

REPORT OF THE DIRECTORS AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2012
FOR
W RESOURCES PLC

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W RESOURCES PLC

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FOR THE YEAR ENDED 31 DECEMBER 2012

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W RESOURCES PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

DIRECTORS:

M G Masterman
M V Garland
Dr B Pirola

SECRETARY:

Cargil Management Services Limited

REGISTERED OFFICE:

22 Melton Street
London
NW1 2BW

REGISTERED NUMBER:

4782584 (England and Wales)

BANKERS:

HSBC Bank Plc
PO Box 260
46 The Broadway
Ealing
London
W5 5JZ

SOLICITORS:

Kerman & Co LLP
200 Strand
London, WC2R 1DJ

REGISTRARS:

Share Registrars Limited
Suite E, First Floor
9 Lion & Lamb Yard
Farnham GU9 7LL

W RESOURCES PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012

CHAIRMAN'S STATEMENT

During 2012, W Resources Plc ("the Company"), formerly Caspian Holdings Plc, made the successful transition into a tungsten exploration and development company with projects in Spain and Portugal

With the completion of the acquisition of Iberian Resources Spain SL ("IRS") in December 2011 and Australian Iron Ore Plc ("AIO") and its 100% owned subsidiary Iberian Resources Portugal Unipessoal, Lda. ("IRP") on 4 July 2012, the Company has added the following projects

- La Parrilla (Spain) comprising a tungsten tailings deposit and a tungsten mine project
- Régua (Portugal): a permit for the exploration of the Régua tungsten deposit located 400 km North of Lisbon and 95 km East of Porto in the municipality of the town of Armamar
- Tarouca (Portugal) a permit for the exploration of the Tarouca tungsten and tin project, located some 140 km East of the city of Porto
- Portalegre (Portugal) two gold exploration licences, São Martinho and Crato Assumar Arronches, near the town of Portalegre (Northern Alentejo), around 200 km East of Lisbon

SPAIN

La Parrilla Tailings Deposit

The Company progressed at La Parrilla tailings project during 2012, and received a positive assessment report on the project from the Department of Environment in October. Documentation for the definition of the industrial process to treat the coarse tailings, required to obtain the final approval from all relevant authorities, was subsequently submitted to the Mining Department of the Regional Authority of the Junta de Extremadura

Final approval by the Mining Department of the regional authority of the Junta de Extremadura was awarded on 22 January 2013

The Company is targeting first production in the second half of 2013. Annual plant feed is expected to be 330,000 tonnes and annual production is anticipated to be 28,000 MTU Tungsten (W) and 26 tonnes Tin (Sn), providing an expected annual revenue of over €7 million per annum at current tungsten and tin prices

La Parrilla Mine Project

During 2012 the Company completed a successful drilling programme at La Parrilla Mine project. Initial drilling results exceeded original expectations thus leading to an extended drilling programme. In total eleven holes were drilled and assayed which delineated a larger project area

In February 2013, the Company appointed Golder Associates to complete an updated Australasian Joint Ore Reserves Committee ("JORC") compliant resource estimate which is expected to be completed at the end of Q2 2013

The Company has an exclusive option on the La Parrilla Mine, which it can exercise by completing a series of staged option payments amounting to €2.95 million, payable in tranches over three years

PORTUGAL

Régua

The positive results of a successful diamond drilling campaign at the Régua tungsten deposit in 2011 added to the results of previous diamond drilling campaigns in 1985 and in 2008. As a result, in association with Golder Associates, the Company increased its previous resource estimate by 30% in 2012. The project has a JORC compliant resource estimate of 4.46 million tonnes grading 0.308% WO₃ (tungsten tri-oxide) at a cut-off of 0.10% WO₃. The deposit has not been previously mined and is located close to infrastructure with good road access

On the strength of this significant resource estimate, the Company appointed Golder Associates to prepare a Conceptual Mine study for the deposit and in 2013 the Company will apply for a three-year Trial Mining Licence

Tarouca

The Tarouca exploration licence was awarded to IRP on 23 March 2012. The licence covers former tungsten and tin mines located 140 km East of Porto

W RESOURCES PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2012
CHAIRMAN'S STATEMENT (Continued)

Geological mapping of this area is ongoing and satellite images have been obtained, documents relating to the previous mining activities have been located and the dumps have been systematically sampled. A detailed trenching and sampling programme will be carried out in 2013.

Portalegre

At the Company's São Martinho gold exploration project, a reverse circulation drilling programme was carried out in 2012 with 18 holes drilled for a total of 1,600 metres. The initial results are very encouraging, intersecting gold grades above 1 gramme per tonne at shallow depths, which indicates the potential for an open pit deposit close to surface.

The Crato Assumar Arronches exploration project, which surrounds the São Martinho area, was awarded to IRP on 23 March 2012. The detailed mapping of this area is in progress and it will be supplemented with stream & sediment soil sampling, a planned 1,000 metres of trenching, and a planned 500 metre drilling programme.

The Company intends to apply for the combination of the two above Portalegre exploration licences.

Black Gold of Kentucky

W holds a 50% interest in Black Gold of Kentucky Inc. at the Barnett Lease in Southern Kentucky, USA, which continued with limited production during 2012. Shareholders reviewed the operating performance of the asset during the year and decided to cease running the wells due to low operating margin. Although there are no liabilities, the value of assets is negligible and an impairment adjustment was made at 31 December 2012 to write down the value of this investment to zero.

Finance

The Company successfully raised £1,531,988 via three capital placements for cash in 2012. The net proceeds were used to provide additional working capital.

The Company recorded a loss after taxation of £405,224 in 2012 compared to £86,593 in 2011. The increase in the loss after taxation was a result of the increase in administration costs to cover the larger scale of operations in Portugal and Spain and the impairment (write-off) of the Company investment in Black Gold of Kentucky, which covered a 50% interest in a small Kentucky oil field. The write-off reflects the Company's focus on tungsten and gold and the limited potential of the Barnett lease, which was held by Black Gold.

Subsequent to the reporting date, the Company completed three separate share placements raising £2,301,000 before expenses. These placements will allow W to accelerate the programme of works across our tungsten and gold portfolio.

Outlook

Looking forward into 2013, the Company is focussed on two key objectives:

- Achieve the successful first tungsten production from the La Parrilla Tailings project
- To continue the evaluation of the portfolio of exploration projects in Spain and Portugal

Achieving these two goals is expected to significantly enhance the value of the Company and provide the base for further growth through new projects.

I would like to take this opportunity to thank my colleagues on the Board and the committed W team members for their dedicated work and enthusiasm during 2012. I look forward to another exciting year ahead for the Company.



Mr M Masterman
Chairman
W Resources Plc

24 April 2013

W RESOURCES PLC
REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors present their report with the financial statements of the Company and the Group for the year ended 31 December 2012

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of tungsten exploration and development through its 100% subsidiary Iberian Resources Spain. It also acquired 100% of the share capital of Australian Iron Ore Plc and its 100% subsidiary, Iberian Resources Portugal, on 4 July 2012, whose principal activity is that of tungsten exploration and development.

REVIEW OF BUSINESS

The Company changed its name from Caspian Holdings Plc to W Resources Plc on 12 July 2012.

The results for the year and the financial position of the Group and the Company at the year end are as shown in the annexed financial statements.

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

DIVIDENDS

No dividend will be distributed for the year and the retained loss transferred to reserves for the year will be £405,224.

DIRECTORS

The Directors during the year under review were

M G Masterman	-	Chairman
M V Garland	-	Non-Executive Director
Dr B Pirola	-	Non-Executive Director

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Michael Masterman

Chairman

Michael has a strong track record in establishing and building new resources companies and in raising project finance, having spent 9 years at McKinsey and Company serving major international resources companies principally in the area of strategy and development. In 1996 he joined Anaconda Nickel, now Minara Resources, as Executive Director and Chief Financial Officer. Michael and the rest of the Executive team were responsible for transforming Anaconda into a major nickel producer with the (US) \$1 billion Murrin Murrin project in Western Australia. In 2002 he joined Northsun Italia S.p.A. and related companies were listed on the ASX as Po Valley Energy Ltd ("PVE") of which he is currently the Deputy Chairman and a major shareholder. Michael resigned as CEO from PVE in October 2010 to take on an Executive role with Fortescue Metals Group Limited as General Manager of Magnetite based in the Asia region.

Michael Garland

Non-Executive Director

Michael held the position of Commercial Manager for Tullow Oil Plc and Commercial Director at Star Energy Group before becoming a Director of W Resources Plc. At Wood Gundy Inc, Michael was involved in the early UK Government privatisations and set up the Australian desk to market the bank's products to Australian companies. When Wood Gundy Inc was acquired by the Canadian Imperial Bank of Commerce he was involved in many aspects of the European and North American capital markets but primarily with marketing of the bank's capital market products to government and semi-government organisations within Europe. A co-founder of Dominion Petroleum Limited, Michael held the position of Chief Executive Officer within the Company until 2008 before taking the role of Chief Executive Officer of Atacama Metals Group, which is developing a large copper/gold/silver mine in the Atacama Desert in Chile.

W RESOURCES PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)**

Byron Pirola

Non-Executive Director

Director of Port Jackson Partners Limited, a Sydney based strategy management consulting firm. Prior to joining Port Jackson Partners in 1992, Byron spent 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.

Director's Remuneration

The Directors waived their fees for the year under review.

Directors Service Contracts

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

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

RETIREMENT BY ROTATION

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

THE AUDIT COMMITTEE

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

SIGNIFICANT SHAREHOLDERS

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

<u>Shareholders</u>	<u>Shares</u>	<u>Percent</u>
M Masterman *	535,565,637	29.54
H Gibson *	207,278,702	11.43
Beronia Investments Pty Ltd (Dr B Pirola) **	127,459,749	7.03
M Garland	74,902,563	4.13
C Hall	62,500,000	3.45

* Related party

** Includes related party interests

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 is currently composed of three members, one Executive Director and two Non-Executive Directors including the Chairman, Michael Masterman (Executive Director), who has a wealth of minerals exploration and development experience, the Non-Executive Directors similarly have a wealth of experience either in the minerals industry or in finance and corporate development.

The structure of the Board ensures that no one individual or Group dominates the decision-making process.

W RESOURCES PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)**

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 of its 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 and chaired by Byron Pirola, Non-Executive Director, meets at least once a year and is responsible for making recommendations to the Board of Directors, on senior Executives' remuneration. Non-Executive Directors' remuneration and conditions of engagement are considered and agreed by the Board. Financial packages for Executive Directors are established by reference to prevailing market conditions and performance of each Executive Director.

INTERNAL CONTROLS

The Directors acknowledge their responsibility for the Company's system of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for external publication. Since the Company was formed, the Directors have been satisfied that, given the current size and activities of the Company, adequate internal controls have been established. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

ENVIRONMENTAL RESPONSIBILITY

The Company recognises its role as a mining and exploration company and is aware of the potential impact that its subsidiary company may have on the environment. The Company ensures that its subsidiary company complies with the local regulatory requirements with regard to the environment.

RELATIONS WITH SHAREHOLDERS

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

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

SUPPLIER PAYMENT POLICY

It is the Company's policy to settle the terms of payment with suppliers when agreeing terms of the transaction, to ensure that suppliers are aware of these terms and to abide by them.

EVENTS SINCE THE BALANCE SHEET DATE

Since the Balance Sheet date a total of 231,121,115 shares have been issued in three tranches:

- On 5 February 2013, 122,642,855 Ordinary 0.1p shares were issued at a premium of 0.6p per share raising £858,500
- On 26 February 2013, 43,478,260 Ordinary 0.1p shares were issued at a premium of 1.05p per share raising £500,000
- On 24 April 2013, 65,000,000 Ordinary 0.1p Shares were issued at a premium of 1.35p per share raising £942,500

W RESOURCES PLC

REPORT OF THE DIRECTORS **FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)**

FINANCIAL RISK, MANAGEMENT OBJECTIVES AND POLICIES

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

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

Price Risk

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

Liquidity Risk

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

Currency Risk

The Group principally operates in £ and €. It does not currently consider the risk of exposure to be material. As such the Directors do not currently consider it necessary to enter into forward exchange contracts. This situation is monitored on a regular basis.

GOING CONCERN

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

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 for use in 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, 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.

W RESOURCES PLC

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2012 (Continued)

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Group's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of that information

AUDITORS

The auditors, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD:



Mr M Masterman
Chairman
W Resources Plc

24 April 2013

W RESOURCES PLC

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

We have audited the financial statements of W RESOURCES PLC for the year ended 31 December 2012 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Statements of Financial Position, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated and Parent Company Statements of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 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.

Respective responsibilities of Directors and auditors

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

Scope of the audit

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2012 and of the Group's loss for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion

- the information given in the Director's Report for the financial year for which the consolidated financial statements are prepared is consistent with the consolidated financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following

Under the Companies Act 2006 we are required to report to you if, in our opinion,

- adequate accounting records have not been kept, 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.

Rowan J. Palmer (Senior statutory auditor)

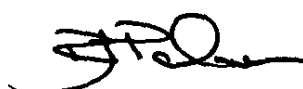
For and on behalf of Chapman Davis LLP, Statutory Auditor

Chartered Accountants

Chapman Davis LLP

2 Chapel Court

London SE1 1HH



24 April 2013

W RESOURCES PLC

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
CONTINUING OPERATIONS			
Revenue		—	—
Cost of Sales		—	—
GROSS LOSS		—	—
Administrative expenses		<u>(294,227)</u>	<u>(93,004)</u>
OPERATING LOSS		<u>(294,227)</u>	<u>(93,004)</u>
Negative Goodwill on Acquisition of Subsidiary	8	-	106,033
Impairment of Associate	8	<u>(110,997)</u>	<u>(99,622)</u>
LOSS BEFORE INCOME TAX	4	<u>(405,224)</u>	<u>(86,593)</u>
Income tax	5	—	—
LOSS FOR THE YEAR		<u>(405,224)</u>	<u>(86,593)</u>
Loss attributable to Owners of the parent		<u>(405,224)</u>	<u>(86,593)</u>
Earnings per share expressed in pence per share	7		
Basic		(0 03)	(0 01)
Diluted		<u>(0.03)</u>	<u>(0.01)</u>
LOSS FOR THE YEAR		<u>(405,224)</u>	<u>(86,593)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(405,224)</u>	<u>(86,593)</u>
Total comprehensive income attributable to Owners of the parent		<u>(405,224)</u>	<u>(86,593)</u>
Non-controlling interests		—	—

W RESOURCES PLC
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
ASSETS			
NON-CURRENT ASSETS			
Investment in Associate	8	-	100,000
Intangible Fixed Assets	9	2,548,284	825,000
Tangible Fixed Assets	10	<u>14,701</u>	<u>7,000</u>
		2,562,985	932,000
CURRENT ASSETS			
Trade and other receivables	11	161,477	30,475
Cash and cash equivalents	12	<u>673,293</u>	<u>221,393</u>
		<u>834,770</u>	<u>251,868</u>
TOTAL ASSETS		<u>3,397,755</u>	<u>1,183,868</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	1,581,924	811,446
Share premium		12,292,504	11,244,215
Retained earnings		(11,837,107)	(11,431,883)
Merger Reserve		<u>909,165</u>	<u>385,020</u>
TOTAL EQUITY		<u>2,946,486</u>	<u>1,008,798</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	<u>451,269</u>	<u>175,070</u>
TOTAL LIABILITIES		<u>451,269</u>	<u>175,070</u>
TOTAL EQUITY AND LIABILITIES		<u>3,397,755</u>	<u>1,183,868</u>

The financial statements were approved by the Board of Directors on 24 April 2013 and were signed on its behalf by

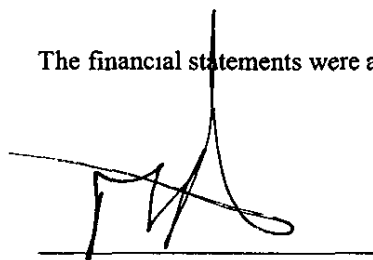


Mr M Masterman
Chairman
W Resources Plc

W RESOURCES PLC
COMPANY STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
ASSETS			
FIXED ASSET INVESTMENTS	8	<u>1,520,430</u>	712,530
CURRENT ASSETS			
Trade and other receivables	11	1,044,801	115,072
Cash and cash equivalents	12	<u>497,096</u>	<u>220,875</u>
		<u>1,541,897</u>	<u>335,947</u>
TOTAL ASSETS		<u>3,062,327</u>	<u>1,048,477</u>
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	1,581,924	811,446
Share premium		12,292,504	11,244,215
Retained earnings		(11,861,533)	(11,537,916)
Merger Reserve		<u>909,165</u>	<u>385,020</u>
TOTAL EQUITY		<u>2,922,060</u>	<u>902,765</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	<u>140,267</u>	<u>145,712</u>
TOTAL LIABILITIES		<u>140,267</u>	<u>145,712</u>
TOTAL EQUITY AND LIABILITIES		<u>3,062,327</u>	<u>1,048,477</u>

The financial statements were approved by the Board of Directors on 24 April 2013 and were signed on its behalf by



Mr M Masterman
Chairman
W Resources Plc

W RESOURCES PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2012

	Called up share capital £	Profit and loss account £	Share premium £	Merger Reserve £	Total Equity £
Balance at 1 January 2011	446,067	(11,345,290)	11,064,419	—	165,196
Changes in equity					
Issue of share capital	365,379	—	179,796	385,020	930,195
Total comprehensive income	—	(86,593)	—	—	(86,593)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2011	<u>811,446</u>	<u>(11,431,883)</u>	<u>11,244,215</u>	<u>385,020</u>	<u>1,008,798</u>
Changes in equity					
Issue of share capital	770,478	—	1,048,289	524,145	2,342,912
Total comprehensive income	—	(405,224)	—	—	(405,224)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2012	<u>1,581,924</u>	<u>(11,837,107)</u>	<u>12,292,504</u>	<u>909,165</u>	<u>2,946,486</u>

W RESOURCES PLC

COMPANY STATEMENT OF CHANGES IN EQUITY
AT 31 DECEMBER 2012

	Called up share capital £	Profit and loss account £	Share premium £	Merger Reserve £	Total Equity £
Balance at 1 January 2011	446,067	(11,345,290)	11,064,419	-	165,196
Changes in equity					
Issue of share capital	365,379	-	179,796	385,020	930,195
Total comprehensive income	-	(192,626)	-	-	(192,626)
Balance at 31 December 2011	<u>811,446</u>	<u>(11,537,916)</u>	<u>11,244,215</u>	<u>385,020</u>	<u>902,765</u>
Changes in equity					
Issue of share capital	770,478	-	1,048,289	524,145	2,342,912
Total comprehensive income	-	(323,617)	-	-	(323,617)
Balance at 31 December 2012	<u>1,581,924</u>	<u>(11,861,533)</u>	<u>12,292,504</u>	<u>909,165</u>	<u>2,922,060</u>

W RESOURCES PLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Cash flows from operating activities			
Cash absorbed by operations	1	<u>(1,197,244)</u>	<u>(82,097)</u>
Cash flows from investing activities			
Cash acquired on Acquisition of Subsidiary		182,629	519
Investment in associates and subsidiary		<u>(10,997)</u>	<u>—</u>
Net cash from investing activities		<u>171,632</u>	<u>519</u>
Cash flows from financing activities			
Share Placements		<u>1,477,512</u>	<u>288,495</u>
Net cash from financing activities		1,477,512	288,495
Increase in cash and cash equivalents		<u>451,900</u>	<u>206,917</u>
Cash and cash equivalents at beginning of year		<u>221,393</u>	<u>14,476</u>
Cash and cash equivalents at end of year		<u>673,293</u>	<u>221,393</u>

W RESOURCES PLC

COMPANY STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
Cash flows from operating activities			
Cash absorbed by operations	1	(1,201,291)	(82,096)
Cash flows from financing activities			
Share Placements		<u>1,477,512</u>	<u>288,495</u>
Net cash from financing activities		<u>1,477,512</u>	<u>288,495</u>
		276,221	206,399
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		<u>220,875</u>	<u>14,476</u>
Cash and cash equivalents at end of year		<u>497,096</u>	<u>220,875</u>

W RESOURCES PLC

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2012

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

	2012 £	2011 £
<u>GROUP</u>		
Loss before income tax	(405,224)	(86,593)
Depreciation	7,072	-
Impairment of Associate	110,997	99,622
Exchange difference	187	(624)
Negative Goodwill on acquisition of subsidiary	-	(106,033)
Performance Related Share Award	57,500	-
	<u>(229,468)</u>	<u>(93,628)</u>
Acquisitions of Intangible Fixed Assets	(923,806)	-
(Increase) in trade and other receivables	(131,002)	(2,466)
Payable on acquisition of subsidiary	-	(70,830)
Increase in trade and other payables	<u>87,032</u>	<u>84,827</u>
Cash absorbed by operations	<u>(1,197,244)</u>	<u>(82,097)</u>
<u>COMPANY</u>		
Loss before Income Tax	(323,617)	(192,626)
Impairment of Associate	110,997	99,622
Performance Related Share Award	57,500	-
	<u>(155,120)</u>	<u>(93,004)</u>
(Increase) in Trade and other receivables	(1,040,726)	(11,421)
Payable on acquisition of subsidiary	-	(70,830)
Increase/(Decrease) in Trade and other payables	<u>(5,445)</u>	<u>93,159</u>
Cash absorbed by operations	<u>(1,201,291)</u>	<u>(82,096)</u>

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES

Accounting judgements and estimation uncertainty

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Information about significant areas of estimation uncertainty that have the most significant effect on the amounts recognised in the financial statements are described within the relevant accounting policies.

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company, Caspian USA Inc (a subsidiary although that company did not trade during the year under review), Iberian Resources Spain SL, and Australian Iron Ore Plc, a Group acquired on 4 July 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so to obtain benefits from its activities. The financial statements of the subsidiary is included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint operations are activities where the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the entities' assets, liabilities, revenue and expenses with items of similar nature on a line by line basis, from the date that joint control commences until joint control ceases.

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

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

Presentation of financial statements

The Group applies revised IAS 1, "Presentation of Financial Statements" which became effective as of 1 January 2009. 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 income 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 2012 are presented in the functional currency, sterling "£".

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 24 April 2013.

Statement of compliance

Both the parent company financial statements and the Group financial statements have been prepared and approved by the Directors in accordance with international Financial Reporting Standards and their interpretation as adopted by the EU ("adopted IFRS").

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 DECEMBER 2012**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared on the historical cost basis with the exception of other financial assets which are stated at their fair value at the period end

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

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 balance sheet date

Foreign currencies

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

Going Concern

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

New standards and interpretations not yet adopted

The adoption of new standards, where relevant, has had no impact on the reported results nor the financial position of the Group. Those which may have significant effect on the financial statements are

- IFRS 9 (applicable January 2013)

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 commerciality of the relevant field. Directly attributable costs not specific to any particular licence or prospect are expensed as incurred.

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

If prospects are deemed to be impaired ("unsuccessful") on completion of evaluation, the associated costs are charged to the income statement. If the field is determined to be commercially viable, the attributable costs are transferred. Oil and Gas Properties in single field cost centres. These costs are then amortised on a unit of production basis

Segmental Reporting

The Groups results and Net Assets are split geographically between Iberia (Spain and Portugal), the United Kingdom and the United States of America

All costs relate to Mineral Exploration and Corporate costs, therefore no further categorisation is required.

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

2. SEGMENTAL REPORTING

2012	£	£	£	£
		<u>Corporate</u>	<u>Mineral Exploration</u>	<u>Total</u>
By Business Segment				
Loss for the year		<u>(234,799)</u>	<u>(170,425)</u>	<u>(405,224)</u>
Balance Sheet – Segment assets		509,068	2,888,687	3,397,755
Segment liabilities		<u>(37,134)</u>	<u>(414,135)</u>	<u>(451,269)</u>
Net Assets		<u>471,934</u>	<u>2,474,552</u>	<u>2,946,486</u>
By Geographical Sector	<u>USA</u>	<u>Iberia</u>	<u>UK & Corporate</u>	<u>Total</u>
Loss for the year	<u>(110,997)</u>	<u>(59,428)</u>	<u>(234,799)</u>	<u>(405,224)</u>
Balance Sheet – Segment assets				
– Intangibles	-	2,548,284	-	2,548,284
– Other	-	340,403	509,068	849,471
– Segment liabilities	-	<u>(414,135)</u>	<u>(37,134)</u>	<u>(451,269)</u>
Net Assets	=	<u>2,474,552</u>	<u>471,934</u>	<u>2,946,486</u>
2011			<u>Mineral</u>	
		<u>Corporate</u>	<u>Exploration</u>	<u>Total</u>
By Business Segment				
(Loss)/Profit for the year		<u>(93,004)</u>	<u>6,411</u>	<u>(86,593)</u>
Balance Sheet – Segment assets		227,618	956,250	1,183,868
– Segment liabilities		<u>(145,712)</u>	<u>(29,358)</u>	<u>(175,070)</u>
Net Assets		<u>81,906</u>	<u>926,892</u>	<u>1,008,798</u>
By Geographical Sector	<u>USA</u>	<u>Iberia</u>	<u>UK & Corporate</u>	<u>Total</u>
(Loss)/Profit for the year	<u>(99,622)</u>	<u>106,033</u>	<u>(93,004)</u>	<u>(86,593)</u>
Balance Sheet – Segment assets				
– Intangibles	-	825,000	-	825,000
– Other	100,000	31,250	227,618	358,868
– Segment liabilities	=	<u>(29,358)</u>	<u>(145,712)</u>	<u>(175,070)</u>
Net Assets	<u>100,000</u>	<u>826,892</u>	<u>81,906</u>	<u>1,008,798</u>

3. EMPLOYEES AND DIRECTORS

	2012	2011
	£	£
Wages and salaries	-	-
The average monthly number of employees including Directors during the year was as follows		
Management & Administration	5	4
Director's remuneration	-	-

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

4. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging

	2012 £	2011 £
Auditors Remuneration	<u>12,000</u>	<u>15,000</u>

5. INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2012 nor for the year ended 31 December 2011

The difference between the effective provision for tax and statutory tax provision at the statutory rate is reconciled as follows -

	2012 £	2011 £
Loss on Ordinary Activities before Tax	<u>(405,224)</u>	<u>(86,593)</u>
Corporation Tax @ 24%	(97,254)	(22,514)
Timing Differences		
Effect of Benefit of losses brought forward	<u>(2,995,986)</u>	<u>(2,973,472)</u>
Effect of Benefit of losses carried forward	<u>(3,093,240)</u>	<u>(2,995,986)</u>

6. LOSS OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the financial year was £323,617 (2011 – £192,626)

7. LOSS PER SHARE

Basic earnings 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

Reconciliations are set out below

	Earnings £	2012 Weighted average number of shares	Per-share amount pence
Basic EPS			
Earnings attributable to ordinary shareholders			
Effect of dilutive securities	(405,224)	1,177,957,816	(0.03p)
Diluted EPS			
Adjusted earnings	<u>(405,224)</u>	<u>1,177,957,816</u>	<u>(0.03p)</u>

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

	Earnings £	2011 Weighted average number of shares	Per-share amount pence
Basic Loss per share			
Earnings attributable to ordinary shareholders	(86,593)	461,843,544	(0 01p)
Effect of dilutive securities	—	—	—
Diluted Loss per share	(86,593)	461,843,544	(0 01p)
Adjusted earnings	—	—	—

8. INVESTMENT IN ASSOCIATED UNDERTAKINGS

The Group or the Company's investments at the balance sheet date in the share capital of companies include the following

Group	2012 £	2011 £
COST		
At 1 January 2012	100,000	198,998
Additions	10,997	-
Impairments	(110,997)	(99,622)
Exchange movement	-	624
At 31 December 2012	<u>-</u>	<u>100,000</u>
NET BOOK VALUE		
At 31 December 2012	<u>-</u>	<u>100,000</u>
At 31 December 2011	<u>100,000</u>	<u>198,998</u>
Company		
	2012 £	2011 £
Brought Forward	712,530	-
Additions during the year at Fair Value	807,900	712,530
At 31 December 2012	<u>1,520,430</u>	<u>712,530</u>

Analysis of Net Assets Acquired of Australian Iron Ore Plc Group at Historic Cost

	<u>Historic Cost</u>	<u>Fair Value</u>
Intangible Assets	542,230	799,478
Tangible Fixed Assets	14,960	14,960
Other Debtors	20,265	20,265
Cash at Bank	182,629	182,629
Trade Creditors	(107,587)	(107,587)
Other Creditors	(101,845)	(101,845)
Total Acquisition Cost	<u>£550,652</u>	<u>£807,900</u>

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

8. INVESTMENT IN ASSOCIATED UNDERTAKINGS continued

The acquisition cost consisted of the issue of 269,300,000 Ordinary 0 1p shares at a premium of 0 29p per share totalling €1,000,000 (£807,900)

Subsidiaries – Directly Held	Holding %	2012 £	2011 £
Caspian USA Inc			
Country of incorporation United States of America			
Nature of business Oil Exploration			
Class of Shares Ordinary	100		
Aggregate capital and reserves		<u>—</u>	<u>100,000</u>
Iberian Resources Spain SL			
Country of incorporation Spain			
Nature of business Exploration and development of tungsten mining			
Class of Shares Ordinary	100		
Aggregate capital and reserves		<u>97,436</u>	<u>147,544</u>
Australian Iron Ore Plc (Group) (Acquired 4 July 2012)			
Country of Incorporation United Kingdom			
Nature of business Exploration and development of tungsten mining			
Class of Shares Ordinary	100		
Aggregate capital and reserves		<u>781,309</u>	<u>N/A</u>

Subsidiaries – Indirectly held

Iberian Resources Portugal LDA			
Country of Incorporation Portugal			
Nature of business Mineral Exploration			
Aggregate capital and reserves		<u>660,056</u>	<u>N/A</u>

The Company is 100% owned by Australian Iron Ore Plc

Associate	Holding %	2012 £	2011 £
Black Gold of Kentucky Inc			
Country of incorporation United States of America			
Nature of business Oil Exploration			
Class of Shares Ordinary	50 00		
Aggregate capital and reserves		<u>—</u>	<u>100,000</u>

Black Gold of Kentucky Inc is an associated undertaking of Caspian USA Inc

9. INTANGIBLE FIXED ASSETS

<u>GROUP</u>	2012 <u>Cost and Fair Value</u>	2011
Brought forward	825,000	-
Additions on Acquisition of Subsidiary	799,478	825,000
Additions since Acquisition	923,806	-
	<u>2,548,284</u>	<u>825,000</u>
Net Book Value at 31 December 2012	<u>2,548,284</u>	<u>825,000</u>

The above represents capitalised testing works and concessions costs acquired

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

10. TANGIBLE FIXED ASSETS

<u>GROUP</u>	2012	2011
	<u>Cost</u>	<u>Cost</u>
	<u>And Value</u>	<u>And Value</u>
<u>Plant and Machinery</u>		
Brought forward	7,000	–
Additions during the year on Acquisition of Subsidiary	14,960	7,000
Translation Adjustment	(187)	–
Depreciation Charge for Year	(7,072)	–
Net Book Value 31 December 2012	<u>14,701</u>	<u>7,000</u>

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Current				
Amounts owed by Group Undertakings	–	–	1,036,637	108,329
VAT and other receivables	155,628	26,137	2,315	2,406
Prepayments	<u>5,849</u>	<u>4,338</u>	<u>5,849</u>	<u>4,337</u>
	<u>161,477</u>	<u>30,475</u>	<u>1,044,801</u>	<u>115,072</u>

12. CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consist of balances held in the Company bank accounts

13. CALLED UP SHARE CAPITAL

Allotted and issued				
Number	Class	Nominal Value	2012	2011
			£	£
1,581,922,123	Ordinary	0 1p	<u>1,581,924</u>	<u>811,446</u>

483,175,637 Ordinary shares of 0 1p were issued during the year for cash as follows

- On 21 February 2012 153,333,333 Ordinary Shares of 0 1p were issued at a premium of 0 2p raising £460,000
- On 21 July 2012 135,107,691 Ordinary Shares of 0 1p were issued at a premium of 0 225p raising £438,750
- On 8 November 2012 194,734,613 Ordinary Shares of 0 1p were issued at a premium of 0 225p raising £633,000
- 269,300,000 Ordinary shares of 0 1p were issued in respect of the acquisition of Australian Iron Ore Plc
- 18,000,000 Ordinary Shares of 0 1p were issued in respect of Performance Bonuses

W RESOURCES PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2012

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Current				
Amounts due to Group Undertakings	-	-	106,633	-
Trade creditors	289,510	59,002	22,155	48,861
Accruals and deferred income	17,125	11,030	11,479	11,030
Taxation	68,926	-	-	-
Directors' loan accounts	-	14,991	-	14,991
Other Creditors	<u>75,708</u>	<u>90,047</u>	<u>-</u>	<u>70,830</u>
	<u>451,269</u>	<u>175,070</u>	<u>140,267</u>	<u>145,712</u>

15. RELATED PARTIES

The balance owed to M. Masterman at the start of the year was £14,991. The loan was a short term advance to the Company for working capital purposes and attracted no interest. This has been repaid in the year.

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

M Masterman	150,034,615	(15,384,615 Placing and 134,650,000 Acquisition of Australian Iron Ore Plc)
M Garland	30,769,230	
B Pirola	46,153,845	

On 4 July 2012 the Company acquired Australian Iron Ore Plc, a company previously 50% owned by Mr M Masterman and 50% owned by Mrs H Gibson (a related party of Mr M Masterman).

16. EVENTS AFTER THE BALANCE SHEET DATE

Since the Balance Sheet, share placements have been made for 231,121,115 ordinary 0.01p shares, raising £2,301,000 before expenses.