

**GROUP STRATEGIC REPORT,  
REPORT OF THE DIRECTORS AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
W RESOURCES PLC**

**W RESOURCES PLC**  
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**FOR THE YEAR ENDED 31 DECEMBER 2016**

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**W RESOURCES PLC  
COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS:** M G Masterman  
Dr B Pirola  
D R Garland

**SECRETARY:** Cargil Management

**REGISTERED OFFICE:** 22 Melton Street  
London  
NW1 2BW

**REGISTERED NUMBER:** 04782584 (England and Wales)

**AUDITORS:** Chapman Davis LLP

**BANKERS:** HSBC Bank PLC  
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Ealing  
London  
W5 5JZ

**SOLICITORS:** Steinepreis Paganin  
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16 Milligan Street  
Perth, WA 6000 Australia

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Paseo Marquesa de Viuda de Albama, 52  
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**W RESOURCES PLC  
CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Dear Shareholders,

I am pleased to report that during 2016 W substantially advanced its tungsten, copper and gold assets.

La Parrilla, our large scale flagship Tungsten and Tin project in Spain, advanced on both the development and production fronts in preparation for expansion of the facility to 2 million tonnes per annum (mtpa) of ROM and 2,500 tonnes per annum (tpa) of tungsten concentrate production. Key approvals and authorisations were received, and design, engineering and procurement is now advanced on this large scale, low cost project.

Key milestones at La Parrilla include an upgraded JORC resource estimate, mine plan optimisation, the first blast and mining in the Fast Track Mine (FTM) area, and commencement of production and shipments to USA customers in the December quarter 2016.

Régua, our high-grade tungsten mine in northern Portugal, also advanced and will be ready for development in 2018 at a target production rate of 1,300 tpa of tungsten concentrate.

Success was achieved on the advanced exploration front at Tarouca (Tungsten), São Martinho (Gold) and with the granting of the Monforte-Tinoca licence ("Tinoca" Copper), which holds the Tinoca and Azeiteiros former copper mines.

### **Tungsten and Tin**

#### **La Parrilla – Spain – targeting 2,500 tpa tungsten concentrate**

- JORC Resource update: JORC compliant resource increased to 51 million tonnes (Mt) at 0.096% WO<sub>3</sub> (February 2016) with an indicated resource up from zero to 36 Mt which equates to 70% of the deposit.
- Full approvals and land access for the FTM confirmed.
- Complete title registered in name of W's 100% owned subsidiary Iberian Resources Spain SL following option exercise in 2015.
- Mine optimisation and FTM mining schedules completed, confirming low strip ratio and low cost mine development.
- Successful RC infill drilling program in FTM and FTM south with very high grades of tungsten and tin in Q2 2016.
- Initial mine blast and hard rock mining Q2 2016 covering the first two 10 m benches.
- Plant production commenced in Q3 2016, running in an initial custom delivery phase for customers to January 2017.
- First production of tin concentrate using newly installed electrostatic separator.
- Phase 1 finance package and tungsten off-take arrangements agreed for the start-up of the La Parrilla FTM, with the first shipment to the USA confirmed in October 2016. Optimised mine plan completed which delivers low strip ratio FTM mine pit. Metallurgical test programme and process engineering and preliminary engineering of the FTM crusher, jig / mill, and concentrator plant were also completed.

The priority in 2016 was to achieve first production and expand La Parrilla. Production commenced in Q3, delivering first tungsten concentrate to the USA in Q4. With a mineral resource of 51 Mt, which can be extracted at very low cost, and positive customer feedback on shipment, the scale up to 2,500 tonnes in 2017 will set us apart from our peers in the tungsten market.

Over the year, we achieved a number of key milestones. Significant tungsten and tin grades were announced in October and these results further reinforced the findings that there is a large lateral extension of the La Parrilla orebody to the south, with excellent grades of tungsten and tin from surface at higher grades than the rest of the orebody.

This new data should increase initial production grades which we are incorporating into the new mine plan.

W awarded the design and construction contract for the La Parrilla Jig / Mill to allmineral Aufbereitungstechnik GmbH & Co. KG (allmineral) of Germany at a contract price of €4.98m in April 2017. allmineral is providing vendor finance for just under 50% of the contract price on very competitive terms. Engineering, procurement and financing of the other La Parrilla plant components is advancing.

W has also applied for grants from the Extremadura Regional Government in Spain for the Crusher and the Jig / Mill and this process is ongoing in line with the application process.

**W RESOURCES PLC  
CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Régua – Portugal - targeting 1,300 tpa tungsten concentrate**

- Initial Mine development planning completed with an economic initial mine plan.
- An Environmental Impact Study (EIS) was completed in July and environmental approval for the trial mine is underway.
- Development is on track for production in 2018.

Régua has a current JORC compliant mineral resource of 5.46 Mt at a grade of 0.28% WO<sub>3</sub>, with an indicated resource of 3.76 Mt at a grade of 0.304% WO<sub>3</sub>.

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

**Tarouca – Portugal**

In 2015, trench sampling at the Tarouca project showed high-grade tungsten results with 15 out of 126 samples exceeding 0.5% WO<sub>3</sub>, including 0.8 m at 11.4% WO<sub>3</sub> (TTR063). Together with the 15 holes drilled in 2014, this confirms an outstanding exploration target in the north-eastern area of the licence.

After successfully completing all work plan obligations, W submitted an application to extend the Tarouca licence for another two-year period, prior to its expiry on 23 March 2017. The DGEG has indicated that it has been approved internally, and the Board is confident that it will shortly receive the final sign-off from the Secretary of State for Energy under the Ministry for the Economy.

Tarouca is 20 km from Régua and has the potential to enhance and expand the Régua development.

**Copper Gold Resources**

W holds significant advanced gold and copper exploration deposits. Copper Gold Resources Plc is W Resource's holding vehicle for its gold and copper assets. It is the 100% shareholder of Iberian Resources Portugal Lda., and holds the five mining assets in Portugal; Régua, CAA / Portalegre, São Martinho, Tarouca and Monforte-Tinoca. In September 2016, W instigated a strategic review to explore options to better deliver the value of these assets to W shareholders. In March 2017, the conclusion of strategic review highlighted that there is a significant opportunity for W to accelerate the development of its copper and gold projects by focusing dedicated funding in this area which will increase the value of these assets. The Board therefore decided to evaluate alternative routes to separate these projects from W and is currently evaluating the spin-off of Copper Gold Resources Plc into a separate vehicle for which W is considering strategies including the option of separately listing on the London Stock Exchange.

**CAA Portalegre – Gold**

- A maiden JORC resource estimate of 3 Mt at 1.04 g/t gold (equating to 111,987 oz in contained gold) was completed in June 2016 on the São Martinho deposit.
- Drilling campaign started in September 2016 at São Martinho, to upgrade the current JORC resource estimate. Initial results delivered strong grades at multiple levels.

W commenced a targeted 1,500 m diamond core drilling campaign at the São Martinho project in September 2016.

The results from 6 holes at São Martinho highlighted strong grades at multiple levels and provide a solid base to drive extension drilling with the potential for materially larger resource. This was further verified in January when W revealed exceptional results confirmed an intersection of 56.4 m at 2.34 g/t at a depth of just 2.6 m. Additional holes yielded very positive results providing a solid base to drive extension drilling with the potential for a materially larger resource.

São Martinho currently has a JORC gold resource of over 110,000 oz. The results of the drilling campaign will form part of the update for the upgrade to the JORC compliant mineral resource estimate which will be completed following an infill RC program to be completed in Q3 2017.

**Monforte-Tinoca - Copper**

In July 2016, the Portuguese Direction General for Energy & Geology (DGEG) under the Ministry for the Economy & the Secretary of State for Energy granted W the Monforte-Tinoca Portuguese exploration licence, containing the Tinoca and Azeiteiros former copper mines. The primary focus in 2016 has been on tungsten and gold projects and we will review activity on the copper projects in 2017.

**W RESOURCES PLC  
CHAIRMAN'S REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**Commodity Pricing**

Tungsten prices were challenging in 2016 and the APT price reference averaged USD198/mtu for the year. Prices have recovered in 2017 to around USD215/mtu. There are emerging shortages of Tungsten concentrate which bodes well for prices for the balance of 2017.

Tin prices have surged from \$13,500 per tonne at the beginning of 2016 to around \$20,000 per tonne. The prospect of higher tin content and continued strengthening in the tin price provides potential for higher revenues and lower costs after by-product credits in the early years of production at La Parrilla.

Copper prices have recovered well and it is expected that mined copper production will peak in 2018 due to reserve depletion and capacity closures. Analysts are forecasting that copper prices have further room to rise towards US\$7,000 per tonne due to this anticipated deficit.

The Gold price has also recovered over the past year with analysts forecasting pricing of around US\$1,250 for 2017 with an uplift to over US\$1,300 in 2018.

**Finance**

W raised £2.45 million over three placings in 2016. The funds raised were predominately used to advance approvals, engineering procurement and development for the 2 mtpa ROM / 2,500 tpa concentrate La Parrilla expansion, commence hard rock production at the La Parrilla mine, complete the highly successful São Martinho drilling campaign and general working capital.

The Group recorded an after-tax loss of £854,000 in 2016, compared to a loss of £606,000 in 2015. The increase is mainly due to £149,000 of potentially irrecoverable VAT, arising from a HMRC review of the Company's VAT position resulting in the suspension of the Company's VAT registration number. W has disputed HMRC's decision and the review remains ongoing.

Finance activity is focused on the financing of the development of La Parrilla. Specialist debt advisors have been appointed as part of the process and financing is expected to be completed in Q3 2017.

**Outlook**

The immediate focus of the Board and Management of W is to conclude the financing and development for the expansion of La Parrilla to produce at 2 mtpa ROM / 2,500 tpa of tungsten concentrate.

In parallel, Régua will be prepared for development in 2018 and strategies are being reviewed to spin-off Copper Gold Resources Plc into a new separate vehicle on the London Stock Exchange.



Mr M Masterman  
Chairman  
W Resources Plc  
3 May 2017

**W RESOURCES PLC  
GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their strategic report of the Company and the group for the year ended 31 December 2016.

**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.

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

**PRINCIPAL RISKS AND UNCERTAINTIES**

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

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

**Price Risk**

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

**Liquidity Risk**

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

**Currency Risk**

The Group principally operates in £ and €. 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**



M G Masterman  
Chairman  
3 May 2017

**W RESOURCES PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

The Directors present their report with the financial statements of the Company and the group for the year ended 31 December 2016.

**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, formerly Australian Iron Ore Plc (and its 100% subsidiary, Iberian Resources Portugal, Recursos Minerais, Unipessoal, Lda).

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2016.

**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 2016 to the date of this report.

M G Masterman  
Dr B Pirola  
D R Garland

**BOARD OF DIRECTORS AND SENIOR MANAGEMENT**

**Michael Masterman**

Chairman

Mr Masterman has an exceptional track record in establishing and financing new resources companies. He completed the US\$1.15bn sale of a 31% interest in the Fortescue Metals Group's majority-owned FMG Iron Bridge iron ore company to Formosa Plastics Group. Following 9 years at McKinsey, and 8 years as an Executive Director of Anaconda Nickel, he has been a founding shareholder at Fortescue Metals Group, Po Valley Energy and Atacama Metals

**Byron Pirola**

Non-Executive Director

Director of Port Jackson Partners Limited, a Sydney based strategy management consulting firm. Prior to joining Port Jackson Partners in 1992, Byron spent 6 years with McKinsey & Company working out of the Sydney, New York and London Offices and across the Asian Region. He has extensive experience in advising CEOs and boards of both large public and small developing companies across a wide range of industries and geographies. Byron is a Non-Executive Director of Po Valley Energy Limited.

**David Garland**

Non-Executive Director

David is the former General Counsel, Secretary and Chief Compliance Officer of Dominion Petroleum Limited (an oil and gas exploration company then listed on the LSE). Before joining Dominion, he had practiced as a barrister for 18 years from Brick Court Chambers, a leading commercial barristers' chambers in London. David was a founder, and is currently General Counsel and a director, of Atacama Metals Holdings Limited, a private Hong Kong registered copper exploration company, with mining concessions and interests, in the Atacama Desert in Chile.

**Director's Remuneration**

B Pirola and M Masterman waived their right to Director's fees for the year under review. D Garland was paid £1,000 per month in Director's fees during the year. M Masterman was entitled to £10,000 per month in consultancy fees, these fees remain outstanding at the balance sheet date and have been accrued in other creditors.

**RESOURCES PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS - continued**

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

<b>Director</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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

**Directors Service Contracts**

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

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

**RETIREMENT BY ROTATION**

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

**THE AUDIT COMMITTEE**

The Audit Committee, which intends to meet no less than twice a year and considers the Group's financial reporting (including accounting policies) and internal financial controls, is chaired by David Garland, Non-Executive Director. The Audit Committee will be responsible ensuring that the financial performance of the Group is properly monitored and reported on. The Committee intends to receive reports from management and the external auditors as required.

**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:

	<b>Shares</b>	<b>Percent</b>
M Masterman *	865,474,974	18.92
Hansource Investments Ltd	333,333,333	7.29
Beronia Investments Pty Ltd (Dr B Pirola) **	278,781,176	6.09
H Masterman *	171,066,866	3.74

\* Related Party

\*\* Includes related party interests

Please refer to website <http://www.wresources.co.uk/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.

**W RESOURCES PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS - continued**

**THE BOARD OF DIRECTORS**

The Board of Directors is currently composed of three members; one Executive Director and two Non-Executive Directors including the Chairman, Michael Masterman (Executive Director), who has a wealth of minerals exploration and development experience; the Non-Executive Director Dr Byron Pirola similarly has a wealth of experience either in the minerals industry or in finance and corporate development. The other Non-Executive Director, David Garland, has a wealth of experience both in the minerals industry and in the legal field. 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 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 were 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](http://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.

**GOING CONCERN**

The Directors are satisfied that the Group has sufficient resources to continue its operation and to meet its commitments in the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

**W RESOURCES PLC**  
**REPORT OF THE DIRECTORS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**DIRECTORS - continued**

**EVENTS SINCE THE BALANCE SHEET DATE**

The Company has made additional placements of £750,000 since the year end.

After successfully completing all work plan obligations, the Company submitted an application to extend the Tarouca licence for another two-year period, prior to its expiry on 23 March 2017. The DGEG has indicated that it has been approved internally, and the Board is confident that it will shortly receive the final sign-off from the Secretary of State for Energy under the Ministry for the Economy. The carrying value of the investment in Tarouca in the financial statements at 31 December 2016 was £522,175.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

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

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

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

**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**



M G Masterman  
Chairman  
3 May 2017

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF W RESOURCES PLC**

We have audited the financial statements of W Resources Plc for the year ended 31 December 2016 on pages eleven to thirty three. 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, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 a Report of the Auditors 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.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page seven, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Report the Group Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2016 and of the group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Group Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where 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.

Keith Fulton (Senior Statutory Auditor)  
For and on behalf of Chapman Davis LLP,  
Statutory Auditor  
Chartered Accountants,  
2 Chapel Court, London, SE1 1HH  
Date: 3 May 2017

**W RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>CONTINUING OPERATIONS</b>			
Revenue	2	140	82
Cost of sales		<u>(141)</u>	<u>(100)</u>
<b>GROSS LOSS</b>		(1)	(18)
Administrative expenses		(680)	(570)
Exceptional items		<u>(149)</u>	<u>-</u>
<b>OPERATING LOSS</b>		(830)	(588)
Finance costs	4	<u>(24)</u>	<u>(18)</u>
<b>LOSS BEFORE INCOME TAX</b>	5	(854)	(606)
Income tax	6	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>		(854)	(606)
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Translation reserve		1,639	(439)
Share Warrants expired		(77)	-
Share Options Issued		60	-
Income tax relating to items of other comprehensive income		<u>-</u>	<u>-</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>1,622</u>	<u>(439)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>768</u>	<u>(1,045)</u>
Loss attributable to:			
Owners of the parent		<u>(854)</u>	<u>(606)</u>
Total comprehensive income attributable to:			
Owners of the parent		<u>768</u>	<u>(1,045)</u>
Loss per share expressed in pence per share:			
Basic	8	-0.02	-0.02
Diluted		<u>-0.02</u>	<u>-0.02</u>

**W RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	11,718	8,250
Property, plant and equipment	10	1,983	1,809
Investments	11	<u>-</u>	<u>-</u>
		<u>13,701</u>	<u>10,059</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	892	574
Cash and cash equivalents	13	<u>357</u>	<u>864</u>
		<u>1,249</u>	<u>1,438</u>
<b>TOTAL ASSETS</b>		<u><u>14,950</u></u>	<u><u>11,497</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	14	4,360	3,694
Share premium	15	22,381	20,316
Share based payment reserve	15	60	77
Merger Reserve	15	909	909
Translation Reserve	15	347	(1,292)
Retained earnings	15	<u>(14,191)</u>	<u>(13,337)</u>
<b>TOTAL EQUITY</b>		<u><u>13,866</u></u>	<u><u>10,367</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	895	837
Financial liabilities - borrowings			
Interest bearing loans and borrowings	17	<u>189</u>	<u>293</u>
		<u>1,084</u>	<u>1,130</u>
<b>TOTAL LIABILITIES</b>		<u><u>1,084</u></u>	<u><u>1,130</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>14,950</u></u>	<u><u>11,497</u></u>

The financial statements were approved by the Board of Directors on 3 May 2017 and were signed on its behalf by:



M G Masterman  
Chairman

**W RESOURCES PLC**  
**COMPANY STATEMENT OF FINANCIAL POSITION**  
**31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	-	-
Property, plant and equipment	10	-	-
Investments	11	<u>1,520</u>	<u>1,520</u>
		<u>1,520</u>	<u>1,520</u>
<b>CURRENT ASSETS</b>			
Trade and other receivables	12	15,057	10,593
Cash and cash equivalents	13	<u>113</u>	<u>145</u>
		<u>15,170</u>	<u>10,738</u>
<b>TOTAL ASSETS</b>		<u><u>16,690</u></u>	<u><u>12,258</u></u>
<b>EQUITY</b>			
<b>SHAREHOLDERS' EQUITY</b>			
Called up share capital	14	4,360	3,694
Share premium	15	22,381	20,316
Share based payment reserve	15	60	77
Merger Reserve	15	909	909
Translation Reserve	15	(98)	(98)
Retained earnings	15	<u>(11,261)</u>	<u>(12,889)</u>
<b>TOTAL EQUITY</b>		<u><u>16,351</u></u>	<u><u>12,009</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	<u>339</u>	<u>249</u>
<b>TOTAL LIABILITIES</b>		<u><u>339</u></u>	<u><u>249</u></u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>16,690</u></u>	<u><u>12,258</u></u>

The financial statements were approved by the Board of Directors on 3 May 2017 and were signed on its behalf by:



M G Masterman  
Chairman

**W RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 January 2015</b>	2,420	(12,731)	17,913
<b>Changes in equity</b>			
Issue of share capital	1,274	-	2,403
Total comprehensive income	-	(606)	-
<b>Balance at 31 December 2015</b>	<u>3,694</u>	<u>(13,337)</u>	<u>20,316</u>
<b>Changes in equity</b>			
Issue of share capital	666	-	2,065
Total comprehensive income	-	(854)	-
<b>Balance at 31 December 2016</b>	<u><u>4,360</u></u>	<u><u>(14,191)</u></u>	<u><u>22,381</u></u>

	Share based payment reserve £'000	Merger Reserve £'000	Translation Reserve £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	77	909	(853)	7,735
<b>Changes in equity</b>				
Issue of share capital	-	-	-	3,677
Total comprehensive income	-	-	(439)	(1,045)
<b>Balance at 31 December 2015</b>	<u>77</u>	<u>909</u>	<u>(1,292)</u>	<u>10,367</u>
<b>Changes in equity</b>				
Issue of share capital	-	-	-	2,731
Total comprehensive income	(17)	-	1,639	768
<b>Balance at 31 December 2016</b>	<u><u>60</u></u>	<u><u>909</u></u>	<u><u>347</u></u>	<u><u>13,866</u></u>

**W RESOURCES PLC**  
**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000
<b>Balance at 1 January 2015</b>	2,420	(12,538)	17,913
<b>Changes in equity</b>			
Issue of share capital	1,274	-	2,403
Total comprehensive income	-	(351)	-
<b>Balance at 31 December 2015</b>	<u>3,694</u>	<u>(12,889)</u>	<u>20,316</u>
<b>Changes in equity</b>			
Issue of share capital	666	-	2,065
Total comprehensive income	-	1,628	-
<b>Balance at 31 December 2016</b>	<u><u>4,360</u></u>	<u><u>(11,261)</u></u>	<u><u>22,381</u></u>

	Share based payment reserve £'000	Merger Reserve £'000	Translation Reserve £'000	Total equity £'000
<b>Balance at 1 January 2015</b>	77	909	(98)	8,683
<b>Changes in equity</b>				
Issue of share capital	-	-	-	3,677
Total comprehensive income	-	-	-	(351)
<b>Balance at 31 December 2015</b>	<u>77</u>	<u>909</u>	<u>(98)</u>	<u>12,009</u>
<b>Changes in equity</b>				
Issue of share capital	-	-	-	2,731
Total comprehensive income	(17)	-	-	1,611
<b>Balance at 31 December 2016</b>	<u><u>60</u></u>	<u><u>909</u></u>	<u><u>(98)</u></u>	<u><u>16,351</u></u>

**W RESOURCES PLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	1	(714)	(974)
Interest paid		<u>(15)</u>	<u>(18)</u>
Net cash from operating activities		<u>(729)</u>	<u>(992)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(2,233)	(1,720)
Purchase of tangible fixed assets		<u>(31)</u>	<u>(15)</u>
Net cash from investing activities		<u>(2,264)</u>	<u>(1,735)</u>
<b>Cash flows from financing activities</b>			
New loans in year		15	165
Loan repayments in year		(144)	(533)
Share issue		637	1,274
Share Issue Premium		2,067	2,501
Share Issue Costs		<u>(89)</u>	<u>(99)</u>
Net cash from financing activities		<u>2,486</u>	<u>3,308</u>
		—————	—————
<b>(Decrease)/increase in cash and cash equivalents</b>		(507)	581
<b>Cash and cash equivalents at beginning of year</b>	2	864	283
		—————	—————
<b>Cash and cash equivalents at end of year</b>	2	<u>357</u>	<u>864</u>

**W RESOURCES PLC**  
**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

	Notes	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	1	(3,206)	(3,479)
Interest paid		<u>-</u>	<u>(18)</u>
Net cash absorbed by operating activities		<u>(3,206)</u>	<u>(3,497)</u>
<b>Cash flows from investing activities</b>			
Interest received		<u>559</u>	<u>413</u>
Net cash from investing activities		<u>559</u>	<u>413</u>
<b>Cash flows from financing activities</b>			
Loan repayments in year		-	(512)
Share issue		637	1,274
Share Premium		2,067	2,501
Share issue costs		<u>(89)</u>	<u>(99)</u>
Net cash from financing activities		<u>2,615</u>	<u>3,164</u>
		<u>          </u>	<u>          </u>
<b>(Decrease)/increase in cash and cash equivalents</b>		(32)	80
<b>Cash and cash equivalents at beginning of year</b>	2	145	65
		<u>          </u>	<u>          </u>
<b>Cash and cash equivalents at end of year</b>	2	<u>113</u>	<u>145</u>

**W RESOURCES PLC**  
**NOTES TO THE STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

<b>Group</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Loss before income tax	(854)	(606)
Depreciation charges	205	184
Loss on disposal of fixed assets	8	-
Share based payment	116	-
Translation reserve	73	32
Share warrants expired	(77)	-
Share options issued	60	-
Finance costs	<u>24</u>	<u>18</u>
	(445)	(372)
Decrease in inventories	-	52
(Increase)/decrease in trade and other receivables	(318)	274
Increase/(decrease) in trade and other payables	<u>49</u>	<u>(928)</u>
<b>Cash absorbed by operations</b>	<u><u>(714)</u></u>	<u><u>(974)</u></u>
 <b>Company</b>	 2016	 2015
	£'000	£'000
Profit/(loss) before income tax	1,628	(351)
Share based payments	116	-
Increase in inter-group loans	(4,468)	(2,785)
Share warrants expired	(77)	-
Share Options issued	60	-
Finance costs	9	18
Finance income	<u>(559)</u>	<u>(413)</u>
	(3,291)	(3,531)
Decrease/(increase) in trade and other receivables	26	(35)
Increase in trade and other payables	<u>59</u>	<u>87</u>
<b>Cash absorbed by operations</b>	<u><u>(3,206)</u></u>	<u><u>(3,479)</u></u>

**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:

	<b>Group</b>		<b>Company</b>	
<b>Year ended 31 December 2016</b>	31.12.16	1.1.16	31.12.16	1.1.16
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>357</u>	<u>864</u>	<u>113</u>	<u>145</u>
 <b>Year ended 31 December 2015</b>	 31.12.15	 1.1.15	 31.12.15	 1.1.15
	£'000	£'000	£'000	£'000
Cash and cash equivalents	<u>864</u>	<u>283</u>	<u>145</u>	<u>65</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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 Company**

New and/or revised Standards and Interpretations that have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2016 do not have a material effect on the Company financial statements.

**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 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.
- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.

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

**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 and Caspian USA Inc (a subsidiary that did not trade and was dissolved during the year under review). 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.

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.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**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 or, if held under finance lease, over the lease term, whichever is the shorter.

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

**Financial instruments**

Share Warrants are valued using the Black Scholes method.

**Taxation**

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

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

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

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

**Foreign currencies**

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

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

**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.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES - continued**

**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 2016 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 3 May 2017.

**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 Directors are satisfied that the Group has sufficient resources to continue its operation and to meet its commitments in the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

**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.

**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 20.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

1. **ACCOUNTING POLICIES - continued**

The fair value determined at the grant date of the equity-settled share-based payments is expenses 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 by use of the Black- Scholes Model. 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.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

2. **SEGMENTAL REPORTING**

<b>2015</b>		<b>Corporate £'000s</b>	<b>Mineral Exploration £'000s</b>	<b>Total £'000s</b>
By Business Segment:				
Loss for the year		(351)	(255)	(606)
Balance Sheet	- Segment Assets	200	11,297	11,497
	- Segment Liabilities	(136)	(994)	(1,130)
Net Assets		<u>64</u>	<u>10,303</u>	<u>10,367</u>
By Geographical Sector:				
		<b>Iberia</b>	<b>UK</b>	<b>Total</b>
Loss for the year		(255)	(351)	(606)
Balance Sheet	- Segment Assets	11,297	200	11,497
	- Segment Liabilities	(994)	(136)	(1,130)
		<u>10,303</u>	<u>64</u>	<u>10,367</u>
<b>2016</b>		<b>Corporate</b>	<b>Mineral Exploration</b>	<b>Total</b>
By Business Segment:				
Gain/(Loss) for the year		1,628	(2,482)	(854)
Balance Sheet	- Segment Assets	143	14,807	14,950
	- Segment Liabilities	(203)	(881)	(1,084)
Net Assets		<u>(60)</u>	<u>13,926</u>	<u>13,866</u>
By Geographical Sector:				
		<b>Iberia</b>	<b>UK</b>	<b>Total</b>
Loss for the year		(2,482)	1,628	(854)
Balance Sheet	- Segment Assets	14,807	143	14,950
	- Segment Liabilities	(881)	(203)	(1,084)
Net Assets		<u>13,926</u>	<u>(60)</u>	<u>13,866</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

**3. EMPLOYEES AND DIRECTORS**

During the year £56,000 (2015: £11,000) of staff costs were capitalised in Intangible Assets.

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

	<b>2016</b>	<b>2015</b>
Management & Administration	3	3
Technical	3	1

Directors' remuneration		<b>2016</b>		<b>2015</b>	
		<b>£'000</b>		<b>£'000</b>	
	<b>Share Options</b>	<b>Consultancy</b>	<b>Director's Fee</b>	<b>Consultancy</b>	<b>Director's Fee</b>
M Masterman	20	120	-	40	-
B Pirola	20	-	-	-	-
D Garland	20	-	12	-	12
	60	120	12	40	12

**4. NET FINANCE COSTS**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Finance costs:		
Other interest	<u>24</u>	<u>18</u>

**5. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Cost of sales	141	100
Other operating leases	-	4
Depreciation - owned assets	152	129
Loss on disposal of fixed assets	8	-
Intangible assets amortisation	53	54
Directors' remuneration	32	52
Auditors' remuneration	24	21
Auditors' remuneration for non-audit work	1	3
Exceptional Items – VAT recovery disallowed	149	-
Foreign exchange differences	<u>-</u>	<u>40</u>

£40,000 of M Masterman's consultancy fee, included in directors' remuneration in 2015, was reversed in the 2016 income statement, and capitalised in intangible assets. A total of £ 160,000 relating to M Masterman's consultancy fees were capitalised in intangible assets in 2016.

The exceptional item relates to a review by the 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 has been provided for in the financial statements. The Company has disputed the HMRC's decision and the review remains ongoing.

**6. INCOME TAX**

**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 31 December 2016 nor for the year ended 31 December 2015.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

6. **INCOME TAX - continued**

**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:

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Loss before income tax	<u>(854)</u>	<u>(606)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20%)	(171)	(121)
Effects of:		
Share options cost disallowed	12	-
Share warrants expired	(15)	-
Share based payment disallowed	23	-
Benefit of losses brought forward	(3,393)	(3,272)
Benefit of losses carried forward	<u>3,544</u>	<u>3,393</u>
Tax expense	<u>-</u>	<u>-</u>

7. **PROFIT 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 profit for the financial year was £1,627,975 (2015 – (£351,830) loss). Included within these figures are intra-group exchange gains of £1,616,000 (2015: Exchange losses (£455,000)) and intra-group interest received of £564,000 (2015: £418,000).

8. **LOSS PER SHARE**

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

Diluted losses 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 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.

	<b>Losses</b>	<b>2016</b>	<b>Per-share</b>
	<b>£'000</b>	<b>Weighted</b>	<b>amount</b>
		<b>average</b>	<b>pence</b>
		<b>number</b>	
		<b>of</b>	
		<b>shares</b>	
<b>Basic LPS</b>			
Losses attributable to ordinary shareholders	(854)	4,004,583,481	-0.02
<b>Effect of dilutive securities</b>			
Options	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted LPS</b>			
Adjusted losses	<u>(854)</u>	<u>4,004,583,481</u>	<u>-0.02</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

8. **LOSS PER SHARE - continued**

	<b>Losses £'000</b>	<b>2015 Weighted average number of shares</b>	<b>Per-share amount pence</b>
<b>Basic LPS</b>			
Losses attributable to ordinary shareholders	(606)	3,290,674,856	-0.02
Effect of dilutive securities	<u>-</u>	<u>-</u>	<u>-</u>
<b>Diluted LPS</b>			
Adjusted losses	<u>(606)</u>	<u>3,290,674,856</u>	<u>-0.02</u>

9. **INTANGIBLE ASSETS**

<b>Group</b>	<b>Intangible assets £'000</b>
<b>COST</b>	
At 1 January 2016	8,349
Additions	2,233
Exchange differences	<u>1,305</u>
At 31 December 2016	<u>11,887</u>
<b>AMORTISATION</b>	
At 1 January 2016	99
Amortisation for year	53
Exchange differences	<u>17</u>
At 31 December 2016	<u>169</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u><u>11,718</u></u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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9. **INTANGIBLE ASSETS - continued**

**Group**

	<b>Intangible assets £'000</b>
<b>COST</b>	
At 1 January 2015	6,990
Additions	1,720
Exchange differences	<u>(361)</u>
At 31 December 2015	<u>8,349</u>
<b>AMORTISATION</b>	
At 1 January 2015	48
Amortisation for year	54
Exchange differences	<u>(3)</u>
At 31 December 2015	<u>99</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u><u>8,250</u></u>

The above represents capitalised testing works and concessions costs acquired.

10. **PROPERTY, PLANT AND EQUIPMENT**

**Group**

	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1 January 2016	2,054	13	6	2,073
Additions	31	-	-	31
Disposals	(62)	(13)	(6)	(81)
Exchange differences	<u>334</u>	<u>-</u>	<u>-</u>	<u>334</u>
At 31 December 2016	<u>2,357</u>	<u>-</u>	<u>-</u>	<u>2,357</u>
<b>DEPRECIATION</b>				
At 1 January 2016	245	13	6	264
Charge for year	152	-	-	152
Eliminated on disposal	(55)	(13)	(6)	(74)
Exchange differences	<u>32</u>	<u>-</u>	<u>-</u>	<u>32</u>
At 31 December 2016	<u>374</u>	<u>-</u>	<u>-</u>	<u>374</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u><u>1,983</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>1,983</u></u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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10. **PROPERTY, PLANT AND EQUIPMENT - continued**

**Group**

	<b>Plant and machinery £'000</b>	<b>Fixtures and fittings £'000</b>	<b>Motor vehicles £'000</b>	<b>Totals £'000</b>
<b>COST</b>				
At 1 January 2015	2,161	13	6	2,180
Additions	15	-	-	15
Exchange differences	<u>(122)</u>	<u>-</u>	<u>-</u>	<u>(122)</u>
At 31 December 2015	<u>2,054</u>	<u>13</u>	<u>6</u>	<u>2,073</u>
<b>DEPRECIATION</b>				
At 1 January 2015	124	13	6	143
Charge for year	129	-	-	129
Exchange differences	<u>(8)</u>	<u>-</u>	<u>-</u>	<u>(8)</u>
At 31 December 2015	<u>245</u>	<u>13</u>	<u>6</u>	<u>264</u>
<b>NET BOOK VALUE</b>				
At 31 December 2015	<u>1,809</u>	<u>-</u>	<u>-</u>	<u>1,809</u>

11. **INVESTMENTS**

**Company**

	<b>Shares in group undertakings £'000</b>
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>1,520</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>1,520</u>
At 31 December 2015	<u>1,520</u>
	<b>Shares in group undertakings £'000</b>
<b>COST</b>	
At 1 January 2015 and 31 December 2015	<u>1,520</u>
<b>NET BOOK VALUE</b>	
At 31 December 2015	<u>1,520</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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11. **INVESTMENTS - continued**

**Company**

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

**Subsidiaries**

**Iberian Resources Spain SL**

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

Nature of business: Tungsten mining, production, exploration

Class of shares:	<b>% holding</b>		
Ordinary	100.00		
		<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
Aggregate capital and reserves		<u>(2,001)</u>	<u>(576)</u>

**Copper Gold Resources Plc (Group)**

Registered office: 22 Melton Street, London, NW1 2BW

Nature of business: Tungsten mining exploration, development

Class of shares:	<b>% holding</b>		
Ordinary	100.00		
		<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
Aggregate capital and reserves		<u>258</u>	<u>293</u>

**Iberian Resources Portugal LDA**

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

Nature of business: Mineral Exploration

Class of shares:	<b>% holding</b>		
Copper Gold Resources Plc owns	100.00		
		<b>2016</b>	<b>2015</b>
		<b>£'000</b>	<b>£'000</b>
Aggregate capital and reserves		<u>126</u>	<u>181</u>

During the year Caspian USA Inc, incorporated in the United States of America, a company in which W Resources Plc held 100% of Ordinary Shares was dissolved. All assets held within Caspian USA Inc. had previously been fully provided for.

12. **TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current:				
Amounts owed by group undertakings	-	-	15,028	10,538
Other debtors	527	488	6	36
Prepayments	<u>365</u>	<u>86</u>	<u>23</u>	<u>19</u>
	<u>892</u>	<u>574</u>	<u>15,057</u>	<u>10,593</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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**13. CASH AND CASH EQUIVALENTS**

	<b>Group</b>		<b>Company</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Bank accounts	<u>357</u>	<u>864</u>	<u>113</u>	<u>145</u>

**14. CALLED UP SHARE CAPITAL**

Allotted and issued:

<b>Number:</b>	<b>Class:</b>	<b>Nominal Value</b>	<b>2016</b>	<b>2015</b>
			<b>£'000s</b>	<b>£'000s</b>
4,360,495,974	Ordinary	0.1p	<u>4,360</u>	<u>3,694</u>

637,558,481 Ordinary Shares of 0.1p were issued during the year for cash as follows:

- On 17 March 2016, 166,666,664 Ordinary Shares of 0.1p each were issued at a premium of 0.35p raising £750,000.
- On 18 March 2016, 22,222,222 Ordinary Shares of 0.1p each were issued at a premium of 0.35p raising £100,000
- On 22 June 2016, 84,933,333 Ordinary Shares of 0.1p each were issued at a premium of 0.20p raising £254,800.
- On 24 August 2016, 171,428,569 Ordinary Shares of 0.1p each were issued at a premium of 0.25p raising £600,000.
- On 7 November 2016, 192,307,693 Ordinary Shares of 0.1p each were issued at a premium of 0.42p raising £1,000,000.

29,000,000 Ordinary Shares of 0.1p were issued during the year as a performance bonuses as follows:

- On 6 July 2016, 29,000,000 Ordinary Shares of 0.1p each were issued at a premium of 0.30p providing a performance bonus of £116,000.

**15. RESERVES**

**Group**

	<b>Retained earnings</b>	<b>Share premium</b>	<b>Share based payment reserve</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 January 2016	(13,337)	20,316	77
Deficit for the year	(854)		
Cash share issue	-	2,154	-
Cost of share issue	-	(89)	-
Share options issued	-	-	60
Share warrants expired	-	-	(77)
At 31 December 2016	<u>(14,191)</u>	<u>22,381</u>	<u>60</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

15. **RESERVES - continued**

**Group**

	<b>Merger Reserve £'000</b>	<b>Translation Reserve £'000</b>	<b>Totals £'000</b>
At 1 January 2016	909	(1,292)	6,673
Deficit for the year			(854)
Cash share issue	-	-	2,154
Cost of share issue	-	-	(89)
Trans to translation reserve	-	1,639	1,639
Share options issued	-	-	60
Share warrants expired	-	-	(77)
	<u>909</u>	<u>347</u>	<u>9,506</u>
At 31 December 2016	<u>909</u>	<u>347</u>	<u>9,506</u>

**Company**

	<b>Retained earnings £'000</b>	<b>Share premium £'000</b>	<b>Share based payment reserve £'000</b>
At 1 January 2016	(12,889)	20,316	77
Profit for the year	1,628		
Cash share issue	-	2,154	-
Cost of share issue	-	(89)	-
Share options issued	-	-	60
Share warrants expired	-	-	(77)
	<u>(11,261)</u>	<u>22,381</u>	<u>60</u>
At 31 December 2016	<u>(11,261)</u>	<u>22,381</u>	<u>60</u>

**Company**

	<b>Merger Reserve £'000</b>	<b>Translation Reserve £'000</b>	<b>Totals £'000</b>
At 1 January 2016	909	(98)	8,315
Profit for the year			1,628
Cash share issue	-	-	2,154
Cost of share issue	-	-	(89)
Share options issued	-	-	60
Share warrants expired	-	-	(77)
	<u>909</u>	<u>(98)</u>	<u>11,991</u>
At 31 December 2016	<u>909</u>	<u>(98)</u>	<u>11,991</u>

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
**FOR THE YEAR ENDED 31 DECEMBER 2016**

16. **TRADE AND OTHER PAYABLES**

	Group		Company	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Current:				
Trade creditors	476	399	46	69
Amounts owed to group undertakings	-	-	136	115
Other creditors	390	371	135	4
Accrued expenses	<u>29</u>	<u>67</u>	<u>22</u>	<u>61</u>
	<u>895</u>	<u>837</u>	<u>339</u>	<u>249</u>

17. **FINANCIAL LIABILITIES - BORROWINGS**

In February 2015, a loan of £165,380 was granted by the Banco Bilbao Vizcaya to Iberian Resources Spain SL secured against the VAT receivable at that time. Repayment of this loan in 12 equal instalments commenced in December 2015 and the balance outstanding at 31 December 2016 was £Nil.

On 20 October 2014, Beronia Investments Pty lent Iberian Resources Spain SL a short term loan of €200,000 to cover VAT receivables. This remains outstanding, is repayable at any time and has an interest rate of 5% per annum. Interest in the year was recognised in the profit and loss account of £15,000 (2015: Nil). The converted balance included in financial liabilities - borrowings at the year-end was £189,000. (2015: £149,000).

18. **RELATED PARTY DISCLOSURES**

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

M Masterman	64,468,863
D Garland	5,555,555
B Pirola	28,571,428

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 remains outstanding, is repayable at any time and has an interest rate of 5% per annum. Interest in the year was recognised in the profit and loss account of £15,000. The converted balance included in trade and other payables at the year-end was £189,000.

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

Included in other creditors is the sum of £160,000 for unpaid consultancy fees due to M Masterman, a Director and significant shareholder.

**W RESOURCES PLC**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**  
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**19. EVENTS AFTER THE REPORTING PERIOD**

The Company has made additional placements of £750,000.

After successfully completing all work plan obligations, the Company submitted an application to extend the Tarouca licence for another two-year period, prior to its expiry on 23 March 2017. The DGEG has indicated that it has been approved internally, and the Board is confident that it will shortly receive the final sign-off from the Secretary of State for Energy under the Ministry for the Economy. The carrying value of the investment in Tarouca in the financial statements at 31 December 2016 is £522,175.

**20. SHARE WARRANTS / SHARE BASED PAYMENTS**

On 15 October 2014, the Company issued warrants to Bergen Global Opportunity LP conferring the right to subscribe for 28,000,000 shares at £0.0127 per share to be exercised in the period up to 15 October 2016. None of these rights were exercised.

In respect of these warrants, a charge to finance costs and the creation of a share-based payments reserve was effected in 2014 on issue of the warrants and due to lack of exercise this transaction has been reversed in the current period.

On 6 July 2016, 29,000,000 Ordinary shares of 0.1p were issued at a premium of 0.3p per share as a performance related bonus. £116,000 has been recognised in administrative expenses in relation to this transaction.

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

<b>Director</b>	<b>Number of Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
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 the year have been valued at fair value at 31 December 2016 using the Black Scholes method and £60,000 has been recognised in administrative expenses 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.

**21. FINANCIAL INSTRUMENTS**

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk. Currently the Company's principal financial instruments comprise cash and equity capital.

The Company does not enter into complex derivatives to manage risk.

**Foreign currency risk**

Foreign exchange risk arises because the Group has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the parent company is operating. The Group's net assets are exposed to currency risk giving rise to gains or losses on retranslation into sterling.

**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.

**W RESOURCES PLC**  
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**APPENDIX I – JORC Compliant Mineral Resource Estimates**

**La Parrilla JORC Compliant Mineral Resource Estimate**

<b>Category</b>	<b>Tonnes</b>	<b>WO<sub>3</sub> %</b>	<b>Sn (ppm)</b>	<b>Cut-off</b>
Indicated	36 mt	0.096	115	0.04% WO <sub>3</sub>
Inferred	15 mt	0.095	92	0.04% WO <sub>3</sub>
<b>Total</b>	<b>51 mt</b>	<b>0.096</b>	<b>108</b>	<b>0.04% WO<sub>3</sub></b>

The La Parrilla JORC-compliant mineral resource update was fully disclosed, with JORC Table 1 in a Company news release on 5 February 2016. 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**

<b>Category</b>	<b>Tonnes</b>	<b>WO<sub>3</sub> %</b>	<b>Cut-off</b>
Indicated	3.76 mt	0.304	0.1% WO <sub>3</sub>
Inferred	1.70 mt	0.227	0.1% WO <sub>3</sub>
<b>Total</b>	<b>5.46 mt</b>	<b>0.280</b>	<b>0.1% WO<sub>3</sub></b>

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**

<b>Category</b>	<b>Tonnes</b>	<b>Au (g/t)</b>	<b>Au Content (Oz)</b>	<b>Cut-off</b>
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
<b>Total</b>	<b>3.04 mt</b>	<b>1.04</b>	<b>111,987</b>	<b>0.5 g/t Au</b>

The São Martinho maiden JORC-compliant mineral resource update was fully disclosed, with JORC Table 1 in a Company news release 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.