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Chairman's Statement

2018 was a pivotal year for W Resources, a year in which the Company made great headway towards achieving its mission to build a large-scale Tungsten, Tin and Gold production Company.

W started the year negotiating a US\$35 million term loan facility from BlackRock Financial Management Inc. ("BlackRock") and received exceptionally strong local Government support with a €5.3 million grant from the Junta de Extremadura in Spain for W's flagship tungsten project, La Parrilla in South-western Spain.

With the commencement of production at La Parrilla in November and the first sale of tungsten concentrate in December 2018 and significant progress in development work to scale up the project, the Company is well positioned to deliver on its tungsten and tin production growth plans as it builds towards transitioning to a mid-tier mining Company.

Development work at the La Parrilla tungsten and tin mine, is the final phase with construction and commissioning of the mine and processing plant nearing completion.

Development work is also advancing at W's core Régua tungsten mine and São Martinho Gold discovery in Portugal.

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 998 parts per million ("ppm") of tungsten trioxide ("WO₃") and JORC compliant reserves of 29.8mt at a diluted grade of 931ppm WO₃.

The project is on target to mine 2 million tonnes per annum ("mtpa") of Run of Mine ("ROM") and produce approximately 2,500 tonnes ("t") of tungsten concentrate and 200t of tin ("Sn") concentrate per annum ("T2"). With completion of development work imminent, the timing coincides well with continued strengthening in the European Ammonium paratungstate ("APT") price.

Project Funding

In February, W secured a US\$35 million term loan facility from BlackRock to fund the La Parrilla mine development.

The funds were drawn in two tranches, with the second drawdown completing the US\$35 million facility in May. As part of the completion of the funding W issued a total of 307,605,430 warrants on a pro-rata basis to the BlackRock funds that participated in the funding, representing 5% of W's fully diluted equity at the time.

In March, the Company was delighted to receive confirmation from the Junta de Extremadura Government in Spain who awarded a grant of €5,322,970 to W's 100% owned subsidiary, Iberian Resources Spain SL. The success of the application is testament to the skills and hard work from the team, who have built great on-the-ground relationships and appreciate the Government support.

Offtake Agreements

Two major long-term offtake agreements were signed in February. The first with Wolfram Bergbau und Hütten AG, ("WBH"), the largest tungsten processing company in Europe and the second is directly with a leading supplier to the USA tungsten markets.

With production commencing in November 2018, ahead of the ramp-up phase, W is pleased to have completed the first shipments of tungsten to date. The process is straightforward in that the offtaker arranges collection and the Company is then paid within three days.

Going forward, W will supply both with approximately 66% tungsten concentrate on competitive pricing terms. The offtake agreements cover the initial T2 development of the La Parrilla Mine and will account for approximately 80% of the planned production tonnage from this phase. There is significant demand for the balance of production which W plans to secure offtake following initial production start-up.



Chairman's Statement continued

Contracts

In January, the third core design and construction contract for the Concentrator Plant was awarded to allmineral Aufbereitungstechnik GmbH & Co. KG of Germany ("allmineral") at a contract price of c€8 million. allmineral was also awarded the contract for the Jig & Mill Plant which provides important integration benefits for the project delivery and by September all contracts had been placed.

The Crusher Plant, the first of the three key contracts, was awarded in 2017 to Metso Minerals Portugal, Lda ("Metso"), a subsidiary of Metso Corporation for €1.2 million.

Development

With funding completed in May 2018, W Resources moved quickly to commence construction of the mine, Crusher, Jig and Mill, and large-scale Concentrator Plants together with critical water, power and other services.

The Crusher Plant concrete and civil works were completed during the summer and Metso and Ditecsa (steelwork contractor) structural steel delivered at the La Parrilla site. The Metso Crusher Plant equipment was fabricated in their plant in Mâcon, France and was delivered to site as steelwork which was erected on a just in time basis. The fully automated Crusher Plant is complete and fully commissioned to design capacity of 350t/hour.

The earthworks and foundations for the Jig & Mill Plant were completed in Q3 with mechanical completion of the Jig and Mill Plant in April 2019. Commissioning of the Jig & Mill Plant is now underway.

Construction of the large-scale Concentrator Plant is being built under a fixed price schedule contract with allmineral and is scheduled for completion and commencement of commissioning in Q2 2019.

Production and Shipments

Concentrate production commenced in October 2018, with first concentrate shipments in late November 2018. Initial production was from Tailings fed to the existing Concentrator Plant and a series of production runs on mined ore have been successfully completed.

Following the completion and commissioning of the Jig and Mill Plant, W Resources will be able to increase production rates using the new large-scale Crusher Plant, the Jig and Mill Plant and the existing Concentrator Plant. Production will move to a larger-scale of operation with the start-up of the new Concentrator Plant.

Portuguese Projects

Régua Tungsten Project

Progress at Régua continues apace. The high-grade, development-ready tungsten project with low capital cost has a Trial Mine Licence, with a current JORC compliant mineral resource of 5.46mt at a grade of 0.28% WO₃, including an indicated resource of 3.76mt at a grade of 0.304% WO₃. In July 2018, the Portuguese Secretary of State for Energy under the Ministry for the Economy granted a further one-year extension to the Régua Trial Mine Licence to 19 June 2020.

The Company has now secured all approvals, and in February 2018 W cleared the last hurdle for development when the purchase of 20.3 hectares of land covering the main area of the Régua mine, for a consideration of €300,000, was concluded. This land covers the outcropping resource of the deposit along with the trial mine facilities including the portals and the underground projected stopes.

Régua's high ROM grade (at greater than 0.3% WO₃) and proximity to a crushing facility are likely to prove beneficial to the project economics.

The Régua deposit remains open at depth and on all sides, with significant potential to boost the resource growth to the northeast including a 10m thick tungsten intersection.

Preparatory mine grade control drilling commenced in Q2 2018, with nearly 2,000m of RC drilling completed during July. Further evaluation concluded that additional drilling programme would be beneficial in order to complete an updated Resource estimate.



Chairman's Statement continued

The Company completed a further 2.73 km of drilling which comprised of 916 metres of diamond core drilling plus 1,809 metres of reverse circulation ("RC") drilling in Q1 2019. The results confirmed exceptionally good grades with thick higher-grade zones closer to the planned two mine portals chosen for initial mining indicating the potential for higher ROM feed grades and lower unit costs.

The next phase will be to complete the updated Resource estimates and early indications bode well for increases in mine feed grades and overall resource tonnages. Once the updated Resource estimate has been received, planning for the preparatory mine works will commence.

Development planning for Régua is based on low-cost underground mining using adits (horizontal tunnels), trucking ore to a nearby existing Crusher Plant, and mobilisation of the existing La Parrilla Concentrator Plant to Régua, following new large scale La Parrilla Concentrator Plant start up.

Tarouca Tungsten Project

In 2015, trench sampling at the Tarouca project showed high grade tungsten results with 15 out of the 126 samples exceeding 0.5% WO₃, including 0.8m at 11.4% WO₃ (TTR063). Together with the 15 holes drilled in 2014, this confirms an outstanding exploration target in the north-eastern area of the licence.

In April 2018, the technical team carried out a month-long RC drilling programme including 29 holes with 1,515 metres of total drilling, completed in depths of 5 to 70 metres. As announced on 7 June 2018, this identified very high tungsten grade intersections, including 1 metre at 2.851% WO₃ (TARC011) and 3 metres at 1.165% WO₃ (TARCO14). Over 11 assays reported over 1% WO₃. The RC holes were drilled at an angle to the primary strike and the drilling programme has enabled the team to model the tungsten resource. The next step will be resource modelling with a view to prepare a trial mine application in 2019.

Initial results have reported some very high-grade tungsten zones have been intersected which provides greater reassurance that this project can provide additional high-grade feed to the Régua mine development, just 20km to the north. The results also provide greater clarity on the geological structure and the potential to follow grade extensions.

CAA Portalegre – Gold

São Martinho currently has a JORC gold resource of over 110,000oz. Results from the drilling campaign in 2017 provided very promising results with a thick intersection of over 55m of gold at 2.34g/t. These results provide a solid base to drive extension drilling with the potential for a materially larger resource.

In May 2018, the Portuguese technical team commenced a 15-hole, 2,000 metre RC drilling programme with a view to materially increase the JORC resource. Initial results were received in July 2018, which highlighted continued strong gold intersections, enabling the team to further delineate the deposit. The evaluation work on this programme remains ongoing.

The overall results of the RC drilling campaign will form part of the update for the upgrade to the JORC compliant mineral resource estimate.

In November, the Company appointed SRK Consulting (UK) Ltd to complete the upgraded São Martinho gold deposit resource estimate which is now scheduled for completion in Q2 2019.

Monforte-Tinoca – Copper

The Monforte-Tinoca Copper exploration licence, which contains the Tinoca and Azeiteiros former copper mines, was granted to W in July 2016. Geophysics surveys were carried out in 2018 using both Induced Polarisation/Electric Resistivity and Transient Electromagnetics methods across the target Copper zones. The RC drilling (1,500m in total) completed mid-year yielded limited results and as a result W has decided to discontinue this exploration licence and focus its resources on the higher value Gold and Tungsten opportunities in Portugal.



Chairman's Statement continued

Finance

In April 2018, the Company completed a placing to raise £1.5 million through the placement of 300,000,000 ordinary shares of 0.1p per share ("Ordinary Shares") at 0.5p per Ordinary Share.

In November 2018, the Company completed a placing to raise £1.5m through the placement of 306,122,449 ordinary shares of 0.1p per share ("Ordinary Shares") at 0.49p per Ordinary Share. This brought the well-known institutional fund manager Miton Group on to the register and significantly strengthened institutional participation in the register.

Executive Appointments

Mr Pablo Neira and Mr James Argalas were appointed as Non-Executive Directors of the Company in September. As W transitions to a significant tungsten producer, the appointment of Pablo and James to the Board comes at a time when their significant industrial and financial experience is already providing valuable counsel, insight and support. Both are based in Madrid and bring real time Spain based networks and financial and operational capability to the W Resources team.

In the same month, the Company appointed Juan Garcia Valledor as La Parrilla Operations Manager and Tomás Bragado as La Parrilla Plant Manager. Both executives have extensive operational experience in the Spanish mining and metals industry and join W's executive team in the lead up to the start of mining and completion of construction of the Crusher Plant and Jig & Mill Plant prior to the end of the year and the Concentrator Plant in the new year.

Outlook

La Parrilla is fully funded and under full project development. The project is on budget and with all major plant and non-plant infrastructure complete with the exception of the large-scale Concentrator Plant which is on track for construction completion mid-year. Tungsten and tin production and sales have commenced and are set to rise to larger scale production levels at low cost in 2019. Achievement of this objective will transform W Resources.

Régua in Portugal is approved and has advanced and will follow closely behind the development of La Parrilla. Exploration success at Tarouca will feed into and further enhance Régua hub development economics.

Steady advanced exploration and trial mine progress at our São Martinho gold project will further enhance investor returns.

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

A handwritten signature in black ink that reads "Michael Masterman".

Mr M Masterman

Chairman
W Resources Plc

30 April 2019



Corporate Governance Statement

Chairman's 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.

A handwritten signature in black ink that reads "Michael Masterman".

Michael 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;

- Developing the flagship La Parrilla mine in Spain to achieve first tungsten concentrate production in 2019; and
- Exploring the development of 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.

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 act as W Resources' Nominated Advisor and advise 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 independent Non-Executive Directors of whom three are considered independent. 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, comprising Byron Pirola (Chair) and James Argalas, 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'.

Eleven formal meetings of the Board of Directors were held during the 2018 year and the number of meetings attended by each director is provided below:

	Michael Masterman	Byron Pirola	David Garland	Pablo Neira*	James Argalas*
No. of board meetings attended	11	11	11	3	3

* Pablo Neira and James Argalas were appointed to the Board on 17 September 2018.

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 4 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. An example of this was the decision to increase the number of Non-Executive Directors to four board members, adding members with financial and operational management expertise (including relevant geographical, Spanish, experience).

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 2018.

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 £4,051,000 for the year ended 31 December 2018. This is driven by exchange losses of £2,173,000 on translation of the US dollar denominated BlackRock loan into Sterling at 31 December 2018, finance costs associated with the Black Rock loan of £873,000 and an impairment charge of £317,000 on discontinuation of the Portuguese Monforte-Tinoca copper exploration licence. An operating loss of £806,000 was incurred in the year to 31 December 2018, compared to an operating loss of £711,000 for the year to 31 December 2017.

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, 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:

Mr Michael Masterman

Chairman

Date: 30 April 2019



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 2018.

Principal Activity

The principal activity of the Group in the year under review was that of tungsten, copper and gold production, exploration and development 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 2018.

Events since the end of the year

Information relating to events since the end of the year is given in the notes to the financial statements.

Directors

The Directors shown below have held office during the whole of the period from 1 January 2018 to the date of this report.

Mr Michael Masterman

Dr Byron Pirola

Mr David Garland

Other changes in directors holding office are as follows:

Mr James Argalas – appointed 17 September 2018

Mr Pablo Neira – appointed 17 September 2018

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 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 and Po Valley Energy.

Byron Pirola

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.



Report of the Directors *continued*

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 provides flexible legal counsel services to various private and listed companies through The Legal Director Limited.

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 30+ years of international experience specialising in managing listed industrial manufacturing companies and family office direct investments. He currently works 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 Urbar, 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 Madrid listed steel wire rod manufacturer. Prior to joining Global Steel Wire Group, he was Manager at A. T. Kearney in New York and at the Swedish group Mölnlycke as Controller for southern Europe. 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.

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. £6,000 of these fees were accrued at the year end and are included in other creditors.

Pablo Neira was paid £3,590 per month in fees from the date of appointment and is entitled to €48,000 pa, £10,800 of these fees were accrued at the year end and are included in other creditors.

James Argalas was paid £1,790 per month in fees from the date of appointment and is entitled to €24,000 pa. £5,400 of these fees were accrued at the year end and are included in other creditors.

Michael Masterman was entitled to £272,000 in consultancy fees during the year, £85,000 of these fees remain outstanding at the balance sheet date and have been accrued in other creditors.



Report of the Directors 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	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

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.

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
M Masterman*	930,998,782	15.53
Beronia Investments Pty Ltd (Dr B Pirola)**	296,638,318	4.95
M Garvie	206,265,841	3.44
Miton Group	204,081,633	3.40

* Related Party

** Includes related party interests

Please refer to website <https://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.



Report of the Directors *continued*

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. Non-Executive Director, Byron Pirola similarly has a wealth of experience in both the minerals industry and in finance and corporate development. David Garland, Non-Executive Director, has a wealth of experience in both the minerals industry and in law. Non-Executive Director Pablo Neira, 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. 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.

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.co.uk 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.



Report of the Directors *continued*

Going Concern

The Group has incurred a loss after tax of £4,051,000 for the year ended 31 December 2018. As at 31 December 2018, the Group held cash and cash equivalents of £6,087,000, an increase in the year of £5,636,000, and had current liabilities of £5,253,000.

The Directors are confident in the Company's continued ability to raise new finance from Placings as required during 2019 to supplement the funding from early exercise of options expected in May 2019.

The Group's cash flow forecast for the 12 months ending 30 April 2020 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.

Events since the Balance Sheet Date

Since the balance sheet date W Resources has issued 9,183,673 ordinary shares of 0.1p each ("Ordinary Shares") at 0.49p per Ordinary Share to its broker, Turner Pope Investments (TPI) Ltd, as part of its fee arrangement in connection with the placing announced on 27 November 2018.

As announced on 18 April 2019, through its broker Turner Pope Investments (TPI) Ltd, the Company offered its Existing Warrant holders early exercise of 210,714,286 warrants to acquire new ordinary shares of 0.1p each in the Company ("Ordinary Shares") with a strike price of 0.42p and an expiry date of 20 June 2019 ("Existing Warrants"). The Existing Warrants represent the unexercised warrants which were awarded to investors who subscribed for Ordinary Shares at a price of 0.28p per share as announced on 14 June 2017. In return for electing to exercise these Existing Warrants early, the Company offered participating shareholders two new warrants ("New Warrants") for every Existing Warrant. Each New Warrant will entitle the holder to subscribe for a new Ordinary Share at an exercise price of 0.60p at any time at the holder's option until 31 December 2020.

In addition, two of the Company's Directors, Michael Masterman and Byron Pirola, who between them and their related interests own 35,714,284 warrants that were acquired on the same terms as the 210,714,286 Existing Warrants, intend (subject to the agreement of the Company's independent directors), to exercise their warrants on the same terms, including the offer of New Warrants, once the Company has published its results for the year ended 31 December 2018 and is no longer in a close period.

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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.



Report of the Directors *continued*

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.

Statement as to Disclosure of Information to Auditors

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:

A handwritten signature in black ink that reads "Michael Masterman".

Mr Michael Masterman

Chairman

Date: 30 April 2019



Remuneration Report and Internal Audit Function

The Remuneration Report outlines the remuneration arrangements which were in place during the year, and remain in place as at the date of this report, for the Directors of the Company.

Remuneration Policy

The Remuneration Committee is responsible for making recommendations on Executive Director and senior executive remuneration. The Board is responsible for reviewing and recommending compensation arrangements for each of the Non-Executive Directors. The Board assesses the appropriateness of the size and structure of remuneration of those officers on a periodic basis, with reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

The Company aims to ensure that the level and composition of remuneration of its Directors is sufficient and reasonable in the context of the internationally competitive industry in which the Company operates.

The Directors are based in Europe and Australia and when setting their remuneration, the Board must have regard to remuneration levels and benefit arrangements that prevail in the European and Australian mining industry which remains highly competitive.

The remuneration of W Resources Directors comprises cash fees. There is no current scheme to provide performance-based bonuses or retirement benefits.

The remuneration details of each during the 2018 year is presented in the table below.

	Salary & Fees £	Other £	Termination Payments £	Total £
Michael Masterman Chairman	–	–	–	–
Byron Pirola Non-Executive	–	–	–	–
David Garland Non-Executive	12,000	–	–	12,000
Pablo Neira Non-Executive <i>Appointed 17 September 2018</i>	12,445	–	–	12,445
James Argalas Non-Executive <i>Appointed 17 September 2018</i>	6,205	–	–	6,205
Total for Directors	30,650	–	–	30,650

Internal Audit Function

W Resources Plc 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. As such it is not practical to have a formal internal audit function.

The Board regularly monitors the operational and financial performance of the Company against budget and other key performance measures. The Board also receives and reviews advice on areas of operational and financial risk and develops strategies, in conjunction with management, to mitigate those risks.

Management reports to the Board on the effectiveness of the Company's management of its material business risks where appropriate.



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 2018 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 2018 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 intangible non-current assets – Exploration and evaluation costs

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 represents a significant asset on its statement of financial position totalling £23,867,000 as at 31 December 2018. The carrying values are split £19,535,000 for La Parrilla, £4,332,000 for the Portuguese projects.

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.



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

Given the significance of the intangible 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 intangible 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 both the Intangible Assets and the related Tangible 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 an Impairment charge was not necessary on any of the projects other than that made on Tinoca amounting to £317,000.

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 £350,000, this equating to circa 0.67% of Group Total Assets, with a lower materiality set at £200,000 for intangible non-current 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

30 April 2019



Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Continuing operations			
Revenue	2	196	–
Cost of sales		(196)	–
Gross profit			
Administrative expenses		(806)	(711)
Operating loss before exceptional items			
Exceptional items		148	–
Operating loss			
Finance costs	4	(971)	(21)
Exchange losses		(2,173)	–
Impairment charge		(317)	–
Loss before income tax			
Income tax	6	68	(126)
Loss for the year			
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Translation reserve		819	433
Income tax relating to items that will not be reclassified to profit or loss		–	–
Other comprehensive income for the year, net of income tax			
Total comprehensive income for the year			
<hr/>			
Loss per share expressed in pence per share:	8		
Basic		-0.07	-0.02
Diluted		-0.07	-0.02



Consolidated Statement of Financial Position

31 December 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Intangible assets	9	23,867	13,618
Property, plant and equipment	10	16,640	2,204
Investments	11	–	–
		40,507	15,822
Current assets			
Inventories	12	161	47
Trade and other receivables	13	5,901	1,055
Cash and cash equivalents	14	6,087	451
		12,149	1,553
Total assets		52,656	17,375
Equity			
Shareholders' equity			
Called up share capital	15	5,784	5,157
Share premium	16	26,488	24,146
Share based payment reserve	16	1,455	60
Merger reserve	16	909	909
Translation reserve	16	1,599	780
Retained earnings	16	(19,100)	(15,049)
Total equity		17,135	16,003
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	30,268	–
Current liabilities			
Trade and other payables	17	5,253	902
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	–	344
Tax payable		–	126
		5,253	1,372
Total liabilities		35,521	1,372
Total equity and liabilities		52,656	17,375

The financial statements were approved by the Board of Directors on 30 April 2019 and were signed on its behalf by:

Mr Michael Masterman
Chairman



Company Statement of Financial Position

31 December 2018

	Notes	2018 £'000	2017 £'000
Assets			
Non-current assets			
Intangible assets	9	–	–
Property, plant and equipment	10	–	–
Investments	11	1,520	1,520
		1,520	1,520
Current assets			
Trade and other receivables	13	46,386	17,665
Cash and cash equivalents	14	4,348	191
		50,734	17,856
Total assets		52,254	19,376
Equity			
Shareholders' equity			
Called up share capital	15	5,784	5,157
Share premium	16	26,488	24,146
Share based payment reserve	16	1,455	60
Merger reserve	16	909	909
Translation reserve	16	(98)	(98)
Retained earnings	16	(12,741)	(11,267)
Total equity		21,797	18,907
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	30,268	–
Current liabilities			
Trade and other payables	17	189	344
Tax payable		–	125
		189	469
Total liabilities		30,457	469
Total equity and liabilities		52,254	19,376

The financial statements were approved by the Board of Directors on 30 April 2019 and were signed on its behalf by:

Mr Michael Masterman

Chairman



Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	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 2017	4,360	(14,191)	22,381	60	909	347	13,866
Changes in equity							
Issue of share capital	797	–	1,765	–	–	–	2,562
Total comprehensive income	–	(858)	–	–	–	433	(425)
Transactions with owners	–	–	–	–	–	–	–
Balance at 31 December 2017	5,157	(15,049)	24,146	60	909	780	16,003
Changes in equity							
Issue of share capital	627	–	2,342	–	–	–	2,969
Total comprehensive income	–	(4,051)	–	–	–	819	(3,232)
Transactions with owners	–	–	–	1,395	–	–	1,395
Balance at 31 December 2018	5,784	(19,100)	26,488	1,455	909	1,599	17,135



Company Statement of Changes in Equity

For the year ended 31 December 2018

	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 2017	4,360	(11,261)	22,381	60	909	(98)	16,351
Changes in equity							
Issue of share capital	797	–	1,765	–	–	–	2,562
Total comprehensive income	–	(6)	–	–	–	–	(6)
Transactions with owners	–	–	–	–	–	–	–
Balance at 31 December 2017	5,157	(11,267)	24,146	60	909	(98)	18,907
Changes in equity							
Issue of share capital	627	–	2,342	–	–	–	2,969
Total comprehensive income	–	(1,475)	–	–	–	–	(1,475)
Transactions with owners	–	–	–	1,395	–	–	1,395
Balance at 31 December 2018	5,784	(12,742)	26,488	1,455	909	(98)	21,796



Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	1	5,372	(709)
Interest paid		(98)	(21)
Finance costs paid		(4,764)	–
Tax paid		(58)	–
Net cash from operating activities		452	(730)
Cash flows from investing activities			
Purchase of intangible fixed assets		(9,364)	(1,577)
Purchase of tangible fixed assets		(12,839)	(311)
Net cash from investing activities		(22,203)	(1,888)
Cash flows from financing activities			
New loans in year		24,761	168
Loan repayments in year		(344)	(35)
Amount introduced by directors		–	16
Share issue		627	797
Share issue premium		2,463	1,879
Share issue costs		(120)	(113)
Net cash from financing activities		27,387	2,712
Increase in cash and cash equivalents		5,636	94
Cash and cash equivalents at beginning of year	2	451	357
Cash and cash equivalents at end of year	2	6,087	451



Company Statement of Cash Flows

For the year ended 31 December 2018

	Notes	2018 £'000	2017 £'000
Cash flows from operating activities			
Cash generated from operations	1	(20,307)	(2,570)
Interest paid		(1)	–
Finance costs paid		(3,910)	–
Tax paid		(56)	–
Net cash from operating activities		(24,274)	(2,570)
Cash flows from investing activities			
Interest received		700	85
Net cash from investing activities		700	85
Cash flows from financing activities			
New loans in year		24,761	–
Share issue		627	797
Share issue premium		2,463	1,879
Share issue costs		(120)	(113)
Net cash from financing activities		27,731	2,563
Increase in cash and cash equivalents		4,157	78
Cash and cash equivalents at beginning of year	2	191	113
Cash and cash equivalents at end of year	2	4,348	191



Notes to the Statements of Cash Flows

For the year ended 31 December 2018

1. Reconciliation of (loss)/profit before income tax to cash generated from operations

Group

	2018 £'000	2017 £'000
Loss before income tax	(4,119)	(732)
Depreciation charges	226	212
Translation reserve	652	(7)
Share warrants issued	237	–
Share options issued	103	–
Impairment of intangible assets	317	–
Finance costs	971	21
Exchange losses on new loans	2,648	–
	1,035	(506)
Increase in inventories	(114)	(47)
(Increase)/decrease in trade and other receivables	100	(163)
Increase in trade and other payables	4,351	7
Cash generated from operations	5,372	(709)

Company

(Loss)/profit before income tax	(1,544)	119
Increase in inter-group loans	(22,669)	(2,624)
Share warrants issued	237	–
Share options issued	103	–
Finance costs	720	–
Finance income	(700)	(85)
Exchange losses on new loans	2,648	–
	(21,205)	(2,590)
(Increase)/decrease in trade and other receivables	1,011	(6)
(Decrease)/increase in trade and other payables	(113)	26
Cash generated from operations	(20,307)	(2,570)

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 2018 £'000	1 January 2018 £'000	31 December 2018 £'000	1 January 2018 £'000
Year ended 31 December 2018				
Cash and cash equivalents	6,087	451	4,348	191
	Group		Company	
	31 December 2017 £'000	1 January 2017 £'000	31 December 2017 £'000	1 January 2017 £'000
Year ended 31 December 2017				
Cash and cash equivalents	451	357	191	113



Notes to the Consolidated Financial Statements

For the year ended 31 December 2018

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

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:

IFRS 9 Financial Instruments
IFRS 15 Revenue from Contracts with Customers

No retrospective adjustments were required following the adoption of IFRS 9 and IFRS 15.

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management assessed which business models apply to the financial assets held by the Group and classified its financial instruments into the appropriate IFRS 9 categories. No reclassifications were required.

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 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.
- 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.



Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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.

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 the tailings plant at La Parrilla 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 will be 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 will be 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, will be recognised as income in the period in which it is receivable.

A grant relating to purchase of plant and equipment will be recognised as deferred income and amortised at the same rate of depreciation as the asset. Or such a grant could be recognised on receipt as a reduction to the cost of the plant and equipment.

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.



Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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.

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.



Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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.

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 2018 are presented in the functional currency, Sterling £'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 30 April 2019.

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").

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 £4,051,000 for the year ended 31 December 2018. As at 31 December 2018, the Group held cash and cash equivalents of £6,087,000, an increase in the year of £5,636,000, and had current liabilities of £5,253,000.



Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

The Directors are confident in the Company's continued ability to raise new finance from Placings as required during 2019 to supplement the funding from early exercise of options expected in May 2019.

The Group's cash flow forecast for the 12 months ending 30 April 2020 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 two offtake agreements for the future supply of concentrate 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.

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 cost awards. The fair value of the service must be readily recognisable.

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Loan Interest and related finance costs

Loan interest is capitalised in Intangible and in Tangible assets in proportion to the expenditure on each of these categories during the year. These will be amortised/depreciated as part of the cost of Intangible/Tangible assets as applicable.

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

Segmental reporting

2017

	Corporate £'000	Mineral Exploration £'000	Total £'000
By Business Segment:			
Revenue	–	–	–
Gain/(loss) for the year	(26)	(832)	(858)
Balance Sheet – Segment Assets	229	17,146	17,375
– Segment Liabilities	(361)	(1,011)	(1,372)
Net Assets	(132)	16,135	16,003
	Iberia £'000	UK £'000	Total £'000
By Geographical Sector :			
Revenue	–	–	–
Gain/(loss) for the year	(832)	(26)	(858)
Balance Sheet – Segment Assets	17,146	229	17,375
– Segment Liabilities	(1,011)	(361)	(1,372)
Net Assets	16,135	(132)	16,003

2018

	Corporate £'000	Mineral Exploration £'000	Total £'000
By Business Segment:			
Revenue	–	196	196
Gain/(loss) for the year	(3,138)	(913)	(4,051)
Balance Sheet – Segment Assets	7,617	45,038	52,655
– Segment Liabilities	(30,385)	(5,135)	(35,520)
Net Assets	(22,768)	39,903	17,135



Notes to the Consolidated Financial Statements

continued

2. Revenue continued

	Iberia £'000	UK £'000	Total £'000
By Geographical Sector:			
Revenue	196	–	196
Gain/(loss) for the year	(913)	(3,138)	(4,051)
Balance Sheet – Segment Assets	45,038	7,617	52,655
– Segment Liabilities	(5,135)	(30,385)	(35,520)
Net Assets	39,903	(22,768)	17,135

3. Employees and directors

During the year £509,854 (2017: £126,969) of staff costs were capitalised in Intangible Assets.

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

	2018	2017
Management & Administration	3	3
Technical	16	6

There has been significant growth of staff numbers during the year and at 31 December 2018 total staff numbers equalled 39. Management & Administration 3, Technical 36.

Directors' remuneration

	2018			2017	
	Share Options £'000	Consultancy £'000	Directors Fees £'000	Consultancy £'000	Directors Fees £'000
Michael Masterman	–	272	–	120	–
Byron Pirola	–	–	–	–	–
David Garland	–	–	12	–	12
Pablo Neira (appointed 17/09/2018)	21	–	12	–	–
James Argalas (appointed 17/09/2018)	21	–	6	–	–
Total	42	272	30	120	12

4. Net finance costs

	2018 £'000	2017 £'000
Finance costs:		
Other finance costs	98	21
Loan costs	873	–
	971	21

5. Loss before income tax

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

	2018 £'000	2017 £'000
Depreciation – owned assets	171	157
Intangible assets amortisation	55	54
Auditors' remuneration	25	26
Auditors' remuneration for non-audit work	3	2
Impairment charge	317	–
Exceptional items	(148)	–

A total of £272,000 (2017: £120,000) relating to M Masterman's consultancy fees were capitalised in intangible assets in 2018.

Notes to the Consolidated Financial Statements

continued

5. Loss before income tax continued

An exceptional loss of (£148,000) 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 this 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 £148,000.

The impairment charge of £317,000 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 licence. 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.

6. Income tax

Analysis of tax (income)/expense

	2018 £'000	2017 £'000
Current tax:		
Tax	(68)	126
Total tax (income)/expense in consolidated statement of profit or loss and other comprehensive income	(68)	126

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:

	2018 £'000	2017 £'000
Loss before income tax	(4,119)	(732)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 – 19%)	(783)	(139)
Effects of:		
Share options cost disallowed	(20)	–
Share warrants cost disallowed	(45)	–
Benefit of losses brought forward	(3,684)	(3,544)
Benefit of losses carried forward	4,464	3,684
Interest taxed above current year losses	–	123
Effect of change in rate of tax	–	2
Tax (income)/expense	(68)	126

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 (£1,475,000) (2017: £6,000). Included within these figures are intra-group exchange gains of £962,000 (2017: £431,000) and intra-group interest received of £701,000 (2017: £85,000).



Notes to the Consolidated Financial Statements

continued

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 and 2018 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:

	2018		
	Loss £'000	Weighted Average Number of Shares (millions)	Per Share Amount Pence
Basic loss per share			
Loss attributable to ordinary shareholders	(4,051)	5,423	-0.07
Effect of dilutive securities	-	-	-
Diluted loss per share			
Adjusted loss	(4,051)	5,423	-0.07

Reconciliations are set out below:

	2017		
	Loss £'000	Weighted Average Number of Shares (millions)	Per Share Amount Pence
Basic loss per share			
Loss attributable to ordinary shareholders	(858)	4,763	-0.02
Effect of dilutive securities	-	-	-
Diluted loss per share			
Adjusted loss	(858)	4,763	-0.02

9. Intangible assets

	Exploration & Evaluation Costs £'000
Group	
Cost	
At 1 January 2018	13,847
Additions	10,479
Exchange differences	144
At 31 December 2018	24,470
Amortisation	
At 1 January 2018	229
Amortisation for year	55
Impairments	317
Exchange differences	2
At 31 December 2018	603
Net book value	
At 31 December 2018	23,867



Notes to the Consolidated Financial Statements

continued

9. Intangible assets continued

	Exploration & Evaluation Costs £'000
Group	
Cost	
At 1 January 2017	11,887
Additions	1,577
Exchange differences	383
At 31 December 2017	13,847
Amortisation	
At 1 January 2017	169
Amortisation for year	54
Exchange differences	6
At 31 December 2017	229
Net book value	
At 31 December 2017	13,618

The above represents capitalised testing works and concessions costs acquired.

10. Property, plant and equipment

	Plant & Machinery £'000
Group	
Cost	
At 1 January 2018	2,748
Additions	14,583
Exchange differences	30
At 31 December 2018	17,361
Depreciation	
At 1 January 2018	544
Charge for year	171
Exchange differences	6
At 31 December 2018	721
Net book value	
At 31 December 2018	16,640



Notes to the Consolidated Financial Statements

continued

11. Investments continued

	2018 £'000	2017 £'000
Aggregate capital and reserves	(3,718)	(2,402)

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

	2018 £'000	2017 £'000
Aggregate capital and reserves	(211)	233

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

	2018 £'000	2017 £'000
Aggregate capital and reserves	(280)	121

12. Inventories

	Group	
	2018 £'000	2017 £'000
Concentrate for re-sale	161	47

13. Trade and other receivables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current:				
Other debtors	930	410	52	10
Other prepayments	1,079	645	28	25
Finance cost prepayments	953	–	781	–
>1 year:				
Amounts owed by group undertakings	–	–	43,116	17,630
Finance cost prepayments	2,939	–	2,409	–
	5,901	1,055	46,386	17,665



Notes to the Consolidated Financial Statements

continued

14. Cash and cash equivalents

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank accounts	6,087	451	4,348	191

15. Called up share capital

Number:	Class:	Nominal Value	2018 £'000s	2017 £'000s
5,784,197,054 (2017: 5,156,646,034)	Ordinary	0.1p	5,784	5,157

627,551,020 Ordinary Shares of 0.1p were issued during the year for cash as follows:

- On 21 February 2018, 21,428,571 Ordinary Shares of 0.1p each were issued at a premium of 0.32p raising £90,000. This was the exercise of 21,428,571 share warrants issued last year.
- On 05 April 2018, 300,000,000 Ordinary Shares of 0.1p each were issued at a premium of 0.40p raising £1,500,000.
- On 27 November 2018, 306,122,449 Ordinary Shares of 0.1p each were issued at a premium of 0.39p raising £1,500,000.

At the year-end there were 554,034,000 Share Warrants in issue that were yet to be exercised. (2017: 267,857,141). An early exercise option has been offered to warrant holders since the balance sheet date, per note 20.

16. Reserves

Group

	Retained Earnings £'000	Share Premium £'000	Share Based Payment Reserve £'000
At 1 January 2018	(15,049)	24,146	60
Deficit for the year	(4,051)	–	–
Cash share issue	–	2,462	–
Cost of share issue	–	(120)	–
Share warrants issued	–	–	1,292
Share options issued	–	–	103
At 31 December 2018	(19,100)	26,488	1,455

Group

	Merger Reserve £'000	Translation Reserve £'000	Totals £'000
At 1 January 2018	909	780	10,846
Deficit for the year	–	–	(4,051)
Cash share issue	–	–	2,462
Cost of share issue	–	–	(120)
Trans to translation reserve	–	819	819
Share warrants issued	–	–	1,292
Share options issued	–	–	103
At 31 December 2018	909	1,599	11,351



Notes to the Consolidated Financial Statements

continued

16. Reserves continued

Company

	Retained Earnings £'000	Share Premium £'000	Share Based Payment Reserve £'000
At 1 January 2018	(11,267)	24,146	60
Deficit for the year	(1,475)	–	–
Cash share issue	–	2,463	–
Cost of share issue	–	(120)	–
Share warrants issued	–	–	1,292
Share options issued	–	–	103
At 31 December 2018	(12,742)	26,489	1,455

Company

	Merger Reserve £'000	Translation Reserve £'000	Totals £'000
At 1 January 2018	909	(98)	13,750
Deficit for the year	–	–	(1,475)
Cash share issue	–	–	2,462
Cost of share issue	–	–	(120)
Share warrants issued	–	–	1,292
Share options issued	–	–	103
At 31 December 2018	909	(98)	16,013

17. Trade and other payables

	Group		Company	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current:				
Trade creditors	5,188	740	54	70
Amounts owed to group undertakings	–	–	73	115
Other creditors	1	136	1	136
Accrued expenses	64	26	61	23
	5,253	902	189	344

18. Financial liabilities – borrowings

In November 2017, a loan of £133,097 was granted by the Banco Bilbao Vizcaya to Iberian Resources Spain SL. Repayment. This loan was repaid in its entirety in February 2018.

On 20 October 2014, Beronia Investments Pty granted Iberian Resources Spain SL a short-term loan of €200,000 to cover VAT receivables. This remained outstanding at 31 December 2017, and it was repaid in its entirety on 21 February 2018. This loan had an interest rate of 5% per annum. Interest in the year was recognised in the profit and loss account of £Nil (2017 £16,000). The converted balance included in financial liabilities – borrowings at the year-end was £Nil (2017; €211,000).

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.



Notes to the Consolidated Financial Statements

continued

18. Financial liabilities – borrowings continued

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 £1,292,000 (note 21).
- The value of the loan included in the statement of financial position at the balance sheet date is £30,268,000 (2017: Nil).
- During the year interest of £2,801,000 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.

19. Related party disclosures

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

Michael Masterman	21,000,000
David Garland	–
Byron Pirola	–
Pablo Neira	–
James Argalas	–

On 20 October 2014, Beronia Investments Pty of which Dr Byron Pirola (a Director of the company) is both a beneficiary and a trustee, lent Iberian Resources Spain SL a short-term loan of €200,000 to cover VAT receivables. This remained outstanding at 31 December 2017, and was repaid in its entirety on 21 February 2018, and has an interest rate of 5% per annum. Interest in the year was recognised in the profit and loss account of £nil (2017: £16,000). The converted balance included in financial liabilities – borrowings at the yearend was £nil (2017: £211,000).

On 2 December 2016, Share Options were granted to the Directors and remain unexercised at the yearend 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	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



Notes to the Consolidated Financial Statements

continued

19. Related party disclosures continued

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

Included in other creditors is the sum of €85,000 (2017: £280,000) 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 €272,000 were charged to the Company by FeX Limited.

Also included in other creditors is the sum of £22,000 (2017: £3,000) for accrued directors fees due to the Directors as follows: £11,000 Pablo Neira, £6,000 David Garland, £5,000 James Argalas.

20. Events after the reporting period

W Resources has issued 9,183,673 ordinary shares of 0.1p each ("Ordinary Shares") on 5 February 2019 at 0.49p per Ordinary Share to its broker, Turner Pope Investments (TPI) Ltd, as part of its fee arrangement in connection with the placing announced on 27 November 2018. The share issue costs of £46,000 have not been provided as at 31st December 2018 and will be charged in 2019.

As announced on 18 April 2019, through its broker Turner Pope Investments (TPI) Ltd, the Company offered its Existing Warrant holders early exercise of 210,714,286 warrants to acquire new ordinary shares of 0.1p each in the Company ("Ordinary Shares") with a strike price of 0.42p and an expiry date of 20 June 2019 ("Existing Warrants"). The Existing Warrants represent the unexercised warrants which were awarded to investors who subscribed for Ordinary Shares at a price of 0.28p per share as announced on 14 June 2017. In return for electing to exercise these Existing Warrants early, the Company offered participating shareholders two new warrants ("New Warrants") for every Existing Warrant. Each New Warrant will entitle the holder to subscribe for a new Ordinary Share at an exercise price of 0.60p at any time at the holder's option until 31 December 2020.

In addition, two of the Company's Directors, Michael Masterman and Byron Pirola, who between them and their related interests own 35,714,284 warrants that were acquired on the same terms as the 210,714,286 Existing Warrants, intend (subject to the agreement of the Company's independent Directors), to exercise their warrants on the same terms, including the offer of New Warrants, once the Company has published its results for the year ended 31 December 2018 and is no longer in a close period.

21. 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	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 has been recognised in administrative expenses in 2016 and a share based payments reserve of €60,000 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.



Notes to the Consolidated Financial Statements

continued

21. Share warrants/share based payments continued

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 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 £163,000 (2017: £60,000) at 31/12/18.

On 14 May 2018, 307,605,430 Share Warrants were issued to Black Rock 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 which has been included within the value of the total loan costs that have been prepaid and will be expensed across the term of the loan, currently 5 years.

22. 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, loan 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's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling. The Group also 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 which 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.

23. Commitments and contingent liabilities

As at 31 December 2018, the Group was contractually obliged for further capital expenditure to complete the construction of the plants at La Parrilla Mine amounting to £1.8 million. In addition, six months after completion of the construction project, and once the mine is operation, there is a commitment of £2.1million for the balance of the Jig and Mill Plant, payable in 24 equal monthly instalments, as agreed with the supplier in the original agreement.

There are no material contingent liabilities as at 31 December 2018. (2017: nil).



Notes to the Consolidated Financial Statements

continued

APPENDIX I – JORC Compliant Mineral Reserves and 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 table above are based on the optimal LOM Pit. Estimate for La Parrilla Deposit using a 330 ppm WO₃ 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 Aden Munoz 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 WO₃ 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
Total	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

Category	Tonnes	WO ₃ %	Cut-off
Indicated	3.76mt	0.304	0.1% WO ₃
Inferred	1.70mt	0.227	0.1% WO ₃
Total	5.46mt	0.280	0.1% WO₃

The Régua JORC-compliant mineral resource update was fully disclosed, with JORC Table 1 in a Company news release on 27 October 2015. Mr Sia Khosrowshahi (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 Mr James Argalas Mr Pablo Neira Mr David Garland
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 Bank Plc Level 27, 1 Churchill Place London, E14 5HP, UK Banco Bilbao Vizcaya Argentaria, 44th Floor, One Canada Square Canary Wharf London, E14 5AA, UK
Solicitors:	Mildwaters Consulting LLP, Walton House, 25 Bilton Road, Rugby, Warwickshire, CV22 7AG, UK Bufete Pérez Cordero y Pérez Morales S.L.P, Calle Almagro 11, 1-4, 28010 Madrid, Spain



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