

21 October 2020

**W Resources Plc**  
("W" or the "Company")**Q3 Production Report**

W Resources Plc (AIM:WRES), the tungsten, tin and gold mining company with assets in Spain and Portugal, announces its Q3 2020 quarterly production report for the La Parrilla mine in Spain.

As referenced in previous updates, W identified a number of plant improvements which needed to be addressed to increase plant efficiencies. In order to implement the requisite programme of improvements, production in Q3 was impacted as the working week was truncated from seven to three days to enable the works to be carried out.

The works are proving effective with a notable improvement in recoveries with record tungsten concentrate production achieved in September 2020 of 2,163mtu and a significant increase in grade from 805ppm in August to 1,059ppm in September.

The three day working week allowed for an increase in plant operator supervision and this resulted in increased productivity and improvement in plant performance, both in terms of production and tungsten concentrate recovery ratios. To give comparative transparency on the production for the period the update includes both actual (like for like) variances and pro rata variances to take account of the shorter working week.

- A total of 171,454 tonnes ("t") of Run of Mine ("ROM") ore fed to the La Parrilla plant in Q3 2020, down 32% on a like for like basis but up 58% on a pro rata basis.
- Total tungsten and tin concentrate production of 77.6t during the quarter, down 13% on a like for like basis and up 104% on a pro rata basis.
- Tungsten ("WO<sub>3</sub>") concentrate production of 54.7t during the quarter, up 15% on a like for like basis and up 168% on a pro rata basis.
- Tin ("Sn") concentrate production of 22.9 dry metric tonnes ("dmt"), down 44% on a like for like basis but up 30% on a pro rata basis.
- The plant improvements have resulted in the highest tungsten metal production and recovery achieved to date.
- Combined shipments of tungsten concentrate and tin concentrate of 100.2t in Q3, taking total shipments to offtake partners to 230t concentrate for the nine months to date.

**La Parrilla Production Summary**

Q1 and Q2 figures are based on a seven day working week whilst Q3 is based on working a three day week. As of 1 October the La Parrilla mine is working a four day per week shift.

	Q1 2020	Q2 2020	Q3 2020	Variance	Variance
	Actual	Actual	Actual	Comparison	Pro rata
<b>WO<sub>3</sub> contained metal (mtu)</b>	3,306	2,756	3,820	39%	223%
<b>Sn contained metal (dmt)</b>	12.1	20.0	9.8	-51%	14%
<b>Total contained metal (dmt)</b>	45.2	47.6	48.0	1%	135%

('dmt' - dry metric tonnes, 'mtu' - metric tonne unit (1 mtu = 10kg of metal))

In Q3 2020, the team implemented a shift pattern of three days a week which created sufficient time to complete the important plant works and this has paid dividends as the resulting improvements in production and the stability achieved at the plant improved substantially in September 2020. The team at La Parrilla moved to a four day working week in October and will move to five days a week later in Q4.

**Michael Masterman, Chairman of W Resources, commented:** "Noting the plant improvements achieved in Q3, we are extremely encouraged by the September performance, which is a strong indicator for plant performance and production in Q4. The works are proving successful, production is increasing and the superior quality of tungsten has been commended by one of our largest customers.

"With the improvements achieved in the quarter and the great support BlackRock continues to provide the Company, following the recently increased debt facility, we remain focussed on increasing production month on month, in order to start 2021 in a stronger position as we work towards achieving our T2 target production."

### Q3 2020 Overview

In Q3, the plant improvement programme included modifications to the cyclones and hydroclassifier to improve feed distribution in spirals and shaking tables, repairs to improve jig efficiency, modifications to the shaking tables, and installation of cleaning scrapers in conveyor belts to reduce cleaning time and improve efficiency.

From July 2020, the Company has been able to access Spanish Government initiatives to support the reduction of labour costs. La Parrilla has been working to a 24 hour / three day per week continuous production schedule, to provide the operational and maintenance teams the much needed access to plant and machinery to implement the plant improvements on existing equipment. Importantly this has provided the opportunity for additional Geometallurgical and Process studies to better understand and to resolve the low tungsten metal recovery.

Plant production and metal recovery have been increasing since the implementation of the plant improvements and importantly during this period there have been no major specific changes to equipment or the process. The work carried out to date has delivered a tangible improvement in the amount of tungsten and tin produced. These improvements have been particularly evident from September onwards, achieving the highest tungsten recovery since production commenced. It is important to note that this was also achieved when operating on just three days per week.

### La Parrilla Production Summary

	Q1 2020	Q2 2020	Q3 2020	Variance	Variance
	Actual	Actual	Actual	Comparison	Pro rata*
ROM feed: tonnes mined (wmt)	273,656	253,256	171,454	-32%	58%
Strip ratio	1.07	0.58	1.38	138%	
Jig plant: tonnes processed (dmt)	240,926	228,060	148,417	-35%	52%
WO <sub>3</sub> feed grade (ppm)	800	845	857	1%	
WO <sub>3</sub> recovery (%)	17%	16%	30%	88%	
WO <sub>3</sub> concentrate (dmt)	58.9	47.6	54.7	15%	168%
WO <sub>3</sub> concentrate grade (%)	56.1	57.4	69.8	22%	
WO <sub>3</sub> contained metal (mtu)	3,306	2,756	3,820	39%	223%
Sn feed grade (ppm)	282	307	181	-41%	
Sn recovery (%)	22%	25%	37%	48%	
Sn concentrate (dmt)	23.3	41.2	22.9	-44%	30%
Sn concentrate grade (%)	51.9	48.5	42.7	-12%	
Sn contained metal (dmt)	12.1	20	9.8	-51%	14%
Total concentrate (dmt)	82.2	88.8	77.6	-13%	104%
Total contained metal (dmt)	45.2	47.6	48.0	1%	135%

\* Q3 2020 production was based on working 3 days a week.

The enhanced process control and maintenance improvements increased plant production and metal recovery in the quarter. The team also fed fresh unoxidized ore into the plants, which is known to generate less fines and achieve better recoveries. This had a positive effect on production in parallel with the process improvements and increased metallurgical recovery.

With recoveries now improving, there remains further fine tuning and small adjustments to mitigate potential issues and as this is progressed the shift patterns will increase. With effect from 1 October, the team are working on a 24 hour / four day per week shift pattern, which will increase to five days per week in Q4 2020 with a target to increase to seven days per week by late Q1 2021, factoring in the normal planned shutdowns once this is achieved.

Noting the reduced shift patterns, operating costs were carefully managed throughout the quarter and further cost reductions have been implemented with the support from governmental initiatives. One such initiative adopted by the company is the Spanish Government's ERTE initiative which allows companies to temporarily lay off staff or reduce their hours, and the Government provides financial support until their role is reinstated.

## COVID-19

The challenges and threat of COVID-19 remains in Spain as it does in so many parts of the world. With stringent processes in place, no cases of COVID-19 have been reported by employees or contractors in Q3. We would once again like to thank and acknowledge the hard-work and dedication of all our employees during the pandemic for their continued diligence and adherence to governmental and self-imposed preventive rules.

Access to Spanish Government initiatives to support the reduction of labour costs has been welcome at such a challenging time.

## Operations

- Safety performance continues to be a top priority for the Company. However, there were two minor lost time injuries at La Parrilla during the quarter.
- Mining operations continue to perform well and deliver the required ore feed to the plant at a low waste / ore strip ratio (1.38 in the quarter), while maintaining the required grades to feed ore to the plant. Blasting has reached the more competent ore reducing fines in the processing operations.
- The success of the plant improvements has increased the effective utilisation of the plants from 56% in July to over 90% from September.

## Shipments and Marketing

Shipped 62.1t of tungsten concentrate and 38.1t of tin concentrate in Q3 2020, taking total shipments to offtake partners to 151.1t of tungsten concentrate and 78.9t of tin concentrate for the nine months to September.

	Q1 2020 to 31 March	Q2 2020 30 June	Q3 2020 30 Sept	YTD Actual
<b>Tungsten Concentrate</b>	30.1	58.9	62.1	151.1
<b>Tin Concentrate</b>	20.2	20.6	38.1	78.9

Following the most recent shipment, a major customer commended the improved quality of Tungsten from previous shipments.

## Tungsten, Tin and Gold Projects

The projects at Régua and São Martinho continue to proceed as described in our recently issued Interim accounts statement and we look forward to updating the market as and when we are able to do so.

## Corporate

W's relationship with BlackRock Financial Management Inc. remains strong, evidenced by the recent US\$7m increase in the loan facility which will in part be utilised to implement a comprehensive production programme to boost production at the La Parrilla Tungsten and Tin project in Spain and provide a significantly increased

buffer for working capital requirements to support the company through the uncertain times we find ourselves in during the COVID-19 pandemic.

The Company continues to investigate additional sources of funding (both loans and grants) provided by the Spanish government in response to COVID-19.

The Atlas Capital Markets convertible bond facility of £4m remains in place and the Company drew down a £500,000 tranche in early August. The convertible bond tranche has a 5% coupon and 3-year term. As part of the agreement, 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 the issue of a conversion notice by Atlas.

As announced on 26 August, Atlas issued a Conversion Notice for £100,000 of Convertible Bonds, a small portion of the first £500k tranche, equal to 75,187,969 ordinary shares of 0.1p per share ("Ordinary Shares") at a conversion price of 0.1330p per Ordinary Share.

Information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014. Upon the publication of this announcement, this inside information is now considered to be in the public domain.

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