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TUNGSTEN MINING NL

ABN 67 152 084 403

Half-Year Financial Report

31 December 2012

TUNGSTEN MINING NL

ABN 67 152 084 403

DIRECTORS' REPORT

Directors

Patrick Bernard McManus
Paul John Berndt
Francis Loh
Charlton William (Bill) Kable

Company Secretaries

Farlee Walker
Belinda Ting

Registered and Principal Office

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Auditor

Somes Cooke Chartered Accountants
1304 Hay Street
West Perth WA 6005 AUSTRALIA

Stock Exchange Listing

Tungsten Mining NL shares are listed on the Australian Securities Exchange (ASX code: TGN) as from 17 December 2012.

TUNGSTEN MINING NL

ABN 67 152 084 403

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2012.

Directors

The names of the Company's Directors in the office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Patrick McManus Non-executive Chairman

Mr McManus has a degree in mineral processing and a MBA from Curtin University. He is a mining professional of over 30 years' standing whose work has taken him to many locations within Australia and overseas, including the Perth Basin and the Murray Basin in Australia, as well as Madagascar, Indonesia and the United States. During that time, he has worked in operational, technical and corporate roles for Rio Tinto, RGC Limited and Bemax Resources Limited. Mr McManus was founding director and, from January 2007 to March 2010, managing director of ASX listed Corvette Resources Limited. He is currently the Managing Director of ASX listed Potash West NL.

Mr McManus is a member of the audit committee and remuneration committee.

Paul Berndt Managing Director

Mr Berndt is a metallurgist by profession with 37 years' experience in the mining industry covering technical, operational, project development and corporate management roles in 4 states of Australia as well as in South Africa, Zimbabwe, Indonesia, China, Peru, Venezuela and Spain. His experience has included the process design, project implementation and operational management of industrial minerals, coal, base metals, gold, diamonds and tungsten projects. He was most recently employed as Managing Director/General Manager of a tungsten mining business in Spain for 4 years and turned that operation around from struggling performer with severe technical deficiencies into a successful profit-making enterprise.

Charlton William (Bill) Kable Non-executive Director (Deceased)

Mr Kable has consulted to the mining industry since 1994, as the principal of Kable Resource Associates, and as a senior associate to Behre Dolbear Australia. Prior to this, Mr Kable had experience as broking analyst and hard rock and petroleum geologist. Specialising in project valuation and project acquisition due diligence, he worked providing specialist financial consulting services to mining industry. Mr Kable was a founding shareholder and former director of CanAusta Resources Inc (now Woulfe Mining Corporation ("Woulfe")), a TSX-V listed company. He was most recently managing the redevelopment of Woulfe's mining projects in South Korea, with a feasibility study underway on the world class Sangdong tungsten-molybdenum brownfields mine.

Mr Kable was a member of the audit committee and remuneration committee.

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DIRECTORS' REPORT

Francis Loh Non-executive Director

Mr Loh is an accountant with a Level 2 Association of Chartered Certified Accountant (ACCA) qualification, he is experienced in South East Asian capital markets and has significant commercial experience with Singaporean companies. Mr Loh was the Group Accountant and subsequently the Finance Manager for Oriental Group Ltd, a Singaporean listed entity from 2005 to 2012. Mr Loh is now a director with a corporate advisory firm, providing personal investment planning and company restructuring services to a variety of clients.

Mr Loh is a member of the audit committee and remuneration committee.

Company Secretary

Farlee Walker is an experienced accountant with a Chartered Accountant and Chartered Secretaries qualification.

Belinda Ting is an experienced accountant with a Chartered Accountant qualification.

RESULTS OF OPERATIONS

The net loss of the Group for the half year to 31 December 2012 was \$1,622,306. The net loss was largely due to expenditure on mineral exploration and evaluation.

REVIEW OF OPERATIONS

Kilba Project

Environmental

a) Flora

A combined Level 1 flora and vegetation assessment and targeted flora survey was carried out by Maia Environmental Consultancy (Maia) during August, 2012. The study was carried out at TGN's Kilba Project Area, primarily on mining lease M08/314 and also over small areas on tenement E08/2139 and E08/1410. The assessment was also carried out along an existing track starting at the junction of the closest north-south main track and leading to the western end of M08/314.

b) Fauna

A Level 1 Terrestrial Vertebrate Fauna Level 1 assessment of the Kilba Well Prospect was carried out by BIOSTAT Pty Ltd in September, 2012.

REVIEW OF OPERATIONS (CONTINUED)

The goals of the Level 1 assessment were to:

- collate an inventory of the vertebrate fauna species recorded during the site Level 1 assessment;
- list those species not recorded but considered to be likely to occur based on habitat preferences and geographical distribution;
- undertake a Level 1 assessment of the significance of the fauna habitats that occur within the study area;
- map fauna habitats for a 60m corridor along the length of the access track;
- undertake an assessment of the potential for rare, threatened or vulnerable species to occur;
- make recommendations for vertebrate fauna management and/or further work to undertake impact assessment; and
- provide a comprehensive report suitable for integration with the landform, soils, flora and vegetation study documents.

Exploration

High-resolution aerial photography accurate to 10cm was commissioned to cover the area of for Mining Lease ML08\0314. SJS Resource Management Pty Ltd was engaged to digitise an existing data set from exploration carried out in the 1980s and, using the results, to plan an initial further core drilling program aimed at achieving a resource estimate compliant with JORC reporting standards for the tungsten occurrences in one zone of the deposit known as Zone 11.

During the December quarter Tungsten Mining commenced a diamond drill programme at Kilba on Mining Lease ML08\0314, and as at period-end had completed eight holes for a total of 825.6 metres. The drilling represented the first part of phased programme focussed on the rapid evaluation and potential development of the Kilba project.

The objective of the programme was to twin selected holes drilled in the period of 1975 to 1981 by Union Carbide Corporation and to confirm the presence of high-grade tungsten mineralisation. Geological logging of drill core identified coarse grained scheelite associated with multiple skarn and calc-silicate units at Zone 11. Final results from this drilling are awaited.

After the end of the period, in early January, Tungsten Mining commenced Phase II drilling, consisting of pattern reverse circulation and diamond drilling of tungsten mineralisation at Zone 11. This drilling is designed to define the tonnage potential and tenure of tungsten mineralisation present at Zone 11.

Other Projects

During the period, the Company completed the acquisition of assets as part of the IPO, including:

- the Gasgoyne assets, issuing SM3-W Pty Ltd (SM3-W) 4 million shares and \$200,000 to acquire the share capital of SM3-W; and
- the Mosquito creek Tungsten Rights, issuing Northern Mineral Ltd (NTU) 4 million shares and \$100,000 in consideration.

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DIRECTORS' REPORT

Events subsequent to balance date

After the reporting date, non-executive director, Charlton William (Bill) Kable on 14th January, 2013 aged 62, died due to accidental drowning on the NSW Central Coast. The Company would like to reiterate their condolences to Bill's friends and family, and note the significant impact Bill had on the mining industry as a whole, and on the development of Tungsten Mining to an ASX listed entity.

Other than the above, there have been no matters or circumstances that have arisen since 31 December 2012 that has significantly affected or may significantly affect:

- (a) the group's operations in future years; or
- (b) the results of those operations in future years; or
- (c) the group's state of affairs in future years.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act is set out on page 16.

Signed in accordance with a resolution of the Directors



Paul Berndt
Director
Perth, 15 March 2013

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Half-year ended 31 December 2012	Period 13 July 2011 to 31 December 2011
	Note	\$	\$
EXPENSES			
Administration expenses		571,515	52
Exploration and evaluation expenses		1,039,990	7,560
Occupancy expenses		20,400	-
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX		(1,631,905)	(7,612)
INCOME TAX		-	-
NET LOSS FOR THE PERIOD		(1,631,905)	(7,612)
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified to profit and loss		9,599	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(1,622,306)	(7,612)
Basic and diluted loss per share (cents per share)	3	(3.31)	(0.04)

The statement of comprehensive income should be read in conjunction with the accompanying condensed notes.

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Notes	As at 31 December 2012 \$	As at 30 June 2012 \$
CURRENT ASSETS			
Cash and cash equivalents		4,258,049	1,124,052
Trade and other receivables		145,032	64,925
Total Current Assets		4,403,081	1,188,977
NON CURRENT ASSETS			
Exploration and evaluation	5	2,560,079	710,079
Plant and equipment		94,451	4,024
Total Non Current Assets		2,654,530	714,103
TOTAL ASSETS		7,057,611	1,903,080
CURRENT LIABILITIES			
Trade and other payables		536,539	28,429
Total Current Liabilities		536,539	28,429
TOTAL LIABILITIES		536,539	28,429
NET ASSETS		6,521,072	1,874,651
EQUITY			
Issued capital	6	8,355,248	2,311,521
Reserves	7	225,000	-
Accumulated losses		(2,059,176)	(436,870)
TOTAL EQUITY		6,521,072	1,874,651

The statement of financial position should be read in conjunction with the accompanying condensed notes.

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STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

		Half-year ended 31 December 2012	Period 13 July 2011 to 31 December 2011
	Note	\$	\$
OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,152,273)	(52)
Interest received		9,599	-
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(1,142,674)	(52)
INVESTING ACTIVITIES			
Purchase of office equipment		(92,056)	-
Payment for acquisition of subsidiary, net of cash acquired	8	(200,000)	-
Payment for acquisition of mineral rights	5	(100,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(392,056)	-
FINANCING ACTIVITIES			
Proceeds from issue of shares	6	5,110,876	425,000
Share issue costs	6	(442,149)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		4,668,727	425,000
Net increase in cash and cash equivalents		3,133,997	424,948
Cash and cash equivalents at the beginning of the period		1,124,052	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		4,258,049	424,948

The statement of cash flows should be read in conjunction with the accompanying condensed notes.

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STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Notes	Issued Capital \$	Reserves \$	Accumulated Losses \$	Total \$
At 13 July 2011					
Opening Balance		-	-	-	-
Loss for the period		-	-	(7,612)	(7,612)
Other comprehensive income (net of tax)		-	-	-	-
Total comprehensive income for the period (net of tax)		-	-	(7,612)	(7,612)
Transactions with owners in their capacity as owners:					
Shares issued		425,000	-	-	425,000
Share issued transaction costs		-	-	-	-
Share based payments expense		-	-	-	-
Balance at 31 December 2011		425,000	-	(7,612)	417,388
Balance at 1 July 2012		2,311,521	-	(436,870)	1,874,651
Loss for the half-year		-	-	(1,631,905)	(1,631,905)
Other comprehensive income (net of tax)		-	-	9,599	9,599
Total comprehensive income for the half-year (net of tax)		2,311,521	-	(2,059,176)	252,345
Transactions with owners in their capacity as owners:					
Shares issued	6	6,710,876	-	-	6,710,876
Equity raising costs	6	(442,149)	-	-	(442,149)
Share based payment	8	(225,000)	225,000	-	-
Balance as at 31 December 2012		8,355,248	225,000	(2,059,176)	6,521,072

The statement of changes in equity should be read in conjunction with the accompanying condensed notes.

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Note 1: Basis of preparation of the half-yearly financial report

The consolidated financial report is a general purpose condensed financial report for the half-year ended 31 December 2012, which has been prepared in accordance with AASB 134 *Interim Financial Reporting and the Corporations Act 2001*.

It is recommended that the half-year consolidated financial statements be read in conjunction with the annual financial report for the year ended 30 June 2012 and considered with any public announcements made by Tungsten Mining NL during the half-year ended 31 December 2012 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

The half-year consolidated financial statements do not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full and understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year consolidated financial statements have been prepared on the basis of accrual accounting and historical costs.

Comparative figures

The company was incorporated on 13 July 2011. Therefore, comparative figures are for the period 13 July 2011 to 31 December 2011.

Changes in accounting standards

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to their operations and effective for the current half year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the consolidated entity include amendments to AASB 1, 5, 7, 101, 112, 120, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income'

The adoption of all the new and revised Standards and Interpretations no effect on the amounts reported in the current or prior period. However, the application of AASB 2011-9 has resulted in changes to the consolidated entity's presentation of Other Comprehensive Income in these half-year financial statements.

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 2: Segment reporting

The consolidated entity has based its operating segments on the internal reports that are reviewed and used by the executive management team in assessing performance and in determining the allocation of resources.

The consolidated entity currently does not have production and is only involved in exploration. As a consequence, activities in the operating segment are identified by management based on the manner in which resources are allocated, the nature of the resources provided and the identity of the manager and country of expenditure. Information is reviewed on a whole of entity basis.

Based on these criteria the consolidated entity has only one operating segment, being exploration, and the segment operations and results are reported internally based on the accounting policies as described in Note 1.

Note 3: Loss per share

	2012	2011
	\$	\$
Basic loss per share (cents per share)	3.31	0.04
Diluted loss per share (cents per share)	3.31	0.04
Net loss	(1,622,306)	(7,612)
Loss used in calculating basic and diluted loss per share	(1,622,306)	(7,612)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	48,983,788	21,000,000

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 4: Contingent liabilities and contingent assets

The consolidated entity does not have any contingent assets or liabilities as at 31 December 2012.

Note 5: Exploration and evaluation

	<u>\$</u>
At 1 July 2012	710,079
Option fees paid	(50,000)
Acquisition of SM3-W Pty Ltd (see Note 8)	1,000,000
Acquisition of Northern Minerals Mosquito Creek designated mineral rights (i)	900,000
As at 31 December 2012	<u>2,560,079</u>

- (i) Consideration for the acquisition was \$100,000 cash and 4 million shares (Note 6).

The ultimate recoupment of deferred exploration and evaluation costs is dependent on the successful development and commercial exploitation or sale of the respective areas.

Note 6: Issued capital

	Number	\$
At 1 July 2012	45,500,000	2,311,521
Issue of shares pursuant to initial public offerings	25,554,379	5,110,876
Acquisition of SM3-W Pty Ltd (Note 8)	4,000,000	800,000
Acquisition of Northern Minerals Mosquito Creek designated mineral rights (Note 5)	4,000,000	800,000
Equity raising costs (i)	-	(667,149)
As at 31 December 2012	<u>79,054,379</u>	<u>8,355,248</u>

- (i) Equity raising costs comprise the fair value of options granted to promoters of the company (Note 7) and other costs of raising capital.

As at 31 December 2012 there was 15 million options on issue (Note 7).

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

Note 7: Reserves

	Number	\$
At 1 July 2012	-	-
Fair value of 15,000,000 unlisted options exercisable at \$0.40 on or before 30 June 2016 to issued to promoters of the company.	15,000,000	225,000
As at 31 December 2012	<u>15,000,000</u>	<u>225,000</u>

Note 8: Controlled entities

The following were controlled entities at 31 December 2012 and have been included in these consolidated financial statements. All shares held are ordinary shares.

Name	Country of Incorporation	Percentage Interest Held % 2012	Date Acquired/ Incorporated
Subsidiaries of Tungsten Mining NL			
BRL Exploration Pty Ltd	Australia	100	13/03/2012
SM3-W Pty Ltd (i)	Australia	100	13/12/2012

(i) On 13 December 2012, Tungsten Mining NL acquired 100% of the share capital of SM3-W Pty Ltd for a total consideration of \$1,000,000. The consideration was 4,000,000 ordinary shares in Tungsten Mining valued at \$800,000 (Note 5) and \$200,000 in cash at settlement.

<i>Purchase consideration</i>	\$
Shares issued, at fair value	800,000
Cash paid at settlement	<u>200,000</u>
	<u>1,000,000</u>

<i>Fair value of net assets acquired</i>	\$
Exploration and evaluation assets (Note 5)	<u>1,000,000</u>
	<u>1,000,000</u>

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**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012**

Note 9: Events subsequent to balance date

After the reporting date, non-executive director, Charlton William (Bill) Kable on 14th January, 2013 aged 62, died due to accidental drowning on the NSW Central Coast. The Company would like to reiterate their condolences to Bill's friends and family, and note the significant impact Bill had on the mining industry as a whole, and on the development of Tungsten Mining to an ASX listed entity.

Other than the above-mentioned, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in the future financial year.

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DIRECTORS' DECLARATION

The Directors of Tungsten Mining NL declare that:

- (a) the consolidated financial statements and notes set out on page 6 to 14 are in accordance with the Corporations Act 2001 and:
- give a true and fair view of the financial position of the consolidated entity as at 31 December 2012 and of its performance for the half-year ended 31 December 2012; and
 - comply with AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable

The declaration is made in accordance with a resolution of the Board of Directors.



Paul Berndt
Director
Perth

15 March 2013

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Auditor's independence Declaration to the Directors of Tungsten Mining NL



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Chartered Accountants (Audit)
Business Consultants
Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Tungsten Mining NL

As auditor for the review of Tungsten Mining NL for the period ended 31 December 2012, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.


Kevin Somes
Perth
15 March 2013


Kevin Somes
Perth
15 March 2013

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Independent Auditor's Review Report

To the members of Tungsten Mining NL

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Tungsten Mining NL, which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Tungsten Mining NL are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Tungsten Mining NL's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tungsten Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Tungsten Mining NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Tungsten Mining NL 's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


James Cooke


Kevin Somes

15 March 2013

Perth
Western Australia