TUNGSTEN MINING

Half-Year Financial Report

31 December 2018

Contents

Corporate directory

Board of directors:

Gary Lyons (Non-executive Chairman)
Tan Sri Dato' Tien Seng Law (Non-executive Deputy Chairman)
Chew Wai Chuen (Non-executive Director)
Kong Leng (Jimmy) Lee (Non-executive Director)
Teck Siong Wong (Non-executive Director)
Wai Cheong Law (Alternate Director)

Chief executive officer:

Craig Ferrier

Company Secretaries:

Mark Pitts
Simon Borck

Principal and registered office:

Level 4, 46 Colin Street

West Perth WA 6005

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Facsimile: +61 8 6117 4039
Email: info@tungstenmining.com
Website: www.tungstenmining.com

Postal address:

PO Box 452
West Perth WA 6872

Issued capital as at 31 December 2018:

Fully paid ordinary shares: 728,890,954
Unlisted options: 85,865,427

Stock exchange:

Australian Securities Exchange Limited

ASX company code:

TGN

Auditors:

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005
Telephone: +61 8 9481 3188
Facsimile: +61 8 9321 1204

Bankers:

National Australia Bank Limited
Level 1, 1238 Hay Street
West Perth WA 6005

Share registry:

Security Transfer Australia
770 Canning Highway
Applecross, WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Solicitors:

Bennett + Co
Ground Floor, BGC Centre
28 The Esplanade
Perth WA 6000
Telephone: +61 8 6316 2200
Facsimile: +61 8 6316 2211

ABN:

67 152 084 403

Parent entity:

Tungsten Mining NL

Directors' Report

Your directors submit their report for Tungsten Mining NL ('the Company' or 'the Parent') and for the Group, being the Company and its controlled entities, for the half year ended 31 December 2018.

Directors

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

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

Wai Cheong Law was appointed to the Board as an Alternate Director on 20 July 2018.

Company Secretaries

Mark Pitts

Simon Borck

Dividends

No amounts have been paid or declared by way of dividend by the Company during the half year or in the period to the date of this report.

Principal activities

The principal activity of the Company and its subsidiaries during the course of the half year continued to be the exploration and evaluation of mining projects.

Operating results

The net loss of the Group for the half year to 31 December 2018 was $11,198,237 (Dec 2017: $1,597,627).

During the period, net cash used in operating and investing activities totalled $21,328,348 (Dec 2017: $1,813,840). Net cash flow from financing activities was $24,528,144 for the period (Dec 2017: $14,545,301), this net amount included $25,438,254 in proceeds from a successful placement.

Review of operations

TGN continues to implement its strategy directed at building a tungsten business of scale, completing the acquisition of the Watershed Project and entering into an agreement to acquire the Hatches Creek Project during 2018. The Company has now grown its resource inventory to 25.5 million MTU's (metric tonne units) of WO_3 (tungsten trioxide) and a further 19,100 tonnes of Mo (molybdenum).

Progressing the Mt Mulgine Strategic Development Plan was the operational focus during the financial period, which included the following key activities:

Directors' Report

- Completion of an ECI phase of works to define the processing route and an EPC lump sum price for a tungsten processing plant incorporating the Tabba Tabba plant;
- Progressing submissions for key regulatory approvals required for mining and processing of tungsten ore at Mt Mulgine;
- Progressed metallurgical recovery of scheelite concentrate for marketing purposes, from a 6 tonne bulk sample of Mulgine Hill ore;
- Completion of mine scheduling and geotechnical studies on Mulgine Hill;
- Completed drilling of 20m infill sections over pit optimisations at Mulgine Hill and update of geological resource model; and
- Progression of a review of the historic drilling, geological interpretation and metallurgical test work on the Trench resource related to large-scale operations at Mt Mulgine.

In view of the recent drilling results that highlighted the more extensive nature of tungsten and molybdenum mineralisation at Mt Mulgine, TGN completed the initial phase of its strategic review of the Mt Mulgine project with the aim of better understanding the opportunities presented by more extensive mineralisation. The review, amongst other outcomes, has delivered a sophisticated scenario modelling tool that is being used to assess and inform the decision for implementing the project on the most appropriate scale of mining and processing activities that maximises the potential of the project.

On 20 July 2018, Wai Cheong Law was appointed to the Board as an Alternate Director.

Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 December 2018 that have significantly affected or may significantly affect:

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 20.

Signed in accordance with a resolution of the Directors.

Gary Lyons
Chairman
Perth, 8th March 2019

Consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2018

		Consolidated	
		December 2018	December 2017
	Note	$	$
R&D tax offset		-	204,087
Interest revenue		382,643	44,144
Administration expenses		(707,688)	(428,460)
Exploration expenses	3	(3,455,787)	(969,154)
Occupancy expenses		(24,000)	(24,000)
Remuneration expenses		(344,113)	(104,622)
Share-based payments	4	(7,049,292)	(319,622)
Loss before income tax		**(11,198,237)**	**(1,597,627)**
Income tax expense/benefit		-	-
Loss for the period		**(11,198,237)**	**(1,597,627)**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income after tax		-	-
Total comprehensive loss after tax		**(11,198,237)**	**(1,597,627)**
Loss attributable to members of the Parent		(11,198,237)	(1,597,627)
Total comprehensive loss attributable to members of the Parent		(11,198,237)	(1,597,627)
Basic loss per share in cents		(1.57)	(0.37)

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

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 December 2018

	Note	Consolidated December 2018 $	June 2018 $
Current assets			
Cash and cash equivalents		37,330,196	34,130,400
Funds for shares not issued		-	18,194,634
Trade and other receivables		464,502	308,154
Other assets		398,576	40,000
Total current assets		38,193,274	52,673,188
Non-current assets			
Exploration and evaluation	5	17,901,067	2,352,171
Plant and equipment	6	2,553,030	888,078
Right-of-use assets	11	789,732	-
Total non-current assets		21,243,829	3,240,249
Total assets		**59,437,103**	**55,913,437**
Current liabilities			
Trade and other payables		764,539	673,683
Lease Liabilities	11	151,990	-
Provisions	13	29,636	-
Total current liabilities		946,165	673,683
Non-current liabilities			
Lease Liabilities	11	639,596	-
Provisions	13	425,001	-
Total non-current liabilities		1,064,597	-
Total liabilities		**2,010,762**	**673,683**
Net assets		**57,426,341**	**55,239,754**
Equity			
Issued capital	7	80,535,346	56,005,180
Shares to be issued	7	-	18,194,634
Reserves	8	7,851,718	802,426
Accumulated losses		(30,960,723)	(19,762,486)
Total equity		**57,426,341**	**55,239,754**

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the half year ended 31 December 2018

	Issued Capital	Shares to be issued	Reserves	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2018	56,005,180	18,194,634	802,426	(19,762,486)	55,239,754
Loss for the period	-	-	-	(11,198,237)	(11,198,237)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(11,198,237)	(11,198,237)
Shares issued	25,438,254	(18,194,634)	-	-	7,243,620
Shares issued on exercise of share options	422,000	-	-	-	422,000
Share issue transaction costs	(1,330,088)	-	-	-	(1,330,088)
Share-based payments	-	-	7,049,292	-	7,049,292
Balance as at 31 December 2018	**80,535,346**	**-**	**7,851,718**	**(30,960,723)**	**57,426,341**
Balance at 1 July 2017	20,588,067	-	428,327	(15,567,114)	5,449,280
Loss for the period	-	-	-	(1,597,627)	(1,597,627)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(1,597,627)	(1,597,627)
Shares issued	14,023,179	-	-	-	14,023,179
Shares to be issued	704,827	-	-	-	704,827
Share issue transaction costs	(61,825)	-	-	-	(61,825)
Share-based payments	-	-	319,622	-	319,622
Balance as at 31 December 2017	**35,254,248**	**-**	**747,949**	**(17,164,741)**	**18,837,456**

The above statement should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the half year ended 31 December 2018

	Note	Consolidated	
		December 2018	December 2017
		$	$
Cash flows from operating activities			
Payments to suppliers and employees		(4,895,022)	(1,338,363)
Interest received		310,567	33,111
Sales		45,000	-
Net cash used in operating activities		**(4,539,455)**	**(1,305,252)**
Cash flows from investing activities			
Payments for property, plant & equipment		(1,708,819)	(508,588)
Acquisition of subsidary	12	(14,912,264)	-
Security Deposits		(167,810)	-
Net cash used in investing activities		**(16,788,893)**	**(508,588)**
Cash flows from financing activities			
Proceeds from exercise of share options		422,000	704,827
Proceeds from issue of shares		25,438,254	13,873,179
Payments for share issue costs		(1,332,110)	(32,705)
Net cash from financing activities		**24,528,144**	**14,545,301**
Net increase in cash		3,199,796	12,731,461
Cash and cash equivalents at the beginning of the period		34,130,400	3,188,002
Cash and cash equivalents at end of period		**37,330,196**	**15,919,463**

The above statement should be read in conjunction with the accompanying notes.

Condensed notes to the financial statements

Note 1: Statement of significant accounting policies

a) Basis of preparation

The consolidated financial report is a general purpose condensed financial report for the half-year ended 31 December 2018, which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

It is recommended that the half-year consolidated financial statements be read in conjunction with the annual financial report for the year ended 30 June 2018 and considered with any public announcements made by Tungsten Mining NL during and subsequent to the half-year ended 31 December 2018 in accordance with continuous disclosure obligations of the *ASX Listing Rules*.

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

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

b) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period and the Group elected to early adopt AASB 16 Leases. The impact of the adoption of the leasing standard are disclosed in note 11. The other standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.

AASB 16 Leases

The Group has various property leases. Lease contracts are typically made for fixed periods of 1 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, property leases were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2018, leases have been recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment was allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Condensed notes to the financial statements

Note 1: Statement of significant accounting policies (continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Company's incremental borrowing rate is used, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. Based on its assessment, the Group does not believe that application of the new standard will have any material impact on its accounting for revenue as of the period end.

AASB 9 Financial Instruments

Recognition and Derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and Measurement of Financial Assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable). Based on its assessment, the Group does not believe that application of the new standard will have any material impact on its accounting for revenue as of the period end.

Note 2: Segment reporting

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

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

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

Condensed notes to the financial statements

Note 3: Exploration expenses

	Consolidated	
	December 2018	**December 2017**
	$	**$**
Exploration expenditure	3,455,787	969,154

The exploration expenditure in the current and prior period predominately relates to exploration and evaluation activities undertaken in relation to the Mt Mulgine Tungsten project.

Note 4: Share-based payments

	Consolidated	
	December 2018	**December 2017**
	$	**$**
Unlisted options issued to Directors	52,972	148,898
Unlisted options to employees, consultants and contractors	-	170,724
Shares issued under loan funded share scheme	6,996,320	-
Total share-based payments for the period	**7,049,292**	**319,622**

Details of share-based payments

Share-based payments in the current period are in relation to options granted to Directors in the 2017 financial year and shares issued in the current period under a 10 year limited recourse loan pursuant to the terms and conditions approved by shareholders in the current period (refer to note 8).

Note 5: Exploration and evaluation

	Consolidated	
	December 2018	**June 2018**
	$	**$**
Capitalised exploration and evaluation	17,901,067	2,352,171

The following table illustrates the movement in carrying value of Exploration and evaluation

	Mt Mulgine	**Big Hill**	**Kilba**	**Watershed**	**Total**
	$	**$**	**$**	**$**	**$**
Opening net carrying value	1,193,546	158,625	1,000,000	-	2,352,171
Acquisitions (note 12)	-	-	-	15,548,896	15,548,896
Closing net carrying value	1,193,546	158,625	1,000,000	15,548,896	17,901,067

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.

Condensed notes to the financial statements

Note 6: Plant and equipment

	Consolidated	
	December 2018	**June 2018**
	$	**$**
Plant and equipment	2,553,030	888,078

The following table illustrates the movement in carrying value of Plant and equipment

	Processing Plant	**Office Equipment**	**Exploration Equipment**	**Computer Software**	**Total**
	$	**$**	**$**	**$**	**$**
Opening net carrying value	795,347	17,928	72,994	1,809	888,078
Cost of additions	1,640,051	11,325	-	24,434	1,675,810
Depreciation charge	-	(4,000)	(3,060)	(3,798)	(10,858)
Closing net carrying value	2,435,398	25,253	69,934	22,445	2,553,030

Processing plant – X-ray ore sorters

During the period, the Group acquired two new x-ray ore sorters. Cash paid and amounts incurred during the period was $1.64m with a remaining balance, not yet incurred, to be paid post commissioning. Processing Plant above relates to both processing plant and ore sorters, both of which are not currently being depreciated as neither are available for use.

Condensed notes to the financial statements

Note 7: Issued capital

	Consolidated	
	December 2018	**June 2018**
	$	**$**
Ordinary shares fully paid	80,535,346	56,005,180
Funds received for shares to be issued	-	18,194,634
	80,535,346	74,199,814

The following table illustrates the movement in ordinary shares	**$**	**Number**
Balance at the beginning of period	56,005,180	628,322,561
Shares issued under share placement at $0.34	25,438,254	74,818,393
Shares issued at $0.03 on exercise of employee options	55,500	1,850,000
Shares issued at $0.04 on exercise of employee options	74,000	1,850,000
Shares issued at $0.05 on exercise of employee options	277,500	5,550,000
Shares issued at $0.03 on exercise of options	15,000	500,000
Shares issued under Loan Funded Share Scheme	-	16,000,000
Costs incurred in issuing shares	(1,330,088)	-
Balance at end of period	80,535,346	728,890,954

Unlisted options exercised.

During the period, 9,750,000 fully paid shares were allotted on the exercise of unlisted options, raising $422,000 before costs. Of the unlisted options, 2,350,000 were exercised at $0.03 per option, 1,850,000 at $0.04 per option and 5,550,000 at $0.05 per option. 9,250,000 of the unlisted options were exercisable on or before 6 February 2021 with the remaining 500,000 unlisted options excerciseable on or before 31 December 2019 (refer note 8).

Share placement and options issued

During the period, 74,818,393 placement shares were issued to sophisticated and institutional investors 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 which totalled 14,963,679 options. The options are unlisted and are exercisable by payment of 60 cents per option on or before 31 December 2019 (refer to note 8).

Limited recourse loan funded share scheme

During the period, pursant with agreed terms and conditions approved by shareholders at a general meeting held on 20 July 2018, eligible participants were offered the opportunity to acquire fully paid ordinary shares in the Company via a 10 year limited recourse loan. Pursuant to invitations and acceptances under this scheme, the Company issued to directors a total of 16,000,000 fully paid shares with an issue price per share of $0.478. These shares are held in escrow pursant terms and conditions of the scheme (refer to note 8).

Condensed notes to the financial statements

Note 8: Reserves

	Consolidated	
	December 2018	**June 2018**
	$	**$**
Share based payments reserve	7,851,718	802,426

The following table illustrates the movement in the reserve	**WAEP**	**$**	**Number of options**
Balance at the beginning of period	$0.12	802,426	80,651,748
Share-based payments - director options (note 4)	-	52,972	-
Share-based payments - limited recourse loan funded shares (note 4)	-	6,996,320	-
Issue of placement options (note 7)[1]	$0.60	-	14,963,679
Exercised employee options (note 7)	$0.044	-	(9,250,000)
Exercised non-renounceable entitlement offer options (note 7)	$0.03	-	(500,000)
Balance at period end	$0.22	7,851,718	85,865,427

[1] These options do not fall within the scope of AASB 2 Share Based Payment and therefore have not been fair valued.

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

	Number outstanding	**Number vested and exercisable**	**Exercise price**	**Expiry date**	**Remaining contractual life**
Non-renounceable entitlement offer options	42,218,368	42,218,368	$0.03	31-Dec-19	1.00 year
Placement Options	27,647,059	27,647,059	$0.60	31-Dec-19	1.00 year
Director options					
Tranche 1	3,200,000	3,200,000	$0.03	23-Dec-20	1.98 years
Tranche 2	3,200,000	3,200,000	$0.04	23-Dec-20	1.98 years
Tranche 3	9,600,000	9,600,000	$0.05	23-Dec-20	1.98 years
Outstanding at period end	85,865,427	85,865,427			

Note 8: Reserves (continued)

The following table illustrates outstanding limited recourse loan funded shares that have vested and are held in escrow at period end:

	Number vested	Purchase price	Purchase (grant) date	Loan expiry date	Remaining contractual life
Directors					
Ordinary shares issued	16,000,000	$0.478	26-Jul-18	26-Jul-28	9.58 years
Outstanding at period end	16,000,000				

The following table lists the limited recourse loan valuation model inputs into the Black-Scholes model used to determine the valuation of the share based payments for this scheme:

	Director loans
Weighted average share price	$0.478
Spot price on grant date	$0.485
Expected volatility	100%
Risk-Free interest rate	2.69%
Expected life of share loans	10 years
Weighted average fair values at measurement date	$0.44

Note 9: Controlled entities

Tungsten Mining NL is the ultimate parent entity of the consolidated group. The following were controlled entities at period end and have been included in the consolidated financial statements. All shares held are ordinary shares.

Subsidiaries	Country of Incorporation	Percentage Interest Held 31 December 2018	Percentage Interest Held 30 June 2018	Date Acquired/ Incorporated
SM3-W Pty Ltd	Australia	100	100	13/12/2012
Pilbara Tungsten Pty Ltd	Australia	100	100	30/11/2015
Mid-West Tungsten Pty Ltd	Australia	100	100	30/11/2015
North Queenland Tungsten Pty Ltd (note 12)	Australia	100	0	09/08/2018

BRL Exploration Pty Ltd was deregistered on 21 November 2018.

Condensed notes to the financial statements

Note 10: Contingent liabilities

The Group is not aware of any significant contingencies since the last annual reporting date.

Note 11: Right of use assets and Leases liabilities

	Consolidated	
	December 2018	June 2018
Right-of-use assets	**$**	**$**
Right-of-use assets	816,964	-
Accumulated depreciation	(27,232)	-
Carrying value at end period	**789,732**	-
Current lease liabilities		
Property lease liability	151,990	**-**
Non-current lease liabilities		
Property lease liability	639,596	**-**
Total lease liabilities	**791,586**	**-**

Property Lease
The above right-of use assets and lease liabilities relate to certain property leases entered into during the period by the Group.

The right of use asset is measured at the amount equal to the lease liability at the inception of the lease and then this cost is amortised over the life of the lease. The lease liability valuation was calculated at lease inception from the total lease payments obligations being discounted using the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period.

Condensed notes to the financial statements

Note 12: Acquisition of North Queensland Tungsten Pty Ltd

On 1 May 2018, the Company and Vital Metals Limited ("Vital") executed a binding term sheet for the Company to acquire a 100% interest in North Queensland Tungsten Pty Ltd (NQT), which holds the Watershed Tungsten Project, for a cash consideration of $15m less completion adjustments. 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 on 27 July 2018. Completion of the transaction occurred on 9 August 2018.

The following tables detail how this acquisition was acquired for accounting purposes.

Consideration transferred to Vital for the acquisition

	Fair Value
	$
Consideration	15,000,000
Less: completion adjustments	(260,295)
Consideration paid in cash after completion adjustments	**14,739,705**

NQT assets and liabilities assumed at the date of acquisition (9 August 2018)

	$
Assets	
Assets	-
Liabilities	
Trade creditors	(204,814)
Accrued expenses	(31,818)
Rehabilitation liability	(400,000)
Net assets/(liabilities)	**(636,632)**

The fair value of assets acquired and liabilities assumed approximate their carrying value.

Excess arising on acquisition

	$
Consideration transferred to Vital	14,739,705
Add: completion costs	172,559
Add: fair value of identifiable net liabilities acquired	636,632
Excess allocated to exploration and evaluation expenditure (note 5)	**15,548,896**

Condensed notes to the financial statements

Note 13: Provisions

	December 2018	June 2018
Current	**$**	**$**
Provision for rehabilitation	20,000	-
Provision for annual leave	9,636	-
Total current provisions	29,636	**-**
Non-current		
Provision for rehabilitation	425,001	-
Total non-current provisions	425,001	**-**

Provision for rehabilitation
The non-current provision for rehabilitation includes a $400,000 assumed liability as part of the North Queensland Tungsten Pty Ltd acquisition.

Note 14: Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 December 2018 that have significantly affected or may significantly affect:

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

Directors' Declaration

In accordance with a resolution of the directors of Tungsten Mining NL, I state that:

In the opinion of the Directors:

(a) The financial statements and notes of the Group are in accordance with the Corporations Act 2001, including:

  i. Giving a true and fair view of the financial position as at 31 December 2018 and the performance for the half-year ended on that date of the Group; and

  ii. Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

On behalf of the Board,

Gary Lyons
Chairman
Perth, 8th March 2019

Auditor's independence declaration

Stantons International Audit and Consulting Pty Ltd
trading as
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8 March 2019

Board of Directors
Tungsten Mining NL
Level 4, 46 Colin 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 review of the financial statements of Tungsten Mining NL for the half year ended 31 December 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 review; and

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

Yours faithfully,

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

Martin Michalik
Director

Stantons International Audit and Consulting Pty Ltd
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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
TUNGSTEN MINING NL**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Tungsten Mining NL, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Tungsten Mining NL (the consolidated entity). The consolidated entity comprises both Tungsten Mining NL (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Tungsten Mining NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independent auditor's review report

Stantons International

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Tungsten Mining NL on 8 March 2019.

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

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Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
8 March 2019