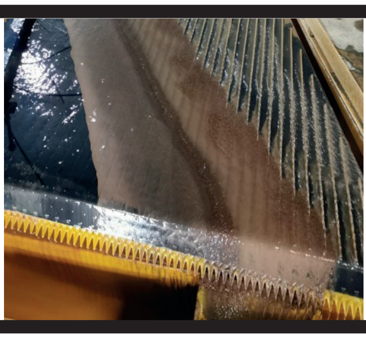

2020
Annual Report

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Chairman's Statement

2020 was a turbulent year, presenting W Resources ("W" or "the Company") with many challenges from responding to the global pandemic with a business continuity plan to significant plant challenges at the La Parrilla tungsten and tin mine in Spain. The team has overcome many of these challenges and we are confident that W is now on track to deliver growth for our shareholders in the year ahead.

Notwithstanding the challenges faced in 2020, we are resolute in exploiting the opportunity at the La Parrilla mine, with its large-scale production capacity and low-cost structure which we are now more confident than ever will form the basis of our cash generation and expansion in the year ahead.

There is no denying that building a mine of this scale comes with its challenges and whilst we have hit significant hurdles, the team continues to work tirelessly to achieve the best outcome and deliver on our objective of building a world class tungsten mining company.

The Company's strong safety performance continued in 2020 with a total recordable lost time injury frequency rate ("LTIFR") of 16.1 injuries per million hours worked, which is well below the Spanish mining industry average of 46.7. The health and safety of all our employees, contractors and customers remains an absolute priority and we are working hard to ensure we implement all measures necessary to maintain our safety record in the current COVID-19 pandemic.

Tungsten & Tin

La Parrilla – Spain

Overview

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

The first target of the ramp-up remains to reach the target to mine 2mtpa ("million tonnes per annum") of ROM and produce approximately 2,700 tonnes ("t") of tungsten concentrate and 200t of tin ("Sn") concentrate per annum ("T2").

Operations

Whilst production at La Parrilla started to build in the first half of the year, we faced early-stage plant challenges which were compounded by the restrictive conditions of the COVID-19 State of Emergency. These resulted in mine and plant closure and operational limitations on equipment sourcing as well as an increased focus on the day-to-day management of the health & safety of all personnel, which continues to remain a high priority.

Clearly production levels throughout 2020 were not at the level we or our stakeholders expected them to be. The rigorous plant improvement programme, implemented to mitigate against the challenges the plant was experiencing, took longer than we had originally anticipated, however this was completed in Q1 2021 and the Company now looks forward to reaping the benefits of this detailed process.

In the first nine months, recoveries of tungsten and tin continued to improve following a realignment of the mine plan around the high recovery ore in the main fast track mining area and in the pit in general. In Q4, additional improvements were required to the plant as recovery rates slowed, however this has now been resolved. Additional work is required prior to reaching the T2 target.

Chairman's Statement continued

2020 La Parrilla Production Summary

	Q1 2020	Q2 2020	Q3 2020	Q4 2020
ROM feed: tonnes mined (wmt)	273,656	253,256	171,454	261,841
Strip ratio	1.07	0.58	1.38	1.19
Jig plant: tonnes processed (dmt)	240,926	228,060	148,417	236,677
WO_3 feed grade (ppm)	800	845	857	943
WO_3 recovery (%)	17%	16%	30%	31%
WO_3 concentrate (dmt)	58.9	47.6	54.7	100.0
WO_3 concentrate grade (%)	56.1	57.4	69.8	67.0
WO_3 contained metal (mtu)	3,306	2,756	3,820	6,698
Sn feed grade (ppm)	282	307	181	321
Sn recovery (%)	22%	25%	37%	26%
Sn concentrate (dmt)	23.3	41.2	22.9	33.4
Sn concentrate grade (%)	51.9	48.5	42.7	56.3
Sn contained metal (dmt)	12.1	20.0	9.8	18.8
Total concentrate (dmt)	82.2	88.8	77.6	133.4
Total contained metal (dmt)	45.2	47.6	48.0	85.8

* *Each quarter was based on the following 24h working days per week:*
- Q1 2020 on 7 days per week
- Q2 2020 on 7 days per week
- Q3 2020 on 3 days per week
- Q4 2020 on 4 days per week

Tungsten and Tin sales in a challenging global environment

W shipped 251.3t of tungsten concentrate and 105.0t tin concentrate for the 12 months to December 2020, with offtake partners committed to all of T2 production.

	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021
Tungsten concentrate (t)	30.1	58.9	62.1	100.2	59.2
Tin concentrate (t)	20.2	20.6	38.1	26.1	20.0

Portuguese Projects

Status of Portuguese Mining and Exploration Licences

Unfortunately, granting of all new licences and extensions has been delayed due to changes that have to be made to Portuguese mining law combined with the challenges Portugal endured in 2020 with the COVID-19 crisis and associated state of emergency. Management is, however, confident that, given the encouraging exploration results, and given that no other company has applied for the permits in these areas, combined with strong support from respective local authorities, these licences will be granted. The Company has received assurances to this effect.

Régua Tungsten Mine

Overview

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

Régua has significant synergies with La Parrilla as it has materially lower capital costs and will increase La Parrilla's final concentrate production.

Chairman's Statement continued

Development Strategy

Régua was W's second mine to come on stream. Mining operations commenced in early February 2020, targeting the first of two adits with skarn ore zones intersected in the initial development. Engineering and procurement for the construction of the plant are also at an advanced stage.

Unfortunately, Portuguese COVID-19 related restrictions resulted in the halting of mining activities which we were not able to recommence prior to the expiry of the trial mine licence on 20 September 2020. Management submitted an application to the Portuguese mining authorities for the full mining licence on 16 June 2020. Mining and plant construction will recommence once the full licence has been granted. In the meanwhile, environmental work continues.

Tarouca Exploration

Although this licence expired on 23 March 2019, the Company presented a request for a new exploration licence before it expired, on 5 February 2019, to protect the Company's right to the area. We expect to be able to tie in operations at Tarouca to the Régua mining and processing operations once the updated licence is granted.

CAA Portalegre – Gold

Overview

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

Development Strategy

We initially advanced São Martinho through a successful drilling programme and we are still waiting for approval of our application for a trial mine and gold production licence submitted in September 2018. We expect the trial mine licence to be granted in due course, however we have no guidance on a timeframe at this point in time.

Once granted, there is an opportunity to pursue a drilling programme to expand the resource and resolve the geological interpretations of a flat lying structure (Golder) and a deeply dipping structure (SRK) which have partially arisen due to the combination of structural complexity and multistage mineralising events.

This is particularly important as a trial mine is a key level of licence tenure and will provide the authority to mine shallow ore and produce gold on a pilot basis.

We continue to explore opportunities to bring in Joint Venture or Farm-In partners parties to monetise the gold discovery.

Finance

During the year the management team has worked diligently to ensure sufficient funds were available to both fund the development of the La Parrilla mine and provide significant working capital. This is evidenced by:

In February 2020, W finalised a €5m facility with the Spanish bank, Banco Santander, S.A ("Santander") which repaid the €3m loan from Caja Rural de Extremadura ("Caja Rural") and provided a net €2m of additional working capital and liquidity. The loan was repaid following receipt of €5.2m proceeds of the Grant Funds in May 2021.

This was followed in March 2020 by a Placing to raise £0.76m to new Spanish investors, to advance Régua and provide additional support for working capital.

In parallel, the Spanish government, as part of the State of Emergency, announced it is set to provide guarantees of up to 90% of funds to back companies affected by the pandemic. Subsequently, in July 2020, W signed a series of new Spanish government guaranteed loan facilities with Spanish banks. Under the COVID-19 state of emergency, the Spanish state-owned bank (attached to the Ministry of Economy and Business), the Instituto de Crédito Oficial ("ICO"), provided loan guarantees of up to 80% of loan value to Spanish banks providing loans to Spanish companies, which are also referred to as ICOs. €1.82m of such facilities at annual interest rates of 2-3% pa was secured with four major banks: CaixaBank, S.A, Bankinter, S.A, Banco Bilbao Vizcaya Argentaria, S.A ("BBVA") and the Caja Rural de Extremadura. These facilities refinance and extend the maturity of some existing lines, providing a net €1.02m of additional working capital funding. All loan agreements and extensions are to the Company's 100% owned subsidiary, Iberian Resources Spain

Chairman's Statement continued

In March 2020, W secured a £4.0m convertible bond facility from Atlas Capital Markets ("Atlas") comprising a convertible bond with a coupon of 5% and a term of 3 years. The facility can be drawn in tranches of up to £500,000 at the election of W, with an agreed period between subsequent drawdowns. The facility is unsecured and subordinated to the BlackRock Financial Management Inc. ("BlackRock") loan facility with BlackRock consent required for a draw. Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to issue of a conversion notice by Atlas. Warrants will be issued with each tranche on a pro rata basis, with 5,555,555 Warrants issued at a subscription price of 0.36 pence per Ordinary Share per £100,000 principal amount of Convertible Bonds that are issued. The Warrants have a 3 year expiry term.

In August 2020, W drew down its first £500,000 tranche from the £4m Atlas convertible bond facility and this was the only draw down of its kind for the year. 27,777,775 warrants with a 3 year expiry term were also issued to Atlas as part of the drawdown.

In October 2020, BlackRock Financial Management Inc. agreed to increase W's existing loan facility by an additional US$7 million.

BlackRock continues to show its support for W with regard to agreeing Payment in Kind ("PIK") payments for several quarterly interest payments. The Company had entered into a Credit Facility with one or more funds managed by BlackRock to provide a secured term loan to the Company to fund the La Parrilla mine development (the "Loan Facility"). The Company and BlackRock finalised and executed an amendment agreement to allow payment of interest by PIK for the May, August and the November 2020 interest payments and the Company announced an extension to the facility of US$7 million on 8 October 2020.

Tungsten and Tin

The European APT price traded under pressure for most of 2020 with most end users out of the spot market due to persistently weak demand for tungsten products, while limited volumes of material were being shipped out of China *(source: Fastmarkets MB)*. Tungsten prices during the first half 2021 have been supported by tightening supply and healthy end-user demand and prices currently sit around US$270-278 per mtu, which is in line with budget expectations.

Tin prices on the London Metal Exchange started 2020 trading at US$17,125 per metric ton and following a short lived downturn when COVID-19 took over news headlines the price steadily rose and closed the year at US$20,540 per metric ton. 2021 has seen an extremely tight worldwide supply of tin, resulting in a cash price near 10-year highs, surpassing US$30,000 per metric ton on several occasions *(source: Fastmarkets MB)*.

Board and Management Update

In March 2020, we announced that Dr Byron Pirola retired from the Board after 12 years as a Director, due to increasing business demands on his time.

In November 2020, Pablo Neira was appointed Executive Director, following two years as a Non-Executive Director of the Company.

In addition, as part of the strengthening of the W Resources management team, Paul Hailes was appointed Chief Financial Officer, a non-board appointment, working on a part-time basis. Paul brings extensive capital markets, financial and commercial experience to the team, having previously held the role of Group Finance Director of AIM quoted Immunodiagnostic Systems plc and Non-Executive Director at Utilitywise plc.

Chairman's Statement continued

Outlook

2020 was a very difficult year for the Company and the world at large with the Covid-19 pandemic, however, as we continue to prioritise our efforts at the La Parrilla mine steps taken last year should begin to feed through in H2 2021 as we:

- Look to permanently solve our water issue and re-access our higher-grade ore bodies
- Produce between 880t and 1,000t of concentrate for the twelve months ending 31 December 2021
- Move production at La Parrilla mine back to a 24/7 basis and get close to a T2 run-rate in Q4 2021
- At our earliest opportunity, re-commence mining activities at our tungsten mine in Régua, Portugal
- Move to an initial breakeven period and then migrate to a profit generating company as we see positive operational cashflow and a turnaround in shareholder value.

The management team with the strong support of the board continue to progress the Company's plan of reaching T2 as well as keeping its staff and contractors safe and well in these troubling times.

Michael Masterman

Michael Masterman
Chairman
W Resources Plc

Corporate Governance Statement

Dear Shareholders,

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

Michael Masterman

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:

- Focussed on delivering long term production of tungsten and tin, key strategic metals with strong market fundamentals from its flagship mine La Parrilla in Spain;
- 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 on the stock exchange 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 is 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 impacts of employing and retaining a highly skilled and diversified workforce and the importance of 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 them. 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 payment of invoices.

Corporate Governance Statement continued

Customers

The Company appreciates the importance of maintaining good relationships with its customers and is committed to doing so going forward. The Company will introduce a number of options 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 as well as adhering to country specific legislation. It relies upon local management to ensure these policies and procedures are followed. This is managed and reviewed by the corporate 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 include profit and loss statements, cash flows, 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 indicate 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 Adviser 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, as well as health and safety.

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

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

The Board considers that given the Company's current stage of operations, the experience of their directors and their current focus on preserving capital to expend 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 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.

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 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'.

Sixteen formal meetings of the Board of Directors were held during 2020 and the number of meetings attended by each Director is provided below:

	Michael Masterman	**Byron Pirola *(retired 30/3/2020)***	**David Garland**	**Pablo Neira**	**James Argalas**	**Oscar Marin Garcia *(appointed 8/01/2020/ resigned 12/02/2021)***
No. of board meetings attended	16	4	15	16	15	13

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

The Board is satisfied that, between them, the Directors have 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 advisors, 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 Company has adopted and implemented a Code of Conduct through which 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 and has a minimum of two additional meetings 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.

Commitment to good decision-making and continuous development in its governance structures is integral to the Board.

The Company operates an effective governance framework. Within this framework the Board supports the executive team in developing and executing the Company's strategy. Any decisions between and within these governance structures are reached through an open and constructive dialogue.

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

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

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

Group Strategic Report

The Directors present their strategic report of the Company and the Group for the year ended 31 December 2020.

Section 172 Statement

Each Director of the Company continues to be mindful of their statutory responsibility to act appropriately and in good faith whist fulfilling their duties as set out under section 172 (1) of the Companies Act 2006, in order to promote the success of the Company and its stakeholders. In doing this, section 172 requires a Director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging its duties, the Board recognises how having regard to these factors in key business decisions is fundamental to contributing to the success of the Company and is necessary to drive value creation over the long term.

As is normal for mid-cap companies, day-to-day management, execution of the business strategy and related policies of the Company is delegated to senior executives however the Board reviews health and safety, risk, compliance and legal matters at Board meetings along with the Company's financial and operational performance, diversity, corporate responsibility, environmental and stakeholder-related matters over the course of the financial year.

In response to COVID-19, the Board of W Resources Plc agreed to a management plan proposed by senior executives prioritising and maintaining the health and safety of all employees and contractors, supporting customers, and critical aspects of the supply chain along with training to for employees and stakeholders in which the W Group operates.

When considering W Resources' strategic priorities, the Company aims to balance outcomes for key stakeholders alongside long-term sustainable growth. Consideration of the Company's conduct towards its stakeholders, suppliers and employees of the Group is essential when implementing ways in which the Board's engagement can be improved to help the business operate more effectively.

Throughout the year, the Directors of W Resources continued to exercise all their duties, whilst having the highest regard to section 172 factors as they assessed and considered proposals from senior management and governed the company on behalf of their stakeholders.

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 €3,482,000 for the year ended 31 December 2020. This is driven by exchange gains of €4,267,000 including €4,304,000 on translation of the US dollar denominated BlackRock Financial Management Inc. ("BlackRock") loan into Euros at 31 December 2020, offset in part by finance costs associated with the BlackRock loan of €1,370,000 and impairment of intangible and tangible assets of €3,533,000. An operating loss of €5,982,000 was incurred in the year to 31 December 2020, compared to an operating loss of €1,244,000 for the year to 31 December 2019.

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.

Group Strategic Report continued

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.

Exploration Risk

The Group's business is mineral exploration and evaluation, which are speculative activities. There is no certainty that the Group will proceed to the development of all of its projects or otherwise realise their full value. The Group aims to mitigate this risk when evaluating new business opportunities by targeting areas of potential where there is at least some historical drilling or geological data available and where leading exploration consultants believe there is strong evidence of high class mineral deposits.

The Company's three mining and exploration licences in Portugal have expired, and although applications for their renewal or conversion into trial mining or full mining licences have been submitted to Portuguese authorities, the granting of all new licences and extensions has, however, been delayed due to changes that have to be made to Portuguese mining law combined with the challenges Portugal endured in 2020 with the COVID-19 crisis and associated state of emergency. Management are, however, confident that, given the encouraging exploration results, and given that no other company has applied for these areas, combined with strong support from local authorities, these licences will be granted, and this has also been assured verbally by Portuguese authorities.

Production and Mining Risk

The processing of mineral deposits involves significant risks which can be minimised by a combination of careful evaluation, experience and knowledge. The commercial viability of the deposit is dependent upon a number of factors. These include deposit attributes such as size, grade and proximity to infrastructure; current and future market prices which will be cyclical; government regulations including those relating to prices, taxes, royalties, land tenure, land use and environmental protection.

The effect of these factors, either alone or in combination, cannot be entirely predicted, and their impact may result in the company not receiving an adequate return on invested capital.

There is no assurance that the Company will be able to adhere to the current production forecast all the operating expenditure will be accurate. The company's operational plans may be adversely affected by the failure to obtain or maintain the necessary approvals, licenses or permits to continue production or experience technical difficulties which are beyond the company's control. Operational risks and hazards include unexpected maintenance, technical problems or delays in obtaining machinery and equipment, interruptions from adverse weather conditions, industrial accidents, power or fuel supply interruptions and unexpected variations in geological conditions.

Resource Risk

All mineral projects have risk associated with defined grade and continuity. Mineral Reserves and Resources will be calculated by the Group in accordance with accepted industry standards and codes but are always subject to uncertainties in the underlying assumptions which include geological projection and commodity price assumptions.

Environmental Risk

Exploration of a project can be adversely affected by environmental legislation and the unforeseen results of environmental studies carried out during evaluation of a project. The Group's environmental risk extends to the Group's licences in Spain and in Portugal. The Group ensures proper measures are taken to assess environmental risk including appropriate technical submissions to reporting authorities prior to work commencing. Also any disturbance to the environment during any exploration and mining of any of the licence areas will be rehabilitated in accordance with the prevailing local regulations.

Covid-19 Risk

The Covid-19 pandemic caused a significant fall in the value of global stock markets in March 2020 and this negatively impacted the valuation of the majority of listed resource companies. The pandemic has created additional market uncertainty, which adds additional challenges for many resource companies seeking funding from the capital markets.

Group Strategic Report continued

Controlling the spread of Covid-19 was a high priority during the year. A number of measures have been implemented by the Group to protect all personnel, contractors and to minimise the impact on critical workstreams to and ensure business continuity:

- Establish information, control and operational protocols, distributed to all employees and contractors.
- Workers have been encouraged to work from home whenever possible.
- Provision of masks, gloves and disinfectant products.
- Enhancing housekeeping measures in common areas.
- Rearranging areas in order to respect the 1 metre safety distance between people as well as erecting signage to reinforce the distance.
- Placing posters in the kitchen and bathrooms on correct hand washing procedure to prevent contagion.

Political Risk

All countries carry political risk that can lead to interruption of activity. Politically stable countries can have enhanced environmental and social risks, risks of strikes and changes to taxation, whereas less developed countries can have, in addition, risks associated with changes to the legal framework, civil unrest and government expropriation of assets. The Company has working knowledge of the countries in which it holds exploration and mining licences and has appointed experienced local operators to assist the Company in its activities in order to help reduce possible political risk.

Price Risk

The Directors, consider that the price of tungsten and tin 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.

Internal Control Risk and Risk Management

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks in a timely manner. The Board ensures that corrective action is taken and that risks are identified as early as practically possible, as well as being responsible for reviewing the effectiveness of internal financial controls. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Although no system of internal financial control can provide absolute assurance against material misstatement or loss, the Group's system is designed to provide reasonable assurance that problems are identified on a timely basis and dealt with appropriately. In addition, members of the Board attend industry conferences and seminars to keep abreast of sector risks and industry changes.

On Behalf of the Board:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 3 June 2021

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 2020.

Principal activity

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

Dividends

No dividends will be distributed for the year ended 31 December 2020.

Directors

The Directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report.

Mr Michael Masterman
Mr Pablo Neira
Mr David Garland
Mr James Argalas

Other changes in Directors holding office are as follows:

Dr Byron Pirola – *resigned 30 March 2020*
Mr Oscar Marin Garcia – *appointed 8 January 2020/resigned 12 February 2021*

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Board of Directors and Senior Management

Michael Masterman

Chairman

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

Pablo Neira

Executive Director

Pablo Neira brings 32+ 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 Controller for southern Europe at the Swedish group Mölnlycke. Pablo has broad-based experience managing operations across international and cultural boundaries and brings in depth finance experience under listed companies. He holds a BS in Economics and a Harvard MBA. He is professor at IE Business School.

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

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.

Byron Pirola – *resigned 30 March 2020*

Non-Executive Director

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

Oscar Marin Garcia – *appointed 8 January 2020/resigned 12 February 2021*

Non-Executive Director

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

Director's Remuneration

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

David Garland was paid £1,000 per month in fees during the year. €3,300 of these fees were accrued at the year end and are included in other creditors.

Pablo Neira was paid €4,000 per month in fees during the year. In addition from 15 April 2020, he is also entitled to €140,000 p.a., (€117,000 in 2020) for Managing Director – Spain services. €69,000 of these fees were accrued at the year end and are included in other creditors.

James Argalas was paid €2,000 per month in fees during the year. €24,000 of these fees were accrued at the year end and are included in other creditors.

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

Report of the Directors continued

Michael Masterman was entitled to €221,000 in consultancy fees during the year, €221,000 of these fees remain outstanding at the balance sheet date and have been accrued in other creditors.

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

None of these were exercised and they expired on 31 December 2020.

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

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

Further on 15 November 2019, Share Options were granted to a related party of a Director as follows:

Director	Number of Options	Exercise Price	Expiry Date
Related party of Oscar Garcia *(appointed 08 January 2020/resigned 12 February 2021)*	21,900,000	£0.0040	30/11/2020

None of these were exercised and they expired on 30 November 2020.

Directors Service Contracts

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

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

Retirement by rotation

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

The audit committee

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

Report of the Directors continued

Significant shareholders

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

	Shares	Percent
Michael Masterman (and related parties)	13,309,191	12.20
CRUX Asset Management	5,600,000	5.13
Beronia Investments Pty Ltd	2,799,628	2.56

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

Directors' shareholdings as at 31 December 2020 are as follows:

	Shares	Percent
Michael Masterman (and related parties)	1,180,919,370	16.25
David Garland	5,555,555	0.08
Pablo Neira	–	–
James Argalas	13,895,269	0.19
Dr Byron Pirola (and related parties) – *resigned 30 March 2020*	298,068,750	4.10
Oscar Marin Garcia (and related parties) – *appointed 8 January 2020/ resigned 12 February 2021*	–	–

Corporate governance

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

The board of directors

The Board of Directors comprises four members; two Executive Director and two Non-Executive Directors. Chairman, Michael Masterman (Executive Director), has a wealth of minerals exploration and development experience. Executive Director Pablo Neria, has broad-based operations management experience and in-depth finance experience. David Garland, Non-Executive Director, has a wealth of experience in both the minerals industry and in law. 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.

Report of the Directors continued

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.

Going concern

The Group has incurred a loss after tax of €3,482,000 for the year ended 31 December 2020. As at 31 December 2020, the Group held cash and cash equivalents of €956,000, a decrease in the year of €1,504,000 and had current liabilities of €12,697,000

The financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group, including current level of resources and the required level of spending on exploration, mining, production and evaluation activities. There are no outstanding exploration and evaluation financial obligations.

The Group's cash flow forecast for the 12 months ending 31 May 2022 highlights adequate funding at current levels of projected expenditure and the projected levels of operating cash flow from the La Parrilla mine. 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.

According to the amendment agreement signed with BlackRock, the Company is not in breach of any covenants and the loan facility is not due to be repaid until 2023. At 31 December 2020, the amount owed to BlackRock Management Inc. including capitalised interest is €49,781,328 (Note 18).

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.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Events since the balance sheet date

On 11 January 2021, the Group drew down a further £500,000 tranche from the £4.0 million Atlas Capital Markets ("Atlas") convertible bond facility. This is the second draw down made from the facility which was secured on 30 March 2020. This convertible bond tranche has a 5% coupon and 3-year term. As part of the agreement, Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to the issue of a conversion notice by Atlas. Warrants will be issued with each tranche on a pro rata basis, with 5,555,555 Warrants issued at a subscription price of 0.36 pence per Ordinary Share per £100,000 principal amount of Convertible Bonds that are issued. The Warrants have a 3 year expiry term.

On 11 January, 2021, the Company converted £100,000 of Atlas Convertible Bonds into 96,525,097 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.1036p per Ordinary Share.

On 15 January 2021, the Company finalised a six month extension to the €5m loan facility with the Spanish bank, Santander, as the initial term of the loan was the earlier of 18 February 2021 or the receipt of the proceeds of the Grant funds, against which it was pledged. The facility interest rate is 3.5% per annum, payable quarterly, with no amortisation. On 7 May 2021, Iberian Resources Spain received the €5.2m Grant from the Junta de Extremadura Government and this Santander loan was repaid in full.

Report of the Directors continued

On 26 January, 2021, the Company issued 247,290,458 Ordinary Shares at a price of 0.1113p per Ordinary Share. £44,603 (€50,000) forms part of Director, Pablo Neira's 2020 remuneration package while £230,631 was issued to technical and professional creditors.

On 28 January 2021, the Company converted £100,000 of Atlas Convertible Bonds into 96,899,224 Ordinary Shares at a price of 0.1032p per Ordinary Share.

On 12 February 2021, Oscar Marin Garcia stepped down from the Board to focus on increased commitments in his business.

On 8 March 2021, the Group announced a proposed reorganisation of the Company's share capital. The proposed Capital Reorganisation consisted of the following steps:

- the amendment of the Company's Articles of Association to set out the rights and restrictions attaching to a new class of Deferred Shares;
- each Existing Ordinary Share of £0.001 nominal value each will be subdivided into two new shares, a Redenominated Ordinary Share and a Deferred Share;
- the nominal value of each new Redenominated Ordinary Share will be one per cent. of an Existing Ordinary Share, being £0.00001;
- the nominal value of each new Deferred Share will be ninety-nine per cent. of an Existing Ordinary Share, being £0.00099; and
- every 100 Redenominated Ordinary Shares will then be consolidated into one New Ordinary Share with a nominal value of £0.001 (being 100 * £0.00001).

This reorganisation was approved at a General meeting held on 31 March 2021.

On 22 March 2021, the Company converted £100,000 of Atlas Convertible Bonds into 100,000,000 Ordinary Shares at a price of 0.1000p per Ordinary Share. The Company will pay £20,200 to Atlas as compensation for Atlas being unable to convert at price lower than the nominal value of an Ordinary Share.

On 8 April 2021, the Company converted £250,000 of Atlas Convertible Bonds into 2,724,469 Ordinary Shares at a price of 9.1761p per Ordinary Share.

On 17 May 2021, the Company completed a placement of 28,278,610 Ordinary Shares at 8p per Ordinary Share to raise £2.26 million. Under the Placing, subscribers were offered warrants to subscribe for new ordinary shares in conjunction with the Placing Shares on the basis of 1 Warrant for every 2 Ordinary Shares subscribed for. The Warrants are exercisable at any time in the two years following admission of the Placing Shares to trading on AIM at an exercise price of 12p per share.

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.

Relations with shareholders

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

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

Report of the Directors continued

Statement of corporate governance arrangements

For further information regarding corporate governance arrangements see the Corporate Governance Statement.

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.

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, PKF Littlejohn LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On Behalf of the Board:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 3 June 2021

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 2020 which comprise the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Statements of Cash Flows and notes to the consolidated financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 2020 and of the group's and parent company's loss and profit respectively for the year then ended;
- the group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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.

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 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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included obtaining management's going concern assessment and associated cash flow forecasts for the period of twelve months from the date of the approval of the financial statements. We have reviewed the assumptions applied in the cash flow forecast for reasonableness, compared to historical financial information, and performed a sensitivity analysis where appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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

Our application of materiality

Materiality used for Consolidated and Company Statement of Financial Position

Group materiality 2020	Company materiality 2020	Basis of materiality
€824,000	€628,000	1% and 0.75% of group and company gross assets respectively

Materiality used for Consolidated and Company Statement of Profit or Loss and Other Comprehensive Income

Group materiality 2020 (SOCI)	Company materiality 2020 (SOCI)	Basis of materiality
€174,000	€156,000	5% and 4% of (loss)/profit before taxrespectively

We apply the concept of materiality in both planning and performing the audit, and in evaluating the effect of misstatements. At the planning stage, materiality is used to determine the financial statements areas that are included within the scope of the audit and the extent of the sample sizes during the audit.

The materiality applied to the consolidated statement of financial position was €824,000, based on 1% of gross assets, as it is from these assets that the group seeks to deliver returns for shareholders, in particular the value of exploration and development projects the group is interested in. Performance materiality has been set at 60% of headline materiality, and the threshold for which we communicate errors to management has been set at 5% of headline materiality. The company statement of financial position was audited to a materiality of €628,000, with a performance materiality at 60% of headline materiality, using gross assets as a basis.

We also applied a materiality of €174,000 to the consolidated statement of comprehensive income, which is based on 5% of loss before tax to provide sufficient coverage to balances included in the consolidated statement of comprehensive income.

Whilst materiality for the consolidated financial statements was €824,000 and €174,000 respectively, the significant component of the group was audited to materiality of €550,000 for the statement of financial position and €150,000 for the statement of profit or loss and other comprehensive income.

Materiality has been reassessed at the closing stage of the audit, taking into consideration new information which arose. No alterations were made to materiality either during or at the conclusion of the audit.

Our approach to the audit

In designing our audit, we determined materiality and assessed the risk of material misstatement in the financial statements. In particular, we looked at areas which deemed to involve significant judgement and estimation by the directors, such as key audit matters surrounding the carrying value of exploration and evaluation assets, the production start date and valuation of investment in subsidiaries. Other judgemental areas include the recoverability of receivables from other group entities and the valuation of share-based payments. We also addressed the risk of management override of controls, including consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

A full scope of audit was performed on the complete financial information of all three components by PKF Littlejohn LLP.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Key Audit Matter	How our scope addressed this matter
Carrying value of exploration and evaluation assets and classification of mining properties (Note 9 & 10) The group holds material tangible and intangible assets relating to capitalised costs in respect of mineral exploration projects. There is a risk that impairment indicators exist which would result in an impairment of the year end tangible and intangible assets balance. There is also a risk that the classification and accounting of the mining properties could be misstated due to the timing of projects being moved from exploration to production stage. The Directors consider each category of asset to assess whether there are indicators of impairment by considering the potential resources available from exploration and evaluation work undertaken, together with the availability of finance to further evaluate the exploration projects. Careful consideration has been given to the point at which the mining properties should be transferred out of intangible assets and amortised accordingly. Criteria used to identify the production start date are as follows: • Level of capital expenditure incurred compared with the original construction cost estimate • Level of EBITDA achieved • Level of recovery rate of Tungsten • Level of production of Tungsten • ROM feed As a result of the evaluation, the Directors have recognised a total impairment charge of €3,533,000 in respect of tangible and intangible assets held by Iberian Resources Spain SL (wholly owned subsidiary) during the year. After careful consideration, the Directors believe the group is still at exploration stage, and no depreciation/amortisation is charged on the capitalised costs in respect of mining properties.	Our audit work in this area included: • Review of costs capitalised during the year, including the considerations made by the directors in respect of their appropriateness for capitalisation in accordance with DCF value in use and IFRS 6's recognition and impairment indicators; • Confirmation that the group has good title to the applicable exploration licences, including new licenses obtained during the year; • Evaluating and corroborating the status of the projects during the year, and subsequent to the year end, to identify and evidence any impairment indicators in accordance with IFRS 6; • Consideration of management's impairment reviews, including challenge to all key assumptions and consideration of sensitivity to reasonably possible changes; • Review and challenge of management's assessment of when the project reaches the production stage, and consequently the mining properties should be transferred out of intangible assets and be depreciated; and • Ensuring disclosures made in the financial statements in relation to critical accounting judgements are adequate and in line with our understanding of the group and its activities. • Licences held by Iberian Resources Portugal LDA (wholly owned subsidiary) for gold and copper, and tungsten and tin projects expired in September 2018, March 2019 and September 2020 respectively. The group is currently waiting for the Portuguese authority to formally grant their renewal applications. This indicates the existence of a material uncertainty over the recoverability of the carrying value of these projects, in the event of non-renewal, which amounted to €6,324,234 as at 31 December 2020.

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

Key Audit Matter	How our scope addressed this matter
Carrying value of investment in subsidiaries (Note 11) Investment in subsidiaries is the most significant asset in the Company's financial statements. Given the continuing group losses and impairment loss recognised in the carrying value of tangible and intangible assets, there is a risk that the investments in subsidiaries may not be fully recoverable.	Our work in this area included: • Confirmation of ownership of investments; • Consideration of recoverability of investments by reference to underlying net asset values; • A review of the impairment assessment prepared by management and challenge of all inputs and estimates included therein; and • Ensuring disclosures made in the financial statements in relation to critical accounting judgements are adequate. We found the judgements used by Directors in their basis of valuation were reasonable.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' 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.

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

Responsibilities of directors

As explained more fully in the Report of Directors the directors are responsible for the preparation of the group and parent company 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 group and parent company financial statements, the directors are responsible for assessing the group and the parent company'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

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management about any potential instances of non-compliance with laws and regulations both in the UK and in overseas subsidiaries.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from:
    - Listing rules;
    - Companies Act 2006;
    - The Bribery Act 2012;
    - Anti Money Laundering Legislation;
    - Disclosure rules and Transparency rules for listed entities;
    - Local industry regulations in Spain and Portugal where exploration activity took place; and
    - Local tax and employment law.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to:
    - Making enquiries of management;
    - Reviewing Board minutes;
    - Reviewing accounting ledgers; and
    - Reviewing of RNS announcements.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and reviewing transactions through bank statements to identify potentially large and unusual transactions that do not appear to be in line with our understanding of the business operations. Aside from the non-rebuttable presumption of a risk of fraud arising from management override of controls, we did not identify any significant fraud risks.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Eric Hindson
(Senior Statutory Auditor)
for and on behalf of PKF Littlejohn LLP

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 3 June 2021

Consolidated Statement of Income and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Continuing operations			
Revenue	2	2,513	365
Cost of sales		(2,513)	(343)
Gross profit		**–**	**22**
Operating expenses		(845)	(498)
Administrative expenses		(1,604)	(768)
Impairment of intangible assets	10	(2,257)	–
Impairment of tangible assets	10	(1,276)	–
Operating loss		**(5,982)**	**(1,244)**
Exchange gains/(losses)		4,267	(498)
Finance costs	4	(1,767)	(1,200)
Loss before income tax	5	**(3,482)**	**(2,942)**
Income tax	6	–	–
Loss for the year		**(3,482)**	**(2,942)**
Other comprehensive income			
Other comprehensive income for the year, net of income tax		–	–
Total comprehensive income for the year		**(3,482)**	**(2,942)**
Loss attributable to:			
Owners of the parent		**(3,482)**	**(2,942)**
Total comprehensive income attributable to:			
Owners of the parent		**(3,482)**	**(2,942)**
Loss per share expressed in pence per share:	8		
Basic		(0.05)	(0.05)
Diluted		(0.05)	(0.05)

The notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 €'000	2019 €'000
Assets			
Non-current assets			
Owned			
Intangible assets	9	41,157	31,882
Property, plant and equipment	10	31,877	30,103
Right of use			
Investments	11	–	–
		73,034	**61,985**
Current assets			
Inventories	12	1,174	415
Trade and other receivables	13	7,296	6,580
Cash and cash equivalents	14	956	2,460
		9,426	**9,455**
Total assets		**82,460**	**71,440**
Equity			
Shareholders' equity			
Called up share capital	15	8,820	7,822
Share premium	16	37,694	36,658
Share based payment reserve	16	2,003	1,622
Merger reserve	16	1,014	1,014
Retained earnings	16	(31,394)	(28,027)
Total equity		**18,137**	**19,089**
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	51,626	44,312
Current liabilities			
Trade and other payables	17	6,734	3,978
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	5,963	4,061
		12,697	**8,039**
Total liabilities		**64,323**	**52,351**
Total equity and liabilities		**82,460**	**71,440**

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 is disclosed in Note 7.

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2021 and were signed on its behalf by:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 3 June 2021

The notes on pages 35 to 69 form an integral part of these financial statements.

Company Statement of Financial Position

31 December 2020

	Notes	2020 €'000	2019 €'000
Assets			
Non-current assets			
Investments	11	6,695	6,695
		6,695	**6,695**
Current assets			
Trade and other receivables	13	77,020	63,185
Cash and cash equivalents	14	65	1,670
		77,085	**64,855**
Total assets		**83,780**	**71,550**
Equity			
Shareholders' equity			
Called up share capital	15	8,820	7,822
Share premium	16	37,694	36,658
Share based payment reserve	16	2,003	1,622
Merger reserve	16	1,014	1,014
Retained earnings	16	(16,570)	(20,586)
Total equity		**32,961**	**26,530**
Liabilities			
Non-current liabilities			
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	49,781	44,273
Current liabilities			
Trade and other payables	17	704	747
Financial liabilities – borrowings			
Interest bearing loans and borrowings	18	334	–
		1,038	747
Total liabilities		**50,819**	**45,020**
Total equity and liabilities		**83,780**	**71,550**

The financial statements were approved by the Board of Directors and authorised for issue on 3 June 2021 and were signed on its behalf by:

Michael Masterman

Mr Michael Masterman
Chairman

Date: 3 June 2021

The notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	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 2019	**7,137**	**(21,294)**	**34,418**	**1,622**	**1,014**	**(3,791)**	**19,106**
Changes in equity							
Total comprehensive income	–	(2,942)	–	–	–	–	(2,942)
Issue of share capital	685	–	2,240	–	–	–	2,925
Transfer between reserves	–	(3,791)	–	–	–	3,791	–
Total transactions with owners recognised directly in equity	685	–	2,240	–	–	–	2,925
Balance at 31 December 2019	**7,822**	**(28,027)**	**36,658**	**1,622**	**1,014**	**–**	**19,089**
Changes in equity							
Total comprehensive income	–	(3,482)	–	–	–	–	(3,482)
Issue of share capital	998	–	1,036	–	–	–	2,034
Issue of share warrants and options	–	–	–	496	–	–	496
Transfer between reserves	–	115	–	(115)	–	–	–
Total transactions with owners recognised directly in equity	998	–	1,036	496	–	–	2,530
Balance at 31 December 2020	**8,820**	**(31,394)**	**37,694**	**2,003**	**1,014**	**–**	**18,137**

The notes on pages 35 to 69 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the year ended 31 December 2020

	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 2019	**7,137**	**(14,207)**	**34,418**	**1,622**	**1,014**	**(5,683)**	**24,301**
Changes in equity							
Issue of share capital	685	–	2,240	–	–	–	2,925
Total comprehensive income	–	(696)	–	–	–	–	(696)
Transfer between reserves	–	(5,683)	–	–	–	5,683	–
Total transactions with owners recognised directly in equity	685	–	2,240	–	–	–	2,925
Balance at 31 December 2019	**7,822**	**(20,586)**	**36,658**	**1,622**	**1,014**	**–**	**26,530**
Changes in equity							
Issue of share capital	998	–	1,036	–	–	–	2,034
Total comprehensive income	–	3,092	–	–	–	–	3,092
Issue of share warrants and options	–	–	–	496	–	–	496
Transfer between reserves	–	115	–	(115)	–	–	–
Total transactions with owners recognised directly in equity	998	–	1,036	496	–	–	2,530
Balance at 31 December 2020	**8,820**	**(16,569)**	**37,694**	**2,003**	**1,014**	**–**	**32,962**

The notes on pages 35 to 69 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Cash flows from operating activities			
Cash generated from operations	1	785	(4,592)
Interest paid		(377)	(146)
Finance costs paid		(1,639)	(426)
Net cash from operating activities		(1,231)	(5,164)
Cash flows from investing activities			
Purchase of intangible fixed assets		(7,446)	(7,343)
Purchase of tangible fixed assets		(1,896)	(4,235)
Net cash from investing activities		(9,342)	(11,578)
Cash flows from financing activities			
New loans in year		10,639	9,050
Loan repayments in year		(3,000)	–
New hire purchases in year		–	58
Payment of lease liabilities		(11)	(8)
Amount introduced by directors		–	390
Amount withdrawn by directors		(390)	–
Share issue		379	685
Share issue premium		896	2,329
Share issue costs		–	(89)
New convertible bonds in the year		556	–
Net cash from financing activities		9,069	12,415
Decrease in cash and cash equivalents		**(1,504)**	**(4,327)**
Cash and cash equivalents at beginning of year	2	**2,460**	**6,787**
Cash and cash equivalents at end of year	2	**956**	**2,460**

Material non-cash movements

During the year the company settled outstanding creditors of €538,000 (2019: Nil) through the issue of ordinary shares. (note 15).

The notes on pages 35 to 69 form an integral part of these financial statements.

Company Statement of Cash Flows

For the year ended 31 December 2020

	Notes	2020 €'000	2019 €'000
Cash flows from operating activities			
Cash generated from operations	1	(6,782)	(12,364)
Interest paid		(1)	–
Finance costs paid		(1,260)	(426)
Net cash from operating activities		(8,043)	(12,790)
Cash flows from investing activities			
Interest received		1,518	1,297
Net cash from investing activities		1,518	1,297
Cash flows from financing activities			
New loans in year		3,479	5,000
New convertible bonds in the year		556	–
Amount introduced by directors		–	390
Amount withdrawn by directors		(390)	–
Share issue		379	685
Share premium		896	2,329
Share issue costs		–	(89)
Net cash from financing activities		4,920	8,315
Decrease in cash and cash equivalents		**(1,605)**	**(3,178)**
Cash and cash equivalents at beginning of year	2	**1,670**	**4,848**
Cash and cash equivalents at end of year	2	**65**	**1,670**

Material non-cash movements

During the year the company settled outstanding creditors of €538,000 (2019: Nil) through the issue of ordinary shares. (note 15).

The notes on pages 35 to 69 form an integral part of these financial statements.

Notes to the Statements of Cash Flows

For the year ended 31 December 2020

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

	2020 €'000	2019 €'000
Group		
Loss before income tax	(3,482)	(2,942)
Depreciation charges	307	280
Impairment of intangible assets	2,257	–
Impairment of tangible assets	1,276	–
Exchange gains on loans	(4,305)	–
Share based payments	538	–
Share warrants issued	494	–
Share options issued	2	–
Finance costs	1,767	1,200
	(1,146)	(1,462)
Increase in inventories	(759)	(236)
Increase in trade and other receivables	(464)	(628)
(Decrease)/increase in trade and other payables	3,154	(2,266)
Cash generated from operations	**785**	**(4,592)**

	2020 €'000	2019 €'000
Company		
Profit/(loss) before income tax	3,902	(696)
Exchange gains on loans	(4,304)	–
Increase in inter-group loans	(7,448)	(11,383)
Share warrants issued	494	–
Share options issued	2	–
Share based payments	538	–
Finance costs	1,173	872
Finance income	(1,518)	(1,297)
	(7,161)	(12,504)
(Increase)/decrease in trade and other receivables	13	(10)
Increase in trade and other payables	366	150
Cash generated from operations	**(6,782)**	**(12,364)**

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 2020 €'000	1 January 2020 €'000	31 December 2020 €'000	1 January 2020 €'000
Year ended 31 December 2020				
Cash and cash equivalents	956	2,460	65	1,670

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

Notes to the Statements of Cash Flows

For the year ended 31 December 2020

2. Cash and cash equivalents continued

Reconciliation of Net debt

Group

	At January 2020 €'000	Cash flows €'000	Non cash changes Foreign exchange movement €'000	Interest capitalised €'000	Bonds converted to equity €'000	At 31 December 2020 €'000
Cash and Cash equivalents						
Cash	**2,460**	**(1,504)**	**–**	**–**	**–**	**956**
Borrowings						
Debt due within one year	(200)	(5,975)	1	–	221	(5,953)
Debt due after 1 year	(48,123)	(2,231)	4,304	(5,547)	–	(51,597)
Hire Purchases	(50)	11	–	–	–	(39)
	(48,373)	**(8,195)**	**4,305**	**(5,547)**	**221**	**(57,589)**
Total	**(45,913)**	**(9,699)**	**4,305**	**(5,547)**	**221**	**(56,633)**

Company

	At January 2020 €'000	Cash flows €'000	Non cash changes Foreign exchange movement €'000	Interest capitalised €'000	Bonds converted to equity €'000	At 31 December 2020 €'000
Cash and Cash equivalents						
Cash	**1,670**	**(1,605)**	**–**	**–**	**–**	**65**
Borrowings						
Debt due within one year	–	(556)	1	–	221	(334)
Debt due after 1 year	(44,273)	(3,479)	4,304	(6,333)	–	(49,781)
	(44,273)	**(4,035)**	**4,305**	**(6,333)**	**221**	**(50,115)**
Total	**(42,603)**	**(5,640)**	**4,305**	**(6,333)**	**221**	**(50,050)**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. Accounting policies

Basis of preparation

The Group and Company Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group and Company Financial Statements have also been prepared under the historical cost convention.

New standards, amendments and interpretations adopted by the Group

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Group, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2020 are not material to the Group.

New standards, amendments and interpretations not yet adopted

Revised standards

There are no revised standards to note.

Amendments to standards

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) in order to clarify the treatment of the sale or contribution of assets from an investor to its associate or joint venture, as follows:

- require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 Business Combinations)
- require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture.

These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occurs by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. *[Issued September 2014, the effective date has been indefinitely postponed by the IASB].*

Amendments to IAS 1: Classification of Liabilities as Current or Non-current: The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, and refer to the "right" to defer settlement by at least twelve months. They make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. The amendments clarify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, and clarify that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. *[Issued 23 January 2020, applies to accounting periods beginning on or after 1 January 2022]*

Amendments to IFRS 3: Business Combinations – Reference to the Conceptual Framework: The changes in Reference to the Conceptual Framework (Amendments to IFRS 3) update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for transactions and other events within the scope of IAS 37 or IFRIC 21, an acquirer applies IAS 37 or IFRIC 21 (instead of the Conceptual Framework) to identify the liabilities it has assumed in a business combination. Lastly, they add to IFRS 3 an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. *[Issued 14 May 2020, applies for annual periods beginning on or after 1 January 2020, with early application permitted if an entity also applies all other updated references at the same time or earlier]*

Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use: The changes introduced amend the standard to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss. *[Issued 14 May 2020, applies for annual periods beginning on or after 1 January 2020, with early application permitted]*

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts –Cost of Fulfilling a Contract: The changes specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). *[Issued 14 May 2020, applies for annual periods beginning on or after 1 January 2020, with early application permitted, subject to EU endorsement]*

Annual Improvements to IFRS Standards 2018-2020: The pronouncement contains amendments to four International Financial Reporting Standards (IFRSs) as result of the IASB's annual improvements project:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: Subsidiary as a first-time adopter – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- IFRS 16 Leases – Lease incentives – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- IAS 41 Agriculture – Taxation in fair value measurements – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13.

[Issued 14 May 2020, applicable for annual periods beginning on or after 1 January 2022 with early application permitted in respect of IFRS 1, IFRS 9, and IAS 41. The amendment to IFRS 16 only regards an illustrative example, so no effective date is stated.]

Amendment to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date: The amendment defers the effective date of the January 2020 amendments to IAS 1 by one year to annual reporting periods beginning on or after 1 January 2023. *[Issued 15 July 2020, applies to accounting periods beginning on or after 1 January 2023 with early application of the January 2020 amendments permitted, subject to EU endorsement]*

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2: The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting. *[Issued 27 August 2020, applies for annual periods beginning on or after 1 January 2021 with early application permitted]*

New interpretations

IFRIC 23 "Uncertainty over Income Tax Treatments" clarifies how to apply the recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments. The interpretation requires entities to recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined when applying IFRIC 23. *[Issued 7 June 2017, applied to annual periods beginning on or after 1 January 2019 with early application permitted].*

Amendments to interpretations

There are no amendments to interpretations to note.

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.

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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.

Investments in subsidiaries are accounted for at cost less impairment within the Company Financial Statements. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by other members of the Group.

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

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

Exploration and evaluation costs

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

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

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

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

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

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

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

All fixed assets are subject to annual impairment and fair value review. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

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

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

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Government Grants

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

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

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

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

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

Financial Instruments

Financial Assets

The Group and Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows;

Amortised cost

The Groups financial assets held at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. Trade receivables), but also incorporate other types of financial assets where the objective is to hold their assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using the lifetime ECL's. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL, for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within administrative expenses in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Cash and cash equivalents comprise cash and cash at bank balances.

Fair Value through profit or loss

Financial assets held at fair value through the profit or loss comprise equity investments held. These are carried in the statement of financial position at fair value. Subsequent to initial recognition, changes in fair value are recognised in the statement of comprehensive income.

Financial Liabilities

The Groups financial liabilities include trade and other payables and loans. All financial liabilities are recognised initially at fair value, net of transaction costs incurred, and are subsequently stated at amortised cost, using the effective interest method.

Unless otherwise indicated, the carrying values of the Group's financial liabilities measured at amortised cost represents a reasonable approximation of their fair values.

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of a company after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received net of direct issue costs.

Share capital represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share-based payment reserve represents the cumulative amount which has been expensed in the statement of comprehensive income in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options.

The warrant reserve presents the proceeds from issuance of warrants, net of issue costs. Warrant reserve is non-distributable and will be transferred to share premium account upon exercise of warrants.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income, less dividends paid to the owners of the parent.

Inventories

Tungsten in concentrate and ore stockpiles are physically measured or estimated and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the entity expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

If the ore stockpile is not expected to be processed in 12 months after the reporting date, it is included in non-current assets and the net realisable value is calculated on a discounted cash flow basis.

Cost is determined by taking direct purchase costs and an appropriate portion of fixed and variable overhead costs, including depreciation and amortisation, incurred in converting materials into finished goods, based on the normal production capacity.

Materials and consumables are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short term deposits as defined above, net of outstanding bank overdrafts.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate (EIR) method. Where the EIR cannot be reliably estimated interest is recognised as it is incurred on a daily basis.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Transaction costs are prepaid and released to the income statement over the term of the loan.

Borrowings are classified as non-current liabilities where it is agreed no payment of capital is due within 12 months of the balance sheet date.

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset until the asset is substantially ready for its intended use. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds and the commitments to borrow funds.

Leases

The company has adopted IFRS 16 Leases from 1 January 2019.

Transition

The company has opted to apply this standard to leases retrospectively with the cumulative effect of initially applying the Standard recognised at the date of initial application (1 January 2019). As such there has been no adjustment to comparative information.

Initial measurement

At the commencement date of, or date of application of this standard to, any lease a right of use asset, where the company does not have legal ownership, or tangible fixed assets, where the company does have legal ownership of the asset and a lease liability are recognised. The right of use asset/tangible fixed asset is valued at cost and the lease liability is recognised at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the interest rate implicit in the lease.

Subsequent measurement

The right of use assets are subsequently depreciated or impaired in line with IAS 16 Property, Plant and Equipment, and remeasured to reflect any reassessment or lease modifications. The lease liability is subsequently, increased to reflect the interest of the lease liability, reduced to reflect the payments made and remeasured to reflect any reassessment or lease modifications

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 currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Foreign currency differences arising on retranslation into an entity's functional currency are recognised in profit and loss.

Foreign operations

All group companies currently report in Euros therefore no translation of assets and liabilities of foreign liabilities is required.

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.

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 2020 are presented in the functional currency, Euros €'000s.

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

The financial statements were authorised for issue by the Directors on 3 June 2021.

Change in presentational and functional currency

All financial information presented has been rounded to the nearest thousand Euros, except where otherwise indicated.

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

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

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

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

Statement of compliance

The Group and Company Financial Statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The Group and Company Financial Statements have also been prepared under the historical cost convention.

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 financial statements are prepared on a going concern basis. In assessing whether the going concern assumption is appropriate, the Directors have taken into account all relevant available information about the current and future position of the Group, including current level of resources and the required level of spending on exploration, mining, production and evaluation activities. There are no outstanding exploration and evaluation financial obligations.

The Group has incurred a loss after tax of €3,482,000 for the year ended 31 December 2020. As at 31 December 2020, the Group held cash and cash equivalents of €956,000, a decrease in the year of €1,504,000 and had current liabilities of €8,895,000.

The Directors are confident in the Company's continued ability to raise new finance from Placings as required during 2021.

The Group's cash flow forecast for the 12 months ending 31 May 2022 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.

According to the amendment agreement signed with BlackRock, the Company is not in breach of any covenants and the loan facility is not due to be repaid until 2023. At 31 December 2020, the amount owed to BlackRock Management Inc. including capitalised interest is €49,781,328.

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.

The financial statements do not include the adjustments that would be required should the going concern basis of preparation no longer be appropriate.

Segmental Reporting

An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

The Group disclose reportable segments which are regularly reviewed by the chief operating decision maker, and revenues, expenses and non-current assets in relation to each reporting segment are presented in the notes to the financial statements.

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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 an ex-works basis, when performance obligations under the customer contracts have been met and mineral concentrate has been produced ready for collection or at the date legal title passes whichever is earlier.

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

Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 22. 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 costs awards. The fair value of the service must be readily recognisable.

Loan Interest and related finance costs

Loan interest is recognised through the profit and loss account at the date it is incurred on the value of the loan.

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

Staff and consultancy costs

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

Notes to the Consolidated Financial Statements

continued

1. Accounting policies continued

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. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimates are revised and in any future years affected. Actual results may differ from these estimates. The estimate and assumptions that have the most significant effect on the amounts recognised in the consolidated financial statements and/or have a significant risk of resulting in a material adjustment within the next financial year are as follows:

Share based payments

Where share based payments are made in consideration for specified costs there is considered to be no estimation uncertainty. However in instances where share based payments are issued as part of the consideration for a transaction but there is no clear consideration specified an estimation is required regarding the value of these instruments. It is the policy of the group to use the Black Scholes method of valuation in these instances.

Carrying value of exploration and evaluation costs

Rights acquired with subsidiaries are recognised at fair value at the date of acquisition. Other rights acquired and development expenditure are recognised at cost.

Exploration and evaluation costs arising following the application for the legal right, are capitalised on a project- by-project basis, pending determination of the technical feasibility and commercial viability of the project. When a project is deemed not feasible, related costs are expensed as incurred. Costs incurred include any costs pertaining to technical and administrative overheads. Administration costs that are not directly attributable to a specific exploration area are expensed as incurred, and subsequently capitalised if it is reasonably certain that a resource will be defined.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

Impairment

Whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable an asset is reviewed for impairment. An asset's carrying value is written down to its estimated recoverable amount (being the higher of the fair value less costs to sell and value in use) if that is less than the asset's carrying amount.

Impairment reviews for exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as:

- unexpected geological occurrences that render the resource uneconomic;
- title to the asset is compromised;
- variations in mineral prices that render the project uneconomic;
- substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted
- nor planned; and
- the period for which the Group has the right to explore has expired and is not expected to be renewed.

Impairment losses are recognised in profit or loss. For all assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Consolidated Financial Statements
continued

1. Accounting policies continued

Production start date

In the Financial Investment Decision Report of August 2017, the Company outlined the key criteria that had to be met before it considered itself a Production Company, which are:

- ROM feed of 2Mtpa
- Tungsten Production of 2,700tpa
- Tungsten recovery rates of 72%
- Capital Expenditure of €28m
- EBITDA of US$20m

Getting to 2,700tpa of Tungsten Concentrate is W's "name plate capacity and the Company's T2 target. Production at La Parrilla commenced in November 2019, however W does not expect to attain this production level until 2022, at which time the Company will move from being an Exploration/Development Company to a Full Production Company. At this point, all related amounts are reclassified from exploration and evaluation costs to producing mines and/or property, plant and equipment. When the projects move into the production phase, the capitalisation of certain mine development costs ceases and costs are either regarded as forming part of the cost of inventory or expensed, except for costs that qualify for capitalisation relating to mining asset additions or improvements, underground mine development or minable reserve development. It is also at this point that the depreciation/amortisation commences.

2. Segmental reporting

2019

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

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

Notes to the Consolidated Financial Statements

continued

2. Segmental reporting continued

2020

	Corporate €'000	Mineral Exploration €'000	Total €'000
By Business Segment:			
Revenue	–	2,513	2,513
Gain/(loss) for the year	2,384	(5,866)	(3,482)
Balance Sheet – Segment Assets	3,350	79,110	82,460
– Segment Liabilities	(50,764)	(13,559)	(64,323)
Net Assets	(47,414)	65,551	18,137

	Iberia €'000	UK €'000	Total €'000
By Geographical Sector:			
Revenue	2,513	–	2,513
Gain/(loss) for the year	(5,866)	2,384	(3,482)
Balance Sheet – Segment Assets	79,110	3,350	82,460
– Segment Liabilities	(13,559)	(50,764)	(64,323)
Net Assets	65,551	(47,414)	18,137

3. Employees and directors

During the year €2,508,000 (2019: €1,614,000) of staff costs were capitalised in Intangible Assets within the group.

W Resources Plc had no staff during the year and therefore no staff costs.

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

	2020	2019
Management & Administration	4	4
Technical	68	44

	2020		
	Share Options €'000	Consultancy €'000	Directors Fees €'000
Michael Masterman	–	221	–
Byron Pirola *(resigned 30 March 2020)*	–	–	–
David Garland	–	–	16
Pablo Neira	–	–	117
James Argalas	–	–	24
Oscar Marin Garcia *(appointed 8 January 2020/ resigned 12 February 2021)*	2	–	24
Total	**2**	**221**	**181**

Notes to the Consolidated Financial Statements

continued

3. Employees and directors continued

	2019		
	Share Options €'000	Consultancy €'000	Directors Fees €'000
Michael Masterman	–	304	–
Byron Pirola *(resigned 30 March 2020)*	–	–	–
David Garland	–	–	16
Pablo Neira	–	–	48
James Argalas	–	–	24
Oscar Marin Garcia *(appointed 8 January 2020/ resigned 12 February 2021)*	–	–	–
Total	**–**	**304**	**88**

4. Net finance costs

	2020 €'000	2019 €'000
Finance costs:		
Other finance costs	377	146
Amortisation of loan costs	1,390	1,054
	1,767	1,200

5. Profit/(loss) before income tax

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

	2020 €'000	2019 €'000
Cost of inventories recognised as expense	2,513	343
Depreciation – owned assets	238	218
Exploration & evaluation costs amortisation	69	61
Auditors' remuneration	40	33
Impairment of intangible assets (note 10)	2,257	–
Impairment of tangible assets (note 10)	1,276	–
Foreign exchange differences	(4,267)	495

A total of €125,000 (2019: €304,000) relating to Michael Masterman's consultancy fees were capitalised in intangible assets in 2020.

Notes to the Consolidated Financial Statements

continued

6. Income tax

Analysis of tax expense

No liability to corporation tax arose for the year ended 31 December 2020 nor for the year ended 31 December 2019.

Reconciliation of the tax expense

	2020 €'000	2019 €'000
Loss before income tax	(3,482)	(2,942)
Profit/(Loss) multiplied by a rate of corporation tax of 31.6% (2019 – 23.4%)	(1,099)	(687)
Effects of:		–
Accelerated capital allowances		
Effect of different tax rates in other jurisdictions	(361)	(8)
Intercompany interest not yet recognised in Spain and Portugal	479	304
Share options and warrants issued	5	–
Depreciation	97	65
Impairment of tangible assets	1,116	–
Accelerated capital allowances	–	(356)
Adjustment to losses with no recognisable deferred tax asset	(238)	682
Tax expense	–	–

The weighted average applicable tax rate of 31.6% (2019: 23.4%) is a combination of 19% the standard rate of corporation tax in the UK, 25% the rate of corporation tax in Spain and 21% the rate of corporation tax in Portugal.

No deferred tax asset has been recognised in accordance with IAS 12, for carried forward tax losses, due to uncertainty as to when profits will be recognised against which these losses can be relieved. The Group has approximately €13,624,000 (2019: €15,221,000) of tax losses carried forward for use against future taxable profits. These losses does not include the interest charged from W resources to its subsidiaries, which has been recognised in income in W Recourses but has not yet been recognised in Spain and Portugal, these costs will be recognised and relieved when paid. These total a further €5,284,000 (2019: €3,766,000).

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 €3,902,000 (2019: Loss (€696,000)). Included within these figures are intra-group interest received of €1,518,000 (2019: €1,298,000).

Notes to the Consolidated Financial Statements

continued

8. Earnings per share

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

Diluted earnings 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 and warrants issued during 2016, 2018, 2019 and 2020 are considered to be anti-dilutive in 2019 in accordance with IAS 33 as on conversion they would decrease loss per share from continuing operations.

Reconciliations are set out below

	2020		
	Loss €'000	**Weighted Average Number of Shares (millions)**	**Per Share Amount Cents**
Basic earnings per share			
Earnings attributable to ordinary shareholders	(3,482)	6,795	-0.05
Effect of dilutive securities			
Options and warrants	–	–	–
Diluted earnings per share			
Adjusted earnings	(3,482)	6,795	-0.05

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

Notes to the Consolidated Financial Statements
continued

9. Intangible assets

	Exploration & Evaluation Costs €'000
Group	
Cost	
At 1 January 2020	32,616
Additions	11,601
At 31 December 2020	44,217
Amortisation	
At 1 January 2020	734
Amortisation for year	69
Impairment	2,257
At 31 December 2020	3,060
Net Book Value	
At 31 December 2020	41,157

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

The above represents capitalised testing works and concessions costs acquired.

Notes to the Consolidated Financial Statements
continued

10. Property, plant and equipment

	Plant & Machinery €'000
Group	
Cost	
At 1 January 2020	31,125
Additions	3,288
At 31 December 2020	34,413
Depreciation	
At 1 January 2020	1,022
Charge for year	238
Impairment	1,276
At 31 December 2020	2,536
Net Book Value	
At 31 December 20209	31,877

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

Notes to the Consolidated Financial Statements

continued

10. Property, plant and equipment continued

Reclassifications

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

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

Impairment

Impairment tests were performed on the fair value of each intangible and tangible asset at 31 December 2020, and the Group concludes that the following impairment adjustments are necessary:

Intangible Assets:	
Tailing Plant Optimisation costs	€2,257,000
Tangible Assets:	
Net book value of the Tailings Plants	€1,276,000
Total Impairment	**€3,534,000**

The Tailings Processing Plants were built between 2014 and 2015. They were operating until 2017 to process the old tailings dumps and produced over 100 tonnes of WO_3 concentrate, however these plants never attained optimum capacity, and although they were used during the testing phase of the new Crusher Plant completed in 2019, they are now no longer utilised and are redundant. They may have a future scrap retail value but as this cannot be determined, we have impaired their net book value of €1,276,000 to Nil as at 31 December 2020.

The ramp-up period is defined as the period between plant completion and the attainment of optimum capacity, during which the plants' equipment is subject to testing and adjustment until said optimum capacity is attained. During the period of their operation, operating costs associated with the two plants were incurred and capitalised between 2014 & 2017 totalling €2,257,000 – management considers it appropriate to impair the net book value of these plants. Consistent with this an impairment adjustment of €2,257,000 has been made at 31 December 2020.

The net book value of intangible assets at 31 December, 2020 € 41,156,890, above, includes capitalised exploration & evaluation costs for the Company's three exploration sites in Portugal, with a combined value of € 6,324,233 as follows:

Notes to the Consolidated Financial Statements

continued

10. Property, plant and equipment continued

Régua Tungsten Deposit

- A trial mining licence awarded on 20 June 2014 for the Régua tungsten deposit located 400km North of Lisbon and 95km East of Porto in the municipality of the town of Armamar. In October 2015, Golder Associates issued a JORC compliant mineral resource estimate indicating a total resource tonnage of 5.46mt at a grade of 28% a cut off of 0.1% WO_3. In February 2020 Golder Associates issued a revised JORC compliant mineral estimate confirming 4.47mt at 0.27% WO_3. The total historic cost of this exploration licence at 31 December 2020 was €3,271,712.
- This licence expired on 20 September 2020 and an application for the full mining licence was submitted on 16 June 2020.

Tarouca Tungsten and Tin Project

- A permit for the exploration of the Tarouca tungsten and tin project, located some 70km east of the city of Porto and just 20km from Régua, was granted on 23 March, 2012. Exploration activities completed here have shown extremely high-grade results with heavy mineralisation. Although no Resource Estimate has issued, as further exploration is necessary, it has the potential to enhance and expand the Régua development. The total historic cost of this exploration licence at 31 December 2019 was €939,125.
- This licence expired on 29 March 2019 and an application for its renewal and the inclusion of an additional area of further to the south where the Company believes mineralisation occurs, was submitted on 5 February 2019.

São Martinho and Crato Assumar Arronches gold prospection

- Two combined exploration licences for gold prospection, São Martinho and Crato Assumar Arronches, near the town of Portalegre (Northern Alentejo), around 200 km East of Lisbon. The total historic cost of these two exploration licences at 31 December 2020 was €2,113,397. In June 2016, Golder Associates issued a maiden JORC mineral resource estimate of 3Mt at 1.04 g/t gold, which equates to 111,987oz in contained gold. This maiden JORC compliant mineral resource estimate provides a basis from which the Company will look to upgrade the quality and size of the resource.
- These combined licences expired on 29 September 2018 and an application to convert the São Martinho into a trial mining licence of 5.74km^2 and for a new exploration licence of 268.9 km^2 which encompasses the São Martinho area, and a large part of the old Crato Assumar Arronches area was submitted on 27 September 2018.

All expenditure commitments under the licences were fulfilled and as they have expired there is currently no unfulfilled commitment to future expenditure. Although they have expired as detailed above, applications for their renewal or conversion into trial mining or full mining licences have been submitted to Portuguese authorities. The granting of all new licences and extensions has, however, been delayed due to changes that have to be made to Portuguese mining law combined with the challenges Portugal endured in 2020 with the COVID-19 crisis and associated state of emergency.

The Company is, however, confident that, given the encouraging exploration results, and given that no other company has applied for these areas, combined with strong support from local authorities, these licences will be granted, which has also been assured verbally by them. As a result, the Company considers that their further successful development is likely to proceed and no impairment adjustment is necessary.

Notes to the Consolidated Financial Statements

continued

11. Investments

	Shares in Group Undertakings €'000
Company	
Cost	
At 1 January 2020	
and 31 December 2020	6,695
Net book value	
At 31 December 2020	6,695
At 31 December 2019	6,695

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

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

Direct Subsidiaries

Iberian Resources Spain SL

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

Nature of business: Tungsten mining, production, exploration

Class of shares:	% Holding
Ordinary	100.00

	2020 €'000	2019 €'000
Aggregate capital and reserves	(13,490)	(6,258)

Notes to the Consolidated Financial Statements
continued

11. Investments continued

Copper Gold Resources Plc (Group)

Registered office: 27/28 Eastcastle Street, London W1W 8DH
Nature of business: Tungsten mining exploration, development

Class of shares:	% Holding
Ordinary	100.00

	2020 €'000	2019 €'000
Aggregate capital and reserves	(518)	(367)

Indirect Subsidiaries

Iberian Resources Portugal LDA

Registered office: Lugar das Mozes, 5110-159 Armamar, Portugal
Nature of business: Mineral Exploration

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

	2020 €'000	2019 €'000
Aggregate capital and reserves	(567)	(431)

During 2019 the company converted €5m of its intercompany loan with Iberian Resources Spain SL, into equity of Iberian Resources Spain SL.

12. Inventories

	Group	
	2020 €'000	2019 €'000
Concentrate for re-sale	621	415
Spares and Consumables	553	–
	1,174	415

Notes to the Consolidated Financial Statements

continued

13. Trade and other receivables

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Current:				
Trade receivables	389	36	–	–
Other receivables	1,197	905	28	61
Other prepayments	1,768	1,929	56	36
Finance cost prepayments	1,883	1,203	1,526	1,009
>1 year:				
Amounts owed by group undertakings	–	–	73,737	59,977
Finance cost prepayments	2,059	2,507	1,673	2,102
	7,296	6,580	77,020	63,185

14. Cash and cash equivalents

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Bank accounts	956	2,460	65	1,670

15. Called up share capital

Allotted and issued:

Number	Class	Nominal Value	2020 €'000	2019 €'000
7,269,220,952 (2019: 6,378,417,640)	Ordinary	0.1p	8,820	7,822

890,713,312 Ordinary Shares of 0.1p were issued during the year as follows:

- On 17 January 2020, 111,615,139 Ordinary Shares of 0.1p each were issued at a premium of 0.21p to repay directors loans totalling €390,000.
- On 10 March 2020, 209,999,998 Ordinary Shares of 0.1p each were issued at a premium of 0.26p raising £756,000 (€900,000).
- On 24 August 2020, 75,187,969 Ordinary Shares of 0.1p each were issued at a premium of 0.03p being the conversion of €100,000 of convertible bonds.
- On 9 October 2020, 397,689,658 Ordinary Shares of 0.1p each were issued at a premium of 0.023p to three creditors in order to settle amounts totalling £489,000 (€538,025).
- On 4 December 2020, 96,300,548 Ordinary Shares of 0.1p each were issued at a premium of 0.0111p being the conversion of €100,000 of convertible bonds and €7,000 of capitalised interest.

On 15 December 2020, the initial expiry date of 471,428,568 Share Warrants was extended from 31 December 2020 to 31 December 2021.

At the year-end there were 1,384,201,147 Share Warrants in issue that were yet to be exercised. (2019: 779,033,998).

Notes to the Consolidated Financial Statements

continued

16. Reserves

Group

	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000	Merger Reserve €'000	Totals €'000
At 1 January 2020	(28,027)	36,658	1,622	1,014	11,267
Profit for the year	(3,482)	–	–	–	(3,482)
Cash share issue	–	896	–	–	896
Non cash share issue	–	140	–	–	140
Share warrants issued	–	–	494	–	494
Transfer between reserves	115	–	(115)	–	–
Share options issued	–	–	2	–	2
At 31 December 2020	(31,394)	37,694	2,003	1,014	9,317

Company

	Retained Earnings €'000	Share Premium €'000	Share Based Payment Reserve €'000	Merger Reserve €'000	Totals €'000
At 1 January 2020	(20,587)	36,658	1,622	1,014	18,707
Profit for the year	3,902	–	–	–	3,902
Cash share issue	–	896	–	–	896
Non cash share issue	–	140	–	–	140
Share warrants issued	–	–	494	–	494
Transfer between reserves	115	–	(115)	–	–
Share options issued	–	–	2	–	2
At 31 December 2020	(16,570)	37,694	2,003	1,014	24,141

17. Trade and other payables

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Current:				
Trade creditors	6,265	3,500	183	198
Amounts owed to group undertakings	–	–	56	75
Other creditors	1	2	1	2
Accrued expenses	468	86	464	82
Directors' current accounts	–	390	–	390
	6,734	3,978	704	747

Notes to the Consolidated Financial Statements
continued

18. Financial liabilities – borrowings

	Group		Company	
	2020 €'000	2019 €'000	2020 €'000	2019 €'000
Current financial liabilities – borrowings:				
BBVA reverse factoring agreement	119	200	–	–
BankInter advance on VAT receivables	500	–	–	–
Santander loan	5,000	–	–	–
Atlas convertible bonds	334	–	334	–
BBVA overdraft facility	-	300	–	–
BBVA advance on VAT receivables	-	50	–	–
Caja Rural de Extremadura loan	-	3,000	–	–
CaixaBank credit facility	-	500	–	–
Hire purchase (note 19)	11	11	–	–
Non – Current financial liabilities – borrowings:				
BlackRock loan facility	49,781	44,273	49,781	44,273
BBVA overdraft facility	296	300	–	–
Caja Rural de Extremadura loan	500	–	–	–
CaixaBank credit facility	500	–	–	–
BankInter S.A. Loan	400	–	–	–
BBVA loan	120	–	–	–
Hire purchase (note 19)	28	39	–	–
	57,589	48,373	50,115	44,273

All non-current financial liabilities are due between 2-5 years. No financial liabilities are due in more than 5 years.

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

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

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

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

Notes to the Consolidated Financial Statements

continued

18. Financial liabilities – borrowings continued

On 8 October 2020, BlackRock agreed to further increase the existing loan facility provided to W Resources by US$7 million, with no warrants attached. By 31 December 2020 two tranches of this facility, for US$2,750,004 and US$2,250,000, had been drawn down on 4 October 2020 and on 1 December 2020, respectively, for a total of US$5,000,004.

During the year, interest of €6,331,396 (2019: €5,257,259) was incurred on the Loan. This was added to the loan capital during the year and recharged by W Resources Plc to its subsidiary Iberian Resources Spain SL where it was capitalised in Intangible and in Tangible assets in proportion to the expenditure on each of these categories during the year, and in accordance with the Groups accounting policy for loan interest.

The value of the BlackRock loan included in the statement of financial position at the balance sheet date is US$61,093,027 (€49,781,329) (2019: €44,273,000).

On 7 May 2019, a loan of €3,000,000 was granted by Spanish bank, Caja Rural de Extremadura Sociedad Cooperativa de Crédito ("Caja Rural de Extremadura") with a term of 15 months and an interest rate of 1.75% p.a. This loan was repaid on 31 January 2020. The value of this loan included in the statement of financial position at the balance sheet date is NIL (2019: €3,000,000).

On 18 June 2019, an overdraft facility of €300,000 was provided by Banco Bilbao Vizcaya Argentaria, S.A ("BBVA"), with a term of 12 months and an interest rate of 2.65% p.a. A 29% APR will apply if not repaid by 18 June 2020. On 28 May 2020 the BBVA extended the term on this overdraft facility 18 June 2025. The value of this overdraft included in the statement of financial position at the balance sheet date is €296,436 (2019: €299,700).

On 15 October 2019, the Banco Bilbao Vizcaya provided and advance on VAT receivables of €50,000 with a term of 12 months and an Interest rate of 2.3% p.a. This was fully repaid at 31 December 2020.

On 15 October 2019, Iberian Resources Spain S. L. signed a reverse factoring agreement with the BBVA, for up to €200,000 with an interest rate 2.75% p.a. This agreement was automatically renewed for a one year period on its first anniversary. The value of this credit facility included in the statement of financial position at the balance sheet date is €118,980 (2018: €199,833).

On 3 December 2019, Iberian Resources Spain S. L. signed a revolving credit facility of €500,000 with CaixaBank, S.A ("CaixaBank") with a term 6 months and an interest rate of 2.5% p.a. This facility was extended on 28 June 2020 for a 5-year period. The value of this credit facility included in the statement of financial position at the balance sheet date is €500,000 (2019: €500,000).

On 31 January 2020, Iberian Resources Spain S. L. signed a loan agreement for €5,000,000 with Banco Santander, S.A ("Santander") which repaid the €3,000,000 loan from the Caja Rural de Extremadura. The facility interest rate is 3% per annum, payable quarterly, with no amortisation and is secured by a pledge over the rights to the Grant funds. The term of the loan is the earlier of 12 months or the receipt of the proceeds of the Grant funds. On 15 January 2021, the Company finalised a six month extension to this loan facility with an interest rate is 3.5% per annum. Subsequently, on 7 May 2021 the €5.2m Grant was paid by the Junta de Extremadura Government and this loan was repaid in full.

The value of this loan included in the statement of financial position at the balance sheet date is €5,000,000 (2019: NIL).

Under the COVID-19 state of emergency, the Spanish state-owned bank (attached to the Ministry of Economy and Business), the Instituto de Crédito Oficial ("ICO"), provided loan guarantees of up to 80% of loan value to Spanish banks providing loans to Spanish companies. €1.82m of such facilities at annual interest rates of 2-3% pa was secured with four major banks as detailed below. These facilities refinance and extend the maturity of some existing lines, the details of which are listed below and provide a net €1.02m of additional working capital funding. All loan agreements and extensions are to the Company's 100% owned subsidiary, Iberian Resources Spain:

The specific new facilities were:

- On 1 June 2020, Bankinter S.A. granted IRS a loan for €400,000 with a term of 5 years.
- On 28 May 2020, the BBVA granted IRS a loan for €120,000 from with a term of 5 years.
- On 9 July 2020, the Caja Rural de Extremadura granted IRS a loan for €500,000 with a term of 5 years.

Notes to the Consolidated Financial Statements

continued

18. Financial liabilities – borrowings continued

The extensions to existing loan facilities are as follows:

- On 28 June 2020, CaixaBank extended the term of the €500,000 revolving credit facility granted to IRS on 3 December 2019, from 30 May 2020 to 4 June 2025, guaranteed by W Resources Plc and also by ICO.
- On 28 May 2020, the BBVA extended the term on IRS' existing €300,000 overdraft facility granted on 18 June 2019, from 18 June 2020 to 18 June 2025 which is now guaranteed as an ICO loan.

In March 2020, W secured a £4.0m convertible bond facility from Atlas Capital Markets ("Atlas") comprising a convertible bond with a coupon of 5% and a term of 3 years. The facility can be drawn in tranches of up to £500,000 at the election of W, with an agreed period between subsequent drawdowns. The facility is unsecured and subordinated to the BlackRock Financial Management Inc. ("BlackRock") loan facility with BlackRock consent required for a draw. Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to issue of a conversion notice by Atlas. At the balance sheet date one tranche of £500,000 had been drawn down and two tranches of £100,000 converted into shares leaving a balance of £300,000 (€334,000) (2019: NIL). Warrants will be issued with each tranche on a pro rata basis, with 5,555,555 Warrants issued at a subscription price of 0.36 pence per Ordinary Share per £100,000 principal amount of Convertible Bonds that are issued. The Warrants have a 3 year expiry term. During the year 27,777,775 warrants were issued. The Black Scholes valuation was immaterial and therefore has not been recognised in the financial statements. (see note 22)

On 15 January 2021, the Company drew down the third and final tranche of US$1,999,996 of the BlackRock incremental loan facility of US$7 million granted on 8 October 2020.

19. Hire purchase

	2020 €'000	2019 €'000
Group		
Hire purchase liabilities		
Minimum lease payments fall due as follows:		
Gross obligations repayable:		
Within one year	11	11
Between one and five years	28	39
	39	50
Finance charges repayable:	–	–
Net obligations repayable:	11	11
Within one year	28	39
Between one and five years	39	50

20. Related party disclosures

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

Michael Masterman	65,146,580
David Garland	–
Byron Pirola *(resigned 30 March 2020)*	32,573,290
Pablo Neira	–
James Argalas	13,895,269
Oscar Marin Garcia *(appointed 8 January 2020/resigned 12 February 2021)*	–

Notes to the Consolidated Financial Statements
continued

20. Related party disclosures continued

Between the year end and the date of signing of this report the Directors have acquired the following Ordinary 0.1p Shares:

Michael Masterman	150,000,000 *(Purchased on market)*
David Garland	–
Pablo Neira	40,074,602
James Argalas	–

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

These expired on 31 December 2020 and none were exercised.

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

These remained unexercised at the balance sheet date.

Further on 15 November 2019, Share Options were granted to a related party of a Director as follows:

Director	Number of Options	Exercise Price	Expiry Date
Related party of Oscar Garcia *(appointed 08 January 2020/resigned 12 February 2021)*	21,900,000	£0.0040	30/11/2020

These options expired on 30 November 2020 and none were exercised.

During 2019, the Directors made loans to the company as follows:

Michael Masterman	€229,000
Byron Pirola	€111,000
James Argalas	€50,000
Total	**€390,000**

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

Included in other creditors is the sum of €414,000 (2019: €358,000) 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 2020 consultancy fees of €179,000 were charged to the Group by FeX Limited.

Included in trade creditors is the sum of €42,000 (2019: Nil) for unpaid consultancy fees due to Michael Masterman a Director and significant shareholder. During the year consultancy fees of €42,000 were charged to the Company by Michael Masterman.

Also included in other creditors is the sum of €120,000 (2019: €43,000) for accrued directors fees due to the Directors as follows: €69,000 Pablo Neira, €3,300 (£3,000) David Garland, €24,000 James Argalas, €24,000 Oscar Marin Garcia.

Notes to the Consolidated Financial Statements
continued

21. Events after the reporting period

On 11 January 2021, the Group drew down a further £500,000 tranche from the £4.0 million Atlas Capital Markets ("Atlas") convertible bond facility. This is the second draw down made from the facility which was secured on 30 March 2020. This convertible bond tranche has a 5% coupon and 3-year term. As part of the agreement, Atlas can convert the bond to W shares by issuing a conversion notice with the price set at 95% of the selected 3-day VWAP in the 15 days leading up to the issue of a conversion notice by Atlas.

On 11 January 2021, the Company converted £100,000 of Atlas Convertible Bonds into 96,525,097 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.1036p per Ordinary Share.

On 15 January 2021, the Company finalised a six month extension to the €5m loan facility with the Spanish bank, Santander. As the initial term of the loan was the earlier of 18 February 2021 or the receipt of the proceeds of the Grant funds. The facility interest rate is 3.5% per annum, payable quarterly, with no amortisation and is secured by a pledge over the rights to the Grant funds.

On 26 January 2021, the Company issued 247,290,458 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.1113p per Ordinary Share. £44,603 (€50,000) forms part of Director, Pablo Neira's 2020 remuneration package while £230,631 was issued to technical and professional creditors.

On 28 January 2021, the Company converted £100,000 of Atlas Convertible Bonds into 96,899,224 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.1032p per Ordinary Share.

On 12 February 2021, Oscar Marin Garcia stepped down from the Board to focus on increased commitments in his business.

On 8 March 2021, the Group announced a proposed reorganisation of the Company's share capital. The proposed Capital Reorganisation consisted of the following steps:

- the amendment of the Company's Articles of Association to set out the rights and restrictions attaching to a new class of Deferred Shares;
- each Existing Ordinary Share of £0.001 nominal value each will be subdivided into two new shares, a Redenominated Ordinary Share and a Deferred Share;
- the nominal value of each new Redenominated Ordinary Share will be one per cent. of an Existing Ordinary Share, being £0.00001;
- the nominal value of each new Deferred Share will be ninety-nine per cent. of an Existing Ordinary Share, being £0.00099; and
- every 100 Redenominated Ordinary Shares will then be consolidated into one New Ordinary Share with a nominal value of £0.001 (being 100 * £0.00001).

This reorganisation was approved at a General meeting held on 31 March 2021.

On 22 March 2021, the Company converted £100,000 of Atlas Convertible Bonds into 100,000,000 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 0.1000p per Ordinary Share. The Company will pay £20,200 to Atlas as compensation for Atlas being unable to convert at price lower than the nominal value of an Ordinary Share.

On 8 April 2021, the Company converted £250,000 of Atlas Convertible Bonds into 2,724,469 ordinary shares of 0.1p per share ("Ordinary Shares") at a price of 9.1761p per Ordinary Share.

On 7 May 2021, Iberian Resources Spain received the €5.2m Grant from the Junta de Extremadura Government in Spain, which was initially awarded in March 2018. In February 2020, W received a €5m loan from the Spanish bank, Santander in order to monetise the Grant and this has now been repaid in full.

On 17 May 2021, the Company completed a placement of 28,278,610 ordinary shares of 0.1p per share at 8p per Ordinary Share to raise £2.26 million. Under the Placing, subscribers were offered warrants to subscribe for new ordinary shares in conjunction with the Placing Shares on the basis of 1 Warrant for every 2 Ordinary Shares subscribed for. The Warrants are exercisable at any time in the two years following admission of the Placing Shares to trading on AIM at an exercise price of 12p per share.

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continued

22. Share warrants/share based payments

2020

	Number issued	Weighted average exercise price	Outstanding at 31 December 2020	Expiry Date	2020 €'000
Share Options					
2 December 2016	120,000,000		-	31/12/2020	-
20 November 2018	150,000,000		90,000,000	30/11/2021	69
15 November 2019	43,800,000		-	30/11/2020	-
		£0.0055	**90,000,000**		**69**
Share Warrants					
14 May 2018	307,605,430		307,605,430	14/05/2023	1,440
18 April 2019	400,000,000		400,000,000	31/12/2021	-
22 May 2019	71,428,568		71,428,568	31/12/2021	-
4 August 2020	27,777,775		27,777,775	04/08/2023	-
27 October 2020	96,000,000		96,000,000	27/10/2025	17
3 November 2020	481,389,374		481,389,374	03/11/2025	477
		£0.0029	**1,384,201,147**		**1,934**

2019

	Number issued	Weighted average exercise price	Outstanding at 31 December 2020	Expiry Date	2020 €'000
Share Options					
2 December 2016	120,000,000		120,000,000	31/12/2020	67
20 November 2018	150,000,000		150,000,000	30/11/2021	115
15 November 2019	43,800,000		43,800,000	30/11/2020	–
		£0.0062	**313,800,000**		**182**
Share Warrants					
14 May 2018	307,605,430		307,605,430	14/05/2023	1,440
18 April 2019	400,000,000		400,000,000	31/12/2021	–
22 May 2019	71,428,568		71,428,568	31/12/2021	–
		£0.0040	**779,033,998**		**1,440**

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

Notes to the Consolidated Financial Statements

continued

22. Share warrants/share based payments continued

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

These options expired on the 31 December 2020, none were exercised and therefore a transfer of €67,000 has been made from the share based payment reserve into retained earnings.

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

Two members of Key Management Personnel holding 60,000,000 Options left during 2020 and as such their options expired. Therefore a transfer of €46,000 has been made from the share based payment reserve into retained earnings.

Further on 15 November 2019, Share Options were granted to a related party of a Director as follows:

Director	Number of Options	Exercise Price	Expiry Date
Related party of Oscar Garcia (appointed 08 January 2020/resigned 12 February 2021)	21,900,000	£0.0040	30/11/2020

The share options issued during 2019 have been valued at fair value at 15 November 2019 using the Black Scholes method and £1,400 (€2,000) has been recognised in administrative expenses in 2020, at the date Oscar Marin Garcia was appointed a Director, included in the share based payments reserve and included in the Statement of Other Comprehensive Income. The inputs used in calculating this include: 15.16% Volatility, 2.9% Risk-free interest rate, 0% Dividend Yield, 0.3450p Share price at the grant date.

These options expired on 30 November 2020, none were exercised and therefore a transfer of €2,000 has been made from the share based payment reserve into retained earnings.

No options have been exercised and the reserve balance is €69,000 (2019: €182,000) at 31 December 2020.

On 14 May 2018, 307,605,430 Share Warrants were issued to BlackRock 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, $1,750,000 at an exchange rate of 1.355 on 14 May 2018 equalling £1,292,000 (€1,440,000) which were included within the value of the total loan costs that have been prepaid in 2018 and will be expensed across the term of the loan, currently 2 years remain.

On 4 August 2020, 27,777,775 Share Warrants were issued to Atlas Special Opportunities LLC as part of the consideration for the initial draw down of the convertible bond facility. The warrants have a 3 year expiry.

These have been valued at fair value at 4 August 2020 using the Black Scholes method and £1,000 (€2,000) this is considered to be immaterial and no adjustment has been made to the income statement. The inputs used in calculating this include: 33.12% Volatility, 5% Risk-free interest rate, 0% Dividend Yield, 0.15p Share price at the grant date.

On 27 October 2020, 96,000,000 Share Warrants were issued to BlackRock as part of the consideration for amending the agreement to allow the capitalisation (payment in kind) of interest due on 15 May 2020. The warrants have a 5 year expiry.

Notes to the Consolidated Financial Statements

continued

22. Share warrants/share based payments continued

These have been valued at fair value at 27 October 2020 using the Black Scholes method and £15,000 (€17,000) has been recognised in administrative expenses in 2020, included in the share based payments reserve and included in the Statement of Other Comprehensive Income. The inputs used in calculating this include: 42.08% Volatility, 5% Risk-free interest rate, 0% Dividend Yield, 0.13p Share price at the grant date.

On 3 November 2020, 171,101,564 Share Warrants were issued to BlackRock as consideration for £150,000 (€166,000) the amendment fee to allow the capitalisation (payment in kind) of interest due on 15 August 2020. Further on 3 November 2020, 310,287,810 Share Warrants were issued to BlackRock as consideration for £280,000 (€311,000) the second incremental amendment fee. The warrants have a 5 year expiry.

These have been valued at £430,000 (€477,000) the total of the liability covered by the issue of the warrants. Which has been included within the value of the total loan costs that have been prepaid in 2020 and will be expensed across the term of the loan, currently 2 years remain.

23. Financial instruments

Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

- Market
- Interest rate
- Foreign currency
- Credit
- Liquidity

This note presents information about the Group's exposure to each of these risks, the group's objectives, policies and processes for measuring and managing risk.

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, borrowings and equity capital. The Company does not enter into complex derivatives to manage risk.

There is no material difference between the book value and fair value of the Group cash balances, trade and other receivables, trade and other payables or borrowings.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

Due to the nature of the Group's operations, it will be mainly exposed to fluctuations in the price of tungsten, changes in foreign exchange rates and interest rates.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in interest rates. Management ensure fixed interest rates with good terms are agreed with all finance providers to mitigate this risk. The risk of significant fluctuation is therefore considered to be immaterial.

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising on cash and cash equivalents and receivables denominated in a currency other than the respective functional currencies of group entities. Primarily these transactions are denominated in GBP and US dollars.

The Group also has significant loans outstanding in US dollars. This exposes the group to currency risk as repayments of the loan are to be made in s currency different to the functional currency the Group is operating.

Notes to the Consolidated Financial Statements
continued

23. Financial instruments continued

The following balances held in foreign currency at the reporting date are:

Net foreign currency financial (liabilities)/assets	Group 2020 €'000	Group 2019 €'000	Company 2020 €'000	Company 2019 €'000
GBP assets	62	114	62	114
USD assets	3	1,567	3	1,567
GBP liabilities	(688)	(381)	(434)	(130)
USD liabilities	(49,798)	(44,273)	(49,798)	(44,273)
AUD liabilities	(3)	(17)	(3)	(4)
Total net exposure	(50,424)	(42,990)	(50,170)	(42,726)

Sensitivity analysis

A 10 percent strengthening of the euro against the respective currencies at 31 December 2020 would have increased/(decreased) equity and profit and loss by the amounts shown below:

Group	Profit and Loss 2020 €'000	Profit and Loss 2019 €'000	Equity 2020 €'000	Equity 2019 €'000
GBP	63	27	63	27
USD	4,980	4,271	4,980	4,271
AUD	–	2	–	2
Total net exposure	5,043	4,300	5,043	4,300

Company	Profit and Loss 2020 €'000	Profit and Loss 2019 €'000	Equity 2020 €'000	Equity 2019 €'000
GBP	37	2	37	2
USD	4,980	4,271	4,980	4,271
AUD	–	–	–	–
Total net exposure	5,017	4,273	5,017	4,273

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counter party to a financial instrument fails to meet its contractual obligations.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Carrying Amount 2020 €'000	Carrying Amount 2019 €'000
Group		
Trade and other receivables	1,586	941
Cash and cash equivalents	956	2,461
	2,542	3,402
Company		
Trade and other receivables	28	61
Cash and cash equivalents	65	1,671
	93	1,732

Notes to the Consolidated Financial Statements

continued

23. Financial instruments continued

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are contractual maturities of financial liabilities at the balance sheet date:

	Carrying amount €'000	Two months or less €'000	Two – Twelve months €'000	More than one year €'000
Group – 31 December 2020				
Trade and other payables	6,266	6,266	–	–
Borrowings	57,589	5,002	962	51,625
	63,855	11,268	962	51,625
Group – 31 December 2019				
Trade and other payables	3,502	3,502	–	–
Borrowings	48,373	2	4,059	44,312
	51,875	3,502	4,059	44,312

	Carrying amount €'000	Two months or less €'000	Two – Twelve months €'000	More than one year €'000
Company – 31 December 2020				
Trade and other payables	184	184	–	–
Borrowings	50.115	–	334	49,781
	50,299	184	334	49,781
Company – 31 December 2019				
Trade and other payables	200	200	–	–
Borrowings	44,273	—	–	44,273
	44,473	200	–	44,273

Notes to the Consolidated Financial Statements
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APPENDIX 1 – JORC COMPLIANT MINERAL RESOURCE ESTIMATES

La Parrilla Proven and Probable Mineral Reserves – JORC 2012

	Tonnes '000	Grade WO_3 (ppm)	Metal Content WO_3 (t)	Grade Sn (ppm)	Metal Content Sn (t)
Proven	1,177	995	1,171	251	295
Probable	28,577	928	26,511	111	3,156
Total	**29,754**	**931**	**27,683**	**116**	**3,451**

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

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

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

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

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

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

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

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

São Martinho Maiden JORC Compliant Mineral Resource Estimate

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

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

This page does not form part of the notes to the financial statements.

Company Information

Directors:	Mr Michael George Masterman Mr Pablo Neira Mr David Garland Mr James Argalas Mr Oscar Marin Garcia – *appointed 8 January 2020/resigned 12 February 2021*
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