

# 2018

---

## ANNUAL REPORT



**TUNGSTEN  
MINING**



## ABOUT TUNGSTEN MINING

Emerging Australian tungsten developer, Tungsten Mining NL is an Australian based resources company listed on the Australian Securities Exchange. The Company's prime focus is the exploration and development of tungsten projects in Australia.

Tungsten (chemical symbol W), occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which support commercial extraction and processing - wolframite ( $(\text{Fe}, \text{Mn})\text{WO}_4$ ) and scheelite ( $\text{CaWO}_4$ ).

Tungsten has the highest melting point of all elements except carbon – around  $3400^\circ\text{C}$  giving it excellent high temperature mechanical properties and the lowest expansion coefficient of all metals. Tungsten is a metal of considerable strategic importance, essential to modern industrial development (across aerospace and defence,

electronics, automotive, extractive and construction sectors) with uses in cemented carbides, high-speed steels and super alloys, tungsten mill products and chemicals.

Tungsten Mining has four advanced tungsten projects in Australia: the Mt Mulgine Project in the Murchison region, the Big Hill Project in the Pilbara region, the Kilba Project in the Ashburton region of Western Australia and the Watershed Project in far north Queensland.

Tungsten Mining is implementing a staged approach to the development of the Mt Mulgine Tungsten Project, initially focussed on a low capital start-up from Mulgine Hill, directed at demonstrating a pathway to positive cash flow and the basis for large scale mining and processing operations at Mulgine Trench.



AN AUSTRALIAN BASED  
RESOURCES COMPANY



# CONTENTS

|   |    |
|---|----|
| Corporate Directory   | 4  |
| Chairman's Letter   | 5  |
| Review of Operations  | 7  |
| Annual Mineral Resources and Reserves Statement                           | 19 |
| Tenement Interests  | 25 |
| 2018 Financial Report   | 27 |
| ➤ Directors' Report   | 28 |
| ➤ Auditor's Independence Declaration                                      | 38 |
| ➤ Consolidated Statement of Profit or Loss and Other Comprehensive Income | 40 |
| ➤ Consolidated Statement of Financial Position                            | 41 |
| ➤ Consolidated Statement of Changes in Equity                             | 42 |
| ➤ Consolidated Statement of Cash Flows                                    | 43 |
| ➤ Consolidated Notes to the Financial Statements                          | 44 |
| ➤ Directors' Declaration  | 62 |
| ➤ Independent Auditor's Report  | 63 |
| Additional ASX Information  | 67 |



# CORPORATE DIRECTORY

## BOARD OF DIRECTORS

Gary Lyons

Non-executive Chairman

Tan Sri Dato' Tien Seng Law

Non-executive Deputy Chairman

Kong Leng (Jimmy) Lee

Non-executive Director

Chew Wai Chuen

Non-executive Director

Teck Siong Wong

Non-executive Director

Wai Cheong Law

Alternate Director for Mr Law

## COMPANY SECRETARIES

Mark Pitts

Simon Borck

## CHIEF EXECUTIVE OFFICER

Craig Ferrier

## PRINCIPAL & REGISTERED OFFICE

97 Outram Street  
West Perth WA 6005

**T** +61 8 9486 8492

**F** +61 8 9322 2370

info@tungstenmining.com

tungstenmining.com

## ASX CODE

TGN

## ABN

67 152 084 403

## SHARE REGISTRY

Security Transfer Australia

PO Box 52

Collins Street West

VIC 8007

**T** 1300 992 916 / +61 3 9628 2200

**F** +61 8 9315 2233

## AUDITOR

Stantons International  
Level 2, 1 Walker Avenue  
West Perth WA 6005

## INVESTOR AND MEDIA RELATIONS

Craig Ferrier (CEO)

craig.ferrier@tungstenmining.com

Mark Pitts (Company Secretary)

mark.pitts@tungstenmining.com

**T** +61 8 9486 8492

## LEGAL ADVISORS

Bennett + Co

Ground Floor, BGC Centre

28 The Esplanade

Perth WA 6000

## BANKERS

National Australia Bank

Ground Floor

100 St Georges Terrace

Perth WA 6000 Australia

## CORPORATE GOVERNANCE

The Company has adopted the 3rd Edition of the ASX Corporate Governance Recommendations. A summary statement which has been approved by the Board together with current policies and charters is available on the Company website at the following address  
tungstenmining.com/  
corporate-governance

# CHAIRMAN'S LETTER

## DEAR SHAREHOLDERS,

It is a pleasure to be able to report on the progress of your Company over this past year.

The tungsten market has enjoyed far more positive sentiment through the past financial year. The price of APT (ammonium para tungstate) increased by 58% over the year with global production increasing to meet improving demand. APT prices peaked at US\$350/MTU in June 2018 as supply constraints were again highlighted by production closures in China caused by environmental inspections. Whilst the APT price has softened since the end of June, with 80% of global tungsten production coming out of China, the increased control by Chinese central government (as evidenced by the production quotas and environmental inspections) it is likely that price volatility and supply constraints will remain a major feature of the market for some time to come.

Tungsten Mining recognises the importance of understanding the market and developing strategies to maximise the value of its assets in the long term. To this extent we have made substantial headway on several fronts; increasing the asset base and control of available in-ground tungsten resources, positioning the Mt Mulgine Tungsten Project for production and building meaningful commercial relationships with major industry players.

In May 2018 we announced entering into a binding term sheet to acquire the Watershed Tungsten Project in far north Queensland, with settlement of the \$15m acquisition in early August. This significant development ready tungsten project complements our existing portfolio of advanced tungsten projects increasing our inventory of contained metal. In early September we also announced the signing of an agreement for the purchase of the Hatches Creek Tungsten Project, an exciting polymetallic tungsten project located in the Northern Territory, for \$8.68m conditional upon shareholder approval.

At Mt Mulgine our plans to produce tungsten concentrate have progressed to a decision point in coming weeks, with the Company currently finalising mining schedules, process plant design and engineering, and all major regulatory approvals before the state Government. This represents the culmination of a substantial program of work throughout the year by our development team as outlined in the accompanying review of operations.

Our strategy for building a tungsten business of scale has been embraced by the capital markets and seen the Company complete two highly successful equity raisings, with an entitlements issue of \$13.87m completed in December 2017 and a larger \$47m placement undertaken in two tranches between May and July this year. The substantial increase in our market capitalisation has enabled the Company to undertake the acquisitions outlined above. These changes are transforming and offer substantial strategic value by increasing Tungsten Mining's control of major tungsten deposits.

Finally, I would like to acknowledge the incredibly loyal support of our shareholders, both those that have continued to support our equity raisings and the more recent additions to our share register. We look forward to the year ahead with considerable optimism and a focus to realise our potential as an industry leader.

Yours sincerely



**GARY LYONS**  
Chairman







# REVIEW OF OPERATIONS





# REVIEW OF OPERATIONS

## OVERVIEW

Tungsten Mining NL (“the Company”) is focussed on the discovery and development of tungsten deposits in Australia.

The Company’s vision is to become a world leading developer of low-cost tungsten concentrate, providing superior long term returns to our shareholders. The Company aims to achieve this through the acquisition and development of quality deposits, technical excellence in project development, collaboration and rigorous capital management.

Tungsten Mining took a strategic view on tungsten in 2015, when the price cycle for the commodity was at decade lows. Being acquisitive and opportunistic, the Company has established a portfolio of advanced tungsten projects across Australia with the objective of controlling a globally significant inventory of in-ground tungsten.

Complementing this strategy of building scale through acquisition, Tungsten Mining has a commitment to demonstrating its operational capability by establishing

mining and processing activities at the Company’s flagship Mt Mulgine Tungsten Project.

Activities during the 2018 financial year have been driven by these strategic objectives – a period that has seen the Company make substantial progress in terms of project development, equity raising and project acquisition.

Shortly after the end of the 2018 financial year, the Company had grown its resource inventory, to 25.5 million MTU’s (metric tonne units) of WO<sub>3</sub> (tungsten trioxide) and a further 19,100 tonnes of Mo (molybdenum oxide) comprising Measured Resources of 9.5Mt at 0.16% WO<sub>3</sub>, Indicated Resources of 55.7Mt at 0.14% WO<sub>3</sub> and 10ppm Mo and Inferred Resources of 111.7Mt at 0.14% WO<sub>3</sub> and 170ppm Mo at a cut-off grade of 0.05% WO<sub>3</sub> (refer ASX announcement - June Quarterly Report p23). This provides the platform for the Company to become a globally significant player within the primary tungsten market through the development of low-cost tungsten concentrate production.



Figure 1 – Project Location Map



# The Company's operating activities of the past year have been focussed on advancing the Mt Mulgine Strategic Development Plan, directed at the production of tungsten concentrate from its Mt Mulgine Tungsten Project located in the Murchison region of Western Australia.

The Company's operating activities of the past year have been focussed on advancing the Mt Mulgine Strategic Development Plan, directed at the production of tungsten concentrate from its Mt Mulgine Tungsten Project located in the Murchison region of Western Australia. Additionally, the Company has advanced its broader strategy of building scale through the acquisition of advanced tungsten resource projects and developed both its financial and human resources. Key activities undertaken during the 2018 financial year are highlighted below:

- Acquisition of modular heavy mineral processing plant and relocation to site;
- State and Federal environmental referrals successfully completed;
- Non-binding MoU signed with Xiamen Tungsten Co., Ltd of China;
- Completion of Entitlement issue in December 2017 raising \$13.87m;
- Identification of significant new tungsten/molybdenum mineralisation at Mt Mulgine during sterilisation drilling program;
- Completion of Early Contractor Involvement engineering for Mulgine Hill processing plant;
- Binding agreement signed for the acquisition of the Watershed Tungsten Project;
- Completion of \$21.56m placement in May 2018 and a further \$25.44m accepted in oversubscriptions post year end following shareholder approval; and
- Binding Agreement to acquire Hatches Creek Tungsten Project in Northern Territory for \$8.68m signed subsequent to end of financial year.

Further details on these activities can be found elsewhere in this report and more fully in the relevant Company announcements and Quarterly Reports (refer [www.tungstenmining.com](http://www.tungstenmining.com)).

## TUNGSTEN INDUSTRY

Tungsten, also known as wolfram, is a chemical element with symbol W and atomic number 74. The word tungsten comes from the Swedish language tungsten, which directly translates to heavy stone.

Tungsten, occurs naturally on Earth, not in its pure form but as a constituent of other minerals, only two of which currently support commercial extraction and processing - wolframite ((Fe,Mn)WO<sub>4</sub>) and scheelite (CaWO<sub>4</sub>). The free element is remarkable for its unique properties, especially the fact that it has the highest melting point of all the elements (~3,400°C). Its high density is 19.3 times that of

water, making it among the heaviest metals. Its electrical conductivity at 0°C is about 28% of that of silver, which itself has the highest conductivity, and its coefficient of thermal expansion is the lowest of all metals.

These properties ensure tungsten makes an important contribution, through its use in cemented carbide and high-speed steel tools, to the achievement of high productivity levels in industries on which the world's economic well-being depend. It is used in lighting technology, electronics, power engineering, coating and joining technology, the automotive and aerospace industries, medical technology, the generation of high temperatures, the tooling industry (as WC) and even in sports and jewellery.

Cemented carbides, also called hardmetals, are the most important usage of tungsten today. The main constituent is tungsten monocarbide ("WC"), which has hardness close to diamond. Hardmetal tools are the workhorses for the shaping of metals, alloys, wood, composites, plastics and ceramics, as well as for the mining and construction industries.

According to the most recent US Geological Survey (USGS) report on the metal, world mine tungsten (W) production reached 95,000 metric tonnes (t) in 2017, a 7.8% increase over the prior year. Global tungsten prices trended downward from mid-2013 through most of 2015, however have continued to recover since that time.

China is the largest producer of tungsten, accounting for over 80 percent of the world's total output, and is also the world's largest consumer of the metal. In 2017,

mine production in China was reported to total 79,000t of tungsten. After China, production levels drop dramatically, with Vietnam second with 7,200t, followed by Russia (3,100t) and the United Kingdom (1,100t).



Figure 2 - Tungsten carbide cutting tool

# REVIEW OF OPERATIONS

Prices for tungsten concentrates have historically tended to follow the same trend as prices for ammonium paratungstate (APT), which is the key intermediary product in the tungsten supply chain.

APT prices are quoted on the basis of metric tonne units. A metric tonne unit (mtu) is 10kg. A mtu of tungsten trioxide ( $WO_3$ ) contains 7.93kgs of tungsten (W). Standard industry grade specification for tungsten concentrate is 65%  $WO_3$ .

Tungsten prices firmed in 2017 with the quoted price for APT increasing by over 50% from their low point in late 2015. Improving global economic growth has supported increased demand whilst environmental inspections in China have constrained supply.

Increasingly, the availability of tungsten concentrates is reported as being constrained with limited sources outside of China. Within China itself, the stricter environmental controls and increasing costs impact supply.

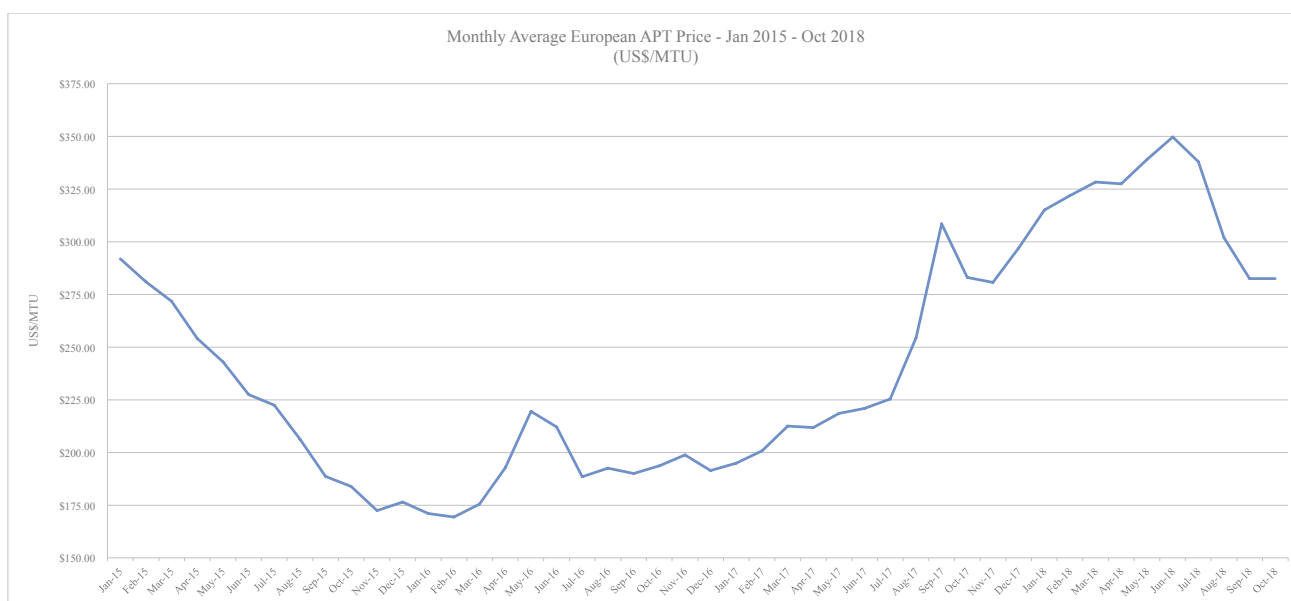


Figure 3 -Tungsten Price Graph

## PROJECT DEVELOPMENT ACTIVITIES

Tungsten Mining is implementing a staged approach to the development of the Mt Mulgine Tungsten Project, initially focussed on a low capital start-up from Mulgine Hill, directed at demonstrating a pathway to positive cash flow and the basis for large scale mining and processing operations at Mulgine Trench. Significant progress was made during the 2018 year as described below.

### Environmental Approvals

In August 2017, the Company announced that it had received decisions from both Federal and State Governments in relation to its major environmental referrals for the Mt Mulgine Tungsten Project.

The Federal Government advised the Company that, under the Environment Protection and Diversity Act 1999, it had declared that the proposed activities, including; clearing native vegetation to allow for open mining pits, a processing plant, office, water storage facilities, run-of-mine pad, waste rock landforms, mineralised oxide landform and a tailings storage facility did not constitute a controlled action and no further assessment is required.

The Company also submitted a proposal to the WA State Government, under Part IV of the Environmental Protection Act 1986 (EP Act). No public comments or submissions were received during this process.

The Western Australian State Government through the Environmental Protection Authority (EPA) advised the Company that the proposed Mt Mulgine Tungsten Project does not require formal assessment under Part IV of the EP Act.

As a consequence, during the year the Company advanced the completion of documentation and submissions to the relevant State Government departments to enable commencement of operations at Mt Mulgine. The Mining Proposal, Works Approval and Native Vegetation Clearing Permit documents were submitted to the relevant Government departments in July 2018.

### Acquisition of Modular Processing Plant

In July 2017, the Company announced that it had agreed terms with Pilbara Minerals Limited for the acquisition of the modular Tappa Tappa heavy mineral processing plant. The acquisition was completed in September 2017 for a consideration of \$600,000, comprising \$300,000 in cash and the balance settled by an issue of shares in the Company.

The processing plant was specifically designed and built in modules to recover a variety of heavy mineral concentrates, including tungsten, and to allow for simple installation of additional modular units if required.

The plant consists of a ball milling circuit, coarse and fine gravity recovery circuit, dewatering circuit, pipework, all associated hoppers and pumps, electrical and control equipment, modular concrete footings and tailings dam liners. It has a nameplate capacity of 30 tonnes per hour with upside to increase throughput via optimisation of the existing plant or addition of modules. The plant was designed and fabricated in Australia, with limited components sourced from overseas.

Due to its modular design, the plant offers considerable versatility to be able to respond quickly by producing a variety of concentrate specifications as determined by prevailing market conditions.

In November 2017 the plant was removed from Pilbara's Pilgangoora site and relocated to a laydown area immediately adjacent to the Golden Dragon gold processing plant and facilities operated by Minjar Gold Pty Ltd ("Minjar"). The site is located approximately 35 km's north of the Mt Mulgine Tungsten Project and is serviced via an existing haul road.



Figure 4 - Bank of spirals in modular processing plant (in-situ prior to dismantling and relocation)



Figure - 5 Ball Mill relocation



# REVIEW OF OPERATIONS

## Drilling Programs

Between 29 November 2017 and 11 April 2018, Tungsten Mining drilled a total of 126 RC holes for 8,938 metres and four HQ diamond holes for 321.4 metres on the Mt Mulgine Project. The objectives of this drilling program were as follows:

- Complete sterilisation drilling across proposed waste landforms locations;
- Complete the 40 metre drill spacing over optimised pits at Mulgine Hill;
- Limited follow-up of significant tungsten-molybdenum mineralisation identified by sterilisation drilling; and
- Diamond drilling to collect data and material for geotechnical studies associated with Mulgine Hill pit designs.

The results of the drilling program were reported to ASX on 16 February, 4 May and 30 July 2018. Sterilisation drilling identified strong tungsten-molybdenum mineralisation over significant strike lengths at Mulgine Hill South and Mulgine Hill East associated with the Mulgine

Granite contact. Two RC holes drilled at the Mulgine Hill Moly Prospect intersected significant molybdenum-tungsten mineralisation consistent with historic exploration. Soil sampling of the proposed tailing storage facility defined a large soil anomaly to 595 ppm W. Subsequent drilling of this anomaly intersected thick zones of tungsten mineralisation requiring further investigation.

## Non-Binding MoU with Xiamen Tungsten Company Ltd

Tungsten Mining announced to the ASX on 3 November 2017 that the Company and Xiamen Tungsten Co., Ltd (Shanghai Stock Exchange Code: SH600549) ("XTC") had executed a non-binding Memorandum of Understanding ("MoU") in relation to the Mt Mulgine Project and cooperation in relation to off take and technical assistance.

XTC is a China Fortune 500 Company domiciled in the Peoples Republic of China and has a market capitalisation of more than 20 billion CNY (~A\$4 billion). XTC's principle business activities covers tungsten, molybdenum, rare earth, new energy materials and real estate. XTC has an established tungsten industry supply chain which includes mining, smelting and downstream

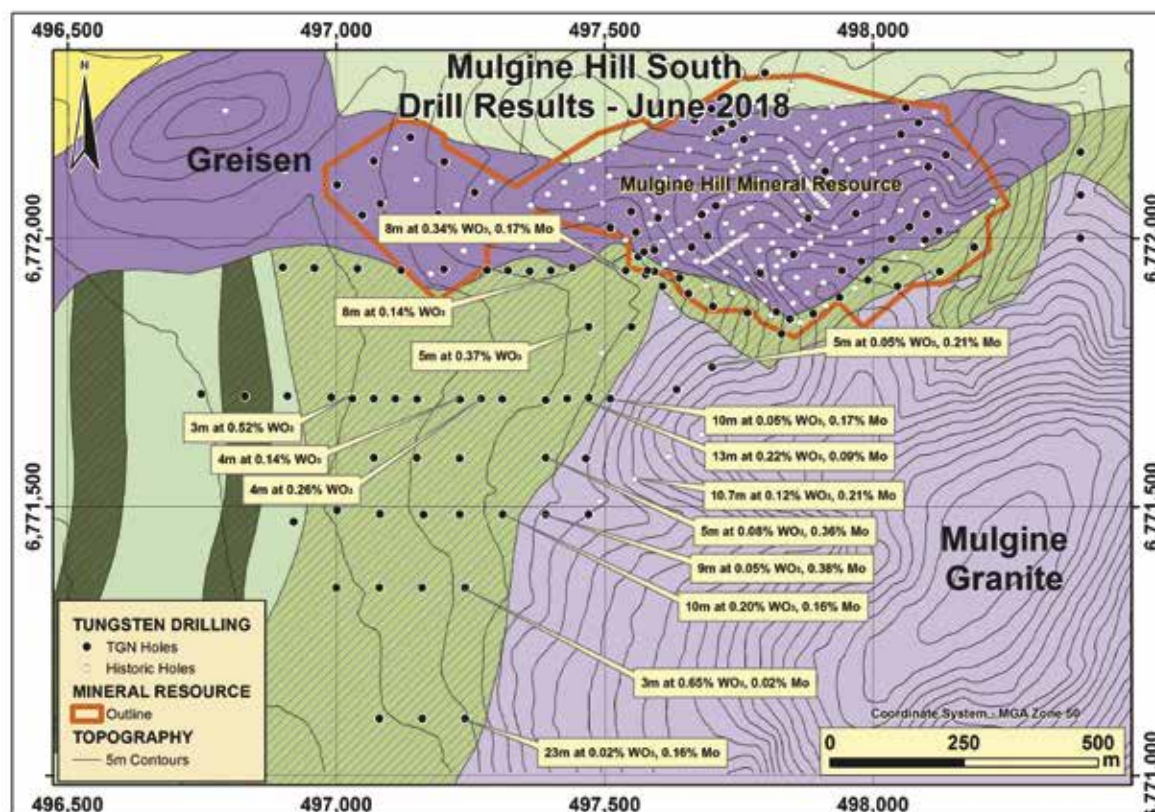


Figure 6 – TGN drilling completed at Mulgine Hill South with better intersections.



processing. XTC is a large producer of the intermediate products including ammonium paratungstate and tungsten oxide. Its downstream products are tungsten powder, cemented carbide, tungsten steel, tungsten bar and tungsten wire.

XTC and Tungsten Mining have agreed to commence negotiations in good faith for XTC to have the right to purchase tungsten concentrate to be produced at Mt Mulgine. In addition, the parties have also agreed to collaborate in relation to technical support directed at enhancing concentrate grades and recovery rates for tungsten concentrate to be produced at Mt Mulgine.

XTC completed a preliminary “whole of ore” flotation test work program on a 300kg sample recovered from Mulgine Hill. This work was completed from June to August 2017 at XTC’s Xingluokeng mine and processing facility in Fujian province in China. The results of this work were very encouraging producing a tungsten concentrate grade of +55% WO<sub>3</sub>.



Figure 7 – Tungsten Mining Directors and CEO during visit to XTC in January 2018

The MoU provides a framework for ongoing cooperation between XTC and Tungsten Mining, however remains non-binding until the execution and delivery of formal agreements with respect to the transactions contemplated by the MoU.

In January senior management of XTC hosted meetings attended by the entire Tungsten Mining board in Xiamen, China. This included an opportunity to visit their tungsten and battery materials processing facilities and China National R&D Centre for Tungsten Technology. During September 2018 senior representatives of XTC attended a site visit to Mt Mulgine and meetings with management in Perth.

#### **Process Plant Design and Early Contractor Involvement (ECI) Phase**

An ECI study phase was completed with the final report and process documentation received in February 2018.

The main objective of the ECI phase was to enhance the project value by defining and developing a process flowsheet based on metallurgical test work, integration of the modular heavy mineral separation plant and to develop a reliable capital and operating cost estimate.

The study confirmed a simple flowsheet design including crushing, x-ray ore sorting, gravity concentration and flotation. The majority of the modular heavy mineral separation plant has been included in the flowsheet as it is suitably sized to support the proposed throughput.

Results of the ECI phase were used to progress detailed engineering and contractor engagement during the June quarter culminating in the receipt of a proposal for the engineering, procurement and construction of the Mt Mulgine tungsten processing plant as an EPC lump sum in early July 2108. Following the end of the financial period, Tungsten Mining have continued to progress work with the proposed contractor to refine elements of the process flow sheet and plant design and costings.



Figure 8 – View of processing plant incorporating crushing, screening and x-ray ore sorting, gravity, flotation and final concentrate preparation.

# REVIEW OF OPERATIONS

## CORPORATE

### Agreement to Acquire Watershed Tungsten Project

On 1 May 2018 the Company and Vital Metals Limited (Vital) executed a binding term sheet for TGN to acquire a 100% interest in the Watershed Tungsten Project located in north Queensland (refer Figure 9) for a cash consideration of \$15m. Following completion of due diligence and preparation of formal transaction documents, the parties executed a formal Sale Agreement to give effect to the transaction contemplated by the term sheet. Completion of the transaction occurred on 9 August 2018.

Watershed is located 130km north of Cairns in a mining friendly jurisdiction, with granted Mining Leases and an Environmental Authority for an open-pit development. Vital completed a Definitive Feasibility Study (DFS) for the project in 2014.

The Watershed Project substantially adds to Tungsten Mining's global resource inventory and boasts a JORC 2012 Mineral Resource Estimate of 49.3Mt grading 0.14% WO<sub>3</sub> comprises Measured Resources of 9.5Mt at 0.16% WO<sub>3</sub>, Indicated Resources of 28.4Mt at 0.14% WO<sub>3</sub> and Inferred Resources of 11.5Mt at 0.15% WO<sub>3</sub> at a cut-off grade of 0.05% WO<sub>3</sub> (refer ASX announcement - June Quarterly Report p23).

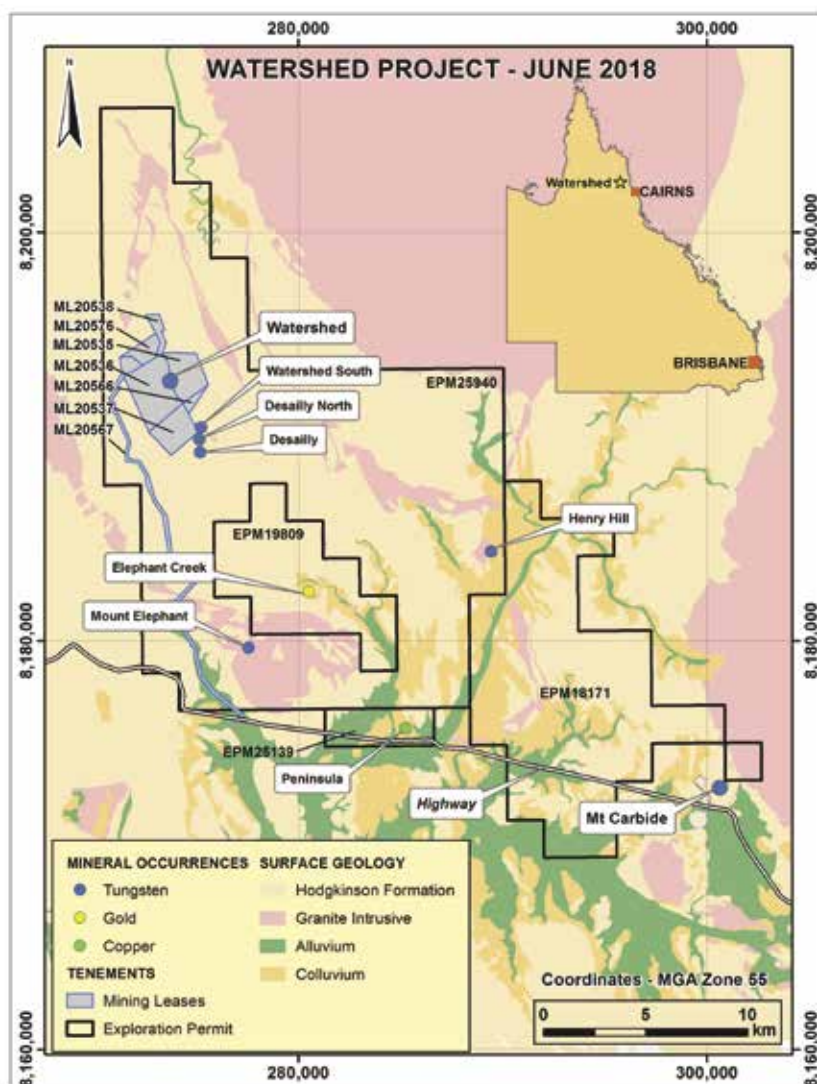


Figure 9 – Watershed Tungsten Project plan

### **Agreement to Acquire Hatches Creek Tungsten Project**

Following the end of the financial period on 3 September 2018 the Company announced that it had agreed the terms with GWR Group Limited (ASX GWR) ("GWR") for the acquisition of the Hatches Creek Tungsten Project.

The Company and GWR have agreed terms for TGN to acquire NT Tungsten Pty Ltd a wholly owned subsidiary of GWR which in turn owns a 100% interest in the Hatches Creek Tungsten Project located 375 km north east of Alice Springs in the Northern Territory of Australia for a cash consideration of \$8.68m. Details of the acquisition terms and conditions precedent are set out in the Company's announcement dated 3 September 2018.

GWR has reported that it successfully completed RC drilling programs in 2016 and 2017, which confirmed multiple high-grade polymetallic tungsten prospects and demonstrated potential for a large high-grade polymetallic tungsten deposit. Further details on the Hatches Creek Project, including GWR's Exploration Target Estimate for the project, are set out in GWR's ASX announcement dated 17 July 2018 and in the June Quarter Activities Report released by GWR on 31 July 2018.

### **Capital Raising**

To accelerate project development activities at Mt Mulgine, in early October 2017 the Company launched a Non-Renounceable Entitlement Offer to raise \$13.87m before costs. The Entitlement offer to existing Shareholders was on the basis of one new share for every three shares held at an issue price of 4 cents per share. By closing date the Company had received applications

reflecting an acceptance rate of 46% from existing shareholders. The directors placed the balance (Shortfall Shares) to sophisticated investors prior to the end of December, resulting in the offer being fully subscribed.

In April 2018 the Company announced its intention to complete a placement to sophisticated and institutional investors to raise approximately \$20 million. Due to overwhelming demand, the Company agreed to accept oversubscriptions, subject to shareholder approval, increasing the placement to a total \$47m (Placement). The Placement was completed in two tranches with \$21.56m raised in May 2018 pursuant to ASX Listing Rule 7.1 placement authority. The balance of \$25.44m was completed in July 2018 following approval of shareholders in general meeting.

The Placement of 138,235,295 shares to sophisticated and institutional investors was at an issue price of 34 cents per fully paid ordinary share. For every five (5) new shares subscribed applicants received one (1) attaching option (approximately 27,647,059 options in total). The options are unlisted and are exercisable by payment of 60 cents on or before 31 December 2019.

Funds raised by the Placement are to be used to advance development activities at the Company's Mt Mulgine Tungsten Project, in particular to advance (fast track) studies related to large scale mining and processing operations at Mt Mulgine, acquisitions (including settlement of the Watershed acquisition) and for general working capital purposes.





# REVIEW OF OPERATIONS

## MT MULGINE PROJECT, MURCHISON WA

The Mt Mulgine Project is located within the Murchison Region of Western Australia, approximately 350km north-northeast of Perth. The Company has 100% of the tungsten and molybdenum rights on a contiguous group of tenements, which have been the subject of significant previous exploration for tungsten and molybdenum.

Two near surface Mineral Resources have been delineated at the Mulgine Trench and Mulgine Hill deposits. Currently, there is a combined Mineral Resource estimate of 70.9Mt at 0.18% WO<sub>3</sub> and 230ppm Mo (0.10% WO<sub>3</sub> cut-off) comprising Indicated Resources of 4.5Mt @ 0.24% WO<sub>3</sub> and 120ppm Mo and Inferred Resources of 66.4Mt @ 0.18% WO<sub>3</sub> and 240ppm Mo.

Historical metallurgical test work conducted in the 1970s/1980s indicates tungsten is present as coarse-grained scheelite, which responds well to conventional gravity separation and is capable of producing saleable concentrate.

## Geology

Tungsten-molybdenum mineralisation at Mt Mulgine is associated with the Mulgine Granite - a high-level leucogranite forming a 2km stock intruding the Mulgine anticline. The granite intrudes a greenstone sequence composed of micaceous schists, amphibolite and talc-chlorite schist, which were formerly metasediments, mafic and ultramafic rocks respectively.

The intrusion is associated with intense hydrothermal alteration with late stage fluids containing tungsten, molybdenum, gold, silver, bismuth and fluorite.

Mineralisation is zoned as follows:

- Porphyry-style molybdenum-only mineralisation in the core of the granite;
- Principally tungsten mineralisation with accessory molybdenum, bismuth and fluorite at the Mulgine Hill Prospect on the granite contact; and
- Tungsten and molybdenum mineralisation with accessory precious metals at the Mulgine Trench Prospect.

Exploration potential is excellent with numerous open positions at Mulgine Trench and Mulgine Hill.

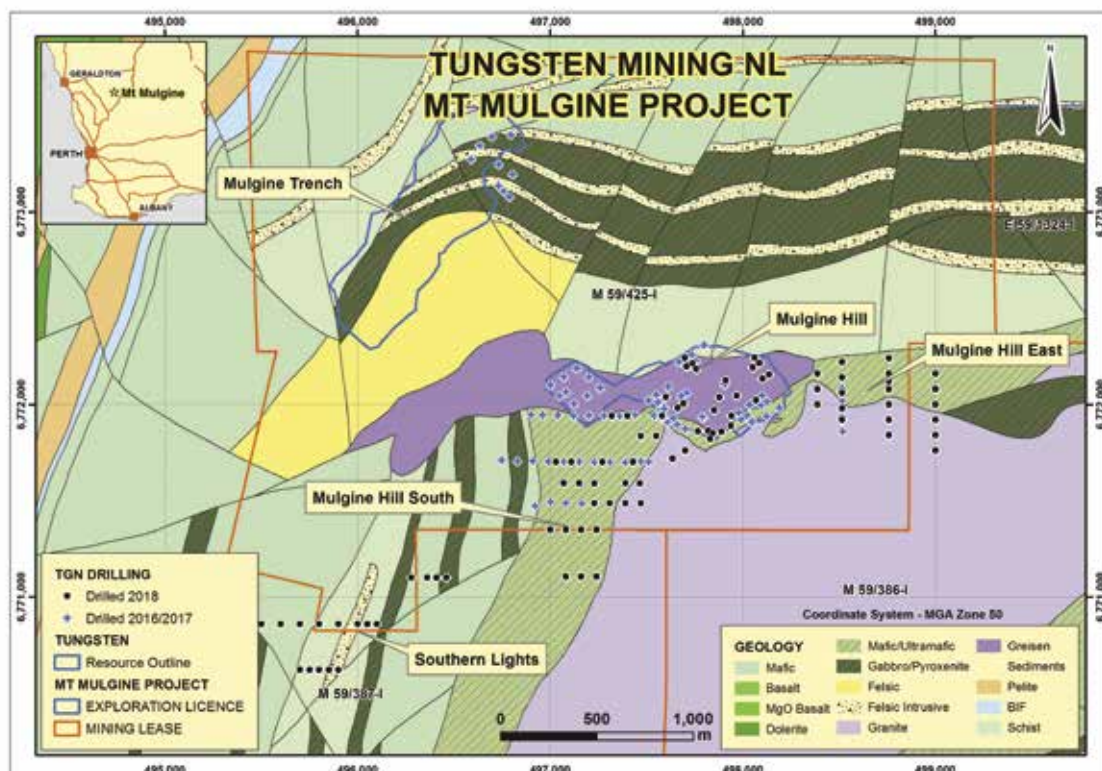


Figure 10 - Mt Mulgine Project Geology



## BIG HILL PROJECT, EASTERN PILBARA, WA

The Big Hill Project area is located approximately 30 km northeast of the Nullagine township in the Eastern Pilbara region of Western Australia. The project contains the Big Hill deposit, where 22,871 metres of diamond and RC drilling have defined a JORC-2012 Mineral Resource estimate of 11.5Mt at 0.15% WO<sub>3</sub> (0.10% WO<sub>3</sub> cut-off) comprising an Indicated Resource of 6.2Mt at 0.16% WO<sub>3</sub> and an Inferred Resource of 5.3Mt at 0.13% WO<sub>3</sub>.

Historical metallurgical testwork conducted on samples from Big Hill at bench and pilot scale have produced high quality tungsten concentrates at acceptable scheelite recoveries. This work has identified a simple and potentially low-cost processing route.

Retention License R46/003 was granted in April 2017.

### Geology

Tungsten mineralisation at Big Hill is associated with vein-hosted scheelite within a tremolite-rich unit on the western margins of the Cookes Creek granite. The geometry of the Big Hill deposit is controlled by the overall shape of the tremolite-rich unit and the density of veins that host scheelite mineralisation.

Historical exploration identified additional targets that have not been adequately tested and warrant further investigation.

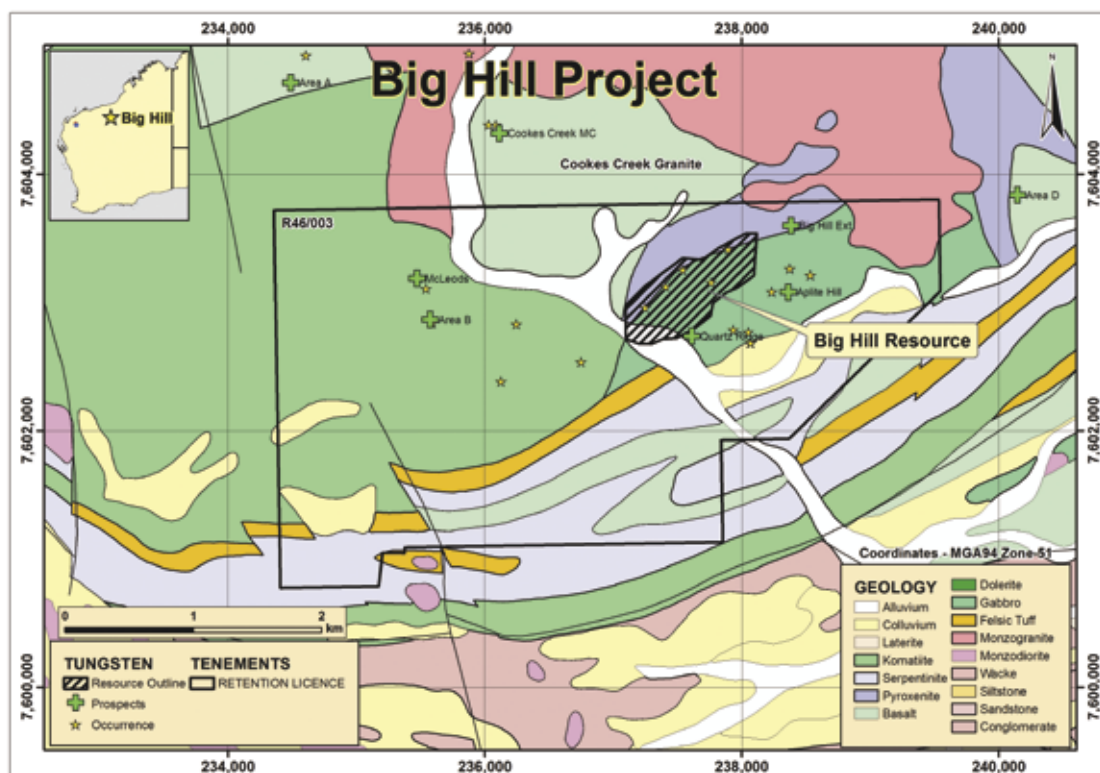


Figure 11: Big Hill project geology

# REVIEW OF OPERATIONS

## KILBA PROJECT, ASHBURTON REGION, WA

The Kilba Project is located within the Ashburton region of Western Australia, 250km southwest of Karratha. To date, the Company has focused on the historic Zones 8, 11 and 12 that Union Carbide discovered in the 1970s. Drilling has targeted high-grade tungsten mineralisation associated with skarns and calc-silicate units situated close to the Kilba granite.

This work has defined a JORC-2012 compliant Mineral Resource totalling 5.0Mt at 0.24% WO<sub>3</sub> (0.10% WO<sub>3</sub> cut-off) comprising an Indicated Resource of 4.1Mt at 0.25% WO<sub>3</sub> and an Inferred Resource of 0.8Mt at 0.20% WO<sub>3</sub>. The Mineral Resource is located on the Company's 100%-owned Mining Lease 08/314.

Metallurgical testwork shows that the tungsten is present as coarse-grained scheelite that will respond well to conventional gravity separation. Testwork completed in 2015 has demonstrated the ability to produce an extremely high-grade tungsten concentrate.

## Geology

Tungsten mineralisation at Kilba is associated with skarns and calc-silicate units that wrap around the Kilba granite forming a dome structure. These skarns and calc-silicate units occur in a 40 to 100 metre wide carbonate-rich unit of the Morrissey Metamorphic suite and recent mapping has defined significant strike lengths of this unit around the Kilba granite.

Drilling has only targeted a small portion of mapped skarns and there is excellent potential to discover additional tungsten mineralisation.

In May 2017 the WA Department of Mines, Industry Regulation and Safety approved a 5 year exemption from expenditure for M08/314 pursuant to the Mining Act.

## OTHER PROJECTS

Tungsten Mining has a portfolio of other projects in Western Australia prospective for tungsten. These include the Koolyanobbing and Callie Soak projects. Work on these projects is in the initial stages of reconnaissance and target generation and it is hoped that these tenements will yield additional mineralisation, which Tungsten Mining can exploit.

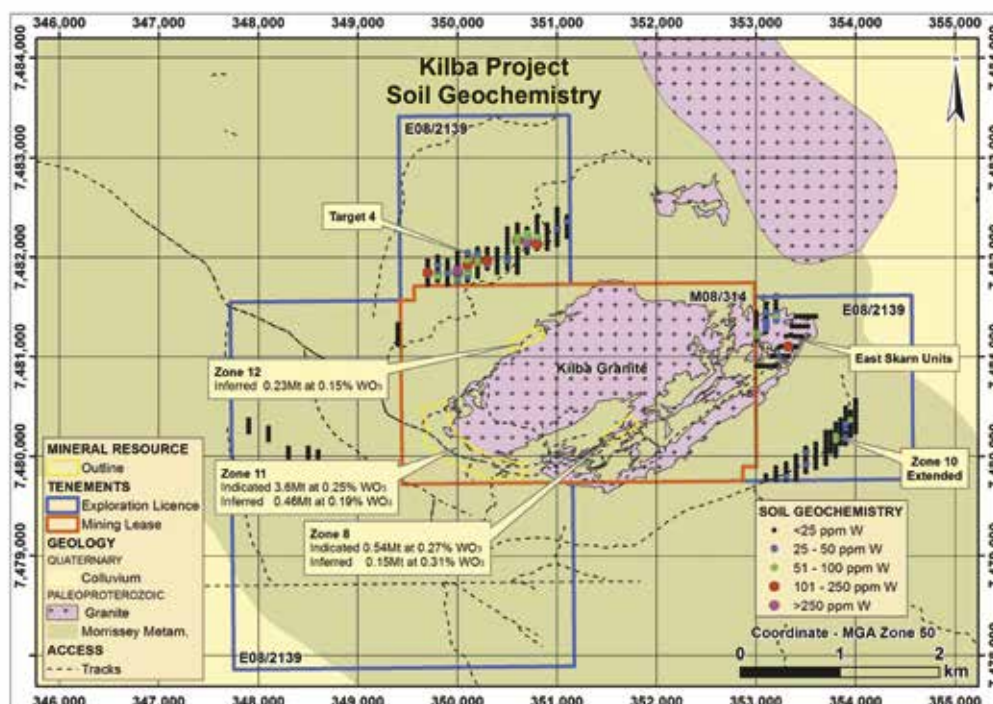


Figure 12: plan displaying location of recent soil geochemistry and Mineral Resource at the Kilba Project

An aerial photograph of a mining operation, showing a large open-pit mine with terraced levels. A conveyor system or road network runs vertically through the center of the mine. In the lower right, there is a complex structure that appears to be a processing plant or a large conveyor system. The entire image is covered with a semi-transparent green overlay, which is darker in some areas and lighter in others, creating a layered effect. The text is white and positioned on the left side of the image, within the green overlay.

# ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

AS AT 30 JUNE 2018



# ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

## ANNUAL REVIEW

The Company has conducted a review of its Mineral Resources and Ore Reserves. As set out below, this review reveals no material change to the Mineral Resource and Ore Reserve information previously announced in the Company's 2017 Annual Report. Details of the Mineral Resources for the Mt Mulgine, Big Hill and the Kilba projects are set out below.

## MT MULGINE PROJECT

The Mt Mulgine Project is located within the Murchison Region of Western Australia, approximately 350km north northeast of Perth. The Company has 100% of the tungsten and molybdenum rights on a contiguous group of tenements that have been the subject of significant previous exploration for tungsten and molybdenum.

Two near surface Mineral Resources have been delineated by previous explorers at the Mulgine Trench and Mulgine Hill deposits. Mulgine Trench has previously been reported in December 2014 using JORC-2012 guidelines. During the reporting period, the Company completed infill and extensional drilling and sampling at Mulgine Hill. In July 2017, the Company published an updated Mineral Resource estimate for Mulgine Hill incorporating this drilling and sampling in accordance with JORC-2012 guidelines.

### Mineral Resources

As at 30 June 2018, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

**Mt Mulgine Mineral Resource estimate based on a 0.10% WO<sub>3</sub> cut-off grade.**

| Prospect       | Class        | Tonnes '000 t | WO <sub>3</sub> % | WO <sub>3</sub> t | Mo ppm     | Mo t          |
|----------------|--------------|---------------|-------------------|-------------------|------------|---------------|
| Mulgine Trench | Indicated    | 400           | 0.14              | 500               | 400        | 150           |
|                | Inferred     | 63,400        | 0.17              | 110,500           | 250        | 15,600        |
|                | <b>Total</b> | <b>63,800</b> | <b>0.17</b>       | <b>111,000</b>    | <b>250</b> | <b>15,700</b> |
| Mulgine Hill   | Indicated    | 4,100         | 0.25              | 10,300            | 90         | 400           |
|                | Inferred     | 3,000         | 0.19              | 5,700             | 110        | 300           |
|                | <b>Total</b> | <b>7,100</b>  | <b>0.23</b>       | <b>16,300</b>     | <b>98</b>  | <b>700</b>    |
| <b>Total</b>   | Indicated    | 4,500         | 0.24              | 10,800            | 120        | 500           |
|                | Inferred     | 66,400        | 0.18              | 116,200           | 240        | 15,900        |
|                | <b>Total</b> | <b>70,900</b> | <b>0.18</b>       | <b>127,400</b>    | <b>230</b> | <b>16,400</b> |

Note: Totals may differ from sum of individual numbers as numbers have been rounded in accordance with the Australian JORC code 2012 guidance on Mineral Resource reporting.

The Mineral Resource Statement for the Mulgine Trench prospect was published by Hazelwood (refer ASX announcement - 5 November 2014), whilst the Mineral Resource Statement for the Mulgine Hill prospect was published in the ASX announcements of the Company on 28 July 2017.

The company has completed drilling at Mulgine Trench since the December 2014 Mineral Resource estimate. Drilling at Mulgine Trench was located on the eastern edge of the Mineral Resource and the additional information would not have a material effect on the estimate as reported.

The company has also completed drilling at Mulgine Hill since the July 2017 Mineral Resource estimate. Drilling at Mulgine Hill was located on the southern margins or minor infill drilling of the Mineral Resource and the additional information would not have a material effect on the estimate as reported.



## BIG HILL PROJECT

The Big Hill Project area is located approximately 30 km northeast of the Nullagine township in the Eastern Pilbara of Western Australia. In June 2016 the Company published an updated mineral resource estimate for Big Hill in accordance with JORC-2012 guidelines.

### Mineral Resources

As at 30 June 2018, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

#### Big Hill Mineral Resource estimate based on a 0.10% WO<sub>3</sub> cut-off grade.

| Prospect | Class        | Tonnes<br>'000 t | WO <sub>3</sub><br>% | WO <sub>3</sub><br>t |
|----------|--------------|------------------|----------------------|----------------------|
| Big Hill | Indicated    | 6,200            | 0.16                 | 9,900                |
|          | Inferred     | 5,300            | 0.13                 | 6,900                |
|          | <b>Total</b> | <b>11,500</b>    | <b>0.15</b>          | <b>16,800</b>        |

Note: Totals may differ from sum of individual numbers as numbers have been rounded in accordance with the Australian JORC code 2012 guidance on Mineral Resource reporting.

The Mineral Resource Statement for the Big Hill prospect was announced by the Company on 22 June 2016 and prepared in accordance with the 2012 edition of the JORC Code. The Company confirms it is not aware of any new information or data that materially affects the information and that all material assumptions and technical parameters underpinning the Mineral Resource estimates in the relevant market announcement continue to apply and have not materially changed.

## KILBA PROJECT

The Kilba Project is located within the Ashburton Region of Western Australia, 320 km northeast of the regional centre of Carnarvon, and 250km southwest of the town of Karratha. The project area hosts tungsten deposits at Zone 8, Zone 11 and Zone 12.

### Mineral Resources

As at 30 June 2018, total JORC-2012 Measured, Indicated and Inferred Mineral Resources were as follows:

#### Kilba Mineral Resource estimate based on a 0.10% WO<sub>3</sub> cut-off grade.

| Prospect     | Class        | Tonnes<br>'000 t | WO <sub>3</sub><br>% | WO <sub>3</sub><br>t |
|--------------|--------------|------------------|----------------------|----------------------|
| Zone 8       | Indicated    | 540              | 0.27                 | 1,500                |
|              | Inferred     | 150              | 0.31                 | 500                  |
|              | <b>Total</b> | <b>700</b>       | <b>0.28</b>          | <b>1,900</b>         |
| Zone 11      | Indicated    | 3,600            | 0.25                 | 9,000                |
|              | Inferred     | 460              | 0.19                 | 900                  |
|              | <b>Total</b> | <b>4,000</b>     | <b>0.24</b>          | <b>9,800</b>         |
| Zone 12      | Inferred     | 230              | 0.15                 | 400                  |
|              | <b>Total</b> | <b>230</b>       | <b>0.15</b>          | <b>400</b>           |
| <b>Total</b> | Indicated    | 4,100            | 0.25                 | 10,400               |
|              | Inferred     | 830              | 0.20                 | 1,700                |
|              | <b>Total</b> | <b>5,000</b>     | <b>0.24</b>          | <b>12,100</b>        |

Note: Totals may differ from sum of individual numbers as numbers have been rounded in accordance with the Australian JORC code 2012 guidance on Mineral Resource reporting.

# ANNUAL MINERAL RESOURCES AND ORE RESERVES STATEMENT

The Mineral Resource Statement for the Kilba Project was published by the Company on 30 January 2015 and prepared in accordance with the 2012 edition of the JORC Code. The Company confirms it is not aware of any new information or data that materially affects the information and that all material assumptions and technical parameters underpinning the Mineral Resource estimate in the relevant market announcement continue to apply and have not materially changed.

## Comparison of Ore Reserve and Mineral Resource against the 2017 Annual Report

The Company reported Indicated and Inferred Mineral Resources at the Mount Mulgine, Kilba, and Big Hill projects in the 2017 Annual Report. The Company has not published an updated Mineral Resource estimate for Mt Mulgine, Big Hill and the Kilba projects during the reporting period.

A comparison of the Company's current Ore Reserve and Resource holdings against the 2017 Annual Report is tabulated below.

## Comparison of Mineral Resources against the 2017 Annual Report (0.10% WO<sub>3</sub> cut-off grade).

| Zone           | Category     | 30 June 2017  |                   |                         |                         | 30 June 2018  |                   |                         |                         |
|----------------|--------------|---------------|-------------------|-------------------------|-------------------------|---------------|-------------------|-------------------------|-------------------------|
|                |              | Tonnes '000 t | WO <sub>3</sub> % | WO <sub>3</sub> metal t | WO <sub>3</sub> metal % | Tonnes '000 t | WO <sub>3</sub> % | WO <sub>3</sub> metal t | WO <sub>3</sub> metal % |
| Mulgine Trench | Indicated    | 400           | 0.14              | 500                     | 0.5%                    | 400           | 0.14              | 500                     | 0.5%                    |
|                | Inferred     | 63,400        | 0.17              | 110,500                 | 99.5%                   | 63,400        | 0.17              | 110,500                 | 99.5%                   |
|                | <b>Total</b> | <b>63,800</b> | <b>0.17</b>       | <b>111,100</b>          | <b>100.0%</b>           | <b>63,800</b> | <b>0.17</b>       | <b>111,100</b>          | <b>100.0%</b>           |
| Mulgine Hill   | Indicated    | 4,100         | 0.25              | 10,300                  | 63%                     | 4,100         | 0.25              | 10,300                  | 63%                     |
|                | Inferred     | 3,000         | 0.19              | 5,700                   | 37%                     | 3,000         | 0.19              | 5,700                   | 37%                     |
|                | <b>Total</b> | <b>7,100</b>  | <b>0.23</b>       | <b>16,300</b>           | <b>100%</b>             | <b>7,100</b>  | <b>0.23</b>       | <b>16,300</b>           | <b>100%</b>             |
| Big Hill       | Indicated    | 6,200         | 0.16              | 9,900                   | 59%                     | 6,200         | 0.16              | 9,900                   | 59%                     |
|                | Inferred     | 5,300         | 0.13              | 6,900                   | 41%                     | 5,300         | 0.13              | 6,900                   | 41%                     |
|                | <b>Total</b> | <b>11,500</b> | <b>0.15</b>       | <b>16,800</b>           | <b>100%</b>             | <b>11,500</b> | <b>0.15</b>       | <b>16,800</b>           | <b>100%</b>             |
| Kilba          | Indicated    | 4,100         | 0.25              | 10,400                  | 86%                     | 4,100         | 0.25              | 10,400                  | 86%                     |
|                | Inferred     | 830           | 0.20              | 1,700                   | 14%                     | 830           | 0.20              | 1,700                   | 14%                     |
|                | <b>Total</b> | <b>5,000</b>  | <b>0.24</b>       | <b>12,100</b>           | <b>100%</b>             | <b>5,000</b>  | <b>0.24</b>       | <b>12,100</b>           | <b>100%</b>             |
| <b>Total</b>   | Indicated    | 14,800        | 0.21              | 30,800                  | 20%                     | 14,800        | 0.21              | 30,800                  | 20%                     |
|                | Inferred     | 72,500        | 0.17              | 124,900                 | 80%                     | 72,500        | 0.17              | 124,900                 | 80%                     |
|                | <b>Total</b> | <b>87,400</b> | <b>0.18</b>       | <b>156,100</b>          | <b>100%</b>             | <b>87,400</b> | <b>0.18</b>       | <b>156,100</b>          | <b>100%</b>             |

Note: Totals may differ from sum of individual numbers as numbers have been rounded in accordance with the Australian JORC code 2012 guidance on Mineral Resource reporting. (Table only includes tungsten being the mineral of primary interest).

## GOVERNANCE AND INTERNAL CONTROLS - RESERVE AND RESOURCE CALCULATIONS

The Company used third party resource consultants to estimate its ore reserves and resources at each of its projects according to the 2012 JORC Code, as have previously been reported.

No further mineral resource estimations or upgrading work has been undertaken on the Company's Kilba or Big Hill projects since the estimates reported on 30 January 2015 and 22 June 2016 respectively, and the Company is not aware of any additional information that would have a material effect on these estimates as reported.

The company has completed drilling at Mulgine Trench since the December 2014 Mineral Resource estimate. Drilling at Mulgine Trench was located on the eastern edge of the Mineral Resource and the additional information would not have a material effect on the estimate as reported.

The company has also completed drilling at Mulgine Hill since the July 2017 Mineral Resource estimate. Drilling at Mulgine Hill was located on the southern margins or minor infill drilling of the Mineral Resource and the additional information would not have a material effect on the estimate as reported.

Due to the nature, stage and size of the Company's existing operations, the Board believes there would be no efficiencies gained by establishing a separate mineral reserves and resources committee responsible for reviewing and monitoring the Company's processes for calculating mineral reserves and resources and for ensuring that the appropriate internal controls are applied to such calculations.

## COMPETENT PERSON'S STATEMENT

The information in this Annual Mineral Resources and Ore Reserves Statement is based on, and fairly represents, information and supporting documentation compiled by Peter Bleakley, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Bleakley is not a full-time employee of the company. Mr Bleakley is a consultant to the mining industry. Mr Bleakley has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Bleakley consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.







# SCHEDULE OF INTERESTS IN MINING TENEMENTS



# SCHEDULE OF INTERESTS IN MINING TENEMENTS

## SCHEDULE OF INTERESTS IN MINING TENEMENTS

| Tenement Name  | Tenement   | Holder                   | Interest Held at 30 Jun 2018                                |
|----------------|------------|--------------------------|---|
| Kilba Well     | E08/2139   | SM3-W Pty Ltd            | 100%  |
| Kilba Well     | M08/314    | SM3-W Pty Ltd            | 100%  |
| Kilba Well     | E08/2780   | SM3-W Pty Ltd            | 100%  |
| Koolyanobbing* | E77/2279   | Lithium Australia NL     | 100% mineral rights for tungsten, 20% for other commodities |
| Callie Soak    | E20/854    | Tungsten Mining NL       | 100%  |
| Mt Mulgine**   | E59/1324-I | Minjar Gold Pty Ltd      | 100% mineral rights for tungsten and molybdenum             |
| Mt Mulgine**   | M59/386-I  | Minjar Gold Pty Ltd      | 100% mineral rights for tungsten and molybdenum             |
| Mt Mulgine**   | M59/387-I  | Minjar Gold Pty Ltd      | 100% mineral rights for tungsten and molybdenum             |
| Mt Mulgine**   | M59/425-I  | Minjar Gold Pty Ltd      | 100% mineral rights for tungsten and molybdenum             |
| Big Hill       | L46/70     | Pilbara Tungsten Pty Ltd | 100%  |
| Big Hill       | R46/3      | Pilbara Tungsten Pty Ltd | 100%  |

\* This tenement is held by Lithium Australia NL and subject to the terms of the Seabrook Rare Metals Venture

\*\*Mt Mulgine tenements are registered in the name of Minjar Gold Pty Ltd with Mid-West Tungsten Pty Ltd, a subsidiary of Tungsten Mining NL being the holder of the Tungsten and Molybdenum Mineral Rights.

# 2018 FINANCIAL REPORT





# 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' REPORT

### 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*





**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*



**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*

# DIRECTORS' REPORT

## 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.

## 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 |
|-------------------------|-----------------|------------------|
| Non-executive Directors | Number          | Number           |
| 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, the 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                    | -                      |
| <b>Total options on issue</b> |                |             | <b>85,865,427</b>            | <b>76,765,427</b>      |

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 Personnel (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 the 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.

## 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.

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

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 payments, 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.

### 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 |
|--------------------------------|------------------------------|---|---------------------------|-------------------------------|------------------------|---|
|                                | \$                           | \$                                      | \$                        | \$                            | \$                     | \$  |
| <i>Non-executive directors</i> |                              |   |                           |                               |                        |   |
| Gary Lyons                     | 4,000,000                    | -                                       | -                         | -                             | 4,000,000              | 1,600,000                                 |
| Tan Sri Dato Tien Seng Law     | -                            | -                                       | -                         | -                             | -                      | -   |
| Chew Wai Chuen <sup>1</sup>    | 4,000,000                    | -                                       | -                         | -                             | 4,000,000              | 1,600,000                                 |
| Kong Leng (Jimmy) Lee          | 4,000,000                    | -                                       | -                         | -                             | 4,000,000              | 1,600,000                                 |
| Teck Siong Wong                | 4,000,000                    | -                                       | -                         | -                             | 4,000,000              | 1,600,000                                 |
| <i>Other executives</i>        |                              |   |                           |                               |                        |   |
| 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                                   |
|                                | <b>22,750,000</b>            | <b>-</b>                                | <b>-</b>                  | <b>-</b>                      | <b>22,750,000</b>      | <b>13,150,000</b>                         |

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

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 % |
|--------------------------------|-------------|--------------------------------|---|--|----------------------------|
|                                |             | \$                             | \$  | \$   |                            |
| <i>Non-executive directors</i> |             |                                |   |  |                            |
| Gary Lyons                     | 23 Dec 2016 | 4,000,000                      | 69,632                                      | 1,600,000  | 40%                        |
| Tan Sri Dato Tien Seng Law     | -           | -                              | -   | -  | -                          |
| Chew Wai Chuen <sup>1</sup>    | 23 Dec 2016 | 4,000,000                      | 69,632                                      | 1,600,000  | 40%                        |
| Kong Leng (Jimmy) 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%                        |
| <i>Other executives</i>        |             |                                |   |  |                            |
| 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%                       |
|                                |             | <b>22,750,000</b>              | <b>405,467</b>                              | <b>13,150,000</b>  |                            |

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.

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 Financial 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.

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

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**

# DIRECTORS' 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 the following page 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**



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

# 2018 FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

|  |      | 2018               | 2017               |
|--|------|--------------------|--------------------|
|  | Note | \$                 | \$                 |
| <b>Revenue from continuing activities</b>                          |      |                    |                    |
| R&D tax offset   |      | 204,087            | 48,122             |
| Interest   |      | 253,238            | 45,379             |
| Other  |      | 45,000             | 500                |
| <b>Total revenue</b>   |      | <b>502,325</b>     | <b>94,001</b>      |
| <b>Expenses</b>  |      |                    |                    |
| 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)          |
| <b>Loss from continuing operations before income tax</b>           |      | <b>(4,195,372)</b> | <b>(2,469,570)</b> |
| Income tax benefit   | 4    | -                  | -                  |
| <b>Net loss for the year</b>                                       |      | <b>(4,195,372)</b> | <b>(2,469,570)</b> |
| <b>Other comprehensive income</b>                                  |      |                    |                    |
| Items that will not be reclassified subsequently to profit or loss |      | -                  | -                  |
| Items that may be reclassified subsequently to profit or loss      |      | -                  | -                  |
| <b>Total comprehensive loss for the year</b>                       |      | <b>(4,195,372)</b> | <b>(2,469,570)</b> |
| 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

|                                  |       | 2018              | 2017             |
|----------------------------------|-------|-------------------|------------------|
|                                  | Note  | \$                | \$               |
| <b>Current assets</b>            |       |                   |                  |
| 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            | -                |
| <b>Total current assets</b>      |       | <b>52,673,188</b> | <b>3,234,015</b> |
| <b>Non current assets</b>        |       |                   |                  |
| Plant and equipment              | 11    | 888,078           | 83,179           |
| Exploration and evaluation       | 12    | 2,352,171         | 2,352,171        |
| <b>Total non current assets</b>  |       | <b>3,240,249</b>  | <b>2,435,350</b> |
| <b>Total assets</b>              |       | <b>55,913,437</b> | <b>5,669,365</b> |
| <b>Current liabilities</b>       |       |                   |                  |
| Trade and other payables         | 13    | 673,683           | 220,085          |
| <b>Total current liabilities</b> |       | <b>673,683</b>    | <b>220,085</b>   |
| <b>Total liabilities</b>         |       | <b>673,683</b>    | <b>220,085</b>   |
| <b>Net assets</b>                |       | <b>55,239,754</b> | <b>5,449,280</b> |
| <b>Equity</b>                    |       |                   |                  |
| 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)     |
| <b>Total equity</b>              |       | <b>55,239,754</b> | <b>5,449,280</b> |

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

# 2018 FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

|  | Issued capital    | Shares to be issued | Reserves       | Accumulated losses  | Total              |
|--|-------------------|---------------------|----------------|---------------------|--------------------|
|  | \$                | \$                  | \$             | \$                  | \$                 |
| <b>At 1 July 2016</b>  | 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)                        | -                 | -                   | -              | -                   | -                  |
| <b>Total comprehensive loss for the year (net of tax)</b>    | -                 | -                   | -              | <b>(2,469,570)</b>  | <b>(2,469,570)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                     |                |                     |                    |
| Share-based payments   | -                 | -                   | 193,247        | -                   | 193,247            |
| Shares issued  | 5,273,054         | -                   | -              | -                   | 5,273,054          |
| Share issue transaction costs                                | (298,060)         | -                   | -              | -                   | (298,060)          |
| <b>At 30 June 2017</b>                                       | <b>20,588,067</b> | <b>-</b>            | <b>428,327</b> | <b>(15,567,114)</b> | <b>5,449,280</b>   |
| <b>At 1 July 2017</b>  | 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)                        | -                 | -                   | -              | -                   | -                  |
| <b>Total comprehensive loss for the year (net of tax)</b>    | -                 | -                   | -              | <b>(4,195,372)</b>  | <b>(4,195,372)</b> |
| <b>Transactions with owners in their capacity as owners:</b> |                   |                     |                |                     |                    |
| 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)        |
| <b>At 30 June 2018</b>                                       | <b>56,005,180</b> | <b>18,194,634</b>   | <b>802,426</b> | <b>(19,762,486)</b> | <b>55,239,754</b>  |

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

|   |      | 2018               | 2017               |
|---|------|--------------------|--------------------|
|   | Note | \$                 | \$                 |
| <b>Operating activities</b>                             |      |                    |                    |
| 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)           |
| <b>Net cash flows (used in) operating activities</b>    | 20   | <b>(3,611,959)</b> | <b>(2,345,393)</b> |
| <b>Investing activities</b>                             |      |                    |                    |
| Purchase of property, plant and equipment               |      | (524,777)          | (756)              |
| Proceeds from sale tenements and interests              |      | -                  | 500                |
| Security deposits paid                                  |      | (40,000)           | -                  |
| <b>Net cash flows (used in) investing activities</b>    |      | <b>(564,777)</b>   | <b>(256)</b>       |
| <b>Financing activities</b>                             |      |                    |                    |
| 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)        |
| <b>Net cash flows from financing activities</b>         |      | <b>53,313,768</b>  | <b>3,974,994</b>   |
| <b>Net increase in cash and cash equivalents</b>        |      | <b>49,137,032</b>  | <b>1,629,345</b>   |
| 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          |
| <b>Cash and cash equivalents at the end of the year</b> | 8    | <b>34,130,400</b>  | <b>3,188,002</b>   |

*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.

*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.

### **(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 and 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.

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.

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## Note 2: Statement of significant accounting policies (continued)

### *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.

### **(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.

#### **(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 of 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.

##### *(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:

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

## Note 2: Statement of significant accounting policies (continued)

### 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.

### (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.



## 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 been 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 reflect an inferior position.

## 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        |
|               | <u>34,130,400</u> | <u>3,188,002</u> |

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          |
|                   | \$             | \$            |
| <b>Current</b>    |                |               |
| GST receivable    | 120,738        | 37,295        |
| Other receivables | 187,416        | 8,718         |
|                   | <u>308,154</u> | <u>46,013</u> |

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 | <u>18,194,634</u> | -    |

### *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

|                                  | Office<br>Equipment | Consolidated<br>Plant and<br>Equipment | Computer<br>Software | Total    |
|----------------------------------|---------------------|--|----------------------|----------|
|                                  | \$                  | \$                                     | \$                   | \$       |
| <b>2018</b>                      |                     |  |                      |          |
| 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.

|                                  | Office<br>Equipment | Consolidated<br>Plant and<br>Equipment | Computer<br>Software | Total    |
|----------------------------------|---------------------|--|----------------------|----------|
|                                  | \$                  | \$                                     | \$                   | \$       |
| <b>2017</b>                      |                     |  |                      |          |
| 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   |



## 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    |
|                  | \$           | \$      |
| <b>Current</b>   |              |         |
| 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       |
|  | \$           | \$         |
| <b>Issued and Unissued Share Capital</b> |              |            |
| 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:

|   | 2018        | Consolidated | 2018        | 2017        |
|---|-------------|--------------|-------------|-------------|
|   | \$          | \$           | Number      | Number      |
| At 1 July   | 20,588,067  | 15,613,073   | 395,479,062 | 263,652,708 |
| <i>Ordinary Shares</i>  |             |              |             |             |
| 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 |
|                               | \$           | \$   |
| <b>Shares to be issued</b>    |              |      |
| 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 exercise prices (WAEP) of, and movements in, share options during the year.

## 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         |
| <b>At 30 June 2017</b>                                  | <b>91,163,177</b> | <b>\$0.044</b> | <b>428,327</b> |
| 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        | -              |
| <b>At 30 June 2018</b>                                  | <b>80,651,748</b> | <b>\$0.124</b> | <b>802,426</b> |

### 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 |
|                                  | <b>12,683,380</b> |              |                |             |

### Vested and exercisable options

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

|  | Number outstanding | Number vested and exercisable | 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                 |
| <b>Director options</b>                    |                    |                               |                |             |                            |
| 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                 |
| <b>Employee options</b>                    |                    |                               |                |             |                            |
| 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                 |
| <b>Outstanding at year end</b>             | <b>80,651,748</b>  | <b>71,051,748</b>             |                |             |                            |

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2018

### 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    |
|                              | \$           | \$      |
| <b>GWR Services</b>          |              |         |
| 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).



## 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               |
|   | \$                 | \$                 |
| <b>(a) Reconciliation of cash flows from operations with loss from ordinary activities after income tax</b> |                    |                    |
| Loss from ordinary activities after income tax  | (4,195,372)        | (2,469,570)        |
| <i>Add back:</i>  |                    |                    |
| Depreciation  | 19,877             | 15,731             |
| Share based payments  | 374,099            | 193,247            |
| Disposal of tenement  | -                  | (500)              |
| <i>Changes in assets and liabilities</i>  |                    |                    |
| (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   | <u>(3,611,959)</u> | <u>(2,345,393)</u> |

### (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 STATEMENTS

## 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<br>Average<br>Effective<br>Interest Rate | Floating<br>Interest<br>Rate | Fixed<br>Interest<br>Rate | Total<br>Interest<br>Bearing | Non<br>Interest<br>Bearing | Total      |
|--------------------------------|---|------------------------------|---------------------------|------------------------------|----------------------------|------------|
|                                | %   | \$                           | \$                        | \$                           | \$                         | \$         |
| <b>2018</b>                    |   |                              |                           |                              |                            |            |
| <i>Financial Assets</i>        |   |                              |                           |                              |                            |            |
| 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<br>not issued | -   | -                            | -                         | -                            | 18,194,634                 | 18,194,634 |
| Receivables                    | -   | -                            | -                         | -                            | 299,356                    | 299,356    |
| Other financial<br>assets      | 2.40  | -                            | 40,000                    | 40,000                       | -                          | 40,000     |
|                                |   | 1,318,480                    | 32,596,044                | 33,914,524                   | 18,749,866                 | 52,664,390 |
| <i>Financial Liabilities</i>   |   |                              |                           |                              |                            |            |
| Trade creditors                | -   | -                            | -                         | -                            | 673,684                    | 673,684    |
|                                | -   | -                            | -                         | -                            | 673,684                    | 673,684    |
| <b>2017</b>                    |   |                              |                           |                              |                            |            |
| <i>Financial Assets</i>        |   |                              |                           |                              |                            |            |
| 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  |
| <i>Financial Liabilities</i>   |   |                              |                           |                              |                            |            |
| Trade creditors                | -   | -                            | -                         | -                            | 220,085                    | 220,085    |
|                                | -   | -                            | -                         | -                            | 220,085                    | 220,085    |

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

### Interest rate risk sensitivity

|              | Profit   | -10% | Equity   | Profit | 10% | Equity |
|--------------|----------|------|----------|--------|-----|--------|
|              | \$       |      | \$       | \$     |     | \$     |
| <b>2018</b>  |          |      |          |        |     |        |
| Cash         | (478)    |      | (478)    | 478    |     | 478    |
| Term Deposit | (50,048) |      | (50,048) | 50,048 |     | 50,048 |
| <b>2017</b>  |          |      |          |        |     |        |
| 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 Australian banks.

#### (e) Foreign currency risk

The Group is not exposed to any significant foreign currency risk.

## 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 the 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.

# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 30 JUNE 2018

### Note 22: Subsequent events (continued)

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.

### 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.



## 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 Directors, employees, consultants and contractors in the prior year.

# DIRECTORS' DECLARATION AND INDEPENDENT AUDITOR'S REPORT

## DIRECTORS' DECLARATION

In the opinion of the directors of Tungsten Mining NL:

- (a) the financial statements and notes set out on pages 40 to 61 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

Stantons International Audit and Consulting Pty Ltd  
trading as

**Stantons International**  
Chartered Accountants and Consultants

PO Box 1908  
West Perth WA 6872  
Australia

Level 2, 1 Walker Avenue  
West Perth WA 6005  
Australia

Tel: +61 8 9481 3188  
Fax: +61 8 9321 1204

ABN: 84 144 581 519  
www.stantons.com.au

## 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.

# INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Stantons International

| Key Audit Matters  | How the matter was addressed in the audit   |
|--|---|
| <p><b>Carrying Value of Exploration and Evaluation Assets</b></p> <p>As at 30 June 2018, exploration and evaluation expenditure totalled \$2,352,171 (refer to Note 12 of the financial report).</p> <p>The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.</li> </ul> | <p>Inter alia, our audit procedures included the following:</p> <ol style="list-style-type: none"> <li>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;</li> <li>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;</li> <li>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: <ul style="list-style-type: none"> <li>▪ Minutes of the board and management;</li> <li>▪ Announcements made by the Group to the Australian Securities Exchange; and</li> <li>▪ Cash forecasts; and</li> </ul> </li> <li>iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.</li> </ol> |

## 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.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)



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)

Stantons International

### Report on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 37 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



# ADDITIONAL ASX INFORMATION

SECURITY HOLDER INFORMATION  
AS AT 10 OCTOBER 2018

# ADDITIONAL ASX INFORMATION

## DISTRIBUTION SCHEDULE AND NUMBER OF HOLDERS OF EQUITY SECURITIES

| Spread of Holdings                  | 1-<br>1,000 | 1,001-<br>5,000 | 5,001-<br>10,000 | 10,001-<br>100,000 | 100,001-<br>and over | Total | Number on<br>issue |
|-------------------------------------|-------------|-----------------|------------------|--------------------|----------------------|-------|--------------------|
| Listed ordinary shares              | 39          | 56              | 114              | 153                | 133                  | 495   | 728,890,954        |
| <i>Unquoted securities on issue</i> |             |                 |                  |                    |                      |       |                    |
| Entitlement offer options           | 2           | 12              | 6                | 4                  | 20                   | 44    | 42,218,368         |
| Director options                    | -           | -               | -                | -                  | 4                    | 4     | 16,000,000         |
| Placement options                   | -           | 5               | 4                | 71                 | 48                   | 128   | 27,647,059         |

There were 49 shareholders holding less than a marketable parcel of listed ordinary shares.

## TOP TWENTY HOLDERS OF QUOTED EQUITY SECURITIES

|    | Shareholder               | No. Shares         | Percentage    |
|----|---------------------------|--------------------|---------------|
| 1  | CITICORP NOM PL           | 184,850,301        | 25.36%        |
| 2  | HSBC CUSTODY NOM AUST LTD | 172,792,562        | 23.71%        |
| 3  | GWR GRP LTD               | 70,000,000         | 9.60%         |
| 4  | BNP PARIBAS NOMS PL       | 39,095,285         | 5.36%         |
| 5  | J P MORGAN NOM AUST LTD   | 23,704,365         | 3.25%         |
| 6  | MONEX BOOM SEC HK LTD     | 21,395,584         | 2.94%         |
| 7  | HSBC CUSTODY NOM AUST LTD | 13,608,422         | 1.87%         |
| 8  | HILUX RES PL              | 13,200,000         | 1.81%         |
| 9  | RHB SEC SINGAPORE PTE LTD | 13,123,251         | 1.80%         |
| 10 | REYNAUD INTNL LTD         | 11,006,100         | 1.51%         |
| 11 | LEE SZE MIN               | 10,120,000         | 1.39%         |
| 12 | TA SEC HLDGS BERHAD       | 9,327,204          | 1.28%         |
| 13 | AMARDALE OFFSHORE INC     | 6,500,000          | 0.89%         |
| 14 | CHIN JOE KONG             | 6,348,837          | 0.87%         |
| 15 | LAW TAN SRI DATO TIEN S   | 6,000,000          | 0.82%         |
| 16 | VENTURE FRONTIER LTD      | 5,890,000          | 0.81%         |
| 17 | SAW GEOK NGOR             | 5,800,000          | 0.80%         |
| 18 | WYNNES INV HLDG LTD       | 5,000,000          | 0.69%         |
| 19 | LAVINGTON INTNL LTD       | 4,790,000          | 0.66%         |
| 20 | CHUA SAI MEN + KIM KHUAN  | 4,651,162          | 0.64%         |
|    |                           | <b>627,203,073</b> | <b>86.06%</b> |

## SUBSTANTIAL SHAREHOLDERS

| Shareholder                   | No. of shares | Percentage |
|-------------------------------|---------------|------------|
| GWR Group Limited             | 70,000,000    | 9.60       |
| Wynnes Investment Holding Ltd | 45,140,000    | 6.19       |

## UNQUOTED SECURITIES ON ISSUE

|                           | Exercise price | Expiry date | Unlisted options on issue | Vested and exercisable |
|---------------------------|----------------|-------------|---------------------------|------------------------|
|                           | \$             |             | Number                    | Number                 |
| Entitlement offer options | 0.03           | 31 Dec 2019 | 42,218,368                | 42,218,368             |
| Director options          | 0.03 – 0.05    | 23 Dec 2020 | 16,000,000                | 6,400,000              |
| Placement options         | 0.60           | 31 Dec 2019 | 27,647,059                | 27,647,059             |

## VOTING RIGHTS

The voting rights attached to each class of equity securities are set out below.

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Unlisted options

Holders of unlisted options are not entitled to vote at a meeting of members in person, by proxy or upon a poll, in respect of their option holdings.

## RESTRICTED SECURITIES

There were 16,000,000 listed ordinary shares held in escrow. As described in note 22 to the Financial Statements, 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-MARKET BUY BACK

There is no current on-market buy back.

# NOTES









**TUNGSTEN MINING NL**

ABN 67 152 084 403

97 Outram Street, West Perth WA 6005 Australia  
PO Box 517, West Perth WA 6872 Australia

**T** +61 8 9486 8492

**F** +61 8 9322 2370

info@tungstenmining.com  
**tungstenmining.com**



AN AUSTRALIAN BASED  
RESOURCES COMPANY