



# W Resources Plc

## La Parrilla Tungsten Tin Mine



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Technical information in this presentation has been prepared and approved for inclusion by Mr Fernando de la Fuente, who is a “qualified person” in respect of the AIM Rules for Companies with over 43 years experience in the Exploration and Mining Geology industry. Mr de la Fuente holds a [B.Sc.](#) in Geology and a MSc in Geology from the University of Granada in Spain. He is also a member of the Spanish College of Geologists (Number 49), the Spanish Society of Mineralogy, founder member of the Spanish Society of Geology, member of the Spanish Association of Applied Geology to Mineral Deposits, member of the Society for Mining, Metallurgy and Exploration, Inc., member of PDAC.

Some of the technical information contained in the W Resources Plc August 2017 Presentation was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.



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# Description of the Project

## Company overview:

- W Resources Plc (“WRES” or the “Company”) is a London Stock Exchange listed company focused on the operation, development, and exploration of its tungsten assets in Spain and Portugal
- WRES is developing a large scale expansion of the La Parrilla open-pit tungsten and tin mine (the “Project”) near Merida, Spain and will adopt a staged expansion approach. The Project will begin production at 2,700 tonnes(“t”) of tungsten concentrate in the “T2 phase” and will increase production to >4,000t in the “T3.5 phase” with a planned mine life of 6 years
- The Project will become one of the few mines outside China with a production capacity greater than 3,000tpa tungsten concentrate and will be the largest tungsten mine in Europe
- All regulatory permits are in place
  - Environmental Impact Assessment (“EIA”) approval received in 2015
  - Mining lease fully granted
  - All regulatory approvals are in place for the Fast Track Mine (“FTM”)
- The Project is in an excellent location with established infrastructure in place including roads, water and power:
  - Long lead-time items (jig and mill) have been ordered
  - 7km from the Lisbon / Madrid highway
  - Access to quality water supply and connected to the power grid
  - Facilities and on-site laboratory operational
  - Free trade access to major customers and short trucking distance from Atlantic & Mediterranean ports
- The capital expenditures for this Project is vastly lower than the \$547 / mtu (“MTU”) average for the tungsten project universe. The low capex is driven by the excellent infrastructure and the requirement for only a simple, low-cost gravity separation plant
- The operating cost of the Project is in the bottom quartile of the global tungsten cost curve at US\$94 / mtu. The current WO<sub>3</sub> concentrate price is US\$200 / mtu assuming a 20% discount of tungsten APT price of US\$250 / mtu resulting in a high margin operation
- The Company is contracted on a Design and Construct (“D&C”) basis with Allmineral for 50% of the processing plant cost. The D&C contract has a fixed price and schedule and has far more flexibility on specifications than an EPC contract. The Company is also contracted with Metso Oyj (“Metso”), a billion dollar publicly traded global firm to provide the Crusher equipment
- The Company are in advanced negotiations for offtake contracts with two investment grade publicly traded firms for 80% of production
- Construction time will be approximately 12 months with forecasted production commencing in Q4-2018

## Financing proposal:

- W Resources is seeking to raise a US\$30 million Term Loan to fund the capital expenditures for the T2 phase, including remaining mining and processing plant equipment costs, construction of tailings and supporting infrastructure, and associated Engineering, Procurement, and Construction Management (“EPCM”) activities and contingencies



# Overview

(\$ in millions)

- W Resources is seeking to raise a US\$30 million Term Loan to fund the capital expenditures for the T2 phase, including remaining mining and processing plant equipment costs, construction of tailings and supporting infrastructure, and associated EPCM activities and contingencies

Sources of Funds		Uses of Funds		Capitalization	Pro Forma
New Term Loan	\$ 30.0	Capital Expenditures	\$ 25.5	Cash	\$ -
		Interest During Construction	3.0		
		Fees and Expenses	1.5	New Term Loan	30.0
				<b>Total Debt</b>	<b>\$ 30.0</b>
				Total Shareholder's Equity	16.0
<b>Total Sources of Funds</b>	<b>\$ 30.0</b>	<b>Total Uses of Funds</b>	<b>\$ 30.0</b>	<b>Total Capitalization</b>	<b>\$ 46.0</b>



# Tungsten Product Overview

## Properties

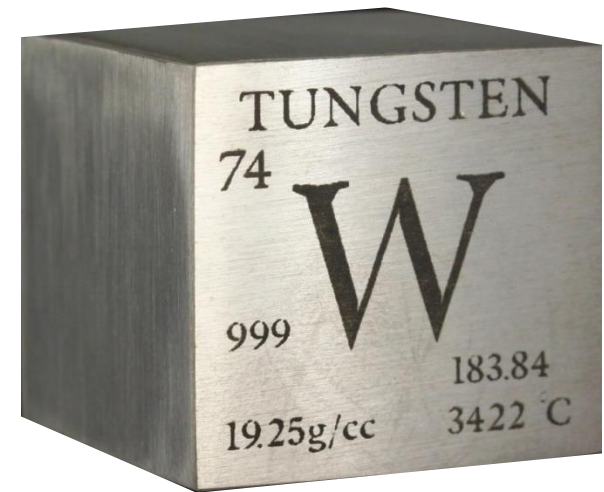
- Solid at room temperature
- Highest tensile strength of any naturally occurring metal
- Highest melting point and lowest vapour pressure of any naturally occurring metal
- One of the hardest man made materials when mixed with carbon to form cemented tungsten carbide. Only diamond is harder
- Highly resilient to attack by acids

## Uses

- Primarily used to make tungsten carbide for cutting tools such as drill bits and machining tools
- The auto industry is a heavy user from studs on tires, to ball joints, brakes, crank shafts in performance vehicles, and other mechanical parts of a vehicle that sees hard usage
- Alloying additions to steelmaking to produce incredibly strong steel alloys
- Lighting filaments, electrodes, and various electrical and electronic applications
- Tungsten chemicals are used in the oil, lubricants, mining, electronics and medical industries, etc, for example, tungsten sulfide is a high-temperature lubricants

## Nomenclature

- 1 mtu = 10kg of tungsten concentrate
- APT (ammonium para tungstate) is priced in terms of \$/mtu of %WO<sub>3</sub>



**Tungsten**



# Key Investment Highlights

## Favourable Geology and Proven Metallurgy

- Coarse mineralization aiding high metal recoveries and permitting ease of waste removal from the ore at > 12mm
- Ore-waste boundaries easily visible in the pit – tungsten hosted in quartz veins within soft shale host rock
- Demonstrated track record of high recovery of  $WO_3$  – 7Mt ore mined between 1968 and 1987

## Low Cost Producer

- Life-Of-Mine (“LOM”) all in cash cost of US\$94 / mtu<sup>(1)</sup> – located at the first quartile of the global tungsten producers’ cost curve
- 50%< lower than the current  $WO_3$  concentrate price of US\$200 / mtu<sup>(2)</sup>
- High grade ore at surface with higher tin grade in first 3 years boosts early cash flow

## Strong Offtake Agreements with Investment Grade Companies

- The Company is in advanced negotiations for offtake contracts with two investment grade publicly traded firms for 80% of production
- Offtaker (A) engages in the development, manufacture, and sale of tools, equipment, and tooling systems for the mining and construction industries
- Offtaker (B) engages in the manufacture and supply of tooling, engineered components and advanced materials that are consumed in production processes

## Existing Infrastructure and Regulatory Approvals in Place

- Existing plant, site offices, and tailings ponds
- Situated on relatively flat ground with sufficient real-estate for all required LOM infrastructure
- Connected to grid power and water and 7km from four-lane Seville-Madrid highway
- Mining lease fully granted – expires in 2068
- Environmental Impact Assessment approval received in 2015

## Industry Leading Equipment Suppliers

- The Company has agreements with Allmineral and Metso Oyj (“Metso”), two industry leading equipment providers
- Metso Oyj (“Metso”) is a global supplier of technology and services and is a multi-billion investment grade publicly traded company
- Allmineral is contracted on a Design and Construct (“D&C”) basis to complete 80% of the processing plant cost
- A D&C contract has a fixed price and schedule and has far more flexibility on specifications vs. an EPC contract

## Conventional yet Efficient Process

- Initial 2 mtpa ROM at T2, expanding to 3.5 mtpa ROM for T3.5 phase in year 3
- Coarse grain ore amenable to low cost. Simple gravity separation techniques supporting high metal recoveries and high mass rejection of barren waste early in the process removing the need to grind 3.5 mtpa to 250 microns
- Process includes a scavenger circuit designed to capture fine ore thereby maximizing metal recoveries

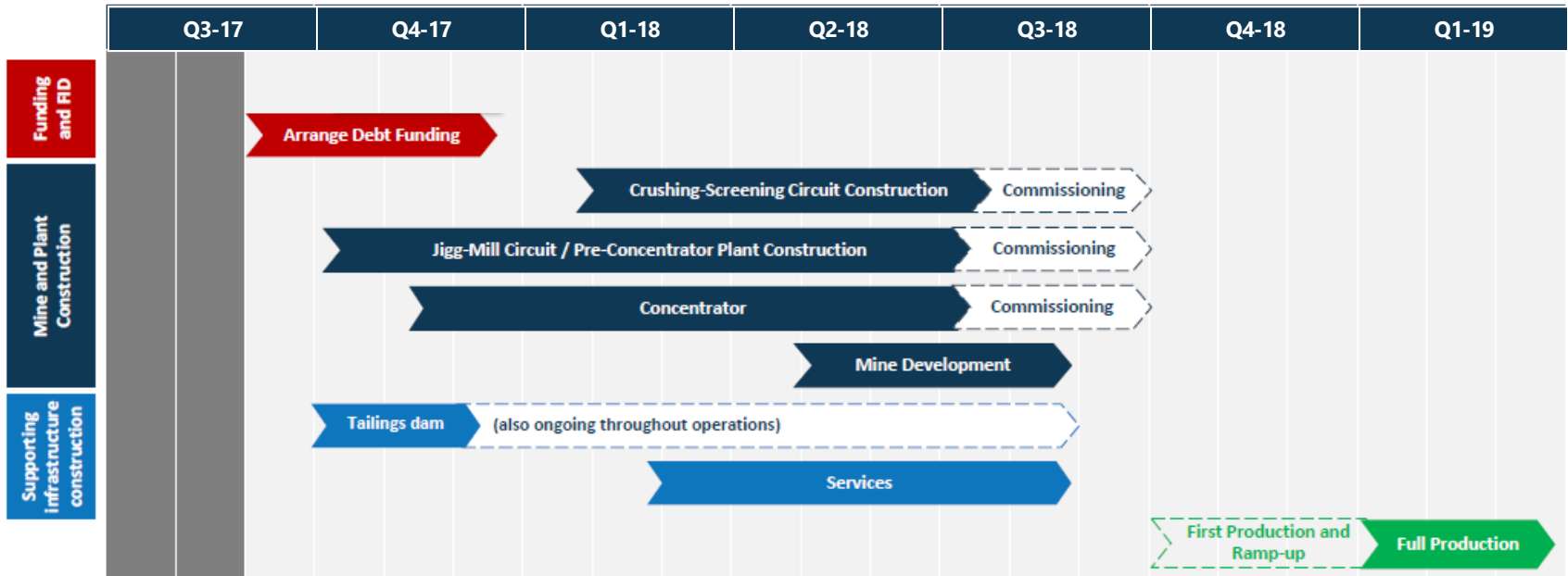
1 - Tungsten is typically priced according to metric ton units (“mtu”) of Ammonium Paratungstate (APT), which is equal to 10 kg. 1 mtu of APT contains approximately 7.93kgs of tungsten

2 - Assuming a 20% discount to the current tungsten APT price of US\$250/mtu



# Development Timeline

Assuming financial close by Q4-17, construction and commissioning are expected to take up to 12 months, followed by first ore production in Q4-18







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# Company / Sponsor Overview

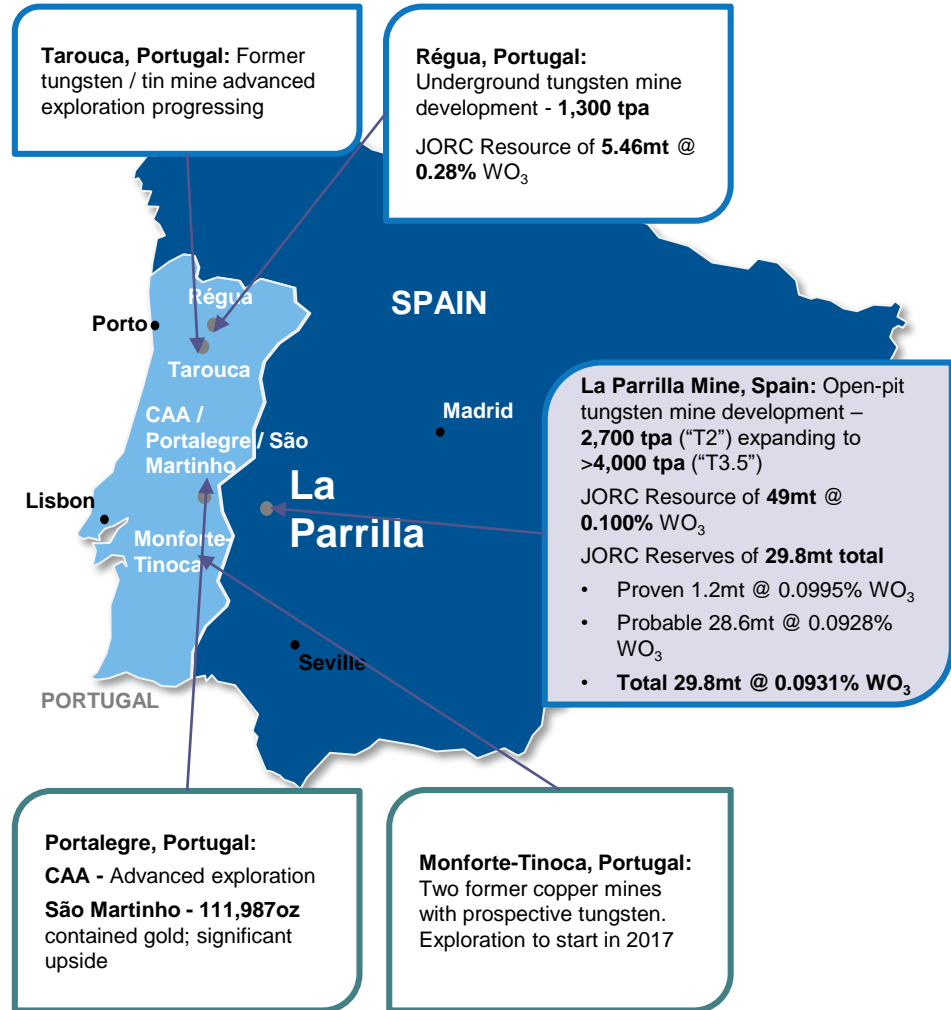
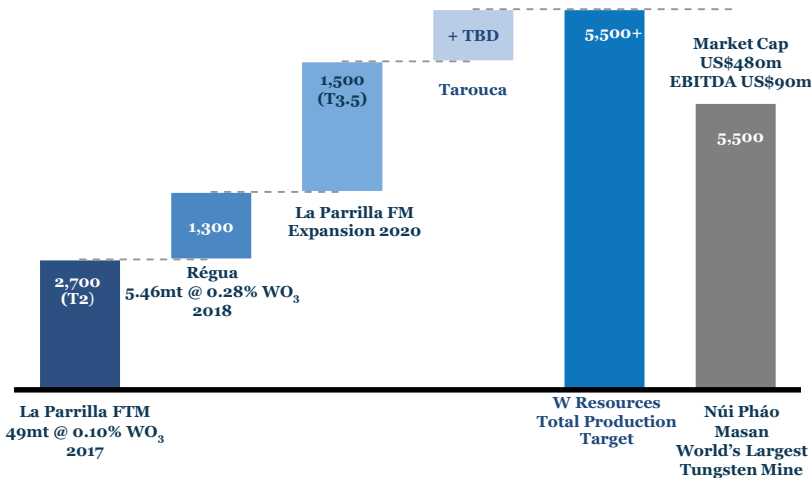


**Focus:** Tungsten - production, development & exploration in Spain & Portugal

**Major Projects:** Tungsten: La Parrilla, Régua, Tarouca  
Copper Gold: São Martinho, Monforte-Tinoca

## Production portfolio

Tonnes per Annum 66% WO<sub>3</sub>





# Regulatory Permits

## Current Mining Lease

- Fully granted – expires 2068
- Provides access to tailings facilities for the FTM

## FTM Mining Approvals

- Mining plans submitted to the Department of Mines (DM) in Q1 2015
- Environmental Impact Assessment submitted in Q1 2015
- First initial review stage completed Q2 2015 by the DM
- Environmental team has provided written feed back to queries
- Environmental Impact Assessment (EIA) approval received in Q3 2015
- Full mining approval granted for FTM stage development

## FM Mining Approvals \*

- Following a visit from the Environmental Authorities the LP team has begun to draft the application for the FM

\*All required approvals (environmental, water, heritage, etc.) fall under the single mining lease application



# Key Process Infrastructure w/ Leading Equipment Providers

- Allmineral is contracted on D&C basis to complete the Jig €5.5m and Concentrator €8.5m which is equal to €14m or 80% of the processing plant cost
  - A D&C contract has a fixed price and schedule and far more definition and flexibility than an EPC contract
  - Allmineral offers the customers not only the delivery of individual components, but also the complete solution, from the concept development, through planning and construction to the commissioning of the entire plant
- Metso is a global supplier of technology and services in the process industries and is contracted to deliver the Crusher equipment
- Crushers are straight forward in design and Metso is an industry leading supplier



## Package 1:

350tph Crushing & Screening Circuit

€3.2m installed by Metso

## Package 2:

350tph Jigging & Re grind Circuit

€5.5 installed by Allmineral

## Package 3:

155tph Gravity Concentration and Tin Separation Circuit

€8.5m Installed (est.)

**Final Award to Allmineral**

- Simple steel and concrete construction
- 12 month build time
- Simple conventional equipment = low risk commissioning and start up
- Existing processing knowledge in-house for this ore
- Deposits placed to reduce equipment lead-time (€<200k)
- Significant contingency and EPCM buffers





# Metso Minerals: Leading Equipment Provider

**Metso Oyj (“Metso”) is a Global Supplier of Technology and Services in the Process Industries with a Strong Market Position and Extensive Services Offering**

### Strong Market Positions in Core Businesses

- Market leader in mining and aggregates
- Strong niche positions in Flow Control



### Strong Global Presence

- Operational in over 50 countries
- Over 80 service centers serving customers globally

### Extensive Services Offering

- Large installed base
- Close to customers
- Excellent supply chain and logistics network

### Strong Balance Sheet & Financial Position

- Steady cash generation
- Investment-grade rating



\$4,877MM Enterprise Value

\$2,226MM Assets

\$253MM LTM OCF

\$4,751MM Market Cap

\$2,874B LTM Revenue

\$355MM LTM EBITDA



# Allmineral: Leading German Equipment Provider

**Allmineral Offers Customers the Complete Solution, from Concept Development, through Planning and Construction to the Commissioning of the Entire Plant, with the Heart Pieces from the Own Product Range**

## allmineral

### Sishen Expansion Project

- Allmineral fulfilled the single largest machine contract in its history with the design, engineering and delivery of 24 alljigs® jigs to Kumba's Sishen Expansion Project (SEP) in the Northern Cape Province of South Africa
- The order was received from Kumba Iron Ore Ltd., South Africa's largest iron ore producer and number four worldwide.



### Jindal Steel Project

- Allmineral provided a total of 14 machines to Jindal Steel + Power Limited ("JSPL") to expand an existing site for haematite iron ore beneficiation in the Sarda Mines in the Indian province Orissa
- The modernization of the plant in Sarda Mines is part of a multi-billion investment with which JSPL is expanding the capacity of its steel plants, power stations and mines

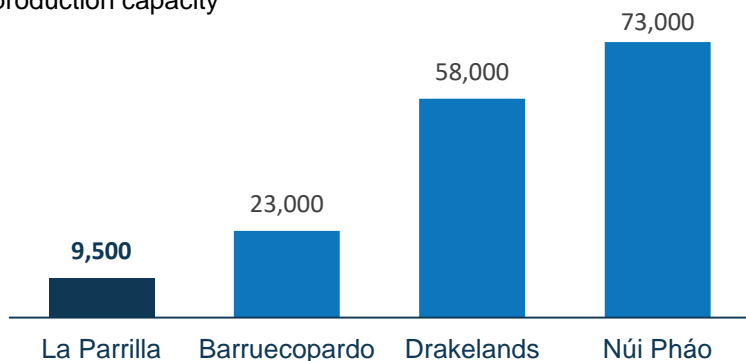




# First Quartile Operating Costs & Low Capital Costs

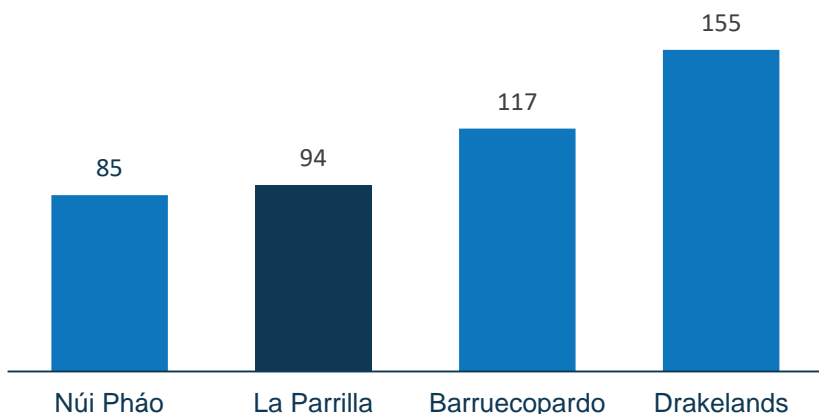
## Unit Capital Costs<sup>(2)</sup>

USD / tonne tungsten concentrate  
(66% WO<sub>3</sub>) annual  
production capacity

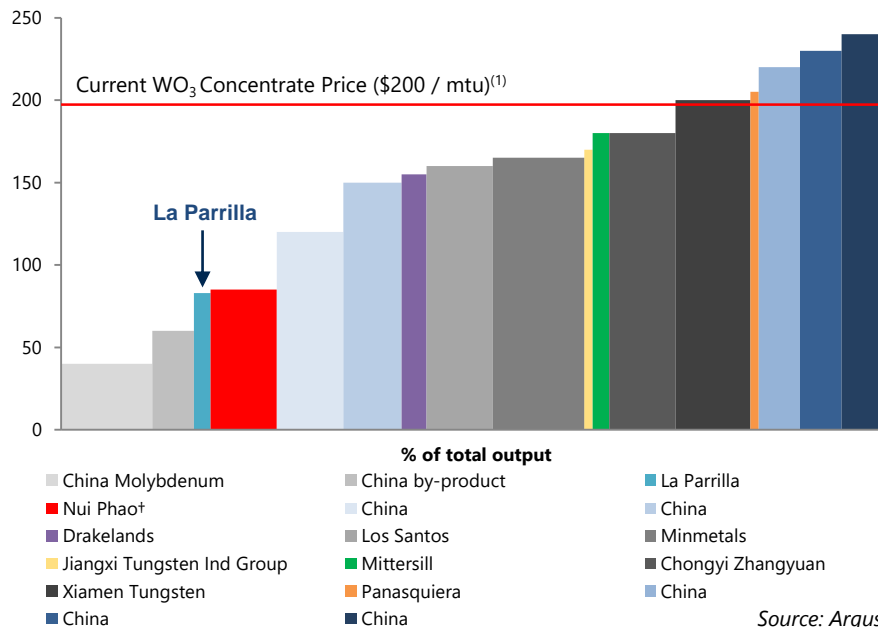


## Unit Operating Costs<sup>(2)</sup>

US\$ / mtu



## Global Tungsten Production Cost Curve



## Low Cost Drivers

- Excellent location
- Open-pit mine – limited pre-strip
- Low cost gravity separation circuit
- “Fit for purpose” plant
- Scaled and sensible staging
- Primary infrastructure already in place
  - Power connection
  - 7km to main highway
  - Quality water supply

(1) Assuming a 20% discount to the current tungsten APT price of US\$250/mtu (Source: Metal Bulletin)

(2) Per Company estimates



# Strong Asset Protection

**\$54MM<sup>(1)</sup>  
Reserves  
Value**

- 29mt @ 911ppm @ USD20k per tonne
- \$54MM Net Present Value ("NPV")
- \$20MM Liquidation Value



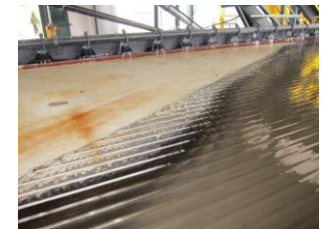
**\$16MM  
Equity  
Capital  
Invested**

- Power grid connection
- Pre Concentrator
- Existing Concentrator
- Laboratory and Accommodation



**\$27MM  
New Capital  
Invested**

- New Crusher
- New Jig and Mill
- New Concentrator
- Operating mine
- Expanded waste facility



**\$41.5 Million in Collateral Value<sup>(1)</sup>  
/ \$30 Million in Debt**

**1.4x Collateral Coverage**



(1) Assumes 10% discount rate on an all equity financed investment  
 (2) Assumes \$20MM liquidation value on the reserves plus 50% liquidation value on the \$43MM invested capital





# Strategically Located





# Key Mining Infrastructure

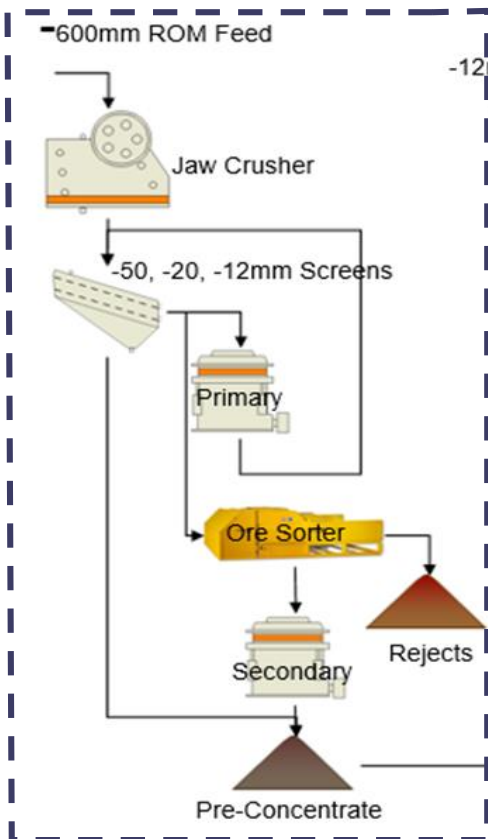


- Mineralized veins intersect the surface = visually see ore from surface
- Results in low initial mining strip ratio = low mining cost. Accessing ore from day one
- Simple open pit mining = low cost mining. Spanish mining costs are extremely competitive globally
- Short 500 meter initial haul distances to waste dumps and plant infrastructure = low mining cost

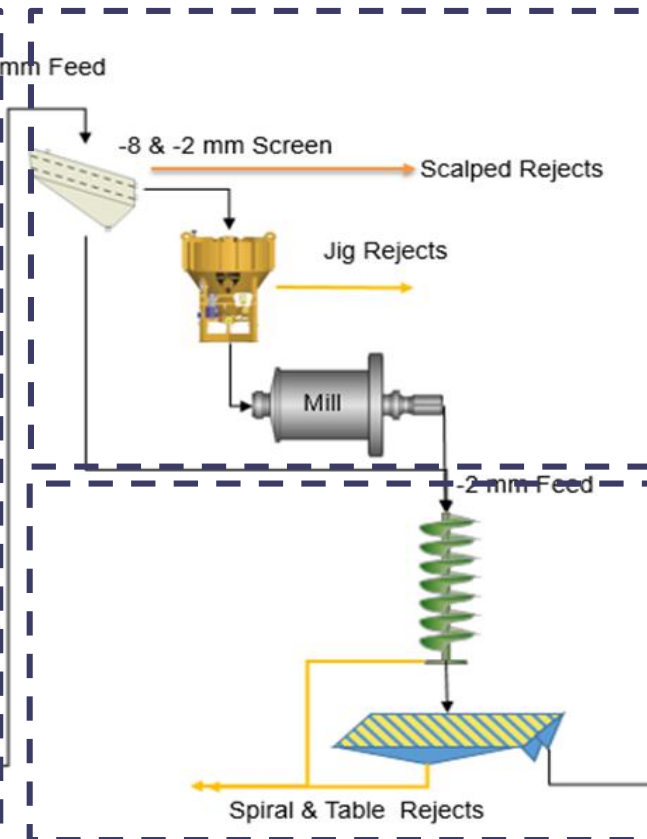


# Process Flowsheet - Conventional Yet Efficient Process

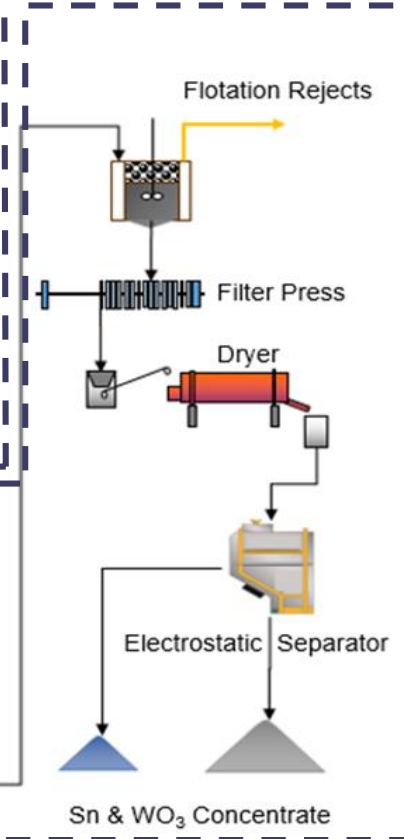
Package 1: Crushing and Screening



Package 2: Jig and Mill



Package 3: Concentrator



# W Simple Open Pit Mining and Processing



Open Pit Mining  
600tph contracted



Crushing & Screening  
350tph - €3.2m to be installed



Pre-Con Stockpile  
6000t - €300k installed



Jig & Mill Pre-Concentration  
350tph - €5.5m to be installed



Spiral Concentration  
155tph



Shaking Table Cleaning  
12tph



Sulphide Flotation  
3tph



Electrostatic Separation  
0.5tph



# Key Executives

**Michael Masterman**  
*Chairman*

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

**Fernando de La Fuente**  
*General Manager*

- Geologist with more than 43 years' experience in the exploration and mining geology industry in Europe, Africa and North America and Latin America. He was the Regional Manager for Anglo American Corporation of South Africa in West Africa and has also worked for Rio Algom and Phelps Dodge. Fernando is a 'qualified technical person' in respect of the AIM Rules for Companies.

**Aaron Szumilak**  
*Metallurgist & Process Engineer*

- Mechanical and process engineer with 10 years' experience in mineral processing and resource development. He carries field experience in operational and technical services roles presenting a broad range of process skills. Aaron has worked for Fortescue Metals Group, Syncrude and Composites Innovation Centre.

**Celestino Parejo**  
*Government Relations / Mining*

- Mining engineer with over 30 years' experience in the technical direction of mining projects in the Extremadura region of Spain and internationally. He is also an adviser to several regional government agencies and to the Security committee for the Extremadura mining department in Spain.

**Antonio Galiza**  
*Mining Engineer*

- Mining engineer from the University of Porto and has over 30 years' experience in the extraction of minerals in the mining industry. Previously, General Manager at Mina do Moinho, part of Pirites Alentejanas, Director at Sandvik Portuguese Operations & Chairman of Monte Adriano Agregados SA. Currently, he is a Adjunct Professor for the Geotechnical Engineering Institute in Porto.

**José Mario Castelo Branco**  
*Geologist*

- José Mario Castelo Branco has over 33 years' experience in the exploration and mining geology industry and he holds a B.Sc. in Geology from the University of Porto in Portugal. José Mario has managed multiple gold and base-metal mines in Portugal for Rio Tinto and various exploration management roles with Rio Narcea and Lundin Mining. He is also a member of the Portuguese Association of Geologists, the European Federation of Geologists, the Society of Economic Geologists, the Society for Geology Applied to Mineral Deposits and the Prospectors and Developers Association of Canada. José Mario is a "qualified technical person" in respect of the AIM Rules for Companies.

**José Carvalho**  
*Geologist*

- José Carvalho holds a BSc and a MSc on Geological Sciences from the University Pierre et Madame Curie, Paris VI, France. He was the founder and is one of the managing partners of GGC. Has more than 30 years' of professional experience working for private companies in multi-commodity exploration projects (metallic and industrial minerals) across several geographic areas, namely Western Australian Archaean Greenstone belts, Southern African Archaean and Proterozoic cratons and European Paleozoic-to-recent terrains. He was responsible for fieldwork on European Union funded investigation projects as staff of the Portuguese Geological Survey (Serviço de Fomento Mineiro). Affiliations: APG (FEG); IAEG; ISRM; ISSMGE.



# Board of Directors

**Michael Masterman**  
*Chairman*

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**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 working out of the Sydney, New York and London offices and across the Asian region. He has extensive experience in advising CEOs and boards of both large public and small developing companies across a wide range of industries and geographies. Byron is a Non-Executive Director of Po Valley Energy Limited.

**David Garland**  
*Non-Executive Director*

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



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# Market Overview

- Demand for tungsten has grown 4% per year for the past 10 years. Current global tungsten demand is approximately 80,000tpa<sup>(1)</sup>
  - Cemented carbides (hard metals) accounted for 70% of Tungsten use in Europe for 2016
- China is the world's largest consumer of tungsten and consumed 60% of world production in 2016, up from 30% in 1996<sup>(2)</sup>
- Primary tungsten supply is dominated by China, with Chinese companies producing just under 80% of tungsten mine output.
  - Market is slowly changing with new start-ups such as Nui Phao in Vietnam, and Hemerdon in the UK
  - **WRES has a unique opportunity to diversify global sources of supply as its projects come on stream and exploit increasing demand from markets in Europe, the Middle East and the United States**
  - WRES believes this window will open up further with many Chinese mines being forced to close due to tightening environmental legislation, coupled with rising costs and lower grades at existing operations
- There is little scope for increased tungsten production at most operating mines, both in China and elsewhere
  - Official Chinese production has been capped at 91,300 t conc
  - Major producers: (1) Masan's Nui Phao is at capacity and (2) Wolf Minerals Drakelands has experienced processing plant issues
- **Supply shortages are expected resulting in upwards trending price to 2022 and beyond**

(1) Source: International Tungsten Industry Association

(2) Source: Roskill





# Historical Pricing

US\$ per tonne

### Tungsten APT Price



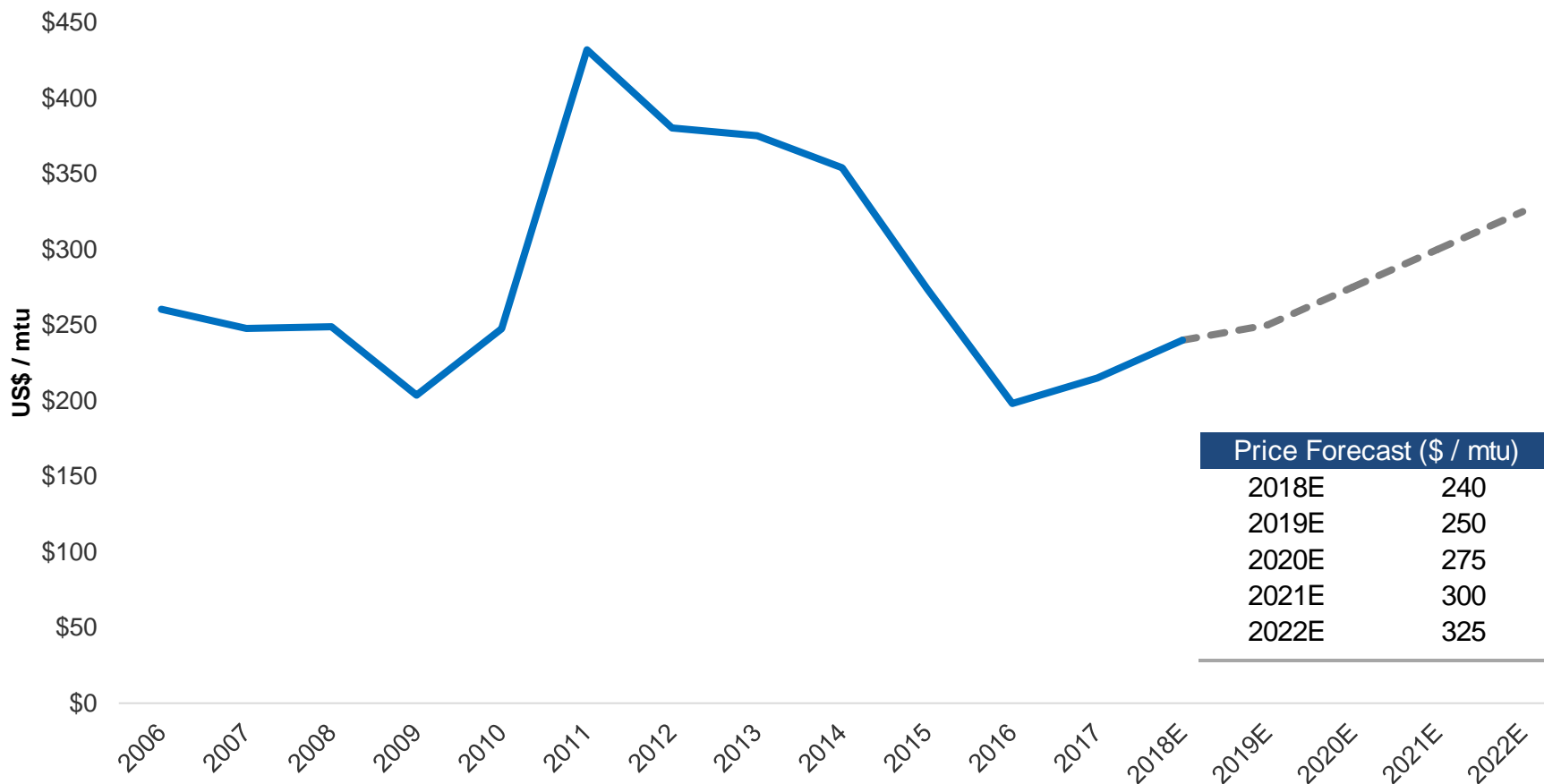
### Tin Price





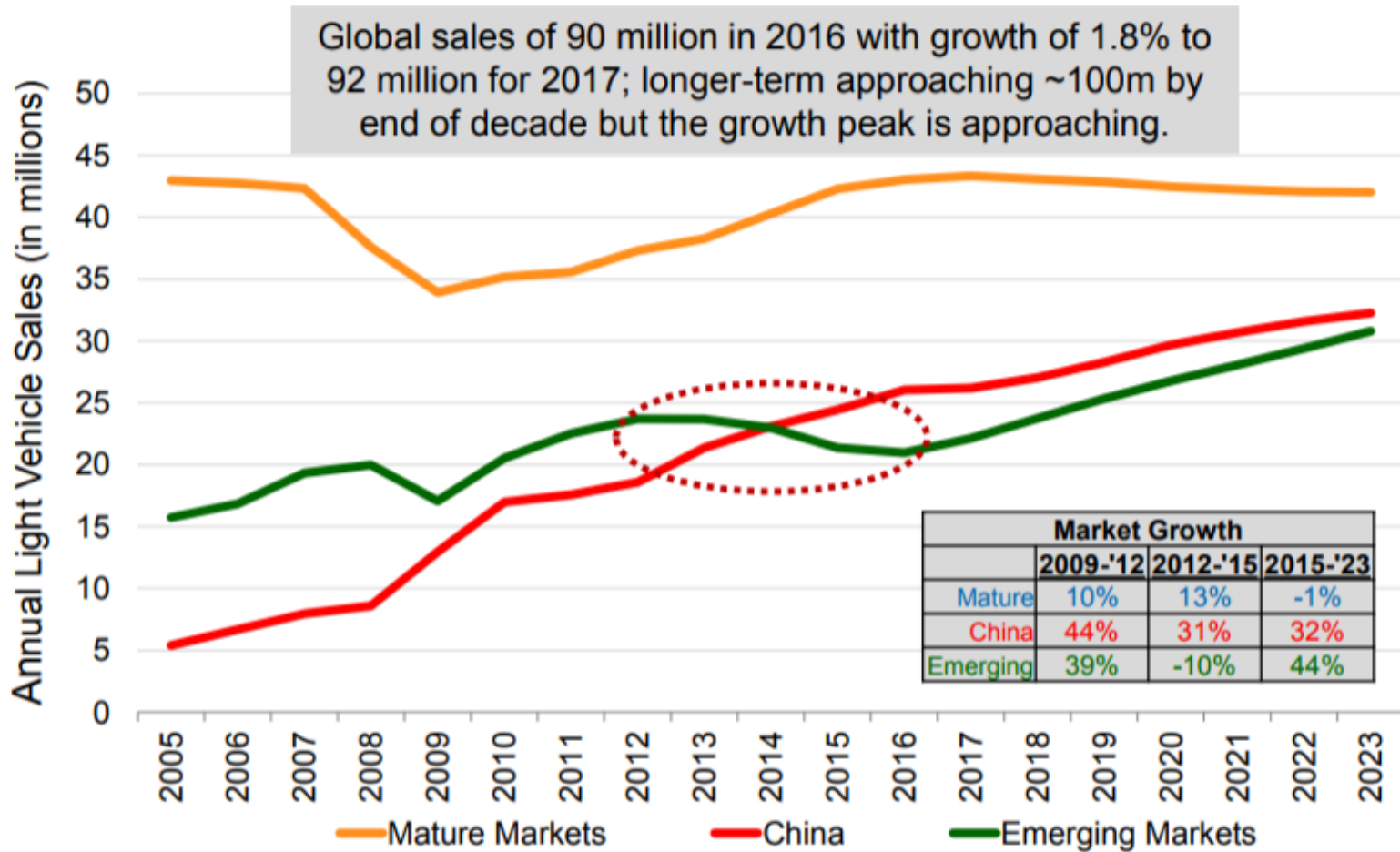
# Tungsten Price Recovery

## Tungsten APT Price Recovery Underway - Argus Forecast





# The Changing Automotive World





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# Project Financial Overview

(\$ in thousands)

<b>PRODUCTION</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
RoM Feed Rate (kt)	-	2,004	2,004	3,200	3,477	3,500	3,489
WO3 production (MTU)	-	184,265	181,496	236,051	279,409	252,073	253,274
SN production (t)	-	125	138	363	274	272	241
Tungsten price - APT (US\$ / MTU)	230	245	263	288	313	313	313
Tin price (US\$ / t)	18,000	18,500	19,500	20,000	20,000	20,000	20,000
<b>INCOME STATEMENT</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Net revenue	-	34,001	36,055	53,819	66,480	60,326	60,152
Opex	- ( 18,784)	( 17,445)	( 30,360)	( 24,261)	( 20,517)	( 21,160)	
EBITDA	-	15,216	18,610	23,460	42,219	39,808	38,992
Depreciation	- ( 2,318)	( 2,493)	( 3,149)	( 4,427)	( 4,600)	( 32,014)	
EBIT	-	12,899	16,117	20,311	37,793	35,208	6,977
Interest expense	( 2,288)	( 2,727)	( 2,727)	( 477)	-	-	-
Transaction fees	- ( 455)	( 455)	( 455)	-	-	-	-
EBT	( 2,288)	9,717	12,935	19,379	37,793	35,208	6,977
Tax expense	- ( 1,195)	( 2,738)	( 4,385)	( 8,994)	( 8,587)	( 5,228)	
NPAT	( 2,288)	8,522	10,197	14,994	28,798	26,621	1,749

Source: Financial Investment Decisions Report summary as announced on 25 August 2017.

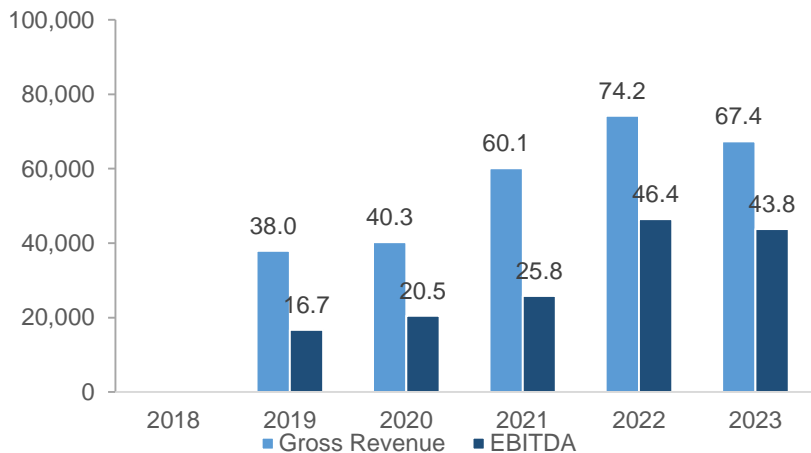
Note: Assumes Argus Forecast for tungsten APT price; Note that all debt figures and related coverage ratios are for illustrative purpose only



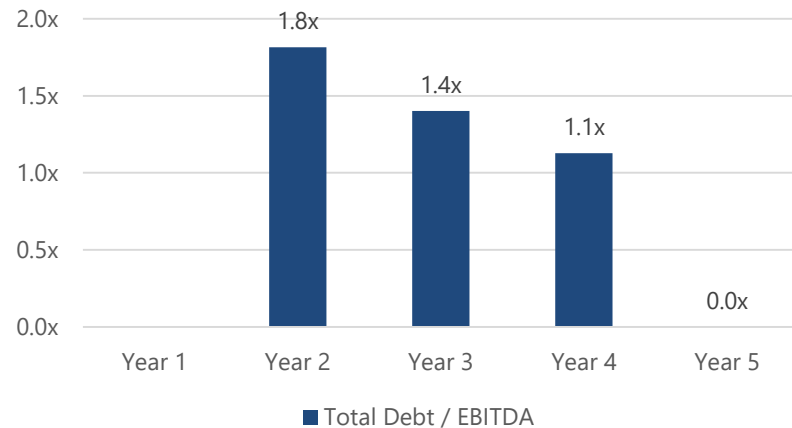
# Key Project Financial Metrics

(\$ in millions)

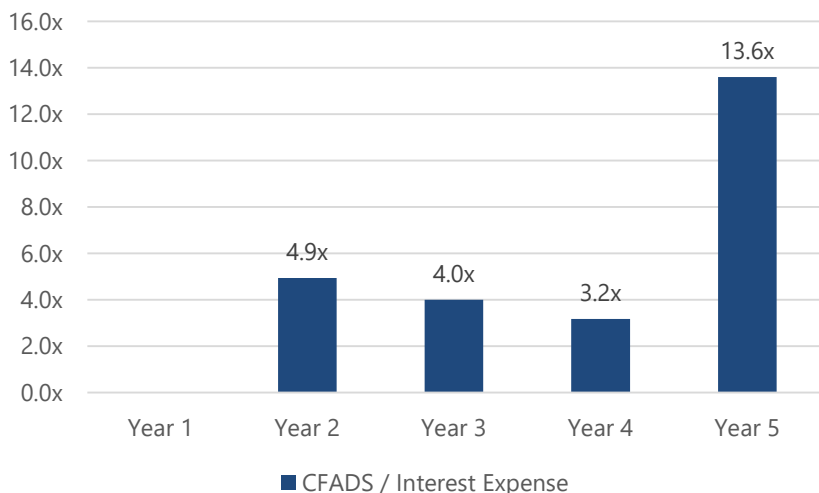
## Key Financials



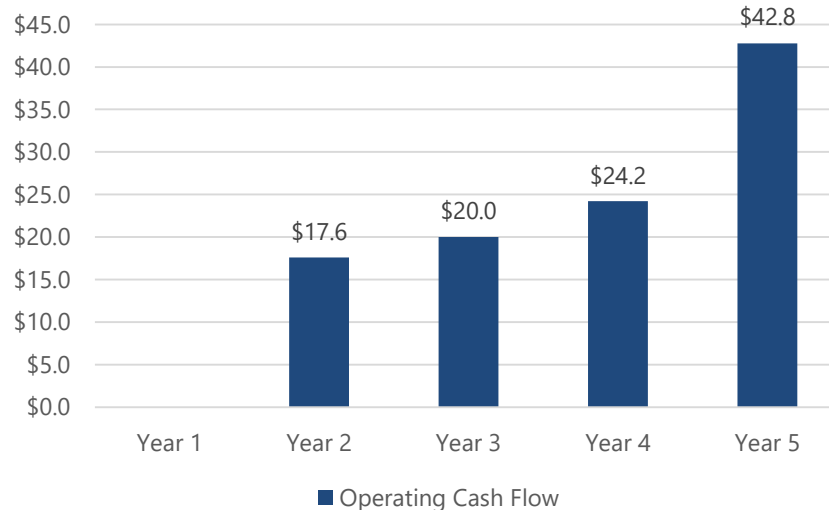
## Leverage



## Interest Coverage



## Operating Cash Flow



Source: Financial Investment Decisions Report summary as announced on 25 August 2017.

Note: Assumes Argus Forecast for tungsten APT price; Note that all debt figures and related coverage ratios are for illustrative purpose only



# Capital Expenditures Breakdown

(\$ in thousands)

	Year 1	Year 2	Year 3	Year 4	Year 5
Mine	\$ 226	-	-	-	-
FTM Pre-Strip	-	-	-	1,815	809
Crushing & Screening	3,520	-	853	743	-
X-Ray Ore Sorting Plant	-	-	3,032	6,415	-
Pre-Con Plant	3,020	1,334	1,334	-	-
Concentrator	8,580	-	-	-	-
Lab	232	-	-	-	-
Tailings	1,776	599	-	1,357	-
Services	2,151	-	281	-	-
EPCM	2,995	-	-	874	-
Contingency	2,995	-	617	1,747	-
<b>Total</b>	<b>\$ 25,495</b>	<b>\$ 1,933</b>	<b>\$ 6,116</b>	<b>\$ 12,950</b>	<b>\$ 809</b>



# Operating Costs Breakdown

	\$US / mtu
Mining	23
Drill & Blast	13
Grade Control	5
Crushing and Screening	18
Pre-Concentration (Jigging)	14
Concentration	7
Waste Haulage	6
Laboratory Costs	4
Mine G&A	5
<b>Subtotal</b>	<b>94</b>
(+) Royalty <sup>(1)</sup>	4
(+) Contingency <sup>(2)</sup>	12
(-) Tin Credits <sup>(3)</sup>	(16)
<b>Total Operating Costs</b>	<b>94</b>

Note: Average \$ / mtu over the life of the mine

(1) 1.5% of revenues

(2) 10% of operating costs plus 15% of processing and G&A costs

(3) Sn sales / WO<sub>3</sub> production