 Cycle	1 January 2017

**Subject to EU endorsement*

Significant Accounting Policies (continued)

a. Mine Development Assets

Capitalised mining development costs include expenditures incurred to develop new ore bodies, to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation, options and freehold land once construction and development commences in the area of interest. All expenditure on the construction, installation and commissioning of processing and infrastructure facilities is capitalised within Mine development assets.

Once production started, all assets included in Mine development assets were transferred into Property, plant and equipment, or Mine Properties. It is at that point that depreciation/amortisation commences over its useful economic life.

Amortisation of Mine development assets and Mine Properties is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Impairment of Mine Development Assets
Mine development assets are assessed for impairment annually or where there is an indication that an asset or cash generating unit (**CGU**) may be impaired. If an indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less cost to sell and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount. The Company bases its impairment calculation on detailed budgets and forecasts based on life-of-mine plans.

b. Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

(ii) Depreciation

Items of property, plant and equipment are depreciated over their estimated useful lives. The Company uses the unit-of-production basis when depreciating mine specific assets which results in a depreciation/amortisation charge proportional to the depletion of the anticipated remaining life of mine. Each item's economic life has due regard to both its physical life limitations and to present assessments of economically recoverable reserves and resources of the mine property at which it is located.

Significant Accounting Policies (continued)

For the remainder of assets the reducing balance method is used, resulting in estimated useful lives between 3 to 10 years, the duration of which reflects the useful life depending on the nature of the asset. Estimates of remaining useful lives and depreciation methods are reviewed annually for all major items of plant and equipment.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

c. **Financial Assets**

(i) Classification

Financial assets comprise of loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position.

(ii) Recognition and Measurement

All financial assets are initially recognised at fair value. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less provision for impairment in the case of receivables. A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(i) Impairment of Financial Assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one of more events that occurred since the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated cash flows of the financial asset that can be reliably estimated.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. All impairment losses are recognised either in the statement of comprehensive income in the period in which the impairment arises.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the Statement of Comprehensive Income.

Significant Accounting Policies (continued)

c. Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Changes in fair value for derivatives not designated as a hedging instrument are recognised in profit or loss within other gains/losses in the period in which they arise.

Derivatives are classified as current or non-current depending on the remaining maturity and expected period of realisation.

(i) Cash Flow Hedges

Cash flow hedges are used to cover the entity's exposure to variability in cash flows that is attributable to particular risk associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, whilst the ineffective portion is recognised in profit or loss within other gains/losses. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to profit or loss.

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, amounts previously recognised in equity remain in equity until the forecast transaction occurs.

d. Trade and Other Receivables

Trade and other receivables are amounts due in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

e. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 12 months or less. For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Significant Accounting Policies (continued)

f. Inventories

Recognition and Measurement
Consumable materials for plant and equipment are recognised as inventory. Consumable stocks are carried at the lower of cost and net realisable value.

g. Share Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

h. Financial Liabilities

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of interest-bearing loans and borrowings, net of directly attributable transaction costs.

Financial liabilities include trade and other payables and borrowings. After initial recognition, trade and other payables and interest-bearing loans are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in profit or loss, with the exception of amortisation in respect of loans relating to qualifying assets (see Borrowing Costs below). A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When equity instruments of the Group issued to a creditor to extinguish all or part of a financial liability are initially recognised, the Group measures them at the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured then the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability extinguished, and the fair value of the equity instruments issued, is recognised in profit or loss.

i. Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method.

Significant Accounting Policies (continued)

j. Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings, using the effective interest rate (EIR) method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

k. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset until the asset is substantially ready for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and the commitments to borrow funds.

Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred under the EIR method. The EIR method is a method of calculating the amortised cost of a financial liability and of allocating borrowing costs over the relevant period. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

l. Environmental Rehabilitation and Restoration Provision

The Company recognises an environmental rehabilitation and restoration provision where it has a legal and constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The nature of these restoration activities includes dismantling and removing structures; rehabilitating the mine; dismantling operating facilities; and restoring, reclaiming and re-vegetating affected areas.

On initial recognition, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining asset to the extent that it was incurred as a result of the development or construction of the mine. Any changes to or additional rehabilitation costs are recognised as additions or charges to the corresponding asset and rehabilitation liability when they occur.

Significant Accounting Policies (continued)

m. Environmental Rehabilitation and Restoration Provision (continued)

Over time, the discounted liability is increased for the change in present value based on the discount rate that reflects current market assessments and the risks specific to the liability. The annual unwinding of the discount is recognised in profit or loss as part of finance costs.

The Company does not recognise the deferred tax asset in respect of the temporary difference on the rehabilitation liability nor the corresponding deferred tax liability in respect of the temporary difference on the rehabilitation asset.

n. Income Tax and Deferred Taxation

The income tax expense or benefit for the period is the tax payable on that periods taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit or loss. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The Company has losses to be carried forward on which no deferred tax asset is recognised.

o. Foreign Currency Transactions and Balances

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the Statement of Financial Position date. Exchange differences are dealt with through profit or loss.

p. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods and disposal of other assets is recognised when persuasive evidence, usually in the form of an executed sales agreement, or an arrangement exists, indicating there has been a transfer of risks and rewards to the customer, no further work or processing is required by the Company, the quantity and quality of the goods has been determined with reasonable accuracy, the price is fixed or determinable and collectability is reasonably assured. This is generally when title passes.

q. Other Income

Interest revenue is recognised as it is generated.

Significant Accounting Policies (continued)

r. Employee Benefits

(i) *Wages, salaries and annual leave*

Liabilities for wages, salaries and annual leave expected to be settled within one year of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Employee benefit on costs

Employee benefit on costs are recognised and included in employee benefits liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

(iii) Defined contribution scheme

The Company contributes to defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or a reduction in the future payments is available.

s. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

t. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance, have been identified as the executive board of Directors.

Critical Accounting Estimates, Assumptions and Judgements

The preparation of the Financial Statements requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are set out below. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

The Company has identified the following areas where significant estimates, assumptions and judgements are required:

Estimated impairment of mine development asset (Note 11) and property, plant and equipment (Note 12)

The Company tests annually whether the mine specific assets have suffered any impairment. The recoverable amount of the cash generating unit (CGU) has been determined based on value in use calculations which require the use of estimates and assumptions such as long-term commodity prices, discount rates, operating costs, future capital requirements and mineral resource estimates (see below). These estimates and assumptions are subject to risk and uncertainty and therefore there is a possibility that changes in circumstances will impact the recoverable amount. The Drakelands mine ("Drakelands") is the Company's only CGU.

In assessing the carrying amounts of its mine development asset at Drakelands, the Directors have used an updated financial model based upon the original DFS prepared by the parent undertaking in conjunction with a number of independent experts. The study has been approved by the Directors.

The assessment period used in the report is the updated life of the mine from the increased reserves. Tungsten revenues have been estimated over that period at a price range of US$220 – US$320 per mtu. Tin revenues have been estimated over that period at a price of US$20,000/tonne. These conservative estimates are based on, and are consistent with, external sources of information. The calculation assumes average annual tungsten and tin production of 367,647 mtu and 563 tonnes respectively. The life of mine operating cost estimate has been updated to match the mine plan for the new reserves. Royalties have been calculated at 2% of gross sales revenues and corporate income tax at 21%. A discount rate of 8% and a GBP:USD exchange rate of 1.30 have been utilised. Based on the calculations, the net present value as at 30 June 2017 after the recoupment of the remaining capital costs of Drakelands exceeds the carrying value of the mine development asset, therefore no impairment has been recorded.

The recoverable amount is sensitive to reasonably possible changes in the key assumptions stated above which would cause the carrying amount to exceed the recoverable amount. The value in use calculations have been updated to reflect the successful application to extend the current planning permission to enable the full ore body to be mined, together with obtaining the requisite permission to operate for 7 days a week.

The Financial Statements have been prepared on the basis that the entity can meet its commitments as and when they fall due and can therefore continue normal business activities, and the realisation of assets and liabilities in the ordinary course of business (refer the Going Concern section of the Accounting Policies).

Critical Accounting Estimates, Assumptions and Judgements (continued)

Mine environmental rehabilitation and restoration provision (Note 20)

Rehabilitation costs will be incurred by the Company at the end of the operating life of Drakelands. The Company assesses its rehabilitation provision at each reporting date. The ultimate rehabilitation costs are uncertain and cost estimates can vary in response to various factors, including estimates of the extent and costs of rehabilitation activities, regulatory changes, inflation rates and changes in discount rates. These uncertainties may result in future actual expenditure differing from the amounts currently provided and there could be significant adjustments to the provisions established which would affect future financial results. The provision as at 30 June 2017 represents management's best estimate of the present value of future rehabilitation costs required.

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the Statement of Financial Position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised.

1. Segment Information

Management has determined that the Company has one operating segment, being tungsten and tin mining in the UK.

2. Revenue

	2017	2016
	£	£
Revenue - tungsten	12,265,874	3,883,453
Revenue - tin	2,430,386	321,966
	14,696,260	4,205,419

3. Cost of Sales

Mining	11,139,701	6,623,533
Processing	18,442,041	7,923,710
Site administration	5,551,520	4,362,593
Depreciation (Note 12)	10,246,648	5,643,872
	45,379,910	24,553,708

4. Employees Benefit Expense

Wages and salaries	4,164,837	3,828,731
Social security costs	450,110	398,306
Pensions contributions	246,712	229,980
	4,861,659	4,457,017

During the year the Company capitalised a proportion of the employees' salaries, totalling £281,935 (2016: £939,707) for work directly attributable to the Company's mine development activities. The remainder of the salaries and on costs are recorded as part of the cost of sales.

The average monthly number of Directors during the year was 4 (2016: 4). The average monthly number of employees during the year was 120 (2016: 111).

Total Directors Emoluments

	2017	2016
	£	£
Total emoluments	217,933	190,521

Emoluments relate to the salary, share based payments and post-employment benefits for Mr Alan Fearon and Mr Jeff Harrison (2016: Mr Jeff Harrison).

5. **Share Based Payment**

A share based payment amounting to £46,211 (2016: £17,364) has been recognised in the Statement of Comprehensive Income for the year within corporate and technical services. This amount relates entirely to equity compensation benefits issued in the parent undertaking which were awarded to two former employees of the Company.

During the year the parent undertaking issued one tranche of performance rights in accordance with the Wolf Minerals Limited Performance Rights Plan as readopted by shareholders at the Annual General Meeting held on 29 November 2016. 3,447,368 performance rights were issued to employees of the parent undertaking and a Director of the Company. The shares issued to the director of this company have since been cancelled.

The vesting of the performance rights is subject to the following conditions:

a) 50% of performance rights will vest based on Wolf Minerals Limited's relative share price performance versus the AIM Basic Resources Index in accordance with a defined scale; and

b) 50% of performance rights will vest based upon the Wolf Minerals Limited's Total Shareholder Return (TSR) performance as measured over the vesting period.

6. **Other Income and Losses**

	2017	2016
	£	£
Fair value losses on derivative financial instruments	4,902,173	1,424,217
Cash flow hedges – ineffective portion of changes in fair value	(375,876)	1,516,695
	4,526,297	2,940,912

Other income of £784,024 in the year ended 30 June 2017 relates to a contaminated land relief claim submitted and accepted in the year.

7. **Finance Income**

Deposit account interest	74,126	134,010

8. **Finance Costs**

Bank charges	5,734	3,082
Interest expense	4,104,013	4,481,763
Borrowing costs	2,121,825	610,062
Discount note expense (note 28)	-	5,829,204
Unwinding of discount on rehabilitation provision	101,605	115,406
	6,333,177	11,039,517

9. Auditor Remuneration

	2017 £	2016 £
Fees payable for the audit of the Company's financial statements	34,500	32,500
Fees payable for other services:		
- Audit related assurance services	15,000	15,000
- Tax compliance service	2,150	2,200

10. Income Tax

Current Tax:		
Current tax on loss for the year	-	-
Total Current Tax	-	-

Factors Affecting the Taxation Charge

The tax assessed on the loss for the year is higher (2016: higher) than the standard rate of corporation tax of 19.75% (2016: 20%).

	2017 £	2016 £
Loss before taxation	(43,651,974)	(36,669,731)
Loss at 19.75% (2016: 20%)	(8,621,564)	(7,339,346)
Effects of:		
Depreciation in excess of capital allowances	-	-
Capital allowances in excess of depreciation	-	(3,065)
Expenses not deductible for tax purposes	9,127	29,518
Unrelieved taxation losses on which no deferred tax asset is recognised	8,612,437	7,309,828
Total taxation	-	-

No deferred tax asset has been recognised in the Financial Statements due to the uncertainty concerning the timescale as to its recoverability. The Company did not recognise deferred income tax assets of £11,311,000 (2016: £7,675,000) in respect of losses amounting to approximately £66,535,000 (2016: £45,150,000) that can be carried forward against future taxable profits.

The standard rate of Corporation Tax in the UK changed from 20% to 19% on 1 April 2017.

11. Mine Properties and Development Assets	Mine Properties	Mine Development	Total
	£	£	£
Cost			
At 1 July 2015	-	145,138,857	145,138,857
Mine development expenditure capitalised during the year	-	17,521,536	17,521,536
Transferred to land and buildings	-	(66,350,991)	(66,350,991)
Transferred to plant and equipment	-	(93,037,966)	(93,037,966)
Transferred to mine properties	3,271,436	(3,271,436)	-
At 30 June 2016	3,271,436	-	3,271,436
Mine development expenditure capitalised during the year	477,960	-	477,960
At 30 June 2017	3,749,396	-	3,749,396
Amortisation			
At 1 July 2015	-	-	-
Amortisation during the year	(222,003)	-	(222,003)
At 1 July 2016	(222,003)	-	(222,003)
Amortisation during the year	(230,950)	-	(230,950)
At 30 June 2017	(452,953)	-	(452,953)
Net Book Value			
At 30 June 2017	3,296,443	-	3,296,443
At 30 June 2016	3,049,433	-	3,049,433

Mine development additions include capitalised borrowing costs of £Nil (2016: £1,194,562).

Mine properties relates to the environmental rehabilitation asset of the Drakelands Mine. The amortisation is recognised as part of site administration costs within cost of sales in the Statement of Comprehensive Income.

12. **Property, Plant and Equipment**

	Land and buildings	Plant & equipment £	Motor vehicles £	Total £
Cost				
At 1 July 2015	-	114,654	299,302	413,956
Additions	-	75,976	63,593	139,569
Transferred from mine development asset	66,350,991	93,037,966	-	159,388,957
At 30 June 2016	66,350,991	93,228,596	362,895	159,942,482
Additions	9,093,880	2,712,800	-	11,806,680
At 30 June 2017	75,444,871	95,941,396	362,895	171,749,162
Depreciation				
At 1 July 2015	-	47,083	96,003	143,086
Charge for the year	1,678,173	3,864,789	100,910	5,643,872
At 30 June 2016	1,678,173	3,911,872	196,913	5,786,958
Charge for the year	3,500,327	6,679,928	66,393	10,246,648
At 30 June 2017	5,178,500	10,591,800	263,306	16,033,606
Net Book Value				
At 30 June 2017	70,266,371	85,349,596	99,589	155,715,556
At 30 June 2016	64,672,818	89,316,724	165,982	154,155,524

13. Trade and Other Receivables

	2017	2016
	£	£
Non-current:		
Other receivables	10,163,239	9,920,619
	10,163,239	9,920,619
Current:		
Trade receivables	876,816	140,236
VAT recoverable	485,990	1,572,761
Prepayments	241,556	286,867
Liquidated damages	-	1,440,000
	1,604,362	3,439,864
Total	11,767,601	13,360,483

Other receivables comprise a bond agreement and cash collateral deposits the Company has provided as security to various parties in connection with environmental restoration obligations. The bond and collateral deposits are not released until the underlying obligations have been fulfilled by the Company to the satisfaction of the UK authorities. The two major non-current collateral deposits are a £9.05 million restoration bond and a £0.75 million financial provision for the environmental waste permit.

Liquidated damages relates to agreed deductions from amounts payable under the EPC contract.

Trade receivables amounting to £886,068 (2016: £126,193) are denominated in US dollars. The carrying amounts of the Company's other receivables are denominated in Pound Sterling.

14. Derivative Financial Instruments

	2017		2016	
	Fair value of asset	Fair value of liability	Fair value of asset	Fair value of liability
Current				
Amortising interest rate swaps	-	-	-	-
Forward foreign exchange contracts - cash flow hedges	-	2,481,771	-	4,981,648
Total Current		2,481,771	-	4,981,648
Non-Current				
Amortising interest rate swaps	-	216,652	-	689,369
Forward foreign exchange contracts - cash flow hedges	-	-	-	1,885,538
Total Non-Current	-	216,652		2,574,907

The maximum notional principal amount of the outstanding interest rate swap contracts during the year ended 30 June 2017 was £34,291,667 (2016: £35,000,000).

During the year ended 30 June 2017, the fixed interest rates on the interest rate swap 2.05% (2016: 1.175% to 2.05%), and the main floating rate is LIBOR.

The ineffective portion recognised in profit or loss that arises from cash flow hedges amounts to a gain of £375,876 (2016: loss of £1,516,695).

15. Cash and Cash Equivalents

	2017	2016
	£	£
Cash at bank	1,864,099	10,225,276

16. Inventory

Consumables – at cost	1,829,547	997,961

17. Share Capital

	Nominal Value	Class	Number	2017	2016
				£	£
Allotted, issued and fully paid:	£1	Ordinary	158,346,918	158,346,918	149,346,918

On 5 July 2016 the Company issued 9,000,000 ordinary shares with a nominal value of £1 per share to the parent undertaking for cash consideration.

18. Reserves

	Cash Flow Hedge Reserve	Retained Earnings	Total
	£	£	£
At 1 July 2015	319,478	(10,543,313)	(10,223,835)
Loss for the year – fair value losses	-	(36,696,731)	(36,696,731)
Cash flow hedges	(5,669,970)	-	(5,669,970)
At 30 June 2016	(5,350,492)	(47,240,044)	(52,590,536)
Loss for the year – fair value losses	-	(43,651,974)	(43,651,974)
Cash flow hedges	2,531,709	-	2,531,709
At 30 June 2017	(2,818,783)	(90,892,018)	(93,710,801)

19. Borrowings

	2017	2016
	£	£
Non-current:		
Senior secured loan	57,316,720	47,329,722
Current:		
Senior secured loan	2,101,675	14,193,080
Amounts owed to related parties (note 28)	30,000,000	-
	32,101,675	14,193,080

Senior Secured Loan and Bond Facility

Details of the senior secured loan at 30 June 2017 and 2016 are as follows:

Senior secured loan - Tranche A	29,257,600	30,515,200
Senior secured loan - Tranche B	34,743,400	36,236,800
Less: unamortised issue costs	(4,582,605)	(5,229,198)
	59,418,395	61,522,802

On 10 May 2014 the Company signed documentation with UniCredit Bank AG, London Branch; ING Bank N.V.; and Caterpillar Financial SARL (together the **Lenders**) for £75 million in senior debt finance facilities, incorporating a £70 million term loan facility and a £5 million bond facility. The term loan facility comprises two tranches, A and B, amounting to £32 million and £38 million respectively.

The senior debt facility is secured by mortgages and charges over the Company's Mine Properties and Property, Plant and Equipment.

On 24 October 2016 the Company announced it had executed binding agreements with its existing senior lenders (Senior Lenders) for a standstill and restructure of the senior debt currently outstanding. The standstill provides that a limited number of events of default shall apply under the Senior Debt, along with certain waivers of, and amendments to, the Senior Debt conditions for any non-compliance and grants relief from financial and other covenants. Since the Company entered into the standstill there have been no breaches of debt covenants.

The terms of the Debt Restructure provide that all Senior Debt principal repayments are deferred until January 2018 and the tenor of the Senior Debt is extended until June 2023.

Bridge Loan Facility

In conjunction with the debt restructure, the Company agreed a £20 million 12 month secured bridge loan facility (Bridge Loan Facility) with Resource Capital Fund VI L.P. (RCF VI), a major shareholder and an associate of Wolf's other major shareholders, Resource Capital Fund V L.P. and RCF V Annex Fund. After further negotiations, the Bridge Loan Facility was subsequently increased to £30 million in March 2017 and £40 million in June 2017, with the potential for this to be increased to £45 million upon the release of a further £5 million uncommitted tranche at RCF VI's discretion. As at 30 June 2017 £30 million of the available loan had been utilised.

During its term, the Bridge Facility will be fully secured and rank pari passu with the Senior Lenders on substantially the same form and terms as existing under the Senior Debt. Interest may be paid in cash or capitalised each quarter at Wolf's discretion.

19. **Borrowings (continued)**

Bridge Loan facility (continued)

The Company may pre pay the Bridge Facility in certain limited circumstances, but if not prepaid at the conclusion of the 12 month term, the Bridge Facility will mandatorily switch to a three year subordinated convertible loan, if certain conditions precedent are satisfied, or a three year subordinated loan if those conditions are not satisfied.

Financing Arrangements

The following financing arrangements were in place at the reporting date:

Name	Currency	Availability	Maturity	Interest	Limit	Drawn/ Utilised	Repaid
Senior Secured Loan	GBP	10 May 2013	10 years	LIBOR + 4.25%	70m	70m	6m
Bond Facility	GBP	10 May 2013	10 years	2.75%	5m	5m	-
Bridge Loan facility	GBP	24 October 2016	1 year	LIBOR + 4.25%	45m	30m	-

The fair value of borrowings equals their carrying amount.

All borrowings are denominated in UK pound sterling.

20. Provisions for other Liabilities and Charges

	Rehabilitation	Total
	£	£
At 1 July 2016	3,386,843	3,386,843
Arising during the year	477,960	477,960
Unwinding of discount on rehabilitation provision	101,605	101,605
At 30 June 2017	3,966,408	3,966,408

The Company makes full provision for the future cost of rehabilitating mine sites and associated production facilities on a discounted basis at the time of constructing the mine and installing those facilities.

The environmental rehabilitation and restoration provision represents the present value of rehabilitation costs relating to Drakelands, including the mine site which is expected to be incurred up to and following the expiration date of the mining licence. The provision has been created based upon the updated Definitive Feasibility Study. Assumptions based upon the current economic environment and development work completed at Drakelands have been made, which management believes are a reasonable basis upon which to estimate the future liability, and will be reviewed regularly to take into account any material changes to the assumptions. The actual rehabilitation costs and works required will ultimately depend upon future market prices for the necessary rehabilitation works required, changes in future regulatory requirements and the timing on when the mine ceases to operate commercially.

The discount rate used in the calculation of the provision as at 30 June 2017 is 3% per annum. The value of the undiscounted provision is £5,259,632 (2016: £4,617,869).

21. Trade and Other Payables

	2017	2016
	£	£
Current:		
Trade payables	7,743,899	6,758,033
Amount due to parent undertaking (note 27)	888,943	436,306
Other payables	-	-
Social security and other taxes	156,109	215,188
Accrued expenses	4,964,952	5,156,568
	13,753,903	12,566,095

Trade and other payables are generally settled within normal credit terms.

22. Financial Instruments by Category

At 30 June 2017 the financial instruments of the Company were:

	Loans and Receivables £	Other Financial Liabilities at amortised cost £	Derivatives used for hedging £	Derivative Financial Instruments at fair value £
Financial Assets				
Cash and cash equivalents	1,864,099	-	-	-
Trade and other receivables (excluding prepayments)	1,363,868	-	-	-
Financial Liabilities				
Trade and other payables (excluding non-financial liabilities)	-	(12,708,851)	-	-
Amounts owed to related parties	(30,000,000)	(888,943)	-	-
Interest-bearing borrowings	-	(59,418,395)	-	-
Amortising interest rate swaps	-	-	-	(216,652)
Forward foreign exchange contracts	-	-	(2,481,771)	-
Total	(26,772,033)	(73,016,189)	(2,481,771)	(216,652)

At 30 June 2016 the financial instruments of the Company were:

	Loans and Receivables £	Other Financial Liabilities at amortised cost £	Derivatives used for hedging £	Derivative Financial Instruments at fair value £
Financial Assets				
Cash and cash equivalents	10,225,276	-	-	-
Trade and other receivables (excluding prepayments)	13,073,616	-	-	-
Financial Liabilities				
Trade and other payables (excluding non-financial liabilities)	-	(11,878,584)	-	-
Amounts owed to related parties	-	(472,323)	-	-
Interest-bearing borrowings	-	(61,522,802)	-	-
Amortising interest rate swaps	-	-	-	(689,369)
Forward foreign exchange contracts	-	-	(6,867,186)	-
Total	23,298,892	(73,873,709)	(6,867,186)	(689,369)

23. Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, other receivables, trade and other payables, amounts owed to related parties, interest-bearing borrowings and derivative financial instruments.

(i) Treasury Risk Management

The Group meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Group's overall risk management strategy seeks to assist the Company in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Group on a regular basis. These include the use of credit risk policies and future cash flow requirements.

(ii) Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are foreign currency risk, credit risk, price risk and liquidity risk.

Foreign currency risk

The Company undertakes certain transactions denominated in foreign currencies and is exposed to foreign currency risk through foreign exchange rate fluctuations, primarily with respect to the US Dollar and Australian Dollar.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the Company's functional currency. These currencies are reasonably stable, and the risk is managed by maintaining bank accounts denominated in those currencies.

During previous years, the Company entered into forward foreign exchange contracts. These contracts are to hedge the variability in the highly probable cash flows associated with the US Dollar receipts from future tungsten sales. The Company expects that there will be a close relationship between the hedge instrument (the forward foreign exchange contract) and the hedged item (US Dollar drawdown and US Dollar receipts).

The maturity, settlement amounts and the average contractual exchange rates of the entity's outstanding forward foreign exchange contracts at the reporting date was as follows:

	Sell USD dollars		Average exchange rates	
	2017	**2016**	**2017**	**2016**
	$	**$**		
Buy GBP				
Maturity:				
0 - 6 months	18,330,831	21,866,995	1.5260	1.5489
6 - 12 months	14,907,224	25,911,516	1.3754	1.5536
12+ months	-	33,238,055	-	1.4546

The Company recognises the profits and losses resulting from currency fluctuations as and when they arise.

23. **Financial Risk Management (continued)**

(ii) **Financial Risk Exposures and Management (continued)**

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers. The maximum exposure to credit risk, excluding the value of any collateral or other security, at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The Company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the Company.

Price risk

Commodity price risk is the risk that the Company's future earnings will be adversely impacted by changes in the market prices of commodities, primarily tungsten. Management is aware of this impact on its primary revenue stream but knows that there is little it can do to influence the price earned.

The following table details the Company's sensitivity to a 10% increase and decrease in the tungsten price against the invoiced price. 10% is the sensitivity used when reporting commodity price internally to management and represents management's assessment of the possible change in price. A positive number below indicates an increase in profit for the year and other equity where the price increases.

	2017 £	2016 £
10% increase in tungsten price	1,226,587	388,345
10% decrease in tungsten price	(1,226,587)	(388,345)

Cash flow and fair value interest rate risk

The Company manages its main interest risk arising from long-term borrowings by entering into interest rate swaps to fix the interest on 50% of its borrowings.

The Company's outstanding borrowings, totalling £64,001,000 (2016: £66,752,000), are interest bearing loans.

Based on forward planning, the Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. Under the interest rate swaps, the Company agrees with other parties to exchange, at specified intervals (primarily quarterly), the difference between fixed contract rates and floating-rate interest amounts, calculated by reference to the agreed notional amounts.

23. **Financial Risk Management (continued)**

(ii) **Financial Risk Exposures and Management (continued)**

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 90 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Further details regarding the Company's liquidity position is included within the Going Concern section of the Accounting Policies.

During the period, the Company has fully drawn down its Senior Debt facility with outstanding bank loans amounting to £64,001,000.

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

	Less than 1 Year £	Between 1 and 2 Years £	Between 2 and 5 Years £	Over 5 Years £	Total £	Carrying amount £
Year ended 30 June 2017						
Trade and other payables	13,753,903	-	-	-	13,753,903	13,753,903
Interest-bearing borrowings	3,200,000	7,800,000	29,550,000	23,451,000	64,001,000	59,418,395
Provisions for other liabilities and charges	-	-	-	5,259,632	5,259,632	3,966,408
	16,953,903	7,800,000	29,550,000	28,710,632	83,014,535	77,138,706
Year ended 30 June 2016						
Trade and other payables	12,566,095	-	-	-	12,566,095	12,566,095
Interest-bearing borrowings	16,254,000	15,505,000	34,993,000	-	66,752,000	61,522,802
Provisions for other liabilities and charges	-	-	-	4,617,869	4,617,869	3,386,843
	28,820,095	15,505,000	34,993,000	4,617,869	83,935,964	77,475,740

The Company holds bank accounts in the UK with the following external credit ratings:

Credit rating	2017 £	2016 £
BBB +	1,864,099	10,225,276

24. Fair value measurement

Fair value hierarchy

The following tables detail the entity's assets and liabilities, measured or disclosed at fair value at 30 June, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

30 June 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Option foreign exchange contracts	-	-	-	-
Forward foreign exchange contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Amortising interest rate swaps	-	216,652	-	216,652
Forward foreign exchange contracts	-	2,481,771	-	2,481,771
Total liabilities	-	2,698,423	-	2,698,423

30 June 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
	£	**£**	**£**	**£**
Assets				
Option foreign exchange contracts	-	-	-	-
Forward foreign exchange contracts	-	-	-	-
Total assets	-	-	-	-
Liabilities				
Amortising interest rate swaps	-	689,369	-	689,369
Forward foreign exchange contracts	-	6,867,186	-	6,867,186
Total liabilities	-	7,556,555	-	7,556,555

The fair value of financial liabilities, where material, is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2.

Level 2 hedging derivatives comprise forward foreign exchange contracts, forward foreign exchange options and interest rate swaps. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swaps are fair valued using forward interest rates extracted from observable yield curves. The effects of discounting are generally insignificant for Level 2 derivatives.

This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

25. Capital Management

The Board seek to ensure that the Company's capital is managed in such way to ensure that the Company remains adequately funded to meet its obligations as a going concern. The Company's capital management process involves the periodic review of ongoing expenditure commitments. The ongoing support from the parent undertaking is pivotal in ensuring that the Company continues to operate commercially. The Company's capital is defined as its reserves (Note 18) and borrowings (Note 19).

26. Parent Undertaking

The Directors consider the parent undertaking and ultimate controlling party to be Wolf Minerals Limited, a Company incorporated in Australia and listed on the Australian Securities Exchange and the Alternative Investment Market of the London Stock Exchange. The Company's results are included in the consolidated Financial Statements of Wolf Minerals Limited which are publicly available from the Australian Securities Exchange, the London Stock Exchange and the Wolf Minerals Limited website.

27. Related Party Disclosures

The net amount owed to the parent undertaking is £30,888,943 (2016: £465,940) at the year end. No interest is payable on the balances due to the parent undertaking. During the year, the Company was recharged certain administrative fees and salary costs amounting to £2,527,109 (2016: £2,205,387) and £354,324 (2016: £521,011), respectively.

The fellow group undertaking Wolf Minerals LLP is owed £Nil (2016: £Nil) at the year end.

28. Transactions with Directors

There were no transactions with the directors during the year ended 30 June 2017 (2016: £Nil).

29. Commitments

Development commitments

Under the terms of the forty year lease for the minerals and rights at Drakelands the Company has to pay an annual rent of £69,231 indexed annually. The lease may terminate if the Company fails to maintain its obligations under the lease.

Under the same lease agreement the Company is required to procure security for various parties in the event that it is not able to meet its contractual obligations in terms of environmental rehabilitation and restoration at the conclusion of Drakelands. Included within other receivables are deposits and cash collateral amounting to £10,163,238 (2016: £9,818,289) in respect of the bonds in place at year end.

Supply agreements

The Company has signed supply agreements for the future sale of mining outputs from Drakelands. These agreements are contingent on the Company meeting contracted quantities; if these are not met the agreements are terminable at the discretion of the buyer.

29. **Commitments (continued)**

Mineral rights

The Company has granted a right to 2% of gross revenue from all metals and minerals produced from Drakelands.

Mining services contract

On 2 July 2013 the Company awarded an £85 million Mining Services Contract (MSC) for Drakelands to CA Blackwell (Contracts) Limited.

The MSC is rates based and is made up of two parts:

- Phase 1, Mining pre-strip and mine development,
- Phase 2, Mine production.

The MSC term for phase one finished on 31 March 2016. Phase 2 has a five year term from completion of phase 1 work. The MSC is able to be terminated by Wolf at any time with 60 days' notice.

Power contract

The Company has a contract with DONG Energy Power Sales UK Limited for the supply of power to Drakelands Mine. As at 30 June 2017 no forward power purchase contracts had been entered into.

30. **Events After the Reporting Date**

On 17 August 2017, the Company provided an update on the operating turnaround plan at Drakelands which included improvements in processing plant reliability in the crushing circuit and performance of the refinery to enhance production levels, along with providing temporary changes to weekend operating arrangements whilst technical solutions are being implemented to address LFN emissions. In addition, the Company had decided to notify GRES of its intention to recover the cost of the LFN rectification works from the Performance Bond under the construction contract if GRES did not take all necessary actions to do so at its own cost. That remains the current position.

On 31 August 2017, the Company announced that RCF VI had agreed to release a further £5 million tranche of the Bridge Loan Facility to support short term working capital. The funds were subsequently received on 11 September 2017.

No other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.