TUNGSTEN MINING NL

2018 FINANCIAL REPORT

Contents

Directors' Report

The directors of Tungsten Mining NL ("Tungsten Mining" or "the Company") present their report for Tungsten Mining NL, comprising the Company and the entities it controls ("the Group"), for the year ended 30 June 2018.

Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Gary Lyons Non-executive Chairman

Mr Lyons is a successful and well respected Perth based businessman; being a shareholder and the Managing Director of the Heiniger Group's Australasian operations for over 25 years.

Mr Lyons was appointed a director on 16 July 2014 and elected non-executive chairman on 5 January 2015. Mr Lyons is a member of the audit committee.

Present ASX company directorships: GWR Group Limited, Corizon Limited
Previous ASX company directorships (last 3 years): Nil

Tan Sri Dato' Tien Seng Law Non-executive Deputy Chairman (appointed 15 January 2018)

Mr Law is a highly experienced investor in iron ore companies and was previously the Deputy Chairman and major shareholder of Midwest Corporation Limited. Mr Law also has extensive business interests and investments in China. Mr Law is currently the executive Chairman of T.S. Law Holding Sdn Bhd, an investment holding company in Malaysia, covering a diverse range of industries. These companies include those with activities in steel making and distribution, property investment and development and food and beverage.

Mr Law is the appointed Malaysian Business Advisor of Jinan Group of Companies of the Shandong Province, the People's Republic of China. He has a substantial interest in Ji Kang Dimensi Sdn Bhd, a company within the Jinan Group of Companies operating a steel plates manufacturing plant in Malaysia.

Mr Law is a substantial stakeholder and Deputy Chairman of Hiap Teck Venture Berhad, a Malaysian listed company engaged in distribution and trading of steel related products and as well as manufacturing of steel pipes.

Mr Law through Hiap Teck Venture Bhd, entered into a joint venture with Shougang Group of China (JV company name Eastern Steel Sdn Bhd), to build a 1.5 million MT of production capacity Integrated Steel Mill located on the east coast of Peninsula Malaysia.

Mr Law was appointed as director and deputy chairman on 15 January 2018.

Present ASX company directorships: GWR Group Limited
Previous ASX company directorships (last 3 years): Nil

Directors' Report

Kong Leng (Jimmy) Lee Non-executive Director

Mr Lee is a mining engineer with more than 30 years of industry experience and is a member of AusIMM. He has successfully worked with a number of major Australian mining companies and has held senior positions with Hamersley Iron Ltd, Dominion Mining Ltd, Christmas Island Phosphates, North Ltd and Carey Mining Ltd.

Mr Lee provides mining and corporate advisory services to the mining industry and was formerly a founding director of Terrain Minerals Limited. In addition, he has a successful track record with contract negotiations and company investment strategies. Mr Lee is a member of the audit committee.

Present ASX company directorships: GWR Group Limited, Excelsior Gold Limited
Previous ASX company directorships (last 3 years): Corizon Limited

Chew Wai Chuen Non-executive Director

Mr Chuen is a financial advisor with more than 15 years of industry experience, specialising in the provision of corporate and wealth management for ultra-high net worth individuals. He has experience in South East Asia capital markets and extensive networks of clients based in Singapore and Malaysia.

Mr Chuen is also the Managing Partner with a financial advisory firm, providing personal investing planning and wealth management for high net worth individuals and has a good track record of investment into junior mining companies in Australia and South East Asia. Mr Chuen is a member of the audit committee.

Present ASX company directorships: Potash West NL
Previous ASX company directorships (last 3 years): Nil

Teck Siong Wong Non-executive Director

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne).

Mr Wong is involved with the iron ore mining industry in Indonesia. He was previously involved in the sales and export of steel related products and was a director of a retail chain business in the United Kingdom, previously known as JW Carpenter Ltd. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

Mr Wong is a member of the audit committee.

Present ASX company directorships: Corizon Limited
Previous ASX company directorships (last 3 years): Nil

Directors' Report

Wai Cheong Law Alternate Director for Tan Sri Dato Tien Seng Law (appointed 20 July 2018)

Mr Law was appointed as an alternate director to Tan Sri Dato Tien Seng Law on 20 July 2018.

Mr Law holds an LLB (Hons) from Cardiff University in Wales, UK, and an MSc in Management from Cass Business School, University of London, UK. He is also a Barrister-at-Law at Lincoln's Inn.

Mr Law has experience in various facets of business and industry. He currently oversees and spearheads the business development for the Malaysian family-owned TS Law Group, a burgeoning and diversified group of companies engaged in steel production, mining and property development and investments in Malaysia, China, Australia, United Kingdom and the USA. Mr Law is also an executive member of the board of directors of Hiap Teck Venture Berhad, a Malaysian PLC.

Present ASX company directorships: Nil
Previous ASX company directorships (last 3 years): Nil

Company Secretaries

Mark Pitts

Mr Pitts is a Fellow of the Institute of Chartered Accountants with more than 25 years' experience in statutory reporting and business administration. He has been directly involved with, and consulted to a number of public companies holding senior financial management positions.

He is a Partner in the corporate advisory firm Endeavour Corporate providing company secretarial support, corporate and compliance advice to a number of ASX listed public companies.

Simon Borck

Mr Borck was appointed as joint Company Secretary on 8 November 2016. He is a Chartered Accountant with 15 years experience in statutory, financial and management reporting for companies operating within the resources sector and has held senior financial management positions.

He has a range of experience with mining service providers and has operated with resources companies in all stages of exploration, development and production. Past positions include Financial Controller of iron ore producer Territory Resources Limited, which was listed on the ASX prior to its acquisition by the Noble Group.

Directors' Report

Interests in the shares and options of the Company and related bodies corporate

As at the date of this report, the interests of directors in shares or options of the Company were:

	Ordinary shares	Unlisted options
	Number	Number
Non-executive Directors		
Gary Lyons	4,000,000	4,000,000
Tien Seng Law	70,165,000	10,710,000
Kong Leng (Jimmy) Lee	2,000,000	4,000,000
Teck Siong Wong	2,000,000	4,000,000
Chew Wai Chuen	2,625,001	4,104,167
Wai Cheong Law	6,242,649	-

Shares under option

As at the date of this report, there unissued shares of the Company under option were:

	Exercise price	Expiry date	Unlisted options outstanding	Vested and exercisable
	$		Number	Number
Entitlement offer options	0.03	31 Dec 2019	42,218,368	42,218,368
Placement options	0.60	31 Dec 2019	27,647,059	27,647,059
Director options – tranche 1	0.03	23 Dec 2020	3,200,000	3,200,000
Director options – tranche 2	0.04	23 Dec 2020	3,200,000	3,200,000
Director options – tranche 3	0.05	23 Dec 2020	9,600,000	-
Total options on issue			**85,865,427**	**76,765,427**

During the year ended 30 June 2018, the Company issued 12,683,380 options exercisable at $0.60 on or before 31 December 2019 (2017: 91,163,177). Subsequent to the end of the financial year, 14,963,679 options exercisable at 60 cents on or before 31 December 2019 were issued.

During the year ended 30 June 2018, 23,194,809 vested options were converted to ordinary shares (2017: nil). These options were issued pursuant to a previous entitlement offer and were exercisable at $0.03 on or before 31 December 2019. As at the date of this report, 42,218,368 Entitlement offer options remain on issue. Since the balance date to the date of this report 9,750,000 ordinary shares have been issued on the exercise of Employee and Entitlement Options.

During the year ended 30 June 2018, no (2017: nil) options expired. No options were cancelled (2017: Nil). Since balance date to the date of this report, no options have been cancelled or have reached expiry. The holders of unlisted options are not entitled to any voting rights until the options are exercised into ordinary shares. These unlisted options do not entitle the holder to participate in any share issue of the Company or any other body corporate. Refer to the Remuneration Report for further details of options outstanding for Key Management Peronnel (KMP).

On 20 July 2018 the Company's shareholders approved the Tungsten Mining NL Loan Share Plan. Pursuant to this plan, on 26 July 2018, 16,000,000 loan-funded shares were issued to Directors of the Company at an issue price of $0.478 per share, being the 5-day VWAP of the Company's shares as quoted on the ASX for the period up to and including the date of issue. The funds to acquire these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable at the earlier of: the sale of the underlying shares, upon a material breach of the agreement or within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully-paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis.

Directors' Report

Meetings of directors

The number of meetings of the company's Board of Directors and of each board committee held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board		Audit Committee	
	Attended	Held	Attended	Held
Gary Lyons	3	3	1	1
Tien Seng Law	1	1	-	1
Kong Leng (Jimmy) Lee	3	3	1	1
Chew Wai Chuen	3	3	1	1
Teck Siong Wong	3	3	1	1

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of dividend in respect of the financial year.

Principal activities

The principal activity of the Group during the financial year was the development of the Mt Mulgine project and exploration of tungsten.

Operating and financial review

Review of operations

Tungsten Mining NL has a strategy of becoming a globally significant producer of tungsten concentrate. This objective will be achieved by developing a portfolio of quality mineral resource assets and demonstrating capability through the production of tungsten concentrate.

During the 2018 financial year, the Group's focus has been on the development activities at its flagship Mt Mulgine Tungsten Project in the Murchison region of Western Australia. The Mt Mulgine strategic development plan is directed at producing tungsten concentrate in early 2019 from small scale production from mining the Mulgine Hill tungsten deposit. The Group received an R&D tax offset of $204,087 (2017: $48,122) related to its research and development activities and received interest income of $253,238 (2017: $45,379) from its increased holdings of cash.

As a result of the successful equity issues completed during the year, the Group maintained substantially higher cash reserves throughout the reporting period.

In particular, at balance date the Group's cash and cash equivalents were $34,130,400 (2017: $3,188,002). In addition (as set out at note 10) the Group held additional funds of $18,194,633 (2017: Nil) representing funds received for shares but not allotted until after year end.

The other major change in the assets of the Group was the increase in plant and equipment, which was $888,078 at balance date (2017: $83,179). This increase is largely related to the purchase in September 2017 of the second-hand heavy mineral processing plant. The plant was purchased from Pilbara Minerals Limited for a total cost of $795,347 (including transportation costs).

Significantly, the companies financing activities resulted in cash flows from financing activities of $53,313,768 (2017: $3,974,994).

As reported in the subsequent events note to this report, activities undertaken during the year were also directed at increasing the project portfolio of the Group. Tungsten Mining entered a binding term sheet in May 2018 for the purchase of the Watershed Tungsten Project, a large-scale development ready project based in Far North Queensland. The acquisition was completed in August utilising funds from the recently completed equity raising. Additionally, since the end of the reporting period, Tungsten Mining has contracted to purchase the Hatches Creek Project, a high-grade polymetallic tungsten project based in the Northern Territory. These acquisitions and the substantial progress made on the Mt Mulgine project during the past year ideally position the Group to implement its strategic plan.

Operating results for the year

The loss after income tax benefit for the year ended 30 June 2018 was $4,195,372 (2017: $2,469,570), which included an expense of $3,170,388 (2017: $1,464,568) of exploration expenditure.

Events since the end of the financial year

On 20 July 2018, Wai Cheong Law was appointed as an alternate director to Tan Sri Dato Tien Seng Law.

On 25 July 2018, the Company issued 74,818,393 shares at $0.34 and 14,963,679 free-attaching options, exercisable at $0.60 on or before 31 December 2019, being the second tranche of shares issued under the placement announced on 16 April 2018. The first tranche was completed on 16 May 2018. These shares were issued at 34 cents per share, raising $25,438,253 before costs.

On 26 July 2018, 16,000,000 loan-funded shares were issued to Directors of the Company, pursuant to shareholder approval at the Company's general meeting held on 20 July 2018, at an issue price of $0.478 per share, being the 5-day VWAP of the Company's shares as quoted on the ASX for the period up to and including the date of issue. The funds to acquire these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully-paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis.

On 27 July 2018, the Company announced that a sale agreement with Vital Metals Limited had been formalised to acquire 100% of te Watershed Tungsten Project located in northern Queensland, for cash consideration of $15 million less completion adjustments. This acquisition was completed on 10 August 2018.

On 2 August 2018, the Company allotted 9,250,000 fully-paid ordinary shares on the successful exercise of all the Employee Options. The total funds raised from this issue was $407,000.

On 3 September 2018, the Company announced that it had entered into an agreement with GWR Group Limited to acquire the Hatches Creek Tungsten Project. The purchase will be satisfied through the payment of $8.68 million cash consideration, and will involve the Company acquiring 100% of the issued capital of GWR's wholly-owned subsidiary, NT Tungsten Pty Ltd, which owns 100% of the Hatches Creek Tungsten Project. The sale is conditional upon the completion of successful due-diligence procedures and shareholder approval.

On 12 September 2018, the Company allotted 500,000 fully-paid ordinary shares on the successful exercise of options that were exercisable at $0.03 on or before 31 December 2019. The total funds raised from this issue was $15,000.

Other than mentioned above, there have been no other events occurring subsequent to balance date which have a significant impact on the results or position of the company.

Directors' Report

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Key Management Personnel (KMP) of the Group.

KMP's Remuneration Policy

- The policy of the Group is to pay remuneration of KMP in line with employment market conditions relevant in the minerals exploration industry.
- The Group's performance, and hence that of its KMP, is measured in terms of a combination of Group share price growth, its liquidity and the success of its exploration and development activities.

Relationship between Remuneration Policy and Company Performance

Objective
The Company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for Group, business team and individual performance;
- align the interests of executives with those of shareholders; and
- ensure total remuneration is competitive by market standards.

Structure
- At this time, the cash component of remuneration paid to the Directors, the Company Secretary and other senior managers is not dependent upon the satisfaction of performance conditions.
- It is current policy that some executives be engaged by way of consultancy agreements with the Group, under which they receive a contract rate based upon the number of hours of service supplied to the Group. There is provision for yearly review and adjustment based on consumer price indices. Such remuneration is hence not dependent upon the achievement of specific performance conditions. This policy is considered to be appropriate for the Group, having regard to the current state of its development.
- The Group has an agreement for the provision of management and technical services to the Group by GWR Group Ltd ("GWR"). Certain executives are employees of GWR and, other than the benefit of share and option plans, are remunerated by GWR and not the Group.
- The Company recognises the benefit of directors, managers and other employees of the Group holding securities in the Company and directors are encouraged to hold shares, provided that any trading is consistent with its Policy for Trading in Company Securities. The Directors, officers and employees of the Group may also participate in the share and option plans as described in this report.

Details of Remuneration

Key Management Personnel's remuneration for the year:

	Short-Term		Post employment	Share-based payments	Total
	Salary & Fees	Other services	Superannuation	Options	
	$	$	$	$	$
Non-executive directors					
Gary Lyons					
2018	59,361	-	5,639	50,844	115,844
2017	54,795	-	5,205	33,868	93,868
Tan Sri Dato Tien Seng Law (1)					
2018	23,495	-	-	-	23,495
2017	-	-	-	-	-
Chew Wai Chuen					
2018	43,333	-	-	50,844	94,177
2017	40,000	-	-	33,868	73,868
Kong Leng (Jimmy) Lee					
2018	39,574	21,250	3,760	50,844	115,428
2017	36,530	7,500	3,470	33,868	81,368
Teck Siong Wong					
2018	43,333	-	-	50,844	94,177
2017	40,000	-	-	33,868	73,868
Wai Cheong Law (2)					
2018	-	-	-	-	-
2017	-	-	-	-	-
Other executives					
Craig Ferrier(3)					
2018	-	-	-	92,283	92,283
2017	-	-	-	31,229	31,229
Mark Pitts (4)					
2018	42,000	-	-	13,843	55,843
2017	42,000	-	-	4,684	46,684
Simon Borck (3)					
2018	-	-	-	18,457	18,457
2017	-	-	-	6,246	6,246
Total Remuneration					
2018	**251,096**	**21,250**	**9,399**	**327,959**	**609,704**
2017	**213,325**	**7,500**	**8,675**	**177,631**	**407,131**

1) *Tan Sri Dato Tien Seng Law was appointed on 15 January 2018.*
2) *Wai Cheong Law was appointed on 20 July 2018 as an alternate director for Tan Sri Dato Tien Seng Law.*
3) *The Group has an agreement for the provision of executive, administration and technical services by GWR Group Ltd ("GWR"). Craig Ferrier and Simon Borck are employees of GWR and, other than share-based paments, are remunerated by that entity for their services provided to the Group.*
4) *Mark Pitts is paid for his services as Joint Company Secretary through Endeavour Corporate Pty Ltd, an entity related to Mr Pitts.*

Transactions with related parties

During the year, Endeavour Corporate Pty Ltd, an entity associated with the Group's Company Secretary, Mark Pitts, provided accounting services totalling $4,000 (2017: Nil). There are no other related party transactions during the year, other than those relating to key management personnel (see note 5).

Share and option based payments

During the year ended 30 June 2018, no Options were granted to Key Management Personnel. During the year ended 30 June 2017, 22,750,000 Options with an exercise price range of $0.04 to $0.06 were granted to Key Management Personnel of the Company pursuant to terms approved by shareholders at the 2016 Annual General Meeting.

Directors' Report

Share and option based payments (continued)

Under the Management Fee and Remuneration Sacrifice Share

Under the Management Fee and Remuneration Sacrifice Share Plan ("Plan"), the eligible directors and senior management of the Company may elect to sacrifice part of their directors' fees or consulting fees to acquire shares in the Company. Under the Plan, the relevant directors and senior management will receive the remainder of their directors' fees or consulting fees in cash. As such, the shares will be issued for nil cash consideration and will be valued at fair market value. The Plan rules were approved by shareholders at the Annual General Meeting held in November 2013 for the purposes of ASX Listing Rules. During the 2018 and 2017 financial years, no share based payments occurred under this Plan.

Analysis of shares, options and rights over equity instruments granted as compensation

Details of vesting profiles of the Options granted as compensation to KMP of the Company are detailed below.

	Balance at beginning of Year	Granted as compensation during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested and exercisable at the end of year
Non-executive directors						
Gary Lyons	4,000,000	-	-	-	4,000,000	1,600,000
Tan Sri Dato Tien Seng Law	-	-	-	-	-	-
Chew Wai Chuen[1]	4,000,000	-	-	-	4,000,000	1,600,000
Kong Leng Lee	4,000,000	-	-	-	4,000,000	1,600,000
Teck Siong Wong	4,000,000	-	-	-	4,000,000	1,600,000
Other executives						
Craig Ferrier	5,000,000	-	-	-	5,000,000	5,000,000
Simon Borck	1,000,000	-	-	-	1,000,000	1,000,000
Mark Pitts	750,000	-	-	-	750,000	750,000
	22,750,000	-	-	-	22,750,000	13,150,000

Details of Options granted as compensation held at reporting date by KMP of the Company are detailed below.

	Grant date	Number Granted as compensation	Fair value of granted options at grant date	Number of options vested and exercisable during the year	Number of options vested %
Non-executive directors					
Gary Lyons	23 Dec 2016	4,000,000	69,632	1,600,000	40%
Tan Sri Dato Tien Seng Law	-	-	-	-	-
Chew Wai Chuen[1]	23 Dec 2016	4,000,000	69,632	1,600,000	40%
Kong Leng Lee	23 Dec 2016	4,000,000	69,632	1,600,000	40%
Teck Siong Wong	23 Dec 2016	4,000,000	69,632	1,600,000	40%
Other executives					
Craig Ferrier	6 Feb 2017	5,000,000	94,029	5,000,000	100%
Simon Borck	6 Feb 2017	1,000,000	18,806	1,000,000	100%
Mark Pitts	6 Feb 2017	750,000	14,104	750,000	100%
		22,750,000	405,467	13,150,000	

1) *These options only related to those granted as compensation and do not include 104,167 vested and exercisable $0.03 unlisted options issued to Mr Chew Wai Chuen under the non-renounceable entitlement offer. These options are not remuneration related and were entered into under terms and conditions no more favourable than those the Group would have entered adopted if dealing at arm's length. Mr Chew Wai Chuen's total unlisted option holdings in the Company at reporting date is 4,104,167.*

Directors' Report

Share and option based payments (continued)

The value of granted Options is the fair value calculated at grant date. The total value is included in the table above and is allocated to remuneration over the vesting period. Refer to note 15 in the Finanical Statements of this report for further details of options granted to KMP as remuneration.

Service agreements

There are no contracts in place with regard to the services provided by KMP unless otherwise stated.

Agreements with Non-executive Directors
Mr Gary Lyons was appointed as a Non-executive Director on 16 July 2014 and elected Chairman on 5 January 2015. Pursuant to an agreement dated 16 July 2014, his director's fee was initially set at $40,000 per annum, inclusive of superannuation requirement. During the year, the level of directors fees payable to Mr Lyons were increased to $120,000 per annum, inclusive of superannuation. In the event of termination, there is no notice period required.

Tan Sri Dato Tien Seng Law was appointed as a Non-executive Director on 15 January 2018. Pursuant to an agreement dated 15 January 2018, his director's fee was set at $100,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required.

Mr Kong Leng (Jimmy) Lee was appointed as a Non-executive Director on 2 April 2014. Pursuant to an agreement dated 2 April 2014, his director's fee was set at $40,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required. During the year, his directors fees were revised to $80,000 per annum.

Mr Chew Wai Chuen was appointed as a Non-executive Director on 17 April 2014. Pursuant to an agreement dated 17 April 2014, his director's fee was set at $40,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required. During the year, his directors fees were revised to $80,000 per annum.

Mr Teck Siong Wong was appointed as a Non-executive Director on 8 February 2016. Pursuant to an agreement dated 8 February 2016, his director's fee was set at $40,000 per annum, inclusive of superannuation requirement. In the event of termination, there is no notice period required. During the year, his directors fees were revised to $80,000 per annum.

Service agreements (continued)

Other
In the 2015 financial year, the Company entered into an agreement for the provision of management and technical services to the Company by GWR Group Ltd. Mr Ferrier and Mr Borck are employees of GWR Group Ltd and, other than share-based payments, are remunerated by that entity. The management agreement may be terminated by either party on three months written notice.

Use of remuneration consultants

The Group did not employ the services of any remuneration consultants during the year ended 30 June 2018.

Shares

Share holdings for KMP
The number of ordinary shares in the Company held by KMP during the 2018 financial year is as follows:

	Balance at beginning of Year / on appointment	Granted as remuneration	Issued on exercise of options during the year	Other changes during the year	Balance at end of year or cessation of office
Non-executive directors					
Gary Lyons	-	-	-	-	-
Tan Sri Dato Tien Seng Law[1]	46,865,000	-	-	-	46,865,000
Chew Wai Chuen	625,001	-	-	-	625,001
Kong Leng (Jimmy) Lee	-	-	-	-	-
Teck Siong Wong	-	-	-	-	-
Wai Cheong Law[2]	-	-	-	-	-
Other executives					
Craig Ferrier	-	-	-	-	-
Simon Borck	-	-	-	-	-
Mark Pitts	-	-	-	-	-
	47,490,001	-	-	-	47,490,001

1) *Tan Sri Dato Tien Seng Law was appointed on 15 January 2018*
2) *Wai Cheong Law was appointed subsequent to the end of the financial year*

End of Remuneration Report

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 13 and forms part of this report.

The report is made in accordance with a resolution of directors.

Gary Lyons
Chairman
Perth
Dated 27 September 2018

Auditor’s Independence Declaration

Stantons International Audit and Consulting Pty Ltd
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27 September 2018

Board of Directors
Tungsten Mining NL
97 Outram Street
West Perth WA 6005

Dear Sirs

RE: TUNGSTEN MINING NL

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Tungsten Mining NL.

As Audit Director for the audit of the financial statements of Tungsten Mining NL for the year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

Martin Michalik
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

	Note	2018 $	2017 $
Revenue from continuing activities			
R&D tax offset		204,087	48,122
Interest		253,238	45,379
Other		45,000	500
Total revenue		**502,325**	**94,001**
Expenses			
Administration		(846,385)	(662,518)
Exploration		(3,170,388)	(1,464,568)
Occupancy		(48,000)	(48,000)
Remuneration		(258,825)	(195,238)
Share-based payments	25	(374,099)	(193,247)
Loss from continuing operations before income tax		**(4,195,372)**	**(2,469,570)**
Income tax benefit	4	-	-
Net loss for the year		**(4,195,372)**	**(2,469,570)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total comprehensive loss for the year		**(4,195,372)**	**(2,469,570)**
Net loss attributable to members of the Parent		(4,195,372)	(2,469,570)
Total comprehensive loss attributable to members of the Parent		(4,195,372)	(2,469,570)
Basic loss per share (cents per share)	7	(0.84)	(0.75)

Diluted loss per share is not disclosed as it would not reflect an inferior position.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 30 June 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	8	34,130,400	3,188,002
Trade and other receivables	9	308,154	46,013
Funds for shares not issued	10,14	18,194,634	-
Other financial assets		40,000	-
Total current assets		**52,673,188**	**3,234,015**
Non current assets			
Plant and equipment	11	888,078	83,179
Exploration and evaluation	12	2,352,171	2,352,171
Total non current assets		**3,240,249**	**2,435,350**
Total assets		**55,913,437**	**5,669,365**
Current liabilities			
Trade and other payables	13	673,683	220,085
Total current liabilities		**673,683**	**220,085**
Total liabilities		**673,683**	**220,085**
Net assets		**55,239,754**	**5,449,280**
Equity			
Issued capital	14	56,005,180	20,588,067
Shares to be issued	10,14	18,194,634	-
Reserves	15	802,426	428,327
Accumulated losses	16	(19,762,486)	(15,567,114)
Total equity		**55,239,754**	**5,449,280**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity
For the year ended 30 June 2018

	Issued capital	Shares to be issued	Reserves	Accumulated losses	Total
	$	$	$	$	$
At 1 July 2016	15,613,073	-	235,080	(13,097,544)	2,750,609
Loss for the year	-	-	-	(2,469,570)	(2,469,570)
Other comprehensive loss (net of tax)	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	**-**	**-**	**-**	**(2,469,570)**	**(2,469,570)**
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	193,247	-	193,247
Shares issued	5,273,054	-	-	-	5,273,054
Share issue transaction costs	(298,060)	-	-	-	(298,060)
At 30 June 2017	**20,588,067**	**-**	**428,327**	**(15,567,114)**	**5,449,280**

	Issued capital	Shares to be issued	Reserves	Accumulated losses	Total
At 1 July 2017	20,588,067	-	428,327	(15,567,114)	5,449,280
Loss for the year	-	-	-	(4,195,372)	(4,195,372)
Other comprehensive loss (net of tax)	-	-	-	-	-
Total comprehensive loss for the year (net of tax)	-	-	-	(4,195,372)	(4,195,372)
Transactions with owners in their capacity as owners:					
Share-based payments	-	-	374,099	-	374,099
Shares issued	36,604,258	-	-	-	36,604,258
Shares to be issued	-	18,194,634	-	-	18,194,634
Share issue transaction costs	(1,187,145)	-	-	-	(1,187,145)
At 30 June 2018	**56,005,180**	**18,194,634**	**802,426**	**(19,762,486)**	**55,239,754**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 $	2017 $
Operating activities			
Payments to suppliers and employees		(4,027,655)	(2,371,496)
R&D tax offset received		204,087	48,122
Interest received		211,609	41,762
Interest paid		-	(63,781)
Net cash flows (used in) operating activities	20	**(3,611,959)**	**(2,345,393)**
Investing activities			
Purchase of property, plant and equipment		(524,777)	(756)
Proceeds from sale tenements and interests		-	500
Security deposits paid		(40,000)	-
Net cash flows (used in) investing activities		**(564,777)**	**(256)**
Financing activities			
Share issue costs	14	(1,185,124)	(298,060)
Proceeds from issue of shares	14	36,304,258	5,273,054
Proceeds from shares to be issued		18,194,634	-
Repayment of borrowings		-	(1,000,000)
Net cash flows from financing activities		**53,313,768**	**3,974,994**
Net increase in cash and cash equivalents		**49,137,032**	**1,629,345**
Adjustment for restricted cash held at balance date	10	(18,194,634)	**-**
Cash and cash equivalents at the beginning of the year		3,188,002	1,558,657
Cash and cash equivalents at the end of the year	8	**34,130,400**	**3,188,002**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements for the year ended 30 June 2018

Note 1: Corporate Information

Tungsten Mining NL ("the Company") is a public no liability company and was incorporated on 13 July 2011 in Australia. The consolidated financial report of the Company for the year ended 30 June 2018 comprises the Company and its subsidiaries (together referred to as the "Group"). The Group's principal activities are mineral exploration, evaluation and development.

The nature of operations and principal activities of the Group are described in the directors' report.

Note 2: Statement of significant accounting policies

(a) Basis of preparation

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB.

The consolidated financial report has also been prepared on an accruals and historical cost basis. Cost is based on the fair values of the consideration given in exchange of assets.

The consolidated financial report is presented in Australian dollars.

The accounting policies detailed below have been consistently followed throughout the period presented unless otherwise stated.

(b) New accounting standards and interpretations

New and amended standards adopted
The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning on or after 1 July 2017 and determined that their application to the financial statements is not relevant or material.

Other standards not yet applicable
A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

Notes to Financial Statements for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Apart from a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue. The directors anticipate that the adoption of AASB 15 is unlikely to have a significant impact on the Group's financial statements as the Group does not currently have revenue from contracts with customers.

AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: Leases and related interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as either operating leases or finance leases. Lessor accounting remains similar to current practice.

The main changes introduced by the new Standard are as follows:

- recognition of the right-to-use asset and liability for all leases (excluding short term leases with less than 12 months of tenure and leases relating to low value assets);
- depreciating the right-to-use assets in line with AASB 116: Property, Plant and Equipment in profit or loss and unwinding of the liability in principal and interest components;
- inclusion of variable lease payments that depend on an index or a rate in the initial measurement of the lease liability using the index or rate at the commencement date;
- application of a practical expedient to permit a lessee to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lease to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity at the date of initial application. Although the directors anticipate that the adoption of AASB 16 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

Other standards not yet applicable
There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 2: Statement of significant accounting policies (continued)

(c) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

Mineral acquisition costs
The Group capitalises and carries forward mineral acquisition costs that are expected to be recouped through sale or successful development and exploitation of the area of interest or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

(d) Exploration and evaluation expenditure

Exploration and evaluation costs are expensed in the period they are incurred apart from mineral acquisition costs, which are capitalised and carried forward where right to tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest, or where exploration and evaluation activities in the area of interest have not reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Where an area of interest is abandoned or the directors decide that it is not commercial, any accumulated mineral acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and capitalised costs written off to the extent it is deemed that they will not be recoverable in the future.

Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

(e) Plant & Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impaired in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Plant and equipment – over 3 to 25 years

Impairment
The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication exists of impairment and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Notes to Financial Statements for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(e) Plant & Equipment (continued)

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Derecognition
An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognised.

(f) Income tax

Current tax assets and liabilities for the period is measured at amounts expected to be recovered from or paid to the taxation authorities based on the current year's taxable income. The tax rates and tax laws used for computations are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except where the deferred income tax liability arises from the initial recognition of goodwill of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.
Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Notes to Financial Statements
for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of Goods and services tax (GST) except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(h) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance date. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries including non-monetary benefits, annual leave and accumulating sick leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Long service leave
The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(i) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to Financial Statements
for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(j) Receivables

Receivables, which generally have 30-90 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less an allowance for any uncollectible amounts.

Collectability or receivables are reviewed on an ongoing basis. Debts that are known to be uncollectible are written off when identified. An allowance for doubtful debts is raised when there is objective evidence that the Group will not be able to collect the debt.

(k) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.
R&D tax rebates are recognised when the receipts are deemed probable and the amounts can be measured reliably.

(l) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(m) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(n) Earnings/(Loss) per share

Basic earnings/(loss) per share is calculated as net profit/(loss) attributable to members of the Group adjusted to exclude any costs of servicing equity (other than dividends) divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Options that are considered to be dilutive are taken into consideration when calculating the diluted earnings per share.

(o) Investments and other financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

Notes to Financial Statements
for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(o) Investments and other financial assets (continued)

(i) Held-to-maturity investments
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit and loss when the investments are derecognised or impaired, as well as through the amortisation process.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit and loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iii) Fair value hierarchy
AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2
Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3
Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

- if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
- if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

Notes to Financial Statements for the year ended 30 June 2018

Note 2: Statement of significant accounting policies (continued)

(p) Impairment of financial assets

The Group assesses at each balance date whether a financial asset or group of financial assets is impaired.

Available-for-sale investments
If there is objective evidence that an available-for-sale investment is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in profit and loss, is transferred from equity to the statement of profit or loss and other comprehensive income. Reversals of impairment losses for equity instruments classified as available-for-sale are not recognised in profit. Reversals of impairment losses for debt instruments are reversed through profit and loss if the increase in an instrument's fair value can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(q) Leases

Operating Lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and the reduction of the liability.

(r) Share Based Payments

Under AASB 2 Share Based Payments, the Group must recognise the fair value of options granted to directors, employees and consultants/contractors as remuneration as an expense on a pro-rata basis over the vesting period in the Consolidated Statement of Profit or Loss and Other Comprehensive income with a corresponding adjustment to equity.

The Group provides benefits to employees (including directors) and consultants/contractors of the Group in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) and consultants/contractors is measured by reference to fair value at the date they are granted. The fair value is determined using the Black Scholes option pricing model.

Note 3: Segment information

The Group has based its operating segment on the internal reports that are reviewed and used by the chief operators decision makers (the Board) in assessing performance and in determining the allocation of resources.

The Group currently does not have production and is only involved in exploration and evaluation. As a consequence, activities in the operating segment are identified by the Board 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 Group has only one operating segment, being exploration, and evaluation and the segment operations and results are reported internally based on the accounting policies as described in note 2 for the computation of the controlled entity's results presented in this set of financial statements.

Notes to Financial Statements for the year ended 30 June 2018

Note 4: Income Tax

	Consolidated	
	2018	2017
	$	$
(a) Prima facie income tax benefit at 27.5% on loss from ordinary activities is reconciled to the income tax provided in the financial statements		
Loss from continuing operations before income tax	(4,195,372)	(2,469,570)
Prima facie tax benefit at the Australian tax rate of 27.5% (2017:27.5%)	(1,153,727)	(679,132)
Tax effect of:		
Non-deductible expenses	47,856	53,143
Non-assessable income	-	(13,234)
Adjustments in the current year in relation to the current tax of previous years	129,020	29,408
Change in corporate tax rate	-	351,242
Effect of deferred taxes that would be recognised directly in equity	(305,274)	-
Tax losses & temporary differences not brought to account	1,282,125	258,573
Income tax expense/(benefit)	-	-
(b) Deferred tax assets		
Deferred tax assets that have not be recognised:		
Accrued expenses	23,925	4,125
Employee benefits	3,343	597
Other future deductions	259,884	44,048
Unused tax losses	5,548,872	4,459,999
	5,836,024	4,508,769
Deferred tax asset not recognised	(5,836,024)	(4,508,769)
	-	-

	Consolidated	
	2018	2017
	$	$
(c) Deferred tax liabilities		
Accrued interest	26,221	2,397
Mining tenements and rights	54,198	32,891
	80,419	35,288
Deferred tax liability not brought to account	(80,419)	(35,288)
	-	-

Potential deferred tax assets of $5,836,024 as at 30 June 2018 (2017: $4,508,769), arising from tax losses and temporary differences have not been recognised as an asset because recovery of these tax losses and temporary differences is not yet probable.

Notes to Financial Statements for the year ended 30 June 2018

Note 5: Key Management Personnel remuneration

	Consolidated	
	2018	2017
	$	$
Short-term benefits	272,346	220,825
Share-based payments	327,959	177,631
Post-employment benefits	9,399	8,675
Total KMP compensation	609,704	407,131

Refer to the remuneration report contained in the directors' report for further details of the remuneration paid or payable and equity holdings of the Group's key management personnel.

Note 6: Auditor's remuneration

	Consolidated	
	2018	2017
	$	$
Remuneration of the auditor of the Group for:		
- auditing or reviewing the financial report (accruals)	39,122	28,000
- (over)/under accrual in prior year	(952)	742
	38,170	28,742

Note 7: Loss per share

	Consolidated	
	2018	2017
	$	$
Basic loss per share	(0.84)	(0.75)
Loss used in calculating basic loss per share	(4,195,372)	(2,469,570)
	Number	Number
Weighted average number of ordinary shares used in the calculation of basic loss per share	501,581,818	330,681,865

The diluted loss per share is not disclosed as it would not relect an inferior position

Notes to Financial Statements for the year ended 30 June 2018

Note 8: Cash and cash equivalents

	Consolidated	
	2018	2017
	$	$
Cash at bank	1,574,356	188,002
Term deposits	32,556,044	3,000,000
	34,130,400	3,188,002

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Note 9: Trade and other receivables

	Consolidated	
	2018	2017
	$	$
Current		
GST receivable	120,738	37,295
Other receivables	187,416	8,718
	308,154	46,013

These non-trade receivables are non-interest bearing and are generally on 30-90 days terms. The carrying amounts of these receivables represent fair value and are not considered to be impaired.

Note 10: Funds for shares not issued

	Consolidated	
	2018	2017
	$	$
Funds for shares not issued	18,194,634	-

Funds for shares not issued
The amount of $18,194,634 represents share subscription monies received pursuant to Tranche 2 of the placement completed on 16 May 2018 which required shareholder approval prior to their issue as ordinary fully-paid shares. Shareholders approved the issue on 20 July 2018 and the shares were issued subsequent to the end of the financial year. On allotment of the shares, these funds will form part of Cash and Cash Equivalents.

Notes to Financial Statements for the year ended 30 June 2018

Note 11: Plant and equipment

	Consolidated			
	Office Equipment	Plant and Equipment	Computer Software	Total
	$	$	$	$
2018				
Cost	37,994	902,342	24,671	965,007
Accumulated depreciation	(20,066)	(34,001)	(22,862)	(76,929)
	17,928	868,341	1,809	888,078
Opening net carrying value	3,749	71,828	7,602	83,179
Additions	20,705	804,071	-	824,776
Depreciation charge for the year	(6,526)	(7,558)	(5,793)	(19,877)
Closing net carrying value	17,928	868,341	1,809	888,078

Acquisition of processing facility

During the financial year, the Group acquired a dismantled mineral processing facility and relocated it from its location in the Pilbara to storage in a laydown area adjacent to the Golden Dragon gold processing plant operated by Minjar Gold for total consideration of $795,347. This amount is included with Plant and Equipment above, and is not currently being depreciated as it is yet to be available for use.

	Consolidated			
	Office Equipment	Plant and Equipment	Computer Software	Total
	$	$	$	$
2017				
Cost	17,289	98,271	24,671	140,231
Accumulated depreciation	(13,540)	(26,443)	(17,069)	(57,052)
	3,749	71,828	7,602	83,179
Opening net carrying value	6,828	77,785	13,541	98,154
Additions	-	756	-	756
Depreciation charge for the year	(3,079)	(6,713)	(5,939)	(15,731)
Closing net carrying value	3,749	71,828	7,602	83,179

Notes to Financial Statements for the year ended 30 June 2018

Note 12: Exploration and evaluation

	Consolidated	
	2018	2017
	$	$
At 1 July	2,352,171	2,352,171
No movements for the year	-	-
As at 30 June	2,352,171	2,352,171

Mineral acquisition costs
The Group capitalises the acquisition costs in accordance with its accounting policy for exploration and evaluation expenditure. The ultimate recoupment of acquisition costs carried forward in the exploration and evaluation phases are dependent on the successful development and commercial exploitation or sale of the respective areas.

Note 13: Trade and other payables

	Consolidated	
	2018	2017
	$	$
Current		
Trade payables	339,062	201,673
Accrued expenses	305,059	18,412
Other payables	29,562	-
	673,683	220,085

These unsecured payables are non-interest bearing and are generally on 30-90 days terms. Due to the short term nature of these payables, the carrying value is assumed to approximate their fair value.

Note 14: Share capital

	Consolidated	
	2018	2017
	$	$
Issued and Unissued Share Capital		
Ordinary shares fully paid	56,005,180	20,588,067
Funds received for shares to be issued	18,194,634	-
	74,199,814	20,588,067

Capital Management
When managing capital, the Board's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. The Board also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity. As the equity market is constantly changing the Board may issue new shares to provide for future exploration and development activity. The company is not subject to any externally imposed capital requirements.

Notes to Financial Statements for the year ended 30 June 2018

Note 14: Share capital (continued)

Movements in the issued capital of the Company are:

	Consolidated			
	2018	2017	2018	2017
	$	$	Number	Number
At 1 July	20,588,067	15,613,073	395,479,062	263,652,708
Ordinary Shares				
Shares issued under rights issue at $0.04	-	5,273,054	-	131,826,354
Shares issued to acquire plant from Pilbara Minerals Limited at $0.04	300,000	-	7,500,000	-
Shares issued under rights issue at $0.10	6,493,762	-	64,937,620	-
Shares issued under the shortfall allotment to the rights issue at $0.10	7,379,417	-	73,794,168	-
Shares issued under the share placement at $0.34	21,561,747	-	63,416,902	-
Shares issued on the exercise of options during the year	869,332	-	23,194,809	-
Cost incurred relating to issue of shares	(1,187,145)	(298,060)	-	-
Total issued capital at 30 June	56,005,180	20,588,067	628,322,561	395,479,062

	Consolidated	
	2018	2017
	$	$
Shares to be issued		
Shares to be issued (note 10)	18,194,634	-

Note 15: Reserves

	Consolidated	
	2018	2017
	$	$
Share option reserve	802,426	428,327

Movement in unlisted share options reserve
The following table illustrates the share based payments expense, number and weighted average excerise prices (WAEP) of, and movements in, share options during the year.

Notes to Financial Statements for the year ended 30 June 2018

Note 15: Reserves (continued)

	Number	WAEP	$
At 1 July 2016	-	$0.000	235,080
Options issued under non-renounceable entitlement offer	65,913,177	$0.040	-
Options issued to Directors	16,000,000	$0.054	135,473
Options issued to employees	9,250,000	$0.054	57,774
At 30 June 2017	**91,163,177**	**$0.044**	**428,327**
At 1 July 2017	91,163,177	$0.044	428,327
Vesting expense of Director/Employee options (Note 25)	-	-	374,099
Free-attaching options issued under share placement	12,683,380	$0.600	-
Free-attaching options exercised during the year	(23,194,809)	$0.038	-
At 30 June 2018	**80,651,748**	**$0.124**	**802,426**

Summary of options issued during the year

The following table illustrates options granted during the year

	Number granted	Vesting date	Exercise price	Expiry date
Placement free-attaching options	12,683,380	N/A	$0.60	31 Dec 2019
	12,683,380			

Vested and excercisable options

The following table illustrates outstanding options that have vested and are excercisable at year end:

	Number outstanding	Number vested and excercisable	Exercise price	Expiry date	Remaining contractual life
Non-renounceable entitlement offer options	42,718,368	42,718,368	0.03	31 Dec 2019	1.51 years
Placement options	12,683,380	12,683,380	0.60	31 Dec 2019	1.51 years
Director options					
Tranche 1	3,200,000	3,200,000	0.03	23 Dec 2020	2.49 years
Tranche 2	3,200,000	3,200,000	0.04	23 Dec 2020	2.49 years
Tranche 3	9,600,000	-	0.05	23 Dec 2020	2.49 years
Employee options					
Tranche 1	1,850,000	1,850,000	0.03	6 Feb 2021	2.61 years
Tranche 2	1,850,000	1,850,000	0.04	6 Feb 2021	2.61 years
Tranche 3	5,550,000	5,550,000	0.05	6 Feb 2021	2.61 years
Outstanding at year end	**80,651,748**	**71,051,748**			

Note 16: Accumulated losses

	Consolidated	
	2018	2017
	$	$
Opening balance	(15,567,114)	(13,097,544)
Net loss for the year	(4,195,372)	(2,469,570)
Accumulated losses at the end of the financial year	(19,762,486)	(15,567,114)

Note 17: Commitments

Exploration

The Group based on the minimum annual commitments pursuant to the terms and conditions of exploration licences and mineral rights will have minimum annual commitment obligations of $474,700 (2017: $546,367) in the forthcoming year. These obligations are capable of being varied from time to time in order to maintain current rights of tenure to mining tenements.

Executive and administration services

The Group has a minimum obligation of $102,000 (2017: $102,000) in the forthcoming year, representing the minimum notice period to be provided of 3 months under the management agreement with GWR Group Limited.

Note 18: Contingent liabilities

The Group is not aware of any significant contingencies that existed at balance date.

Note 19: Related party transactions

(a) Associates

GWR Group Limited (GWR)

GWR is a significant shareholder in the Group's parent Tungsten Mining NL and holds significant influence over decision making of the Group. During the year the Group received certain services from GWR as detailed in the table below.

	Consolidated	
	2018	2017
	$	$
GWR Services		
Executive	360,000	360,000
Administration and recharges	73,687	51,445
Project related activities	92,788	89,443
	526,475	500,888

Outstanding in trade payables to GWR as at 30 June 2018 was $37,400 (2017: $120,402).

Notes to Financial Statements
for the year ended 30 June 2018

Note 19: Related party transactions (continued)

GWR Loan
In 2016, GWR advanced the principal amount of $1,000,000 by way of a 12% pa interest bearing unsecured loan to the Company to enable settlement of the acquisition of the Mt Mulgine and Big Hill tungsten projects. This loan was repaid by the Company in the prior year pursuant to the terms of the Deed. Interest paid to GWR during the current year was nil (2017: $63,781).

(b) Transactions with related parties

During the year, Endeavour Corporate Pty Ltd, an entity associated with the Group's Company Secretary, Mark Pitts, provided accounting services totalling $4,000 (2017: Nil).

There are no other related party transactions during the year, other than those relating to key management personnel (see note 5).

Note 20: Cash flow information

	Consolidated	
	2018	2017
	$	$
(a) Reconciliation of cash flows from operations with loss from ordinary activities after income tax		
Loss from ordinary activities after income tax	(4,195,372)	(2,469,570)
Add back:		
Depreciation	19,877	15,731
Share based payments	374,099	193,247
Disposal of tenement	-	(500)
Changes in assets and liabilities		
(Increase) in trade and other receivables	(262,142)	(2,519)
Increase/(decrease) in trade and other payables	451,579	(81,782)
Cash flows used in operations	(3,611,959)	(2,345,393)

(b) Non cash financing and investing activities
During the current year, the Company issued 7,500,000 shares at 4 cents per share ($0.04) for the acquisition of plant & equipment from Pilbara Minerals Limited. There were no other non-cash financing and investing activities in the previous year.

Notes to Financial St,atements for the year ended 30 June 2018

Note 21: Financial risk management objectives and policies

The Group's principal financial instruments are cash and cash equivalents. The main purpose of the financial instruments is to finance the Group's operations. The Group's also has other financial instruments such as restricted cash, trade debtors and creditors which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest Rate Risk

Interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Group's exposure to interest rate risk is detailed in the table below.

The Group's has not entered into any hedging activities to manage interest rate risk. In regard to its interest rate risk, the Group's continuously analyses its exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative investments and the mix of fixed and variable interest rates.

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate	Total Interest Bearing	Non Interest Bearing	Total
	%	$	$	$	$	$
2018						
Financial Assets						
Cash	0.50	1,318,480	-	1,318,480	255,876	1,574,356
Term Deposit	2.12	-	32,556,044	32,556,044	-	32,556,044
Funds for shares not issued	-	-	-	-	18,194,634	18,194,634
Receivables	-	-	-	-	299,356	299,356
Other financial assets	2.40	-	40,000	40,000	-	40,000
		1,318,480	32,596,044	33,914,524	18,749,866	52,664,390
Financial Liabilities						
Trade creditors	-	-	-	-	673,684	673,684
	-	-	-	-	673,684	673,684
2017						
Financial Assets						
Cash	0.60	89,209	-	89,209	98,793	188,002
Term Deposit	2.50	3,000,000	-	3,000,000	-	3,000,000
Receivables	-	-	-	-	46,013	46,013
		3,089,209	-	3,089,209	144,806	3,234,015
Financial Liabilities						
Trade creditors	-	-	-	-	220,085	220,085
		-	-	-	220,085	220,085

Notes to Financial Statements
for the year ended 30 June 2018

Note 21: Financial risk management objectives and policies (continued)

Interest Rate Risk Sensitivity

	-10%		10%	
	Profit	Equity	Profit	Equity
	$	$	$	$
2018				
Cash	(478)	(478)	478	478
Term Deposit	(50,048)	(50,048)	50,048	50,048
2017				
Cash	(39)	(39)	39	39
Term Deposit	(5,430)	(5,430)	5,430	5,430

Sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates.

- -10% sensitivity would move term deposit interest rates at 30 June 2018 from around 2.12% to 1.91% (2016: 2.50% to 2.25%) representing a 21 (2017: 25) basis points downwards shift, which is 15.4 (2017: 18.1) basis points net of tax.
- -10% sensitivity would move cash interest rates at 30 June 2018 from around 0.50% to 0.45% (2017: 0.60% to 0.54%) representing a 5 (2017: 6) basis points downwards shift, which is 3.63 (2017: 4.35) basis points net of tax.

Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances is impacted resulting in a decrease or increase in overall income.

(b) Liquidity Risk
The Group manages liquidity risk by maintaining sufficient cash reserves required to meet the current exploration and administration commitments, through the continuous monitoring of actual cash flows. All payables are due within 30 days.

(c) Fair Values
For financial assets and liabilities, the net fair value approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

(d) Credit Risk
Credit risk arises in the event that counterparty will not meet its obligations under a financial instrument leading to financial losses. The Group is exposed to credit risk from its operating activities, financing activities including deposits with banks. The credit risk control procedures adopted by the Group is to assess the credit quality of the institution with whom funds are deposited or invested, taking into account its financial position and past experiences.

The maximum exposure to credit risk on financial assets of the Group which have been recognised on the Consolidated Statement of Financial position is generally limited to the carrying amount. Cash and term deposits are maintained with major Austrlian banks.

(e) Foreign Currency Risk
The Group is not exposed to any significant foreign currency risk.

Notes to Financial Statements
for the year ended 30 June 2018

Note 22: Subsequent events

On 20 July 2018, Wai Cheong Law was appointed as an alternate director to Tan Sri Dato Tien Seng Law.

On 25 July 2018, the Company issued 74,818,393 shares at $0.34 and 14,963,679 free-attaching options, exercisable at $0.60 on or before 31 December 2019, being the second tranche of shares issued under the placement announced on 16 April 2018. The first tranche was completed on 16 May 2018. These shares were issued at 34 cents per share, raising $25,438,253 before costs.

On 26 July 2018, 16,000,000 loan-funded shares were issued to Directors of the Company, pursuant to shareholder approval at the Company's general meeting held on 20 July 2018, at an issue price of $0.478 per share, being the 5-day VWAP of the Company's shares as quoted on the ASX for the period up to and including the date of issue. The funds to acquire these shares were provided to the Directors under interest-free, limited-recourse loan agreements, and are repayable within 10 years of the date of issue. The shares are escrowed, and confer the same rights as ordinary, fully-paid shares. Any dividends received on the loan-funded shares are first applied to any outstanding loan balance, on a post-tax basis.

On 27 July 2018, the Company announced that a sale agreement with Vital Metals Limited had been formalised to acquire 100% of te Watershed Tungsten Project located in northern Queensland, for cash consideration of $15 million less completion adjustments. This acquisition was completed on 10 August 2018.

On 2 August 2018, the Company allotted 9,250,000 fully-paid ordinary shares on the successful exercise of all the Employee Options. The total funds raised from this issue was $407,000.

On 3 September 2018, the Company announced that it had entered into an agreement with GWR Group Limited to acquire the Hatches Creek Tungsten Project. The purchase will be satisfied through the payment of $8.68 million cash consideration, and will involve the Company acquiring 100% of the issued capital of GWR's wholly-owned subsidiary, NT Tungsten Pty Ltd, which owns 100% of the Hatches Creek Tungsten Project. The sale is conditional upon the completion of successful due-diligence procedures and shareholder approval.

On 12 September 2018, the Company allotted 500,000 fully-paid ordinary shares on the successful exercise of options that were exercisable at $0.03 on or before 31 December 2019. The total funds raised from this issue was $15,000.

Other than mentioned above, there has not arisen in the interval between the end of the financial year 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 Group, the results of those operations, or the state of affairs of the Group in the future financial year.

Notes to Financial Statements for the year ended 30 June 2018

Note 23: Parent entity

	Parent	
	2018	2017
	$	$
Assets		
Current assets	52,628,189	3,234,012
Non current assets	3,220,249	2,435,352
Total Assets	55,848,438	5,669,364
Liabilities		
Current liabilities	608,684	220,084
Total Liabilities	608,684	220,084
Net Assets	55,239,754	5,449,280
Equity		
Issued capital	74,199,814	20,588,067
Reserves	802,426	428,327
Accumulated losses	(19,762,486)	(15,567,114)
Total Equity	55,239,754	5,449,280

	Parent	
	2018	2017
	$	$
Loss for the year	(4,195,372)	(2,469,573)
Other comprehensive income	-	-
Total comprehensive loss for the financial year	(4,195,372)	(2,469,573)

The Company is not aware of any significant contingencies as at the end of the financial year.

The Company has not entered into any guarantees in relation to the debts of its subsidiaries.

Notes to Financial Statements for the year ended 30 June 2018

Note 24: Controlled entities

Tungsten Mining NL is the ultimate parent entity of the Group.

The following were controlled entities at balance date and have been included in the consolidated financial statements. All shares held are ordinary shares.

Company Name	Country of Incorporation	Percentage Interest Held	Percentage Interest Held	Acquired/ Incorporated
		2018	2017	Date
Parent Entity:				
Tungsten Mining NL	Australia	-	-	13/07/2011
Subsidiaries of Tungsten Mining NL:				
BRL Exploration Pty Ltd	Australia	100%	100%	13/03/2012
SM3-W Pty Ltd	Australia	100%	100%	13/12/2012
Pilbara Tungsten Pty Ltd	Australia	100%	100%	13/11/2015
Mid-West Tungsten Pty Ltd	Australia	100%	100%	13/11/2015

Note 25: Share-based payments

	Consolidated	
	2018	2017
	$	$
Options issued to Directors (note 15)	374,099	135,473
Options issued to employees, consultants and contractors (note 15)	-	57,774
Total share-based payments for the financial year	374,099	193,247

These share-based payments expenses are in relation to options granted to to Directors, employeees, consultants and contractors in the prior year.

Directors' Declaration

In the opinion of the directors of Tungsten Mining NL:

(a) the financial statements and notes set out on pages to 14 to 39 are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the financial position of the Group as at 30 June 2018 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a); and

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the year ended 30 June 2018.

This declaration is made in accordance with a resolution of the directors.

Gary Lyons
Chairman
Perth
Dated 27 September 2018

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
TUNGSTEN MINING NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tungsten Mining NL, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Stantons International

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets As at 30 June 2018, exploration and evaluation expenditure totalled $2,352,171 (refer to Note 12 of the financial report). The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to: • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management have considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and collaborated with interviews with management. The documents we evaluated included: ▪ Minutes of the board and management; ▪ Announcements made by the Group to the Australian Securities Exchange; and ▪ Cash forecasts; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report (continued)

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Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 12 of the directors' report for the year ended 30 June 2018. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion on the Remuneration Report

In our opinion the Remuneration Report of Tungsten Mining NL for the year ended 30 June 2018 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
27 September 2018