W Resources

Annual Report
2019

Contents

Chairman's Statement

W Resources' focus for 2019 was to complete the construction of its world class La Parrilla Tungsten and Tin Project in Spain, which at full production will deliver 2,500tpa of tungsten and is anticipated that this will deliver EBITDA of c.US$20.0m per annum (T2 stage). Construction of the La Parrilla plant was completed in September 2019 and production commenced in late November 2019. La Parrilla, with its large-scale production capacity and low-cost structure will form the base of our cash generation and expansion in the year ahead.

Building a mine of this scale comes with its challenges and whilst the timeline to achieve this was delayed in 2019, the team has worked tirelessly to ensure the best outcome in each phase of development. This is now gaining traction for 2020 as we build towards reaching target production and delivering improved EBITDA in the year ahead.

In this environment of unprecedented market uncertainty, our main priorities in 2020 are to take La Parrilla to design capacity by the end of 2020 and to add an initial stream of tungsten production from our newly opened Régua trial mine to the La Parrilla core production base.

Planning is in place to install ore sorters at La Parrilla to effect an increase in production capacity of the current T2 – 2 million tonne per annum plant. We will gradually take the expansion to T3.5, demonstrating commercial operations in incremental steps prior to substantially expanding production capacity.

COVID-19 and Safety

The recent COVID-19 pandemic has meant that 2020 thus far has been a very challenging time for Spain and Portugal as it has for the rest of the world. Our priority has remained the health and safety of our personnel and we continued to work hard at both our operational sites in Spain and Portugal to review and maintain our priorities on this matter in relation to our staff and contractors. On 14 March 2020, Pedro Sánchez, Spain's Prime Minister, declared a national State of Emergency, which was subsequently updated stipulating with effect from 31 March 2020 that non-essential services, including mining, be closed until Thursday 9 April. The closure of non-essential services which limited operations was subsequently lifted and production at La Parrilla in Spain recommenced, following key works to improve the circuit.

In order to mitigate against risk of further impacts on production as a result of this pandemic, W has secured additional funding to ensure the Company has a strong buffer in these unprecedented times.

Our strong safety performance continues with no Lost Time Injuries during the last 12 months and a total recordable injury frequency rate ("TRIFR") of 16.1 per million hours worked, which is well below the Spanish mining industry average of 45.2. The health and safety of our all employees, contractors and customers remains an absolute priority and we are working hard to ensure we implement all measures necessary to maintain this in the current pandemic.

Tungsten & Tin

La Parrilla – Spain

La Parrilla is a large-scale, low-cost, long-life tungsten and tin project, located approximately 310km southwest of Madrid. It has Australasian Joint Ore Reserves Committee ("JORC") compliant resources totalling 49 million tonnes ("mt") at a grade of 0.1% of tungsten trioxide ("WO_3") and JORC compliant reserves of 29.8mt (as shown in Appendix 1 of the Consolidated Financial Statements).

The first phase of the ramp-up is to reach the target to mine 2mtpa of ROM and produce approximately 2,500 tonnes ("t") of tungsten concentrate and 200t of tin ("Sn") concentrate per annum ("T2").

Production at La Parrilla is building, albeit not at the pace we had anticipated due to early stage plant challenges having an impact on production levels for Q1 2020 and the restrictive conditions during the COVID-19 State of Emergency which have necessitated mine and plant closure and operations limitation on equipment sourcing and day-to-day safe personal management which is, of course, our main priority. Significant progress has been made at the plant to address and rectify these challenges, including implementation of 15 plant improvement initiatives at a total cost of €300,000. The improvements are directed at significantly increasing overall recovery and reducing unplanned downtime. We expect to see these changes translate into significantly increased daily and monthly production outcomes.

The mining and processing operations have expanded in Q1 2020 with key initiatives implemented including construction of a pre-concentrate stockpile area to allow continued operation of the concentrator plant when the jig or crusher plants are down, installation of deslime cyclones ahead of the fines circuit and a hydrosizer ahead of the shaking tables which are complete and operational.

Chairman's Statement continued

We are mindful that production levels at the start of the year are not where we or our stakeholders expected them to be, however we are still very much in the early stages of the ramp-up and the team is well set to achieve stronger results in the June quarter resulting from plant improvement initiatives implemented in Q1 2020.

The increase in tungsten and tin production demonstrates progress in a very difficult external environment and we remain focussed on the works in hand and are confident of making the solid progress needed in order to reach design capacity.

Notwithstanding these challenges, we are delighted to have completed construction of this impressive large-scale, long-life tungsten and tin project and to now be focussing on the matter in hand of building production at this world class mine.

Grant Update

In March 2018, the Junta de Extremadura in Spain awarded a grant of €5.3m to W's 100% owned subsidiary, Iberian Resources Spain SL. The conditions set, in order to be able to receive the Grant, were a minimum investment in plant and equipment of €16.6m and the creation of at least 20 full time positions. With these conditions successfully met, W provided the documentation to formally apply to receive this Grant. Timing of the Grant is yet to be confirmed with the local Government needing to prioritise resources in response to the ongoing COVID-19 pandemic. The team continues to enjoy strong on-the-ground relationships and appreciates the Government's support.

Tungsten and Tin sales in a challenging global environment

The COVID-19 crisis has created challenges across global tungsten and tin markets in terms of both logistics of delivery and in our customers' market environments. In these market conditions, we continue to sell and deliver all our product to our offtake partners and have broadened our distribution capacity. At times during the peak of the crisis, transportation logistics have been challenging to manage and therefore movement of product has been slower than it has been previously, but in credit to the team we have solved these issues in a timely way.

Importantly the quality of our Tungsten and Tin concentrate consistently meets or exceeds customer offtake requirements and we have seen consistent increases in concentrate quality and, in producing up to 65% WO_3 from the plant, we have shown that we are comfortably able to exceed our benchmark grades of 60%.

Portuguese Projects

Régua Tungsten Mine

This high-grade, development-ready tungsten project with low capital cost has a trial mine licence, and an updated JORC compliant mineral resource of 4.47Mt at a grade of 0.27% WO_3, including an indicated resource of 3.74mt at a grade of 0.28% WO_3, which was completed by Golder Associates Pty Ltd ("Golder") in January 2020.

As W's second mine to come on stream, following the start of production at La Parrilla in November 2019, Régua has significant synergies with La Parrilla as it has materially lower capital costs and will increase La Parrilla's final concentrate production.

Mining operations at Régua commenced early March 2020 with the commencement of mining in the first of two adits with skarn ore zones intersected in the initial development. However, following an extension in Portugal of COVID-19 related restrictions, mining activity has been paused. Plant design and procurement activities are near completion in advance of construction activities which have been rescheduled to later in the year after the COVID-19 crisis has hopefully passed. As a result of the requirement to pause operations, an application to extend the period of the trial mine licence has been submitted to the Portuguese mining authorities.

With ore haulage and crushing contracts in place with Francisco Pereira Marinho Imãos SA ("FPMI"), once mining recommences later this year, ore from Régua will be hauled 27km to the FPMI crushing plant and crushed to a range of 5-10mm. Importantly, as part of the service contract, FPMI will use the waste ore for rehabilitation of their existing quarry providing local environmental benefits. The estimated crushing and haulage cost is cUS$40-45/mtu and W will pay €50,000 to expand access roads for haulage.

Tarouca Exploration

While the development focus has been on Régua we have also applied for a new exploration licence at Tarouca. We expect to be able to tie in operations at Tarouca to the Régua mining and processing operations once the updated licence is granted.

Chairman's Statement continued

CAA Portalegre – Gold

São Martinho currently has a JORC 2012 gold resource of over 110,000oz. Results from the drilling campaigns in 2017 and 2018 provided a solid base to drive extension drilling with the potential for a materially larger resource.

We have advanced São Martinho through a successful drilling programme and submitted an application for a trial mine and gold production licence in September 2018. Although the COVID-19 crisis and associated state of emergency in Portugal has further delayed the final approval process, we expect the trial mine licence to be granted in due course. The trial mine licence, once granted, will allow W to pursue a drilling programme to expand the resource and resolve the geological interpretations of a flat lying structure (Golder) and a deeply dipping structure (SRK) which have partially arisen due to the combination of structural complexity and multistage mineralising events.

Importantly, a trial mine is a key level of licence tenure and will provide the authority to mine shallow ore and produce gold on a pilot basis. We will actively explore opportunities to bring in Joint Venture parties and monetise the gold discovery in 2020. New expenditure on this project is pending grant of the trial mining licence.

Finance

Whilst completion of the new plant at La Parrilla was later than planned, it has remained our priority to ensure W has had a strong buffer of additional financial resources in place to mitigate against the resulting delayed production and also to ensure W remains resilient in the year ahead with the uncertainty created by COVID-19.

In the FY19, the Company secured a €3m loan facility with Caja Rural de Extremadura to provide an advance of funding against the €5.3m grant awarded by the Junta de Extremadura ("Grant"). This loan had an interest rate of 1.75% per annum for a term of 15 months, although subsequent to 31 December, 2019, on 31 January 2020, Iberian Resources Spain S. L. signed a loan agreement for €5m with Banco Santander, S.A ("Santander") which repaid the €3m loan from the Caja Rural de Extremadura. The Santander facility interest rate is 3% per annum, and this loan is now secured by a pledge over the rights to the Grant funds. As stated above, the timing of receipt of the Grant is to be advised by the local Government, which is currently and understandably prioritising its efforts towards coping with the COVID-19 pandemic.

In August 2019, BlackRock Financial Management Inc. ("BlackRock") agreed to capitalise an additional six months of interest payments of the BlackRock term loan, which equated to US$1.29m, and was added to the final loan balance. Furthermore, in December 2019, BlackRock increased its existing loan facility by US$5 million. The additional facility and the roll up of interest (PIK) increased the total outstanding BlackRock loan balance to US$50.5m at 31 March 2020.

During 2019, W raised a total of £2.57m in equity funding. In September, the Company completed a €1m Placing at 0.5p per Ordinary Share, a premium to the share price, from supportive private Spanish investors.

In November 2019, the Company secured a funding package to raise c€2.78m which comprised a first tranche of €1.358m secured through: an equity placement of £289k (€330k) at 0.40p, loans from Directors of £344k (€392k); and Blackrock agreed that an additional 50% of the November interest payment, amounting to US$700k (€636k) could be added to the existing debt facility (PIK – payment in kind). Subsequent to this, in January 2020 the short-term loans provided by three of W's directors were converted into ordinary shares at a price of 0.307p per Ordinary Share.

As part of the second tranche, the Company completed a Placing to raise £360,000 at a price of 0.40p per Ordinary Share to a new Spanish investor in addition to securing a new €500,000 revolving credit facility with leading Spanish Bank; CaixaBank, S.A.

Tungsten and Tin

Tungsten and Tin demand and supply has been disrupted by the COVID-19 crisis.

Given the severity of the crisis, Tungsten prices have been relatively solid and sit at US$215-225, which is 22% down on budget expectations. There have been substantial shutdowns of capacity in China, the world's largest producer of tungsten and as the world economy comes out of the various lockdowns we do expect continued price volatility and a boost in global demand although it is too early to judge the supply/demand balance for the rest of 2020.

Chairman's Statement continued

Tin prices on the London Metal Exchange started 2020 trading at US$17,125 per metric ton, and moved in an upward trend until January 2020, when the coronavirus outbreak took over news headlines and the price came under pressure. Notably, the market view is that whilst tin plays a pivotal role in all modern technology and has a large role to play in the electric vehicle market, it is the low-cost producers who will continue to reap the benefits due to the unpredictable nature of the COVID-19 pandemic. With a more stable environment, market forecasts expect tin to stabilise in the mid US$20,000 per metric ton. (source: Investing News).

Outlook

2019 was a very challenging year with the core priority being completion of the La Parrilla plant and commencement of production and ramp-up.

There is no question, however, that the global challenges of 2020 are significantly more difficult, but I believe that our team has responded to them thoughtfully and effectively.

- States of Emergency in both Spain and Portugal have required short-term closures of both La Parrilla and Régua.
- Régua mining and construction operations are currently closed pending confirmation from the Portuguese authorities. We expect to recommence mining in Q3 2020.
- La Parrilla is in operation and is starting to reap the benefits from the substantial plant improvement programme executed over the last 3 months.
- Production on the March quarter was reported on 17 April 2020, recording an increase in tungsten metal production to 45.2 tonnes (combined tungsten and tin).
- During the COVID-19 crisis shut down which came into effect early in June, we have effected substantial improvements in operating capacity which we expect to translate into significant increases in production in the latter stages of the June quarter.
- The bulk of the operational plant improvements have been installed and are now operational. We are of the view that the plant can progressively increase both recoveries and utilisation to increase production to design capacity.
- Stock and commodity market conditions will remain volatile and subject to substantial uncertainty.

The team, with the strong support of the Board, continues to execute development well and this is a credit to the calibre of the management team.

Michael Masterman

Mr M Masterman
Chairman
W Resources Plc

Corporate Governance Statement

Dear Shareholders,

The Board of Directors of W Resources Plc (the "Board") is committed to the principles supporting good corporate governance, applied in a manner which is most suited to the Company, and to best address the Directors' accountability to shareholders and stakeholders. This is supported by a commitment to high standards of legislative compliance and financial and ethical behaviour.

The primary responsibility of the Board and executive management team is to preserve and increase the value of the Company for its shareholders, while respecting the legitimate interests and expectations of employees, customers, creditors, the communities in which the Company operates and other stakeholders. The Board is responsible for establishing a company culture of high ethical, environmental, and health and safety standards.

The Company continues to address Directors' accountability to stakeholders in a manner consistent with W Resources' particular circumstances, enhanced through the introduction of publicly available policies and procedures which are designed to foster a culture of transparency in the way in which the Company is directed and managed.

Changes to AIM Rules in March 2018 require that all companies listed on AIM need to comply with a recognised corporate governance code. The W Resources Board has adopted the QCA code as its corporate governance charter and have taken the necessary action to comply, including to update disclosure on the Company website.

Michael Masterman

Mr M Masterman
Chairman

Corporate Governance Statement continued

Principle 1: Establish a strategy and business model which promote long term value for shareholders

W Resources is a tungsten and gold, exploration, development and production company with assets in Spain and Portugal. W Resources' strategy is to build a European mining company focussed on delivering long-term production of tungsten, a key strategic metal with strong market fundamentals.

To achieve these business goals the Company is;

- Ramping-up production at the flagship La Parrilla mine in Spain; and
- Exploring the development of the Portuguese assets to fast-track growth and productivity in order to foster long-term value for shareholders.

The W Resources Board of Directors meets on a regular basis and the strategic ambitions and business model are always taken into consideration when making decisions on behalf of the Company.

Principle 2: Seek to understand and meet shareholder needs and expectations

W Resources is committed to maintaining open dialogue with its shareholders via various platforms; the Company website (www.wresources.com), the Annual Report including the financial statements, the AGM, and one-to-one meetings.

Regulatory announcements are made in accordance with the AIM Rules for Companies throughout the year.

The Board values the views of its shareholders and offers the opportunity for open discussion at the W Resources AGM where all shareholders are invited to attend and speak with Directors and management.

If voting decisions at AGMs or General Meetings are not in line with the Company's expectations, the Board will engage with shareholders to understand and address any issues informing those decisions.

Furthermore, shareholders are welcome to connect with the Company by telephone and email. The Company will not provide unpublished price sensitive information by telephone or email but only through the appropriate regulatory news channels.

W Resources contact details are provided on all announcements and are available on the Company website.

Principle 3: Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that long-term success relies upon good relationships with, and the engagement of both internal and external stakeholders of the Company. The Board also views continued feedback from its stakeholders as an essential part of ensuring long term success. As a small cap mining company, W Resources continually strives to improve and develop the systems set in place. The executive team and senior management oversee the social and ethical framework and are responsible for reviewing operational processes for managing social, environmental and ethical risk.

The recent COVID-19 pandemic has been a very challenging time for Spain and Portugal as it has for the rest of the world. The Company's priority has remained the health and safety of personnel and contractors to control the spread of COVID-19. As such the Company has produced and implemented several protocols and guidelines to reduce the risk of infection.

Employees & Consultants

The Company's skilled employees and consultants are an important stakeholder group. W Resources understands the significant importance of employing and retaining a highly skilled and diversified workforce and the importance of ensuring employee satisfaction through a number of initiatives. Examples of these initiatives include competitive remuneration packages and an employee share options scheme.

Suppliers

The Company believes it is essential to maintain close working relationships with suppliers and seeks to work closely with suppliers. Meetings and calls are held with suppliers to oversee contracts and ensure quality control. The finance team ensures that relations are maintained by the efficient and timely payment of invoices.

Corporate Governance Statement continued

Customers

The Company appreciates the importance of the relationships between its customers and is committed to continually improving the quality of service it delivers. Going forwards, the Company will introduce a number of initiatives to further improve decisions on support and how resources are organised to provide an effective and efficient service. Matters pertaining to customers and the internal support organisation are reported to the Board regularly.

Anti-Bribery

W Resources is committed to honest and ethical business systems. The Company's zero-tolerance Anti Bribery Policy forms part of the employee induction process and the process of choice and engagement of contractors and consultants. As an international business, the Company is committed to operating in a professional, fair manner and with integrity in our business dealings and relationships.

Modern Day Slavery

W Resources is committed to doing all that is reasonably practical to ensure that modern day slavery and human trafficking does not form part of the supply chain.

The Company falls under the threshold to report in accordance with the Modern Slavery Act 2015. Nevertheless, the Board encourages and expects that anyone who has suspicions of modern slavery in the business or supply chain would report their concerns so that the Company can take appropriate action.

Principle 4: Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. It is also recognised by the Board that the internal controls in place must be and are appropriate for the size, stage of development, complexity and risk profile of the Company.

Financial Controls

W Resources has uniform accounting policies and control procedures across its subsidiary operations which ensure adherence, inter alia to, country specific legislation. It relies upon local management to ensure these policies and procedures are followed. This is managed and reviewed by the Group's finance team. The Company's annual audits ensure compliance with UK, Spanish and Portuguese financial regulations.

The methods for monitoring and reporting the Company's performance against budgets and forecasts to the Board includes include profit and loss accounts, cash flow statements, capital expenditure and balance sheet reports. Calculations are compared with the prior year and include expected performance over the remainder of the financial period.

Management seeks to be in a financial position to allow it to meet its liabilities when they become due. Management also prepares 12-month cash flow projections for the Board and at the end of the last financial year, such projections indicated that the Company expected to have appropriate financial resources to meet commitments.

The Company also explores opportunities for growth through acquisition of new projects. All potential acquisitions are approved by the Board.

Non-Financial Controls

W Resources recognises that Health and Safety in the workplace is an integral part of effective risk management. Health and Safety is given top priority within the Company and a review is provided at Board Meetings. Furthermore, employee Health and Safety training is provided to every employee and risk assessment is undertaken on each site.

Grant Thornton UK LLP acts as W Resources' Nominated Adviser and advises the Company on its AIM regulatory requirements. Transparent and open dialogue between W Resources and Grant Thornton ensures that the Company upholds good corporate governance principles.

Principal Risks and Uncertainties are set out in the Group Strategic Report which form part of the W Resources Annual Report.

Corporate Governance Statement continued

Appropriate guidelines and codes of conduct are set out in written policies and are available to all Board members, the executive management team and employees. These include policies such as privacy, communication, anti-bribery and corruption, health and safety.

Principle 5: Maintain the board as a well-functioning, balanced team led by the Chair

The W Resources Board of Directors comprises of five members; one Executive Director and four Non-Executive Directors. The Directors are satisfied that the structure of the Board has a suitable balance between independence and knowledge of the business to allow it to discharge its duties and responsibilities effectively and that no one individual or Group dominates the decision-making process.

The Board considers that given the Company's current stage of operations, the experience of their directors and their current focus on preserving capital to maximise the amount to spend on the Company's operations, combining the roles of Chairman and CEO is justifiable at present.

As W Resources is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, Board structure and Board composition it is not considered practical to have a formal internal audit function. The Board has agreed not to elect an Audit Committee as it considers that the functions normally conducted by an Audit Committee are adequately undertaken by the full board.

The Remuneration Committee meets at least once a year and is responsible for making recommendations to the Board of Directors, on senior executive's remuneration. Non-executive Directors' remuneration and conditions of engagement are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to prevailing market conditions and performance of each executive director.

Due to the current size of the Company, the Board has agreed not to elect a Nominations Committee as it considers that the functions normally conducted by a Nominations Committee are adequately undertaken by the full board.

The position of Chief Executive Officer is presently held by the Executive Chairman. The Board considers that the size and nature of the Company means that the two roles can be carried out effectively by the Chairman.

The non-executive Directors have service agreements with six months' notice period and are required to attend a minimum of six board meetings per year to deal with both regular and ad hoc business. All Directors' contracts run until the next AGM of the Company where all Directors are required to resign by rotation. Upon re-election at the AGM, a Director's contract automatically renews for a further 12 months.

The Board is satisfied that there is a well-rounded balance of experience and knowledge to allow the Company to perform its roles and responsibilities successfully.

Biographies for each member of the W Board are available on the Company's website under 'About Us' then 'Our Team'.

Thirteen formal meetings of the Board of Directors were held during 2019 and the number of meetings attended by each director is provided below:

	Michael Masterman	Byron Pirola *(retired 30/3/2020)*	David Garland	Pablo Neira	James Argalas
No. of board meetings attended	13	13	11	13	13

Oscar Marin Garcia was appointed to the W Board on 8 January 2020.

Principle 6: Ensure that between them the directors have necessary up-to-date experience, skills and capabilities.

The Board is satisfied that, between the five Directors, it has the required balance of skills and experience relating to the mining sector. This balanced mix of capabilities allows the Board to perform as a successful and effective team.

Directors have the possibility to attend conferences and receive regular industry updates to further their knowledge and keep their expertise current.

Biographies for each member of the W Board are available on the Company's website under 'About Us' then 'Our Team' and in the Annual Report.

Corporate Governance Statement continued

If necessary, all Directors are able to seek independent professional advice in the course of their duties at the Company's expense. In addition, the Directors have access to the advice and services of the Company Secretary. The Directors expertise is also supported by various professional advisers, details of which are available on the Company's website under 'Investors' and then 'Advisors'.

Principle 7: Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement

The Company does not currently have a formal appraisal process for the Board. However, the Chairman reviews each Director's individual contribution on an ad-hoc basis to ensure it is relevant and effective and that they are committed members of the Board. The Executive Chairman's ongoing performance is also assessed on an ad-hoc basis by the other members of the Board.

The Board is responsible for the performance of the Company. The objectives of the Board include: to review, formulate and approve the Company's strategy, corporate and capital structures, approval of key financial matters (annual and interim results, budgets), material contracts and Board membership and remuneration.

Due to the current size of the Company, the Board has agreed not to elect a Nominations Committee as it considers that the functions normally conducted by a Nominations Committee are adequately undertaken by the full board.

Principle 8: Promote a corporate culture that is based on ethical values and behaviours

All of W Resources' Board members, executives and employees are required to abide by laws and regulations, to respect confidentiality and the proper handling of information and act with the highest standards of honesty, integrity, objectivity and ethics in all dealings with each other, the Company, customers, suppliers and the community.

The Board actively encourages a positive corporate culture within the business and ensures that this is reflected in policies and procedures, as well as in the approach to training and development of the people involved in various operations.

Principle 9: Maintain governance structures and processes that are fit for purpose and support good decision making by the Board

The W Resources Board generally meets 6 times per year. If necessary, additional meetings are held via conference call facilities. In advance, Board members receive the Board Meeting Package which presents operational, financial and planning presentations from the executive management team.

Throughout the year, the Chairman also arranges calls and face to face meetings with the various non-executive directors which offer an opportunity to discuss the performance and progress of the business and topics for future Board meetings.

The Remuneration committee supports the Board. The members of that committee are included in the 'Report of the Directors' in the W Resources Annual Report and the Company's website (www.wresources.com).

Commitment to good decision-making and continuous development in its governance structures is integral to the Board. The Company operates an effective governance framework. Within this framework the Board supports the executive team in developing and executing the Company's strategy. Any decisions between and within these governance structures are reached through an open and constructive dialogue.

Principle 10: Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders.

W Resources communicates with shareholders and other relevant stakeholders via the Company website (www.wresources.com), regulatory announcements released on AIM, the Annual Report including the financial statements, the AGM, and one-to-one meetings with certain existing or potential new shareholders.

The Company has adopted a Shareholder Communications Policy to promote effective communications with shareholders of the Company, ensure all information relevant to their shareholding is disseminated to the market and discussed with shareholders and encourage effective participation by shareholders at the Company's General Meetings.

Group Strategic Report

The directors present their strategic report of the company and the group for the year ended 31 December 2019.

Review of Business

The results for the year and the financial position of the Group and the Company at the year-end are as shown in the annexed financial statements.

The Group has incurred a loss after tax of €2,942,000 for the year ended 31 December 2019. This is driven by exchange losses of €653,000 on translation of the US dollar denominated BlackRock Financial Management Inc. loan into Euros at 31 December 2019 and finance costs associated with the BlackRock Financial Management Inc. loan of €1,054,000. An operating loss of €1,244,000 was incurred in the year to 31 December 2019, compared to an operating loss of €899,000 for the year to 31 December 2018.

Detailed reviews of activities, business developments and projects are included within the Chairman's Statement.

Principal Risks and Uncertainties

The Group uses various financial instruments. These include cash, convertible loans and various other items, such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks, which are described in more detail below. The Directors review and agree policies for managing each of these risks and they are summarised below. These policies have remained unchanged from previous years.

Price Risk

The Directors consider that the price of tungsten is an area of potential risk. This is reviewed on a constant basis by the Board and Senior Management.

Liquidity Risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency Risk

The Group principally operates in £ and € and has borrowings in US$. It does not currently consider the risk of exposure to be material. As such the Directors do not currently consider it necessary to enter into forward exchange contracts. This situation is monitored on a regular basis.

On Behalf of the Board:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 1 June 2020

Report of the Directors

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2019.

Principal Activity

The principal activity of the group in the year under review was that of tungsten, tin and gold exploration, development and production through its 100% subsidiaries Iberian Resources Spain SL and Copper Gold Resources Plc, (and its 100% subsidiary, Iberian Resources Portugal, Recursos Minerais, Unipessoal, Lda).

Dividends

No dividends will be distributed for the year ended 31 December 2019.

Directors

The directors shown below have held office during the whole of the period from 1 January 2019 to the date of this report.

Mr Michael Masterman
Dr Byron Pirola – *resigned 30/03/2020*
Mr James Argalas
Mr Pablo Neira
Mr David Garland
Mr Oscar Marin Garcia – *appointed 8/01/2020*

Board of directors and Senior Management

Michael Masterman

Chairman

Michael is co-founder of W Resources Plc and has an exceptional track record in establishing and financing new resources companies. In 2010, Michael took on an Executive role with Fortescue Metals Groups overseeing the FMG Iron Bridge iron ore company and completed the US$1.15bn sale of a 31% interest in the project to Formosa Plastics Group. He was CFO and Executive Director of Anaconda Nickel (now Minara Resources). Michael oversaw the financing of the US$1.2 billion Murrin Murrin Nickel and Cobalt project in Western Australia, involving the negotiation of a US$220m joint venture agreement with Glencore International and the raising of US$420m in project finance from a US capital markets issue – the first of its kind for a green fields mining project. Prior to joining Anaconda Nickel, he spent 8 years at McKinsey & Company serving major international resources companies principally in the area of strategy and development. He is a founding shareholder at Fortescue Metals Group, Po Valley Energy.

Byron Pirola – resigned 30 March 2020

Non-Executive Director

Byron is Managing Director of Port Jackson Partners Limited, a Sydney based strategy management consulting firm. Prior to joining Port Jackson Partners in 1992, Byron spent six years with McKinsey & Company working out of the Sydney, New York and London Offices and across the Asian Region. He has extensive experience in advising CEOs and boards of both large public and small developing companies across a wide range of industries and geographies. Byron is a Non-Executive Director of Po Valley Energy Limited.

David Garland

Non-Executive Director

David is the former General Counsel, Secretary and Chief Compliance Officer of Dominion Petroleum Limited (an oil and gas exploration company then listed on the LSE), Legal advisor to Hague and London Oil plc (an oil and gas exploration company listed on the LSE) and non-executive chairman of Saffron Energy plc (an oil and gas exploration company listed on the LSE). Before joining Dominion, he had practised as a barrister for 18 years from Brick Court Chambers, a leading commercial barristers' chambers in London. David currently provided flexible legal counsel services to various private and listed companies through The Legal Director Limited.

Report of the Directors continued

Board of directors and Senior Management – continued

James Argalas

Non-Executive Director

James Argalas has extensive experience in the financial and investment sectors. In 2006, he founded Presidio Union, LLC, a company that specialises in providing financial analysis and corporate advisory services to early stage growth companies and their investors, taking an active role in developing ventures that have the potential to create significant shareholder value. Prior to founding Presidio Union, James was a Principal at Watershed Asset Management and NM Rothschild, where he was responsible for investments in distressed credit, liquidations, real estate, special situations, and debt and equity investments in Asia-Pacific. Prior to Watershed, James was an Associate Principal with McKinsey & Company and an Associate at Goldman Sachs. With a Master of Business Administration degree from Kellogg Graduate School of Management (Northwestern University) with majors in Finance, Entrepreneurship and International Business. James also holds a Bachelor of Science degree in Engineering from the University of Michigan, and a Bachelor of Science degree in Foreign Service from Georgetown University.

Pablo Neira

Non-Executive Director

Pablo Neira brings 32+ years of international experience specializing in managing listed industrial manufacturing companies and family office direct investments in SME. Most recently he worked with Casa Grande de Cartagena, family office of several members of Del Pino family, involved with direct investments. Pablo is former CEO of Urbar, a listed industrial group that manufactures equipment for multiple sectors, including raw materials, minerals and quarries; as well as turn-key waste treatment plants. Prior to this, Pablo was Corporate Services General Manager at Valdepesa Textil, a global retail textile company PE backed, and Finance Director at Global Steel Wire Group, a listed steel wire rod manufacturer. Prior to joining Global Steel Wire Group, he was Manager at A.T. Kearney in New York and before that Controller of Southern Europe at the Swedish group Mölnlycke. Pablo has broad-based experience managing operations across international and cultural boundaries and brings in depth finance experience under listed companies. He holds a BS in Economics and a Harvard MBA. He is professor at IE Business School.

Oscar Marin Garcia – appointed 8 January 2020

Non-Executive Director

Oscar Marin Garcia has over 20 years' experience, specialising in retail business in the Extremadura region of Spain and managing family office investments. He is co-founder and CEO of Lider Aliment, SA, a €200m sales family owned company. Prior to Lider Aliment, Oscar was a Regional Finance Director for Western Europe of Procter & Gamble in Geneva, Switzerland. He holds a Bachelor of Law and a Bachelor of Economics from ICADE – Comillas Pontifical University in Madrid, Spain and a Master of Business Administration degree from San Telmo Business School in Seville, Spain.

Director's Remuneration

Byron Pirola and Michael Masterman waived their right to Director's fees for the year under review.

David Garland was paid £1,000 per month in fees during the year. €7,000 of these fees were accrued at the year end and are included in other creditors.

Pablo Neira was paid €4,000 per month in fees from the date of appointment and is entitled to €48,000 pa, €24,000 of these fees were accrued at the year end and are included in other creditors.

James Argalas was paid €2,000 per month in fees from the date of appointment and is entitled to €24,000 pa. €12,000 of these fees were accrued at the year end and are included in other creditors.

Michael Masterman was entitled to €304,000 in consultancy fees during the year, €304,000 of these fees remain outstanding at the balance sheet date and have been accrued in other creditors.

Report of the Directors continued

Board of directors and Senior Management – continued

On 2 December 2016, Share Options were granted to the directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Michael Masterman	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
Byron Pirola – *resigned 30/03/2020*	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
David Garland	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020

Further on 20 November 2018, Share Options were granted to directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Pablo Neira	30,000,000	£0.0055	30/11/2021
James Argalas	30,000,000	£0.0055	30/11/2021

Further on 15 November 2019, Share Options were granted to directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Oscar Marin Garcia – *appointed 8/01/2020*	21,900,000	£0.0040	30/11/2020

Directors Service Contracts

All Directors' contracts run until the next Annual General Meeting ("AGM") of the Company where all Directors are required to resign by rotation. There is a 3-month notice period for all Directors. Upon re-election at the AGM, a Director's contract automatically renews for a further 12 months.

All Directors have access to the advice and services of the Company's solicitors and the Company Secretary who is responsible for ensuring that all Board procedures are followed. Any Director may take independent professional advice at the Company's expense in the furtherance of his duties.

Retirement by Rotation

One third of the Board of Directors retires at every AGM of the Company and is automatically put forward for re-election, unless otherwise voted upon by shareholders.

The Audit Committee

As W Resources is a relatively small publicly listed company by comparison to other listed entities which is reflected by the size of its operations, Board structure and Board composition it is not considered practical to have a formal internal audit function. The Board has agreed not to elect an Audit Committee as it considers that the functions normally conducted by an Audit Committee are adequately undertaken by the full board.

Report of the Directors continued

Significant Shareholders

As at the date of the approval of the accounts the company had been notified of the following interests of 3% or more held in the Company's issued share capital:

	Shares	Percent
Michael Masterman*	1,180,919,370	18.20
Beronia Investments Pty Ltd (Byron Pirola)*	347,068,750	5.35

* Includes related party interests

Please refer to website https://www.wresources.com/investors/shareholder-information/

Corporate Governance

The Company is continually developing appropriate corporate governance procedures relevant to the size and stage of its development. The following description of corporate governance procedures reflects the Company's present policies in this area.

The Board of Directors

The Board of Directors comprises five members; one Executive Director and four Non-Executive Directors. Chairman, Michael Masterman (Executive Director), has a wealth of minerals exploration and development experience. David Garland, Non-Executive Director, has a wealth of experience in both the minerals industry and in law. Non-Executive Director Pablo Neria, has broad-based operations management experience and in-depth finance experience. James Argalas, Non-Executive Director has extensive experience in the financial and investment sectors. Non-Executive Director, Oscar Marin Garcia (appointed 8/01/2020) has a wealth of experience in finance and corporate development in the Extremadura region of Spain. The structure of the Board ensures that no one individual or Group dominates the decision-making process.

Board Meetings

The Board meets on a regular basis, providing effective leadership and overall management of the Group's affairs through the schedule of matters reserved for its decision. This includes the approval of the Company's forecast and budget, major capital expenditure, risk management policies and the approval of the financial statements. Formal agendas, papers and reports are sent to the Directors in a timely manner, prior to Board meetings. The Board delegates certain responsibilities to the Board committees which have clearly defined terms of reference, which is listed below.

The Remuneration Committee

The Remuneration Committee comprising the Non-executive Directors, meets at least once a year and is responsible for making recommendations to the Board of Directors, on senior executives' remuneration. Non-executive Directors' remuneration and conditions of engagement are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to prevailing market conditions and performance of each executive director.

Internal Controls

The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for external publication. Since the Company was formed, the Directors have been satisfied that, given the current size and activities of the Company, adequate internal controls have been established. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Report of the Directors continued

Environmental Responsibility

The Company recognises its role as a mining and exploration company and is aware of the potential impact that its subsidiary company may have on the environment. The Company ensures that its subsidiary companies comply with the local regulatory requirements with regard to the environment.

Relations with Shareholders

The Board attaches great importance to maintaining good relationships with its shareholders. Extensive information about the Company's activities is included in the Annual Report and accounts will be sent to all shareholders. Market sensitive information is regularly released to all shareholders concurrently in accordance with the AIM Rules for Companies. The AGM will provide an opportunity for all shareholders to communicate with and to question the Board on any aspect of the Group's activities. The Company maintains a corporate website www.wresources.com where information on the Company is regularly updated and all announcements are posted. The Company welcomes communication from both its private and institutional shareholders.

The Notice of the Company's AGM will be distributed to shareholders together with the Annual Report in due course. Full details of the Resolutions proposed at that meeting will be found within the Notice.

Supplier Payment Policy

It is the Company's policy to settle the terms of payment with suppliers when agreeing terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

Going Concern

The Group has incurred a loss after tax of €2,942,000 for the year ended 31 December 2019. As at 31 December 2019, the Group held cash and cash equivalents of €2,460,000, a decrease in the year of €4,327,000 and had current liabilities of €8,039,000.

The Group's cash flow forecast for the 12 months ending 31 May 2021 highlights adequate funding at current levels of projected expenditure and the projected levels of operating cash flow from La Parrilla. The Board of Directors are confident that sufficient funding is in place and will be available in the near future to meet all its operational and exploration commitments over the next 12 months.

Given the Group's current positive cash position and its ability to raise new capital the Director's have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Events since the Balance Sheet Date

On 8 January 2020, Mr Oscar Marin Garcia was appointed as a Non-Executive Director of the Company. Oscar Marin Garcia has over 20 years' experience, specialising in retail business in the Extremadura region of Spain and managing family office investments. He is co-founder and CEO of Lider Aliment, SA, a €200m sales family owned company. Prior to Lider Aliment, Oscar was a Regional Finance Director for Western Europe of Procter & Gamble in Geneva, Switzerland. He holds a Bachelor of Law and a Bachelor of Economics from ICADE – Comillas Pontifical University in Madrid, Spain and a Master of Business Administration degree from San Telmo Business School in Seville, Spain.

Oscar Marin Garcia has a beneficial interest in 114,655,600 Ordinary Shares, representing approximately 1.8 per cent. of the issued Ordinary Share Capital of the Company.

Report of the Directors continued

Events since the Balance Sheet Date – continued

On 17 January 2020, the short term loans provided by three of W's directors (as announced on 15 November 2019), were converted to W ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.307p per Ordinary Share as follows:

	Loan Value (£)	Shares Issued	Resultant Holding	%
M Masterman	200,000	65,146,580	1,180,919,370	18.20
B Pirola	100,000	32,573,290	347,068,750	5.35
J Argalas*	42,658	13,895,269	13,895,269	0.21

*€50,000

The conversion price of 0.307p is the volume weighted average price for the week ended 10 January 2020 and represents a 5.86% premium over the closing mid-price of 0.29p on 16 January 2020.

The Directors have agreed to convert these loans as a result of conditions included in the additional facility agreement provided by funds managed by BlackRock Financial Management Inc. announced on 18 December 2019, requiring the loans to be renegotiated and subordinated until 2023 or converted into equity.

With the additional facility from BlackRock Financial Management Inc. and these loan conversions as a result of that agreement, the directors will not be subscribing for additional shares as referred to in the Company's announcement of 16 September 2019.

On 31 January 2020, Iberian Resources Spain SL signed an agreement for a €5m loan with the Spanish bank, Banco Santander, S.A, and secured against the receipt of the €5.3m grant from Junta de Extremadura. This loan was used to repay the €3m loan from Caja Rural de Extremadura that was outstanding at 31 December 2020, and to provide a net €2m of additional working capital and liquidity during the period to ramp-up the plants to full optimum production capacity at La Parrilla. The loan facility interest rate is 3% per annum, payable quarterly, with no amortisation and is secured by a pledge over the rights to the Grant funds. The term of the loan is the earlier of 12 months or the receipt of the proceeds of the Grant funds.

W has secured a £4.0m convertible bond facility from Atlas Capital Markets ("Atlas") comprising a convertible bond with a coupon of 5% and a term of 3 years. The facility can be drawn in tranches of up to £500,000 at the election of W, with an agreed period between subsequent drawdowns. The facility is unsecured and subordinated to the BlackRock Financial Management Inc. loan facility with BlackRock Financial Management Inc. consent required for a draw. Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to issue of a conversion notice by Atlas.

In parallel, the Spanish government, as part of the State of Emergency, has announced it is set to provide guarantees of up to 90% of funds to back companies affected by the Covid-19 pandemic. W has started the process in order to enable it to access grants and government guarantees for additional low-cost Spanish bank funding to further strengthen its financial position. W is also evaluating the maximum extent of the grants and tax deferrals associated with the Spanish Government financial assistance package.

On 10 March 2020, the Company completed a placement of 209,999,998 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.36p per Ordinary Share to raise £756,000 (the "Placing") before expenses, to new Spanish Investors. The funds raised from the Placing will be used to advance Régua development and provide additional working capital for the Company.

On 14 March 2020, Spain's Prime Minister declared a national State of Emergency due to the outbreak of the Covid-19 virus.

On 30 March 2020, after 12 years as a Director, Dr Byron Pirola retired from the W Resources Plc Board. Dr Pirola intends to retain his core shareholding in the Company.

Report of the Directors continued

Statement of Directors' Responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

Auditors

The auditors, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On Behalf of the Board:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 1 June 2020

Report of the Independent Auditors to the Members of W Resources Plc

Opinion

We have audited the financial statements of W Resources Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the notes to the Statements of Cash Flows, and the related notes 1 to 23, including the significant accounting policies in note 1.

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.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's and the Parent Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

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 group and the parent 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 as applied to listed entities, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying value of Non-current assets – Intangible exploration and evaluation costs and Property, Plant & Equipment

The Group's Intangible Non-Current Assets which comprise of Acquisition and Development Expenditure at the La Parrilla Mine project in Spain and various mineral projects in Portugal and Property, Plant & Equipment in relation to the La Parrilla Mine represent significant assets on its statement of financial position totalling €31,882,000 and €30,103,000 as at 31 December 2019 respectively.

Management and the Board are required to ensure that only costs which meet the IFRS criteria of an asset and accord with the Group's accounting policy are capitalised within Development Expenditure assets. Additionally, in accordance with the requirements of IFRS Management and the Board are required to assess whether there is any indication of impairment of these assets and of Property, Plant & Equipment.

Report of the Independent Auditors to the Members of W Resources Plc continued

Given the significance of the non-current assets on the Group's statement of financial position and the significant management judgement involved in the determination and the assessment of the carrying values of these assets there is an increased risk of material misstatement.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified within the Group's non-current assets, the indicators being:

- Expiring or imminently expiring concessions, licences or rights;
- Projections of declining tungsten and tin prices and/or declining demand;
- Projections of increased future capital costs or operating costs.

In addition, we reviewed the available resource estimates and reports which support the underlying value of the La Parrilla Mine project and assessed the reasonableness of the forecasted revenues and expenditure, together with other variable inputs into the modelling of the projected net present values to compare these to the carrying values of the aggregate of Intangible Assets and the related Property,Plant and Machinery.

We similarly reviewed the JORC mineral resource estimates available for the Portuguese mineral projects together with other available Competent Person Reports to satisfy ourselves that any further Impairment charge was not necessary on any of the projects.

We also assessed the related disclosures included in the financial statements.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of any misstatements identified. Based on professional judgement we determined overall materiality for the group financial statements as a whole to be €700,000, this equating to less than 1% of Group Total Assets.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 Directors` Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors `Report and Strategic Report have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of W Resources Plc continued

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit we have not identified material misstatements in the Directors` Report and Strategic 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 Group'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 Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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.

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: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Keith Fulton
Senior Statutory Auditor
for and on behalf of Chapman Davis LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

1 June 2020

Consolidated Statement of Income and Other Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Continuing operations			
Revenue	2	365	219
Cost of sales		(343)	(219)
Gross profit		22	–
Operating expenses		(498)	(77)
Administrative expenses		(768)	(822)
Operating loss before exceptional items		(1,244)	(899)
Exceptional items		–	165
Operating loss		(1,244)	(734)
Finance costs	4	(1,200)	(1,082)
Exchange losses		(498)	(2,423)
Impairment charge		–	(353)
Loss before income tax	5	(2,942)	(4,592)
Income tax	6	–	76
Loss for the year		(2,942)	(4,516)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Translation reserve		–	721
Income tax relating to items that will not be reclassified to profit or loss		–	–
Other comprehensive income for the year, net of income tax		–	721
Total comprehensive income for the year		(2,942)	(3,795)
Loss attributable to owners of the parent		(2,942)	(4,516)
Total comprehensive income attributable to owners of the parent		(2,942)	(3,795)
Loss per share expressed in cents per share:	8		
Basic		-0.05	-0.08
Diluted		-0.05	-0.08

Consolidated Statement of Financial Position

31 December 2019

	Notes	2019 €'000	2018 €'000
Assets			
Non-current assets			
Intangible assets	9	31,882	26,609
Property, plant and equipment	10	30,103	18,551
Investments	11	–	–
		61,985	45,160
Current assets			
Inventories	12	415	179
Trade and other receivables	13	6,580	6,580
Cash and cash equivalents	14	2,460	6,787
		9,455	13,546
Total assets		71,440	58,706
Equity			
Shareholders' equity			
Called up share capital	15	7,822	7,137
Share premium	16	36,658	34,418
Share based payment reserve	16	1,622	1,622
Merger reserve	16	1,014	1,014
Translation reserve	16	–	(3,791)
Retained earnings	16	(28,027)	(21,294)
Total equity		19,089	19,106
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	44,312	33,746
Current liabilities			
Trade and other payables	17	3,978	5,854
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	4,061	–
		8,039	5,854
Total liabilities		52,351	39,600
Total equity and liabilities		71,440	58,706

The financial statements were approved by the Board of Directors and authorised for issue on 1 June 2020 and were signed on its behalf by:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 1 June 2020

Company Statement of Financial Position

31 December 2019

	Notes	2019 €'000	2018 €'000
Assets			
Non-current assets			
Investments	11	6,695	1,695
		6,695	1,695
Current assets			
Trade and other receivables	13	63,185	51,717
Cash and cash equivalents	14	1,670	4,848
		64,855	56,565
Total assets		71,550	58,260
Equity			
Shareholders' equity			
Called up share capital	15	7,822	7,137
Share premium	16	36,658	34,418
Share based payment reserve	16	1,622	1,622
Merger reserve	16	1,014	1,014
Translation reserve	16	–	(5,683)
Retained earnings	16	(20,586)	(14,207)
Total equity		26,530	24,301
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	44,273	33,746
Current liabilities			
Trade and other payables	17	747	213
Total liabilities		45,020	33,959
Total equity and liabilities		71,550	58,260

The financial statements were approved by the Board of Directors and authorised for issue on 1 June 2020 and were signed on its behalf by:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 1 June 2020

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Called up Share Capital €'000	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000	Merger Reserve €'000	Translation Reserve €'000	Total Equity €'000
Balance at 1 January 2018	6,397	(16,778)	31,655	67	1,014	(4,512)	17,843
Changes in equity							
Total comprehensive income	–	(4,516)	–	–	–	721	(3,795)
Issue of share capital	740	–	2,763	–	–	–	3,503
Transactions with owners	–	–	–	1,555	–	–	1,555
Balance at 31 December 2018	7,137	(21,294)	34,418	1,622	1,014	(3,791)	19,106
Changes in equity							
Total comprehensive income	–	(2,942)	–	–	–	–	(2,942)
Issue of share capital	685	–	2,240	–	–	–	2,925
Transfers between reserves	–	(3,791)	–	–	–	3,791	–
Transactions with owners	–	–	–	–	–	–	–
Balance at 31 December 2019	7,822	(28,027)	36,658	1,622	1,014	–	19,089

Company Statement of Changes in Equity

For the year ended 31 December 2019

	Called up Share Capital €'000	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000	Merger Reserve €'000	Translation Reserve €'000	Total Equity €'000
Balance at 1 January 2018	6,397	(12,562)	31,655	67	1,014	(5,491)	21,080
Changes in equity							
Issue of share capital	740	–	2,763	–	–	–	3,503
Total comprehensive income	–	(1,645)	–	–	–	(192)	(1,837)
Transactions with directors	–	–	–	1,555	–	–	1,555
Balance at 31 December 2018	7,137	(14,207)	34,418	1,622	1,014	(5,683)	24,301
Changes in equity							
Issue of share capital	685	–	2,240	–	–	–	2,925
Total comprehensive income	–	(696)	–	–	–	–	(696)
Transfers between reserves	–	(5,683)	–	–	–	5,683	–
Transactions with directors	–	–	–	–	–	–	–
Balance at 31 December 2019	7,822	(20,586)	36,658	1,622	1,014	–	26,530

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Cash flows from operating activities			
Cash generated from operations	1	(4,592)	5,989
Interest paid		(146)	(109)
Finance costs paid		(426)	(5,311)
Tax paid		–	(64)
Net cash from operating activities		(5,164)	505
Cash flows from investing activities			
Purchase of intangible fixed assets		(7,343)	(10,440)
Purchase of tangible fixed assets		(4,235)	(14,315)
Net cash from investing activities		(11,578)	(24,755)
Cash flows from financing activities			
New loans in year		9,050	27,606
Loan repayments in year		–	(384)
New hire purchases in year		58	–
Payment of lease liabilities		(8)	–
Amount introduced by directors		390	–
Share issue		685	740
Share issue premium		2,329	2,904
Translation adjustment		–	(191)
Share issue costs		(89)	(141)
Net cash from financing activities		12,415	30,534
(Decrease)/increase in cash and cash equivalents		(4,327)	6,284
Cash and cash equivalents at beginning of year	2	6,787	503
Cash and cash equivalents at end of year	2	2,460	6,787

Company Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 €'000	2018 €'000
Cash flows from operating activities			
Cash generated from operations	1	(12,364)	(22,639)
Interest paid		–	(2)
Finance costs paid		(426)	(4,360)
Tax paid		–	(62)
Net cash from operating activities		(12,790)	(27,063)
Cash flows from investing activities			
Interest received		1,297	780
Net cash from investing activities		1,297	780
Cash flows from financing activities			
New loans in year		5,000	27,606
Amount introduced by directors		390	–
Share issue		685	740
Share premium		2,329	2,904
Translation reserve		–	(192)
Share issue costs		(89)	(141)
Net cash from financing activities		8,315	30,917
(Decrease)/increase in cash and cash equivalents		(3,178)	4,634
Cash and cash equivalents at beginning of year	2	4,848	214
Cash and cash equivalents at end of year	2	1,670	4,848

Notes to the Statements of Cash Flows

For the year ended 31 December 2019

1. Reconciliation of loss before income tax to cash generated from operations

	2019 €'000	2018 €'000
Group		
Loss before income tax	(2,942)	(4,592)
Depreciation charges	280	251
Exchange losses on new loans	–	2,952
Translation reserve	–	727
Share warrants issued	–	264
Share options issued	–	116
Impairment of intangible assets	–	353
Finance costs	1,200	1,082
	(1,462)	1,153
Increase in inventories	(236)	(127)
(Increase)/decrease in trade and other receivables	(628)	112
(Decrease)/increase in trade and other payables	(2,266)	4,851
Cash generated from operations	(4,592)	5,989
Company		
Loss before income tax	(696)	(1,722)
Exchange losses on new loans	–	2,952
Increase in inter-group loans	(11,383)	(25,274)
Share warrants issued	–	264
Share options issued	–	115
Finance costs	872	804
Finance income	(1,297)	(780)
	(12,504)	(23,641)
(Increase)/decrease in trade and other receivables	(10)	1,127
(Decrease)/increase in trade and other payables	150	(125)
Cash generated from operations	(12,364)	(22,639)

2. Cash and cash equivalents

The amounts disclosed on the Statements of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

	Group		Company	
	31 December 2019 €'000	1 January 2019 €'000	31 December 2019 €'000	1 January 2019 €'000
Year ended 31 December 2019				
Cash and cash equivalents	2,460	6,787	1,670	4,848

	31 December 2018 €'000	1 January 2018 €'000	31 December 2018 €'000	1 January 2018 €'000
Year ended 31 December 2018				
Cash and cash equivalents	6,787	503	4,848	214

Notes to the Consolidated Financial Statements

For the year ended 31 December 2019

1. Accounting policies

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

New standards, amendments and interpretations adopted by the Group

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Group, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2019 are not material to the Group.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

– IFRS 17 Insurance Contracts (effective date 1 January 2021).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company, Iberian Resources Spain SL, Copper Gold Resources Plc, Iberian Resources Portugal, Recursos Minerais, Unipessoal, Lda. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so to obtain benefits from its activities. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint operations are activities where the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the entities' assets, liabilities, revenue and expenses with items of similar nature on a line by line basis, from the date that joint control commences until joint control ceases.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The Group share of the losses of any associated companies are included in the loss for the year.

Exploration and evaluation costs

The Group has adopted IFRS 6 "Exploration for and evaluation of mineral resources".

The Group follows the successful efforts method of accounting for exploration and evaluation costs. All licence, acquisition, exploration and evaluation costs are initially capitalised as intangible fixed assets in cost centres by field pending determination of the commercial viability of the relevant prospect. Directly attributable costs not specific to any particular licence or prospect are expensed as incurred.

Licence acquisition costs incurred to acquire the La Parrilla mining concessions are subject to an annual amortisation charge in proportion to the period left until their expiry in 2068. Other exploration and evaluation costs are not subject to an annual amortisation charge.

In Portugal, when exploration licences have expired and an application has been submitted for their extension or to be converted into a trial mining licence, their accumulated cost is not subject to an impairment adjustment until the awarding authority has communicated an unsuccessful outcome.

An exploration and evaluation asset is assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such triggering events are defined in IFRS 6 and include the point at which a determination is made as to whether commercial reserves exist, in which case discounted future cash flow projections are prepared to assist in determining recoverable amount.

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

If prospects are deemed to be impaired ("unsuccessful") on completion of evaluation, the associated costs are charged to the income statement. If the prospect is determined to be commercially viable, the attributable costs are transferred to Fixed Assets in single prospect cost centres. These assets are then amortised on a unit of production basis.

Property, plant and equipment

All fixed assets are subject to annual impairment and fair value review.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Motor Vehicles	5-10 years
Plant and equipment	10-15 years
Furniture and other equipment	3-10 years

Certain assets such as buildings and tailing plant are being depreciated, however other items of plant and equipment will only be depreciated once they come into use within the business.

Government Grants

A government grant is recognised only when there is reasonable assurance that (a) the entity will comply with any conditions attached to the grant and (b) the grant will be received.

The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

A grant receivable as compensation for costs already incurred or for immediate financial support, with no future related costs, is recognised as income in the period in which it is receivable.

A grant relating to purchase of plant and equipment is recognised and deferred income and amortised at the same rate of depreciation as the asset.

No recoverable amounts as capital contribution have yet been provided for.

Financial instruments

Share Options are valued using the Black Scholes method.

The group has applied IFRS 9 and no adjustments were required to comparative information.

Classification

Until 31 December 2017, the group classified its financial assets in the following categories:

- financial assets at fair value through profit or loss,
- loans and receivables,

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition.

Reclassification

The group only holds, financial assets at fair value through profit and loss and loans and receivables and therefore no reclassifications were required on transition to IFRS 9.

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9.

Subsequent to the initial recognition, loans and receivables were carried at amortised cost using the effective interest method.

Financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised in profit or loss within other gains/(losses)

Impairment

The group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated.

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

The tax charge is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, in the future. In particular:

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

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

Employee benefit costs

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the income statement in the period to which they relate.

Accounting judgements and estimation uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are described within the relevant accounting policies.

Presentation of financial statements

The Group applies revised IAS 1, "Presentation of Financial Statements" which became effective as of 1 July 2012. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Entities are permitted to choose whether to present one performance statement (the statement of comprehensive income) or two statements (the incoming statement and the statement of comprehensive income). The Group has elected to present one statement.

W Resources Plc (the "Company") is a company domiciled in the United Kingdom and incorporated in England. The financial information of the Company and of the Company and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2019 are presented in the functional currency, Euros €'000s.

The Group financial statements consolidate those of the Company and its subsidiaries. The parent company financial statements present, in addition, information about the Company as a separate entity in publishing the parent company financial statements together with the Group financial statements, the Company has taken advantage of the exemption in Section 408 (4) of the Companies Act 2006 not to present its individual income statement and related notes that form a part of these approved financial statements.

The financial statements were authorised for issue by the Directors on 1 June 2020.

Change in presentational and functional currency

The group changed its presentational and functional currency to Euros on the 1 January 2019. This decision was made as the two subsidiaries of the group report in Euros, the bulk of the groups transactions are therefore also undertaken in Euros, and the exchange differences on translation were having a material impact on the user's ability to understand the financial statements.

The presentational currency was changed prospectively in accordance with IAS 21. The comparative balances have not been restated but have been converted to Euros using a spot rate of 1.1149 at 31 December 2018. With the exception of Share capital and Share Premium which have been restated based on historic exchange rates at the date of issue of the shares with the difference being included in the translation reserve.

On 1 January 2019 the translation reserve was transferred to retained earnings.

Statement of compliance

Both the parent company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with international Financial Reporting Standards and their interpretation as adopted by the EU ("adopted IFRS").

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

Business combinations

Acquisition of subsidiaries or businesses are accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the Profit and Loss account as incurred.

Going Concern

The Group has incurred a loss after tax of €2,942,000 for the year ended 31 December 2019. As at 31 December 2019, the Group held cash and cash equivalents of €2,460,000, a decrease in the year of €4,327,000 and had current liabilities of €8,039,000.

The Directors are confident in the Company's continued ability to raise new finance from Placings as required during 2020.

The Group's cash flow forecast for the 12 months ending 31 May 2021 highlights adequate funding at current levels of projected expenditure and the projected levels of operating cash flow from La Parrilla. The Board of Directors are confident that sufficient funding is in place and will be available in the near future to meet all its operational and exploration commitments over the next 12 months and to remain cash positive for the whole period.

Given the Group's current positive cash position and its ability to raise new capital the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements.

Segmental Reporting

The Groups results and Net Assets are split geographically between Iberia (Spain and Portugal) and the United Kingdom.

All costs relate to Mineral Exploration and Corporate costs; therefore, no further categorisation is required.

Production costs and sales recognition during plant ramp-up period

As is customary in the mineral processing industry, during the processing plant ramp-up period, being the date from when plant construction is completed until the processing ability of the plants attains optimum capacity, costs associated with the production of mineral concentrate are capitalised as intangible assets. Revenues from mineral concentrate sales during such ramp-up periods are recognised as sales revenues in the profit and loss account, and an amount of the capitalised production costs equivalent to the sales revenues is charged to cost of sales to record a zero margin on those sales. Once optimum plant capacity is attained the remaining balance of the capitalised production costs is amortised over the remaining expected useful life of the plant. Sales are recognised on delivery of the goods to the customer or at the date legal title passes whichever is earlier.

IFRS 15 has been applied from 1 January 2018 onwards, there were no retrospective adjustments required due to this change in accounting policy and currently the group has no contracts with customers, so the application of this standard is immaterial.

Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 21.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Fair value is measured either:

By use of the Black- Scholes Model for remuneration-based awards. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Or based on the fair value of the service provided in the case of Finance costs awards. The fair value of the service must be readily recognisable.

Loan Interest and related finance costs

Loan interest is capitalised in intangible assets at the date it is incurred on the value of the loan.

Finance costs related to the acquisition of the loan are prepaid and included in trade and other receivables and released to the profit and loss account over the term of the loan.

Staff and consultancy costs

Staff costs (note 3) and consultancy when directly related to mineral evaluation and exploration are capitalised in intangible assets in accordance with IFRS 6. Where staff and consultancy costs are related to general administration of the group then these are expensed to the profit and loss account in the year that the work is undertaken.

2. Segmental information

2018

	Corporate €'000	Mineral Exploration €'000	Total €'000
By Business Segment:			
Revenue	–	219	219
Gain/(loss) for the year	(3,499)	(1,017)	(4,516)
Balance Sheet – Segment Assets	8,492	50,214	58,706
– Segment Liabilities	(33,876)	(5,724)	(39,600)
Net Assets	(25,384)	44,490	19,106

	Iberia €'000	UK €'000	Total €'000
By Geographical Sector:			
Revenue	219	–	219
Gain/(loss) for the year	(1,017)	(3,499)	(4,516)
Balance Sheet – Segment Assets	50,214	8,492	58,706
– Segment Liabilities	(5,724)	(33,876)	(39,600)
Net Assets	44,490	(25,384)	19,106

Notes to the Consolidated Financial Statements
continued

2. Segmental information continued

2019

	Mineral Corporate €'000	Exploration €'000	Total €'000
By Business Segment:			
Revenue	–	365	365
Gain/(loss) for the year	(2,009)	(933)	(2,942)
Balance Sheet – Segment Assets	4,881	66,559	71,440
– Segment Liabilities	(44,959)	(7,392)	(52,351)
Net Assets	(40,078)	59,167	19,089

	Iberia €'000	UK €'000	Total €'000
By Geographical Sector:			
Revenue	365	–	365
Gain/(loss) for the year	(933)	(2,009)	(2,942)
Balance Sheet – Segment Assets	66,559	4,881	71,440
– Segment Liabilities	(7,392)	(44,959)	(52,351)
Net Assets	59,167	(40,078)	19,089

3. Employees and directors

During the year €1,614,352 (2018: €568,436) of staff costs were capitalised in Intangible Assets.

The average monthly number of employees during the year was as follows:

	2019	2018
Management & Administration	4	3
Technical	44	16

There has been significant growth of staff numbers during the year and at 31 December 2019 total staff numbers equalled 73. Management & Administration 4, Technical 69.

	2019		
	Share Options €'000	Consultancy €'000	Directors Fees €'000
Michael Masterman	–	304	–
Byron Pirola – *resigned 30/3/2020*	–	–	–
David Garland	–	–	16
Pablo Neira	–	–	48
James Argalas	–	–	24
Total	–	304	88

Notes to the Consolidated Financial Statements

continued

3. Employees and directors continued

	2018		
	Share Options €'000	Consultancy €'000	Directors Fees €'000
Michael Masterman	–	303	–
Byron Pirola – *resigned 30/3/2020*	–	–	–
David Garland	–	–	13
Pablo Neira	23	–	13
James Argalas	23	–	7
Total	46	303	33

4. Net finance costs

	2019 €'000	2018 €'000
Finance costs:		
Other finance costs	146	109
Amortisation of loan costs	1,054	973
	1,200	1,082

5. Loss before income tax

The loss before income tax is stated after charging/(crediting):

	2019 €'000	2018 €'000
Cost of inventories recognised as expense	343	219
Depreciation – owned assets	218	190
Exploration & evaluation costs amortisation	61	62
Auditors' remuneration	33	28
Auditors' remuneration for non-audit work	–	4
Foreign exchange differences	495	2,422
Exceptional items	–	148
Impairment charge	–	317

A total of €304,000 (2018: €303,000) relating to Michael Masterman's consultancy fees were capitalised in intangible assets in 2019.

An exceptional loss of €(165,000) in 2016 related to a review by HMRC of the Company's VAT position resulting in the suspension of the Company's VAT registration number and a deemed irrecoverability of VAT, which was provided for in the financial statements. The Company disputed HMRC's decision and the review was concluded during the last financial year.

It was concluded at tribunal that the Company's VAT registration be reinstated, and that VAT may be claimed from 1 July 2014 onwards. During the current year and in previous years no VAT was reclaimed and expenditure in 2017 and 2018 is shown gross of VAT. In 2018 however, an adjustment has been made to reverse the provision made in 2016 and to adjust the Statement of profit and loss for all unclaimed VAT. The reduction is shown as an exceptional gain in 2018, and totals €165,000.

The impairment charge of €353,000 in 2018 relates only to the Monforte-Tinoca copper exploration area. The assay results did not demonstrate a regular distribution of significant mineralisation or grade, nor any potential extension of the ore body, to justify a positive future financial return. Given these results, the Company decided not to extend nor renew the exploration license. The area was discontinued effective from 6 November 2018, resulting in this impairment charge and equal to the capitalised exploration expenditure incurred from the date it was awarded until 31 December 2018.

Notes to the Consolidated Financial Statements

continued

6. Income tax

	2019 €'000	2018 €'000
Current tax:		
Tax	–	(76)
Total tax (income)/expense in consolidated statement of profit or loss and other comprehensive income	–	(76)

Factors affecting the tax expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 €'000	2018 €'000
Loss before income tax	(2,942)	(872)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2018 – 19%)	(559)	(872)
Effects of:		
Share options cost disallowed	–	(22)
Share warrants cost disallowed	–	(50)
Benefit of losses brought forward	(4,976)	(4,108)
Benefit of losses carried forward	5,535	4,976
Tax income	–	(76)

7. Loss of parent company

As permitted by Section 408 of the Companies Act 2006, the income statement of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was (€696,000) (2018: €1,644,000). Included within these figures are intra-group exchange gains of €Nil (2018: €1,073,000) and intra-group interest received of €1,298,000 (2018: €782,000).

8. Loss per share

Basic loss per share is calculated by dividing the loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares. The share options issued during 2016, 2018 and 2019 are considered to be anti-dilutive in accordance with IAS 33 as on conversion they would decrease loss per share from continuing operations.

Reconciliations are set out below:

	2019		
	Loss €'000	Weighted Average Number of Shares (millions)	Per Share Amount Cents
Basic loss per share			
Loss attributable to ordinary shareholders	(2,942)	6,018	-0.05
Effect of dilutive securities	–	–	–
Diluted loss per share			
Adjusted loss	(2,942)	6,018	-0.05

Notes to the Consolidated Financial Statements
continued

8. Loss per share continued

	2018		
	Loss €'000	Weighted Average Number of Shares (millions)	Per Share Amount Cents
Basic loss per share			
Loss attributable to ordinary shareholders	(4,516)	5,423	-0.08
Effect of dilutive securities	–	–	–
Diluted loss per share			
Adjusted loss	(4,516)	5,423	-0.08

9. Intangible assets

	Exploration & Evaluation Costs €'000
Group	
Cost	
At 1 January 2019	27,282
Additions	10,567
Reclassification/transfer	(5,233)
At 31 December 2019	32,616
Amortisation	
At 1 January 2019	673
Amortisation for year	61
At 31 December 2019	734
Net book value	
At 31 December 2019	31,882

Notes to the Consolidated Financial Statements
continued

9. Intangible assets continued

Intangible asset additions includes a reduction of €470,000 in relation to an invoice issued to Arypex SL, from whom the Group acquired the rights to the mining concessions in Spain, to recover expenses incurred by the Group to correct certain environmental damages which originated prior to the date that the Group signed the original lease (with option to purchase agreement) with Arypex SL, in 2009.

	Exploration & Evaluation Costs €'000
Group	
Cost	
At 1 January 2018	15,438
Additions	11,683
Reclassification/transfer	161
At 31 December 2018	27,282
Amortisation	
At 1 January 2018	255
Amortisation for year	62
Impairments	353
Exchange differences	3
At 31 December 2018	673
Net book value	
At 31 December 2018	26,609

The above represents capitalised testing works and concessions costs acquired.

10. Property, plant and equipment

	Plant & Machinery €'000
Group	
Cost	
At 1 January 2019	19,355
Additions	6,537
Reclassification/transfer	5,233
At 31 December 2019	31,125
Depreciation	
At 1 January 2019	804
Charge for year	218
At 31 December 2019	1,022
Net book value	
At 31 December 2019	30,103

Notes to the Consolidated Financial Statements
continued

10. Property, plant and equipment continued

	Plant & Machinery €'000
Group	
Cost	
At 1 January 2018	3,063
Additions	16,259
Exchange differences	33
At 31 December 2018	19,355
Depreciation	
At 1 January 2018	607
Charge for year	190
Exchange differences	7
At 31 December 2018	804
Net book value	
At 31 December 2018	18,551

At 31 December 2019, the following non-current assets, which were additions during the construction phase of La Parrilla mine, during 2018 and its completion in 2019, were reclassified from intangible non-current assets to tangible non-current assets to better reflect their physical nature or direct attribution to the construction cost of the new plants:

	Cumulative balance further to reclassification 2019 €uro	Reclassification 2018 €uro
Civils & earthworks	2,422,940	1,159,374
Tailings dam walls	660,859	412,635
Transformation centre	2,566,671	1,618,238
Project management fees	1,498,885	1,200,957
Engineering fees	849,277	841,787
Total	7,998,632	5,232,990

Notes to the Consolidated Financial Statements
continued

11. Investments

	Shares in Group Undertakings €'000
Company	
Cost	
At 1 January 2019	1,695
Additions	5,000
and 31 December 2019	6,695
Net Book Value	
At 31 December 2019	6,695
At 31 December 2018	1,695

	Shares in Group Undertakings €'000
Company	
Cost	
At 1 January 2018	
and 31 December 2018	1,695
Net Book Value	
At 31 December 2018	1,695

Company

During the year the company converted €5m of its intercompany loan with Iberian Resources Spain SL into equity in Iberian Resources Spain SL.

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Direct Subsidiaries

Iberian Resources Spain SL

Registered office: Finca La Parrilla, 10132 Almoharin Cáceres, Spain

Nature of business: Tungsten mining, production, exploration

Class of shares:	% Holding
Ordinary	100.00

	2019 €'000	2018 €'000
Aggregate capital and reserves	(6,258)	(4,145)

Notes to the Consolidated Financial Statements
continued

11. Investments continued

Copper Gold Resources Plc (Group)

Registered office: 27/28 Eastcastle Street, London W1W 8DH

Nature of business: Tungsten mining exploration, development

Class of shares:	% Holding
Ordinary	100.00

	2019 €'000	2018 €'000
Aggregate capital and reserves	(367)	(235)

Indirect subsidiaries

Iberian Resources Portugal LDA

Registered office: Lugar das Mozes, 5110-159 Armamar, Portugal

Nature of business: Mineral Exploration

Class of shares:	% Holding
Copper Gold Resources Plc owns	100.00

	2019 €'000	2018 €'000
Aggregate capital and reserves	(431)	(312)

12. Inventories

	Group	
	2019 €'000	2018 €'000
Concentrate for re-sale	415	179

13. Trade and other receivables

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Current:				
Trade receivables	36	–	–	–
Other receivables	905	1,037	61	58
Other prepayments	1,929	1,203	36	31
Finance cost prepayments	1,203	1,063	1,009	871
>1 year:				
Amounts owed by group undertakings	–	–	59,977	48,071
Finance cost prepayments	2,507	3,277	2,102	2,686
	6,580	6,580	63,185	51,717

Notes to the Consolidated Financial Statements

continued

14. Cash and cash equivalents

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Bank accounts	2,460	6,787	1,670	4,848

15. Called up share capital

Allotted and issued:

Number	Class	Nominal Value	2019 £'000	2018 £'000
6,378,427,640 (2018: 5,784,197,054)	Ordinary	0.1p	7,134	6,448

594,230,586 Ordinary Shares of 0.1p were issued during the year for cash as follows:

- On 5 February 2019, 9,183,673 Ordinary Shares of 0.1p each were issued at a premium of 0.39p raising €51,043.
- On 18 April 2019, 201,571,429 Ordinary Shares of 0.1p each were issued at a premium of 0.32p raising £846,600 (€979,855). This was in part the exercise of 200,000,000 share warrants issued last year.
- On 22 May 2019, 35,714,284 Ordinary Shares of 0.1p each were issued at a premium of 0.32p raising £150,000 (€170,145). This was the exercise of 35,714,284 share warrants issued last year.
- On 16 September 2019, 185,511,200 Ordinary Shares of 0.1p each were issued at a premium of 0.40p raising £927,556 (€1,052,962)
- On 15 November 2019, 72,250,000 Ordinary Shares of 0.1p each were issued at a premium of 0.30p raising £289,000 (€337,350)
- On 29 November 2019, 90,000,000 Ordinary Shares of 0.1p each were issued at a premium of 0.30p raising £360,000 (€422,280)

At the year-end there were 779,033,998 Share Warrants in issue that were yet to be exercised. (2018: 554,034,000).

Notes to the Consolidated Financial Statements
continued

16. Reserves

Group

	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000
At 1 January 2019	(21,294)	34,418	1,622
Deficit for the year	(2,942)	–	–
Cash share issue	–	2,329	–
Cost of share issue	–	(89)	–
Transfer of reserves	(3,791)	–	–
At 31 December 2019	(28,027)	36,658	1,622

Group

	Merger Reserve €'000	Translation Reserve €'000	Totals €'000
At 1 January 2019	1,014	(3,791)	11,969
Deficit for the year	–	–	(2,942)
Cash share issue	–	–	2,329
Cost of share issue	–	–	(89)
Transfer of reserves	–	3,791	–
At 31 December 2019	1,014	–	11,267

Company

	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000
At 1 January 2019	(14,207)	34,418	1,622
Deficit for the year	(696)	–	–
Cash share issue	–	2,329	–
Cost of share issue	–	(89)	–
Share options issued	(5,683)	–	–
At 31 December 2019	(20,586)	36,658	1,622

Company

	Merger Reserve €'000	Translation Reserve €'000	Totals €'000
At 1 January 2019	1,014	(5,683)	17,164
Deficit for the year	–	–	(696)
Cash share issue	–	–	2,329
Cost of share issue	–	–	(89)
Transfer of reserves	–	5,683	–
At 31 December 2019	1,014	–	18,708

Notes to the Consolidated Financial Statements

continued

17. Trade and other payables

	Group		Company	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Current:				
Trade creditors	3,500	5,782	198	63
Amounts owed to group undertakings	–	–	75	81
Other creditors	2	1	2	1
Accrued expenses	86	71	82	68
Directors' current accounts	390	–	390	–
	3,978	5,854	747	213

18. Financial liabilities – borrowings

On 14 February 2018, W Resources signed a Credit and Guaranty Agreement with BlackRock Financial Management Inc. to provide a US$35 million secured term loan facility to the Company to fund the La Parrilla mine development. The first US$13.125 million was drawn in February 2018 and the balance of US$21.875 million was funded in May 2018.

The key terms of the Credit and Guaranty Agreement with BlackRock Financial Management Inc. are as follows:

- The Loan is for a scheduled term of five years, with a two-year non-call period. The Company has the right to repay the Loan after two years for a premium of 5%, after three years for a premium of 3%, and after four years for no premium; the Loan is secured over the value of the Group's intangible and tangible assets in Spain and in Portugal as well as the stream of future revenues expected from off take agreements.
- Subject to any early repayment permitted or required under the Agreement, repayment will be made by way of a cash flow sweep, utilising free cash to repay the loan; it is not expected that cash will be available within the initial two-year period and therefore the full amount of the loan has been recognised as payable between 2-5 years.
- The Loan is subject to an average 5-year interest rate of 12.6%, being 14% in the first year, 13% in the second year and 12% thereafter.
- First year interest is added to the value of the principal, while 50% of the second-year interest is added to the value of the principal and 50% is payable in cash; from the third year onwards, interest will be fully payable in cash on quarterly anniversaries of the loan agreement.
- Lenders received a non-refundable upfront fee of 3% of the face value of each of the respective Loan disbursements.
- Lenders received warrants totalling 5% of W Resources Plc fully diluted equity. These have been valued at 5% of the total loan value €1,440,000 (note 21).

On 18 December 2019, BlackRock Financial Management Inc. agreed to increase the existing loan facility provided to W Resources by US$5 million, with no warrants attached.

During the year interest of €5,257,259 (2018: €3,141,667) was incurred on the Loan. This was added to the loan capital during the year and recharged by W Resources PLC to its subsidiary Iberian Resources Spain SL where it was capitalised in Intangible and in Tangible assets in proportion to the expenditure on each of these categories during the year, and in accordance with the Groups accounting policy for loan interest.

The value of the BlackRock Financial Management Inc. loan included in the statement of financial position at the balance sheet date is US$49,458,659 (€44,273,000) (2018: €33,746,000).

On 7 May 2019, a loan of €3,000,000 was advanced by Spanish bank, Caja Rural de Extremadura to Iberian Resources Spain S.L. with a term of 15 months and an interest rate of 1.75% p.a. The Caja Rural de Extremadura bank has a lien over the grant to receivable from the Junta de Extremadura of €5.3 million. The value of this loan included in the statement of financial position at the balance sheet date is €3,000,000 (2018: NIL).

Notes to the Consolidated Financial Statements

continued

18. Financial liabilities – borrowings continued

On 18 June 2019, an overdraft facility of €300,000 was provided by Banco Bilbao Vizcaya to Iberian Resources Spain S.L. with a term of 12 months and an interest rate of 2.65% p.a. A 29% APR will apply if not repaid by 18 June 2020. The value of this overdraft included in the statement of financial position at the balance sheet date is €299,700 (2018: NIL).

On 15 October 2019, the Banco Bilbao Vizcaya provided and advance on VAT receivables of €50,000 to Iberian Resources Spain S.L. with a term of 12 months and an Interest rate of 2.3% p.a. The value of this VAT advance included in the statement of financial position at the balance sheet date is €50,000 (2018: NIL).

On 15 October 2019, Iberian Resources Spain S. L. signed a reverse factoring agreement with the Banco Bilbao Vizcaya, for up to €200,000 with an interest rate 2.75% p.a. The value of this credit facility included in the statement of financial position at the balance sheet date is €199,833 (2018: NIL).

On 3 December 2019, Iberian Resources Spain S. L. signed a revolving credit facility of €500,000 with CaixaBank with a term 6 months and an interest rate of 2.5% p.a.. The value of this credit facility included in the statement of financial position at the balance sheet date is €500,000 (2018: NIL).

Subsequent to 31 December 2019, on 31 January 2020 Iberian Resources Spain S. L. signed a loan agreement for €5,000,000 with Banco Santander, S.A ("Santander") which repaid the €3,000,000 loan from the Caja Rural de Extremadura. The facility interest rate is 3% per annum, payable quarterly, with no amortisation and is secured by a pledge over the rights to the Grant funds. The term of the loan is the earlier of 12 months or the receipt of the proceeds of the Grant funds.

19. Leasing

	2019 €'000	2018 €'000
Group		
Lease liabilities		
Minimum lease payments fall due as follows:		
Gross obligations repayable:		
Within one year	11	–
Between one and five years	39	–
	50	–
Finance charges repayable:	–	–
Net obligations repayable:	11	–
Within one year	39	–
Between one and five years	50	–

Notes to the Consolidated Financial Statements
continued

20. Related party disclosures

During the year the Directors acquired the following Ordinary 0.1p Shares:

Michael Masterman	42,857,142
Byron Pirola – *resigned 30/3/2020*	17,857,142
David Garland	–
Pablo Neira	–
James Argalas	–
Oscar Marin Garcia – *appointed 8/1/2020*	114,655,600

On 2 December 2016, Share Options were granted to the directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Michael Masterman	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
Byron Pirola – *resigned 30/03/2020*	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
David Garland	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020

Further on 20 November 2018, Share Options were granted to directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Pablo Neira	30,000,000	£0.0055	30/11/2021
James Argalas	30,000,000	£0.0055	30/11/2021

Further on 15 November 2019, Share Options were granted to directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Oscar Marin Garcia – *appointed 8/01/2020*	21,900,000	£0.0040	30/11/2020

As Oscar Marin Garcia was not a director at the year-end no Black Scholes calculation has been included for the value of the share options issued. This valuation will crystallise on 8 January 2020 the date of his appointment and will therefore be included in next year's financial statements.

All options remain unexercised at the balance sheet date.

During the year the Directors made loans to the company as follows:

Michael Masterman	€229,000
Byron Pirola – *resigned 30/03/2020*	€111,000
James Argalas	€50,000
Total	€390,000

These loans were converted into Share Capital on 17 January 2020.

Included in other creditors is the sum of €358,000 (2018: €95,000) for unpaid consultancy fees due to FeX Limited a company, based in Hong Kong, wholly-owned by Michael Masterman a Director and significant shareholder. During the year consultancy fees of €304,000 were charged to the company by FeX Limited.

Also included in other creditors is the sum of €43,000 (2018: €25,000) for accrued directors fees due to the directors as follows: €24,000 Pablo Neira, €7,000 David Garland, €12,000 James Argalas.

Notes to the Consolidated Financial Statements

continued

21. Events after the reporting period

On 8 January 2020, Mr Oscar Marin Garcia was appointed as a Non-Executive Director of the Company. Oscar Marin Garcia has over 20 years' experience, specialising in retail business in the Extremadura region of Spain and managing family office investments. He is co-founder and CEO of Lider Aliment, SA, a €200m sales family owned company. Prior to Lider Aliment, Oscar was a Regional Finance Director for Western Europe of Procter & Gamble in Geneva, Switzerland. He holds a Bachelor of Law and a Bachelor of Economics from ICADE – Comillas Pontifical University in Madrid, Spain and a Master of Business Administration degree from San Telmo Business School in Seville, Spain.

Oscar Marin Garcia has a beneficial interest in 114,655,600 Ordinary Shares, representing approximately 1.8 per cent. Of the issued Ordinary Share Capital of the Company.

On 17 January 2020, the short-term loans provided by three of W's directors (as announced on 15 November 2019), were converted to W ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.307p per Ordinary Share as follows:

	Loan Value (£)	Shares Issued	Resultant Holding	%
M Masterman	200,000	65,146,580	1,180,919,370	18.20
B Pirola	100,000	32,573,290	347,068,750	5.35
J Argalas*	42,658	13,895,269	13,895,269	0.21

*€50,000

The conversion price of 0.307p is the volume weighted average price for the week ended 10 January 2020 and represents a 5.86% premium over the closing mid-price of 0.29p on 16 January 2020.

The Directors have agreed to convert these loans as a result of conditions included in the additional facility agreement provided by funds managed by BlackRock Financial Management Inc. announced on 18 December 2019, requiring the loans to be renegotiated and subordinated until 2023 or converted into equity.

With the additional facility from BlackRock Financial Management Inc. and these loan conversions as a result of that agreement, the directors will not be subscribing for additional shares as referred to in the Company's announcement of 16 September 2019.

On 31 January 2020, IRS signed an agreement for a €5m loan with the Spanish bank, Banco Santander, S.A, and secured against the receipt of the € 5.3m grant from Junta de Extremadura Government. This loan was used to repay the €3m loan from Caja Rural de Extremadura that was outstanding at 31 December, 2020, and to provide a net €2m of additional working capital and liquidity during the period to ramp-up the plants to full optimum production capacity at La Parrilla. The loan facility interest rate is 3% per annum, payable quarterly, with no amortisation and is secured by a pledge over the rights to the Grant funds. The term of the loan is the earlier of 12 months or the receipt of the proceeds of the Grant funds.

W Resources has secured a £4.0m convertible bond facility from Atlas Capital Markets ("Atlas") comprising a convertible bond with a coupon of 5% and a term of 3 years. The facility can be drawn in tranches of up to £500,000 at the election of W, with an agreed period between subsequent drawdowns. The facility is unsecured and subordinated to the BlackRock Financial Management Inc. loan facility with BlackRock Financial Management Inc. consent required for a draw. Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to issue of a conversion notice by Atlas.

In parallel, the Spanish Government, as part of the State of Emergency, has announced it is set to provide guarantees of up to 90% of funds to back companies affected by the pandemic. W has started the process in order to enable it to access grants and government guarantees for additional low-cost Spanish Bank funding to further strengthen its financial position. W is also evaluating the maximum extent of the grants and tax deferrals associated with the Spanish Government financial assistance package.

On 10 March 2020, the Company completed a placement of 209,999,998 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.36p per Ordinary Share to raise £756,000 (the "Placing") before expenses, to new Spanish Investors. The funds raised from the Placing will be used to advance Régua development and provide additional working capital for the Company.

On 14 March 2020, Spain's Prime Minister declared a national State of Emergency due to the outbreak of the COVID-19 virus, which was subsequently updated stipulating with effect from 31 March 2020 that non-essential services, including mining, be closed until Thursday 9 April.

On 30 March 2020, after 12 years as a Director, Byron Pirola retired from the W Resources Plc Board. Byron Pirola intends to retain his core shareholding in the Company.

Notes to the Consolidated Financial Statements
continued

22. Share warrants/share based payments

On 2 December 2016, Share Options were granted to the directors as follows:

Director	Number of Options	Exercise Price	Expiry Date
Michael Masterman	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
Byron Pirola – *resigned 30/03/2020*	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020
David Garland	20,000,000	£0.007	31/12/2020
	10,000,000	£0.008	31/12/2020
	10,000,000	£0.01	31/12/2020

The share options issued during 2016 have been valued at fair value at 31/12/2016 using the Black Scholes method and £60,000 (€67,000) has been recognised in administrative expenses in 2016 and a share based payments reserve of £60,000 (€67,000) created and included in the Statement of Other Comprehensive Income. The inputs used in calculating this include: 29.33% Volatility, 5% Risk-free interest rate, 0% Dividend Yield, 0.4770p Share price at the grant date.

Further on 20 November 2018, Share Options were granted to directors and key management personnel as follows:

Director	Number of Options	Exercise Price	Expiry Date
Pablo Neira	30,000,000	£0.0055	30/11/2021
James Argalas	30,000,000	£0.0055	30/11/2021
Key management personnel	90,000,000	£0.0055	30/11/2021

The share options issued during 2018 have been valued at fair value at 30/11/2018 using the Black Scholes method and £103,000 (€115,000) has been recognised in administrative expenses in 2018, included in the share based payments reserve and included in the Statement of Other Comprehensive Income. The inputs used in calculating this include: 20.79% Volatility, 3% Risk-free interest rate, 0% Dividend Yield, 0.5260p Share price at the grant date.

No options have been exercised and the reserve balance is €182,000 (2018: €182,000) at 31/12/19.

On 14 May 2018, 307,605,430 Share Warrants were issued to BlackRock Financial Management Inc. as part of the consideration for the loan. These had an exercise price of 0.1p per share and expire on 14 May 2023.

These have been valued at 5% of the total loan value, US$1,750,000 at an exchange rate of 1.355 on 14 May 2018 equalling £1,292,000 (€1,440,000) which were included within the value of the total loan costs that have been prepaid in 2018 and will be expensed across the term of the loan, currently 4 years remain.

23. Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk. Currently the Company's principal financial instruments comprise cash and equity capital. The Company does not enter into complex derivatives to manage risk

Foreign currency risk

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the Parent company is operating. The Group has significant loans outstanding in US dollars. This exposes the group to additional currency risk as repayments of the loan are to be made in currency different to the functional currency the Group is operating.

Liquidity risk

The Company's policy throughout the year has been to ensure that it has adequate liquidity by careful management of its working capital.

Notes to the Consolidated Financial Statements

continued

W RESOURCES PLC – Appendix 1

Jorc Compliant Mineral Resource Estimates

La Parrilla Proven and Probable Mineral Reserves – JORC 2012

	Tonnes ‘000	Grade WO_3 (ppm)	Metal Content WO_3 (t)	Grade Sn (ppm)	Metal Content Sn (t)
Proven	1,177	995	1,171	251	295
Probable	28,577	928	26,511	111	3,156
Total	**29,754**	**931**	**27,683**	**116**	**3,451**

Note: The La Parrilla mine reserves are set out in the following table based on the optimal LOM Pit. Estimate for La Parrilla Deposit using a 330 ppm WO_3 Cut-Off Grade and 5% dilution. All tonnes quoted are dry tonnes. Differences in the addition of tonnes to the total displayed is due to rounding.

The La Parrilla JORC-compliant mineral reserves update was fully disclosed, with JORC Table 1 in a Company news release on 14 June 2017. Mr Adén Muñoz of AYMA Mining Solutions SL, a Spanish Mining Engineering company based in Seville was the Competent Person responsible for the La Parrilla Proven and Probable Mineral Reserves. The mineral reserves are based on indicated and measured resources prepared by Golder Associated in March 2017 (RNS, 11 May 2017).

Mineral Resources for La Parrilla Deposit Using a 400 ppm WO_3 Cut-Off Grade within Mineralised Domains – JORC 2012

Classification	Tonnage (Mt)	WO_3 (ppm)	Sn (ppm)
Measured	1	1,115	278
Indicated	35	1,004	110
Inferred	13	974	97
	49	**998**	**110**

The La Parrilla JORC-compliant mineral resource update was fully disclosed, with JORC Table 1 in a Company news release on 11 May 2017. Mr Andrew Weeks (Golder Associates Pty Ltd) was the Competent Person responsible for the Mineral Resource Estimate for the La Parrilla deposit.

Régua JORC Compliant Mineral Resource Estimate reported at a 0.1% WO_3 cut-off grade

Category	Tonnes	WO_3 %	WO_3 metal (ky)
Indicated	3.74mt	0.28	10.6
Inferred	0.72mt	0.21	1.5
Total	**4.47mt**	**0.27**	**12.1**

The Régua JORC compliant mineral resource update was fully disclosed, with JORC Table 1 in a Company news release on 5 February 2020. Mr Andrew Weeks (Golder Associates Pty Ltd) was the Competent Person responsible for the Mineral Resource Estimate for the Régua deposit.

São Martinho Maiden JORC Compliant Mineral Resource Estimate

Category	Tonnes	Au (g/t)	Au Content (Oz)	Cut-off
Indicated	0.48 mt	1.03	17,363	0.5 g/t Au
Inferred	2.56 mt	1.05	94,624	0.5 g/t Au
Total	**3.04 mt**	**1.04**	**111,987**	**0.5 g/t Au**

The São Martinho maiden JORC-compliant mineral resource update was fully disclosed, with JORC Table 1 in a W Resources Plc RNS announcement on 8 June 2016. Mr Jorge Peres (Golder Associates Pty Ltd) was the Competent Person responsible for the Mineral Resource Estimate for the São Martinho deposit.

Company Information

Directors:	Mr Michael Masterman Dr Byron Pirola – *resigned 30/03/2020* Mr James Argalas Mr Pablo Neira Mr David Garland Mr Oscar Marin Garcia – *appointed 8/01/2020*
Secretary:	Cargil Management Services Limited
Registered Office:	27/28 Eastcastle Street London, W1W 8DH, UK
Registered Number:	04782584 (England and Wales)
Independent Auditors:	Chapman Davis LLP Statutory Auditor Chartered Accountants 2 Chapel Court, London, SE1 1HH, UK
Bankers:	Barclays Level 27 1 Churchill Place London, E14 5HP
Solicitors:	Mildwaters Consulting LLP, Walton House, 25 Bilton Road, Rugby, Warwickshire, CV22 7AG, UK Bufete Perez Cordero y Perez Morales S.L.P, Calle Almagro 11, 1-4, 28010 Madrid, Spain

Printed by Michael Searle & Son Limited

27/28 Eastcastle Street
London W1W 8DH United Kingdom
Registration No. 4782584
www.wresources.com