



16 May 2017

**W Resources Plc**  
("W" or the "Company")

**Development and Financing of La Parrilla Update**

W Resources Plc (AIM:WRES) the tungsten, copper and gold exploration and development company with assets in Spain and Portugal is pleased to provide an update on the development and financing of its La Parrilla tungsten and tin project in Spain. In summary, W has initiated a process to raise approximately US\$24m in debt finance<sup>1</sup> to fund the US\$27m T2 Project (2 million tonnes per annum ("tpa") ROM), (the "T2"), of the La Parrilla mine development. Completion of construction and commissioning of T2 is scheduled for Q2 2018.

Significant progress has been made on the engineering and procurement of key plant, machinery and services to expand and develop to mine at a rate of 2 million tpa resulting in forecast production of 2,500 tpa of tungsten concentrate and 500 tpa of tin concentrate. Design and engineering of the T2 has also incorporated steps to allow a timely expansion of La Parrilla to mine at a rate of up to 3.5 million tpa (the "T3.5 Expansion") which has the ability to further increase production and lower operating costs.

Mining, engineering and procurement optimisation work has been advanced jointly by the W project team and mining, processing and EPCM engineering firms. Revised capital estimates have been produced by W which are based on firm bids for the major crushing, jig and concentrator plant together with third party quotations for key EPCM and bulk earth works contracts.

This work has allowed W Resources to reduce overall capital costs of the total development cost estimate (T2 + T3.5 Expansion) by US\$7 million from its internal Definition Study (as announced on 16 June 2015) to a total of US\$45 million. More importantly, the optimisation work has also enabled the Company to reduce the transition timeframe to the expanded operation, by incorporating additional design features into the T2. The updated estimated capital cost of the T2 is US\$27 million.

The main capital components for the T2 are: a 200 tonne per hour ("tph") capacity Jig / Mill; a new 325 tph fixed crusher and screening circuit; and a new 155tph gravity concentration and tin separation circuit.

Documentation on the Company's Final Investment Decision report ("FID Report") is underway. This is a standard Board approval decision process and the Company expects to be able to provide a full outline of the attractive development programme mid-year.

To move forward the Company's FID, W has initiated a debt financing process with specialist debt advisory group BurnVoir Corporate Finance Limited ("BurnVoir") the Australia based Energy Resources and Infrastructure specialist. Based on BurnVoir's analysis of La Parrilla's projected cash flows, combined with BurnVoir's experience in arranging mining debt financing, W is looking to raise around US\$24 million of debt financing<sup>1</sup> through BurnVoir's debt financing process. The process is advancing and the Company is targeting receipt of firm term sheets by the mid-year with financial close in the third quarter of 2017. The preferred debt structure is expected to:

- (a) have conventional principal and interest repayment terms with no mechanisms for loan conversion into company shares;
- (b) enable repayment in a 3-5 year timeframe;
- (c) contain terms that are customary for facilities of this nature; and
- (d) provide significant flexibility for W to progress the combined T3.5 expansion.

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<sup>1</sup> Excluding US\$3 million capitalised interest cost

Gearing ratios (incorporating invested equity capital to date) are conservative at around 65%, with W having invested €13.3 million (US\$14 million)<sup>2</sup> of equity in the resource definition and development of the La Parrilla project to date.

As previously announced, the Company is negotiating vendor finance in respect of the key capital components of the T2. To date, W has awarded the design and construction contract for the Jig / Mill to allmineral Aufbereitungstechnik GmbH & Co. KG (allmineral) at a contract price of €4.98m (US\$5.24 million)<sup>2</sup> and allmineral is providing vendor finance for just under 50% of the contract price. The Company will provide further updates in respect of the award and financing of the other key capital components of the T2 in due course.

In respect of the T3.5 Expansion, the key components are: Upgrading the crushing circuit; introduction of X-ray ore sorting; increasing the jig capacity; upgrading the concentrator; and expansion of the tailings facility.

Based on long-lead time items and the financing process W now expects to complete construction of the T2 and commence commissioning in Q2 2018.

In addition to the debt finance and the vendor finance referred to above, W will be looking to secure an additional US\$3 million in equity or customer finance to complete the funding of the T2 capital expenditure and the Company will release a further announcement in this regard in due course.

As announced, W has also applied for grants from the Extremadura Regional Government in Spain for the €19.5 million (US\$20.5 million)<sup>2</sup> of plant including the crusher, jig and concentrator for which up to 30% may be eligible for grant funding and this process is ongoing in line with the application process, with an update on the next phase expected imminently. Should the Company's application for grant funding be successful, and on meeting the conditions of the grant which will include *inter alia* the completion and ramp-up of the plant and facilities, achieving target employment levels; then grant funding would assist W during the early production stage of the T2 and into the T3 Expansion.

**Chairman of W, Michael Masterman, commented:** "La Parrilla has a very robust mine expansion and development plan and we are pleased to have now confirmed the increased JORC resource update and mine plan and be able to provide an update to the market on our development and debt financing programme. The credit metrics for the debt component of the financing are strong and we are engaged in discussions with multiple debt financiers and the finance team, led by BurnVoir, is highly confident of completion of a debt financing of around US\$24 million<sup>1</sup>. La Parrilla's comparatively low capital cost allows us to target the financing of La Parrilla with a sustainable quantum of debt with limited dilution to existing shareholders.

"Securing the right debt package has been a longer process than first anticipated, which has pushed the timeline to production back some months, however the Board are confident of the revised timeline in respect of the completion of construction of the T2 phase in Q2 2018, with production restarting in Q3 2018."

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<sup>2</sup> Based on EUR/USD exchange rate of US\$1: €0.95

## About La Parrilla

The La Parrilla project site is situated in the Extremadura region of southwest Spain, in the Provinces of Caceres-Badajoz, approximately 310 km southwest of Madrid. The site has exceptional infrastructure in place, which is accessed directly from the highway along a 7 km asphalt road and is serviced by electricity and water. The project comprises a tungsten mine and a tungsten tailings project. The mineral resource estimated by Golder and announced on 11 May 2017 at 0.04% WO<sub>3</sub> cut-off grade is 49 million tonnes at 0.10% WO<sub>3</sub> and 0.011% Sn, making it one of the largest tungsten deposits in the western world.

La Parrilla JORC-compliant Mineral Resource Estimate (Golder, April 2017) at 400ppm WO<sub>3</sub> cut-off grade

<b>Classification</b>	<b>Tonnage (Mt)</b>	<b>WO3 (ppm)</b>	<b>Sn (ppm)</b>
Measured	1	1,115	278
Indicated	35	1,004	110
Inferred	13	974	97
<b>Total</b>	<b>49</b>	<b>998</b>	<b>110</b>

## About BurnVoir Corporate Finance

Formed in 1999, BurnVoir is an Australian-based corporate and project finance and advisory group that specialises in financing project developments in the resources, energy and infrastructure sectors. The BurnVoir team have arranged debt financings for a large number of junior and mid-tier mining companies developing projects around the world. BurnVoir has substantial expertise and experience in developing and delivering resource-based project financings and combine complementary backgrounds in finance, mining engineering, geology, legal, tax, accounting and other disciplines. Further information regarding BurnVoir is available on [www.burnvoir.com.au](http://www.burnvoir.com.au)