

**Watermark Global Plc**  
**Preliminary Results for the year ended 31 December 2010**

Watermark Global Plc (AIM: WET) (“Watermark” or “the Company”), a water treatment and management company listed on AIM with a focus on Acid Mine Drainage (“AMD”) treatment in South Africa, announces its unaudited preliminary results for the year ended 31 December 2010

**Results Summary**

The loss from ordinary activities for the year ended 31 December 2009 was £1,086,292 (2009: loss £1,727,861), resulting in a loss of 0.1p (2009: loss 0.4p) per share. The Company has continued to generate an operating loss whilst awaiting the outcome of the South African Government’s decision on the clean up project for AMD.

The Company has announced a conditional placing to raise up to £1.5 million to provide sufficient working capital to allow the Company to continue to operate for the next twelve months and participate in any tender process for the long term AMD clean up project as well undertake a role in the short term in conjunction with the Government.

The financial information set out below does not constitute the Company’s statutory accounts for the year ended 31 December 2010, but is derived from those accounts. Statutory accounts for 2010 will be delivered to the Registrar of Companies following the Company’s Annual General Meeting. The auditors will be reporting on those accounts on 3<sup>rd</sup> June 2011 and their report is anticipated to include an emphasis of matter, as for 2009, in respect of going concern and intangible assets.

**Annual General Meeting**

The Annual General Meeting of the Company will be held on 30 June 2011 at 09.00 am. at 42, Queen Anne’s Gate, London SW1H 9AP. Notice of the meeting will be sent to shareholders as part of the report and accounts on 6 June 2011. A copy of the report and accounts will be made available on the Company’s website [www.watermarkglobalplc.com](http://www.watermarkglobalplc.com)

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**CHAIRMAN’S STATEMENT**

2010 was another year of further progress but continuing frustration in relation to our Acid Mine Drainage clean up project. The environmental and political profile of the AMD problem has continued to increase as the water becomes closer to polluting the table water around Johannesburg. However, there is still no definitive decision on the structure and process to be used to clean up the AMD nor a timeframe for the long term infrastructure project that will be required to be developed to facilitate the clean up. Due to the

nature of the project and its dependence on South African Government approval as well as further financing all timelines remain uncertain although the release of a report by the Government in February 2011 regarding the problem noted that the Company's technology was one of the only viable clean up options. This is discussed further below.

At the date of this announcement and as previously announced our wholly owned subsidiary, Western Utilities Corporation (Pty) Ltd ("WUC") has completed 14 specialist studies as part of the EIA process which form the basis of the Environmental Impact Report (EIR). WUC also completed a Definitive Feasibility Study (DFS) which has been signed off by International Consultants, Golder & Associates and has remained ready to commence the construction of the required infrastructure. WUC has provided the Government and the mining houses with a clear, well documented, detailed and practical solution to the treatment of AMD and the Board believes that WUC remains several years ahead of the competition in terms of the work already completed and now awaits the Government's decision on how it intends to finance any project and how WUC would be involved.

During 2010 the Department of Water Affairs and Environment (DWAE) announced that it acknowledged its responsibility and liability associated with ownerless and abandoned mines within the project area and that a Public Private Partnership ("PPP") structure would be the preferred structure to be entered into between the State and the mines in respect of a long term solution to clean up the AMD.

The Government also announced that interim measures were being investigated with the mines and Government to prevent the occurrence of an environmental disaster. Quoted below is part of a budget address given by the Minister of Water Affairs and Environment on 15 April 2010, over 12 months ago. "There is a big problem of Acid Mine Drainage in the Witwatersrand area which threatens our ground water resources and human survival. Even the famous Cradle of Humankind is under threat. We are currently involved with short term solutions to alleviate the worst effects.... We also need a sustainable long term strategy to manage this. I hope you will be encouraged when I tell you that we are presently hard at work with mining operators in search of a lasting solution."

In simple terms, and for the sake of re-inforcing a very significant point, WUC has:

- ☞ conducted pilot plant tests for the optimum method of treating AMD;
- ☞ completed 14 specialist studies as part of the EIA process and which will form the basis of the Environmental Impact Report (EIR);
- ☞ completed a Definitive Feasibility Study (DFS) which has been signed off by an Independent Third Party, Golder & Associates (a well established, international company);

A Government task force was established in 2010 whose role was to collect information, investigate the scope and scale of the problem, determine possible solutions and report back to a ministerial committee drawn from the Ministers of the various interested sectors (e.g. water affairs, mining, finance, etc.). On 24 February 2011, the DWA published this report entitled "Mine Water Management in the Witwatersrand Gold Fields with Special Emphasis on Acid Mine Drainage". (This can be viewed on line at: <http://www.dwaf.gov.za/Documents/ACIDReport.pdf> )

The report reviewed the technologies available for the treatment of the AMD within each of the Witwatersrand basins (Western, Central and Eastern). The report indicates that the Alkali Barium Calcium ("ABC") and Magnesium Barium Alkaline ("MBA") processes, both of which were developed by the Council for Scientific and Industrial Research ("CSIR") and TUT ("Tshwane University of Technology") were economically viable. As WUC was involved in the technology developed it has retained rights to the ABC process and any additional improvements on the ABC process (which includes the MBA process) WUC would receive a fee if this chemical process is used anywhere in the world to treat AMD.

The Board believes that the appointment of the Tans-Caledon Tunnel Association (TCTA) in February 2011, a quasi state organisation tasked with the implementation of critical infrastructure projects with specific reference to bulk water supply, as the Government's implementation agent was an encouraging move.. TCTA's role is to implement a short term solution to prevent AMD from causing further damage to the environment. WUC has been discussing with the TCTA, which understands the commercial environment, on how it can assist in the short term solution whilst at the same realising value for its shareholders. Whilst the Company expects these negotiations will lead to a positive outcome, which would augur well for the Company's long-term prospects, it will not result in a substantial contract in the short-term. Any agreement reached would not prevent WUC from participating in the operation and maintenance of the short, medium or long term aspects of AMD treatment in respect of which WUC fully intends to tender.

Your Board understands that it has been a very frustrating time for all the stakeholders in Watermark. At the same time, shareholders need to understand that management has done everything within its power to effect a solution. We are pleased with the recent agreement and of course we will remain very active in engaging all interested parties – especially Government and industry as well as Black Economic Empowerment Groups – to continue working towards a long term solution. Whilst the press in South Africa and various pressure groups continue to raise the issue and apply pressure for urgent action it should be noted that at this stage the Company remains unable to provide a definitive timeframe as to when further progress will be made or what WUC's role in any solution will be. Accordingly, the Company will continue to manage its cash resources judiciously and reduce its costs in a manner that will enable it to continue to operate on a reduced basis until such time as its role becomes clear.

### **Conditional Placing**

I am pleased to report that the Company has, today, announced a conditional placing of up to 430,000,000 new ordinary shares in the Company at a price of 0.35p raising gross proceeds of £1,505,000. The Placing will ensure continuity of existing operations, without any interruption or loss of competitive advantage as we hope to move into a period where we can actively assist in the Government's plan to clean up AMD as part of the short term and long term projects. The Placing will be conducted in two tranches of £462,000 and £1,043,000 respectively with the second tranche subject to shareholder approval at the Company's AGM which is to be held on 30 June 2011. Your Board is unanimously recommending that shareholders vote for the approval of the second tranche of the Placing. The Placing will allow the Company to continue to progress discussions with the TCTA on how it can be involved further with both the short term and long term solutions. It will also provide sufficient working capital to allow us to expand our technical team should we need to as the projects advance. Whilst there remains no clarity or certainty on how the Company will be able to participate in a long term solution for the treatment of AMD, your Board remains critically aware of the need to continue to assess how the Company can ensure that shareholder value is created and maintained. For this reason, the Company is seeking to utilise its extensive intellectual property into other business areas. Accordingly, some of the Placing proceeds will be set aside for the purpose of reviewing and carrying out due diligence in relation to other investment opportunities which, if completed, would be expected to add to the Company's asset base and enhance shareholder value. There are at present two opportunities which we have identified as prospective. One is an AMD remediation project associated with anthracite coal mining and briquetting of the resulting waste fines. The other involves the separation of water and oil from an oil producing field to create industrial grade usable water. At this stage, any review or investigation of other opportunities should be considered preliminary. In the event that anything progresses to a more advanced stage, shareholders will be fully informed via an update to the market. It should be stressed that neither of these opportunities should in any way be seen as a diminution of our resolve or attitude towards the treatment of AMD in the gold fields of South Africa which remains the focus of Watermark's business.

### **Outlook**

A year ago we stated that there were good reasons to believe that the Government and its agencies understood the pressing need to give the go ahead to the clean-up of AMD. . It seems that they now believe that WUC's solution and its extensive feasibility work can help them to achieve this. We believe it is

favoured by many of the mining companies themselves and we believe that we remain well ahead of any competing technologies in terms of getting our selected process, technology, and approvals to market. It is now clearly incumbent upon the Government and its various key agencies to urgently demonstrate that it can be an agent of change for good.

In closing, I would like to once again thank our dedicated staff in South Africa who have come through an incredibly difficult year. Not only have they pushed the project forward as well as they have been allowed to but they have doggedly kept Watermark very much in the frame whilst maintaining good relations with all participants in the project. In the face of the need to conserve cash, they have continued to maintain a number of important cost cutting measures to keep the project afloat while the Government considers the issue. I would also like to thank our strong shareholder base for their continued support and interest in the Company and for this very important project.

Peter Marks

1<sup>st</sup> June 2011

## Unaudited Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010

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	2010	2009
	£	£
<b>Continuing operations</b>		
Revenue	130,458	11,975
Cost of sales	-	(11,191)
<b>Gross profit</b>	<hr/> 130,458	784
Interest income	1,672	8,030
Other gains and losses	(509)	40,826
Depreciation and amortisation expenses	(9,704)	(9,802)
Employee benefit expenses	-	(83,861)
Finance cost	(270,733)	(69,675)
Consulting expenses	(69,300)	(136,196)
Other expenses	(682,340)	(1,522,910)
<b>Loss before tax</b>	<hr/> (900,456)	(1,772,804)
Taxation	(185,836)	44,943
<b>Loss for the year</b>	<hr/> (1,086,292)	(1,727,861)
<b>Other comprehensive income</b>		
<i>Exchange differences on translating foreign operations</i>		
Exchange differences arising during the year	147,677	(50,370)
<b>Total comprehensive income for the year</b>	<hr/> (938,615)	(1,778,231)
<hr/>		
<b>Loss per share from continued operations</b>	<i>Pence</i>	<i>Pence</i>
Basic	(0.1)	(0.4)
Fully diluted	(0.1)	(0.4)

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## Unaudited Consolidated Statement of Financial Position

As at 31 December 2010

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	2010	2009
	£	£
<b>Assets</b>		
<b>Non Current assets</b>		
Intangible assets	3,473,549	2,778,863
Property, plant and equipment	9,198	17,177
Deferred tax	-	157,027
	<hr/> 3,482,747	<hr/> 2,953,067
<b>Current assets</b>		
Trade and other receivables	6,241	85,692
Cash and cash equivalents	396,182	278,381
	<hr/> 402,423	<hr/> 364,073
<b>Total assets</b>	<hr/> <b>3,885,170</b>	<hr/> <b>3,317,140</b>
<b>Equity and liabilities</b>		
Share capital	1,454,310	1,030,595
Share premium account	9,808,072	9,453,737
Share option reserve	1,420,361	1,420,361
Foreign exchange reserve	147,677	-
Retained earnings	(11,153,968)	(10,067,676)
<b>Equity attributable to owners of the Company</b>	<hr/> <b>1,676,452</b>	<hr/> <b>1,837,017</b>
<b>Non current liabilities</b>		
Borrowings	1,324,190	892,760

**Current liabilities**

Trade and other payables	349,962	587,363
Borrowings	534,566	-
	<hr/>	<hr/>
	884,528	587,363
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>2,208,718</b>	<b>1,480,123</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Total equity and liabilities</b>	<b>3,885,170</b>	<b>3,317,140</b>
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**Unaudited Company Statement of Financial Position  
As at 31 December 2010**

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	<b>Note</b>	<b>2010</b>	<b>2009</b>
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		£	£
<b>Assets</b>			
<b>Non Current assets</b>			
Investments	14	7	7
Property, plant and equipment	14	351	491
		<u>358</u>	<u>498</u>
<b>Current assets</b>			
Trade and other receivables	15	2,447	25,258
Cash and cash equivalents		347,833	216,303
		<u>350,280</u>	<u>241,561</u>
<b>Total assets</b>		<u><b>350,638</b></u>	<u><b>242,059</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	18	1,454,310	1,030,595
Share premium account	18	9,808,072	9,453,737
Share option reserve	20	1,420,361	1,420,361
Retained earnings	20	(12,451,366)	(11,742,978)
<b>Total equity</b>		<u>231,377</u>	<u>161,715</u>
<b>Current liabilities</b>			
Trade and other payables	16	119,261	80,344
<b>Total equity and liabilities</b>		<u><b>350,638</b></u>	<u><b>242,059</b></u>

**Unaudited Consolidated Statement of Changes in Equity  
For the year ended 31 December 2010**

	Share Capital	Share Premium	Share Option Reserve	FX reserves	Retained Earnings
	£	£	£	£	£
<b>Balance at 1 January 2009</b>	<b>379,304</b>	<b>8,053,737</b>	<b>1,418,450</b>	<b>50,370</b>	<b>(8,491,140)</b>
Loss for the year	-	-	-	-	(1,727,861)
Other comprehensive income	-	-	-	(50,370)	-
Total comprehensive income for the year	-	-	-	(50,370)	1,727,861
Share placement	600,000	1,400,000	-	-	-
Shares issued to staff and directors	15,291	-	(10,381)	-	67,325
Options issued to staff	-	-	12,292	-	-
Issue of ordinary shares in lieu of fees	36,000	-	-	-	84,000
<b>Balance at 31 December 2009</b>	<b>1,030,595</b>	<b>9,453,737</b>	<b>1,420,361</b>	<b>-</b>	<b>(10,067,676)</b>
Loss for the year	-	-	-	-	(1,086,292)
Other comprehensive income	-	-	-	147,677	-
Total comprehensive income for the year	-	-	-	147,677	(11,153,968)
Share placement	368,181	306,819	-	-	-
Issue of Ordinary shares to staff	1,125	975	-	-	-
Issue of ordinary shares for services rendered	36,000	31,200	-	-	-
Issue of ordinary shares in lieu of fees	18,409	15,341	-	-	-
<b>Balance at 31 December 2010</b>	<b>1,454,310</b>	<b>9,808,072</b>	<b>1,420,361</b>	<b>147,677</b>	<b>(11,153,968)</b>

The following describes the nature and purpose of each reserve within owners' equity:

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	amount subscribed for share capital at nominal value
Share premium of allowable expenses	amount subscribed for share capital in excess of nominal value, net
Share option reserve	reserve for shares granted but not exercised
Retained Earnings comprehensive income	cumulative net gains and losses recognised in the statement of
Foreign exchange reserves	cumulative net gains and losses recognised on consolidation

**Unaudited Company Statement of Changes in Equity  
For the year ended 31 December 2010**

	Share Capital	Share Premium	Share Option Reserve	Retained Earnings
	£	£	£	£
<b>Balance at 1 January 2009</b>	<b>379,304</b>	<b>8,053,737</b>	<b>1,418,450</b>	<b>(8,187,822)</b>
Loss for the year	-	-	-	(3,706,481)
Total comprehensive income for the year	-	-	-	(3,706,481)
Share placement	600,000	1,400,000	-	-
Shares issued to staff and directors	15,291	-	(10,381)	67,325
Options issued to staff	-	-	12,292	-
Issue of ordinary shares in lieu of fees	36,000	-	-	84,000
<b>Balance at 31 December 2009</b>	<b>1,030,595</b>	<b>9,453,737</b>	<b>1,420,361</b>	<b>(11,742,978)</b>
Loss for the year	-	-	-	(708,388)
Total comprehensive income for the year	-	-	-	(708,388)
Share placement	368,181	306,819	-	-
Issue of Ordinary shares to staff	1,125	975	-	-
Issue of ordinary shares for services rendered	36,000	31,200	-	-
Issue of ordinary shares in lieu of fees	18,409	15,341	-	-
<b>Balance at 31 December 2010</b>	<b>1,454,310</b>	<b>9,808,072</b>	<b>1,420,361</b>	<b>(12,451,366)</b>

**Unaudited Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2010**

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	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(900,456)	(1,772,804)
Depreciation	9,704	9,802
Foreign exchange differences	135,611	(68,017)
Finance cost	270,733	69,675
Loss/(gain) on disposal of assets	509	(3,030)
Impairment of assets under construction	-	651,229
Interest income	(1,672)	(8,030)
Expenses for equity settled share based payments	69,300	204,527
Expenses for equity settled commissions	33,750	-
	<hr/>	<hr/>
	(382,521)	(916,648)
<b>Changes in working capital</b>		
Decrease in trade and other receivables	79,451	469,982
(Decrease)/increase in trade creditors and other payables	(237,401)	14,761
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	<b>(540,471)</b>	<b>(431,905)</b>
<hr/>		
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment and development costs	(281,218)	(2,784,014)
Proceeds from disposal of fixed assets	776	11,466
Interest income	1,672	8,030

<b>Net cash used in investing activities</b>	(278,770)	(2,764,518)
<b>Cash flows from financing activities</b>		
Proceeds from share placement	675,000	2,000,000
Proceeds from loans	532,775	893,161
Finance cost	(270,733)	(69,675)
<b>Net cash from financing activities</b>	937,042	2,823,486
<b>Net increase/(decrease) in cash and cash equivalents</b>	117,801	(372,937)
<b>Cash and cash equivalents brought forward</b>	278,381	651,318
<b>Cash and cash equivalents carried forward</b>	396,182	278,381

**Unaudited Company Statement of Cash Flows  
For the year ended 31 December 2010**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(708,388)	(3,706,481)
Adjustment for:		
Depreciation	140	140
Interest income	(16,011)	(13,252)
Expenses for equity settled share based payments	69,300	204,527

Expenses for equity settled commissions	33,750	-
Provision for balance due from subsidiary	345,678	2,966,379
	<hr/>	<hr/>
	(275,531)	(548,687)
<b>Changes in working capital</b>		
Increase in receivables	(322,867)	(1,312,040)
Decrease in payables	38,917	(15,727)
	<hr/>	<hr/>
<b>Net cash used in operating activities</b>	(559,481)	(1,876,453)
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Interest income	16,011	13,252
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	16,011	13,252
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from share placement	675,000	2,000,000
	<hr/>	<hr/>
<b>Net cash from financing activities</b>	675,000	2,000,000
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	131,530	136,798
<b>Cash and cash equivalents brought forward</b>	216,303	79,505
	<hr/>	<hr/>
<b>Cash and cash equivalents carried forward</b>	347,833	216,303
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